

博士論文

**AN INSTITUTIONAL ANALYSIS ON THE DYNAMICS OF
COLLABORATIVE METROPOLITAN GOVERNANCE
IN THE PROCESS OF DECENTRALIZATION:
A CASE OF INDONESIA**

(地方分権下における大都市ガバナンス間協働のダイナミズムに関する制度分析
インドネシアを事例として)

MAHESTI OKITASARI

オキタサリ マヘスティ

**AN INSTITUTIONAL ANALYSIS ON THE DYNAMICS OF
COLLABORATIVE METROPOLITAN GOVERNANCE
IN THE DECENTRALIZATION PROCESS:
A CASE OF INDONESIA**

(地方分権下における大都市ガバナンス間協働のダイナミズムに関する制度分析
インドネシアを事例として)

by

Mahesti OKITASARI

オキタサリ マヘスティ

Bachelor of Engineering in Architecture, 2006

Institute of Technology Sepuluh Nopember, Surabaya, Indonesia

Master of Engineering in Urban Planning, 2010

The University of Tokyo, Japan

A Dissertation submitted to the Department of Urban Engineering
in partial fulfillment of the requirement for the degree of
Doctor of Philosophy

The University of Tokyo

September 2014

© 2014

Mahesti Okitasari

ALL RIGHTS RESERVED

論文の内容の要旨

ABSTRACT OF DISSERTATION

**AN INSTITUTIONAL ANALYSIS ON THE DYNAMICS OF COLLABORATIVE METROPOLITAN
GOVERNANCE IN THE PROCESS OF DECENTRALIZATION:
A CASE OF INDONESIA**

(地方分権下における大都市ガバナンス間協働のダイナミズムに関する制度分析
インドネシアを事例として)

Mahesti OKITASARI

オキタサリ マヘスティ

In recent years, the concept of regionalism has been frequently used as the theoretical underpinning for governance studies focusing on urban service provision (e.g. Wheeler, 2002; Feiock, 2004). With the fragmented governance movement rapidly occurring, fuelled through decentralization, attention towards the organization of local government has been escalating quickly as well. Between the increasing campaign for regionalism and the light of a fragmented local political environment where local governments likely have to sacrifice their autonomy for collective objectives, research on interlinkages between these two subjects are surprisingly low in developing countries. This urgency to address cross-boundary urban issues and the path to new regionalism in a fast growing developing country posts as one of the reasons why research concerning collaborative governance is needed. Beside this issue, this dissertation is also built upon the criticality to understand collaborative governance in the process of decentralization which received less attention as precedent research set more focus on collaborative cases in the established decentralized system.

The importance of study at local government institutions in the process of decentralization is emphasized by the notion that it offers different institutional characterisation due to various adaptations that have been made by institutions. These adaptations are particularly pursued to adjust to the new realities as higher levels of government's power to local government is reduced. The influence comes through the cost of assessing and exerting power, including public policy decision, providing and managing services, and the capacity of local agencies to collectively mitigating cross-jurisdictional problems. The external factors affecting collaborative governance in the process of decentralization also differ in terms of organisational and institutional challenges, transaction costs due to socio-cultural and political settings.

In order to understand the working of collaborative metropolitan governance in the process of decentralization, this study took cases on Indonesian metropolitan regions focusing on cases of collaboration to provide urban infrastructure. The idea behind the importance of understanding the collaborative urban infrastructure is a presumption that by doing so, it is possible for this study to identify better characterisation of collaborative metropolitan governance. As collaborative activities in the urban infrastructure provision is one of the main agendas of metropolitan regions, understanding its process will generate findings that can be generalised for the working of collaborative governance in the metropolitan region. Infrastructure provides a field where collaboration is inevitable due to its interconnected and interdependent nature. The complexity of collaborative infrastructure provision due to possibilities of actors' involvement from a multitude of background is seen as beneficial to mimic the intricate system of governing metropolitan collaboration.

Referring to the urgency of its study, this dissertation raised three main objectives. First, it aims to analyse the pattern and structure of Indonesian collaborative metropolitan governance. By doing so, it subsequently targets a study to identify the factors structuring the collaborative governance system, including the institutional implication of the decentralized governmental system, and the governance network and actor interaction by using institutional analysis approach. Second, it aspires to examine why and how collaborative governance emerges in Indonesian metropolitan regions. Lastly, it proposes to recommend how collaborative metropolitan governance should be constructed and to suggest in which ways collaborative metropolitan governance can be promoted and improved.

This dissertation sets its first hypothesis stating the state of Indonesian collaborative metropolitan governance is closely related to the extent of the institutional structure of central-provincial-local government interaction, external and internal factors influencing the collaborative governance at the local level. Consequently, the assumption is that the typology of governance network and actor interaction is institutionally and geographically bounded and that collaborative metropolitan governance is closely related to specific collaborative-supportive policy approaches. The second hypothesis proposes that in the decentralization process, selective external environmental settings at the regional level lead to higher possibilities of local governments to pursue collaboration. The third hypothesis argues that the construction and promotion of collaborative governance should be based on the assessment of the factors influencing the local and regional governing system as well as the architecture of the institutional structure established between multilevel of governments and the institutional network at the local level.

To test these hypotheses, this dissertation focuses on contours of local governance exercising their collective objectives among decentralized governmental units, public and private organizations. As this

study focuses on institutions and how their internalities and externalities influence governance, for analysis this study mostly utilises the idea of institutional approaches brought by rational choice and sociological institutionalism. This dissertation touches the vertical and horizontal interaction between cities and their involved counterpart for collaboration, and interlinkages between these connections towards the overall effectiveness of collaborative metropolitan governance. As a consequence, this dissertation examines how deep decentralized governance is practiced, how far it affects regional and local collective action, and how it can be projected to the metropolitan governance.

Using Indonesian cases, the framework will be used to advance our understanding of local and regional governance in the process of decentralization. The number of cases examined in this dissertation represents its aspiration to post as the first comprehensive research on Indonesian collaborative metropolitan governance. The structured survey methods are chosen with a purpose to produce both qualitative and quantitative data. Data were collected from 33 cities across Indonesia by survey in which 29 out of them is purposefully selected cities through site visits and extensive interviews. The survey targeted chief officers from local government (municipality/regency level) who are primarily responsible for collaborative activities.

This research is generally empirical and partly theoretical. Its theoretical part is showcased in the theoretical exploration, used to construct the analytical framework for analysis. To connect the theoretical and empirical part, this study is mainly takes interest to build a body of empirical evidence pertaining to the collaborative governance and developing theoretical construction to describe and explain the phenomena. Quantitatively, this study is interested in determining which characteristics and variables are operationalisable and how the framework derived from the theoretical review can be used to generate testable hypotheses. Five quantitative analyses are done to identify the characteristics of collaborative metropolitan governance, its emergence, local institutional environment influencing collaboration, internal institutional design, and actors' interaction. Qualitatively through in depth case studies, this study looks to see how aspects of the same framework used to test quantitatively can be used to code narratives and explain observable governance phenomena.

The first analysis, the analysis on the institutional structure, is directed to explain the structural dimension of institutions based on collaborative activity arrangements. Findings show that the institutional structure varies across cities and regions. There is wide variation of the use of collaborative activities between regions, including variation of frequency ratio of activity and their preference in undertaking the collaborative activity with certain partner. There is no strong empirical evidence of correlation between local-higher level of governments and the collaborative governance at the local level, yet cities with stronger local-provincial

interaction exhibit better intergovernmental relations. The local-central interaction is held in competitive based relation among local actors in which special status of a region does not guarantee it holds higher relation. On the other hand, spatial structure of a city is a significant determinant for the complexity of institutional structure.

The second analysis is to examine external factors for the emergence of collaborative metropolitan governance and by inflicting them upon the structure of institutions, this dissertation draws factors that are considered beneficial for local governments to pursue collaboration. Dimensions for analysis are socioeconomic, financial, physical, and political capacity. Our findings indicate that in Indonesian metropolitan regions, declining regional disparity socioeconomic and financial measures positively influence collaborative governance. On the other hand, collaborative governance has not only emerged strongly in regions with low regional disparity on physical measures or regions with strong political capacity but also in the regions with opposite characteristics. The variation implies that the regional institutional environment should be observed as a whole package rather than based on each dimension as one or another provide interconnected situational condition characterising the regional platform for local efforts to promote collaborative metropolitan governance.

The third analysis examines empirically the quantity and quality of factors that affect the local structure of collaborative metropolitan governance, especially focusing on economic and social-political situation. There are three main analyses related to the institutionalisation of collaborative governance; fiscal decentralization analysis to describe the general fiscal structures; financial resource analysis to clarify the financial sharing capacity of local governments for collaboration; and culture and political review elaborate the social political situation. Further analyses on the correlation between the economy, socio-cultural, and political aspects, and the institutional structure is presented in order to extract important factors affecting the process of Indonesian collaborative metropolitan governance. From this analysis this dissertation found that, economically, Indonesian collaborative metropolitan governance relates to the local-central and intergovernmental interactions as it is greatly influenced by the level of local government autonomy. Socio-cultural and political characteristics of a city influence its collaborative metropolitan governance differently between the intergovernmental and cross-sectoral collaboration.

The fourth analysis provides an empirical analysis of the internal factor of collaborative metropolitan governance. Through the examination of policy instruments, this study found that the variation of policy selection is quite large among cities and across regions, which can be segregated according to several variables such as the collaborative strategy and fiscal orientation, level of coherence, type of city, and level of advocacy. The result points out that the internal institutional design through the delivery of

collaboration-supportive policy instrument greatly affects the state of the intergovernmental collaboration in a city. The cross-sectoral collaboration, on the other hand, is affected in a lesser degree.

Further analysis on the actors' interaction provides an examination based on the interest on the interplay between policy instruments and the actor behaviour. According to the results, this study identified that the status of policy instruments influences the behaviour of local governments in different ways according to the counterparts. The findings indicate that the joint policymaking between cities does not require strong regional policy coherence yet it performs better when cities actively advocate collaboration and orientate their collaborative policy toward a region-wide approach. Resource exchange on the other hand need strong policy coherence, advocacy, and region-wide orientation, thus conceding that fiscal institutional situation holds critical influence towards local actors' behaviour.

Our conclusion suggests that collaborative metropolitan governance in the process of decentralization is characterised according to its institutional structure and institutional environment. Central-local interaction is largely influenced by central fiscal dependency, while provincial, local interaction is affected by political heterogeneity and provincial civic capital. Intergovernmental interaction is the most susceptible to internal and external factors such as, regional institutional symmetry, financial structure, policy instruments, political situation, and civic capital. Cross-sectoral interaction is affected mostly by fiscal autonomy, policy instrument on public-private relations, and political situation. On the emergence of collaborative governance issue, this study concludes that declining regional economic disparity, high political capacity, and less political heterogeneity are compelling in the building of collaboration. Thus, to construct and to promote collaboration there are factors to be considered and to be set; local institutional isomorphism, lesser asymmetrical institutions, better access to financial autonomy, broader political homogeneity, strong policy coherence, active advocacy on collaboration, and wide collaborative orientation.

This dissertation recommends that at the national level, acknowledging step by step collaborative governance through sectoral collaboration and promoting more fiscal autonomy are necessary. On a provincial basis, the repositioning of the provincial government as the regional mediator is pivotal for collaborative metropolitan governance to succeed. At the local level, local governments need to intensify collaborative interaction to lessen asymmetrical institutional situation, promoting policy coherence, building political stability and easing political heterogeneity through the civic capital, and to improve the pre-existing structure through better management.

Keywords: metropolitan governance, collaboration, institutional analysis, decentralization.

ACKNOWLEDGEMENTS

All of this work is deeply indebted to the countless people who contributed to this research. First and foremost, I would like to thank my supervisor, Associate Professor Tetsuo Kidokoro, for his continuous support and critical encouragement to help developing the concepts that form this dissertation and to examine and re-examine my perceptions. I wish to thank my dissertation committee members, Associate Professor Fumihiko Seta, Associate Professor Kiichirou Hatoyama, Associate Professor Akito Murayama, and Professor Hideki Koizumi, for their constructive feedbacks to refine and improve the manuscript. I extend my appreciation to Ms. Naoko Takenaka and Ms. Noriko Umeda for their assistance on various occasions during the course of my study. Of special value is the endless stimulating discussion and good friendship from my fellow grad students in the International Development and Regional Planning Unit. My special gratitude goes to my dear parents, my brother, and my best friends, near and far, for their support and patience as well as for their constant optimism that I will get through with this dissertation.

This research is partly built upon fieldworks where its success has benefited from many people disclosed information through valuable interviews and reports. Without being able to mention by name the many government officials who were welcoming to my questionnaires and inquiries, I wish especially to acknowledge Prof. Johan Silas, Dr. Ispurwono Soemarno, and Dr. Purwanita Setijanti for their kind assistance in opening many doors to make my fieldwork possible.

This dissertation is based on three years of research devoted to gain new perspectives and insights into the practice of collaborative metropolitan governance in a country currently undergoing the process of decentralization. I accept full responsibility for any errors and omissions in the pages that follow.

Tokyo, August 2014

Mahesti Okitasari

TABLE OF CONTENT

ABSTRACT OF DISSERTATION	i
ACKNOWLEDGEMENTS	vi
TABLE OF CONTENT	vii
LIST OF FIGURES	xv
LIST OF TABLES	xviii
LIST OF ABBREVIATIONS	xxii

Part One: Introduction**CHAPTER 1.**

INTRODUCTION	1
1.0. SUMMARY	
1.1. BACKGROUND	1
1.2. PROBLEM STATEMENT	3
1.2.1. Cross-Boundary Urban Issues and the Path to New Regionalism in a Fast Growing Developing Country: The Emergence of Collaborative Governance	
1.2.2. Collaborative Governance in Asian Context	
1.2.3. A Quest to Bridge the Gap on Institutional Approach for Collaborative Governance: Between Rational Choice and Sociological Institutionalism	
1.2.4. Understanding Collaborative Metropolitan Governance in the Process of Decentralization	
1.2.5. Catalysing Collaborative Metropolitan Governance through Collaboration for Infrastructure Provision	
1.3. RESEARCH OBJECTIVES AND QUESTIONS	8
1.3.1. Research Objectives	
1.3.2. Research Questions	
1.4. TERMS AND DEFINITIONS	10
1.5. RESEARCH HYPOTHESES	10
1.6. THE SCOPE OF RESEARCH AND NOVELTY OF THE STUDY	11
1.7. RESEARCH FRAMEWORK	13
1.8. RESEARCH METHODOLOGY	13
1.8.1. Target of Research	
1.8.2. Sampling and Data Collecting	
1.9. THE STRUCTURE OF THE DISSERTATION	14
1.9.1. Part One: Introduction	
1.9.2. Part Two: Literature Review and Research Design	
1.9.3. Part Three: Indonesian Context on Collaborative Metropolitan Governance	

1.9.4. Part Four: Analysis on Collaborative Metropolitan Governance	
1.9.5. Part Five: Findings, Conclusion, and Recommendation	
1.10. REFERENCES	19

Part Two: Literature Review

CHAPTER 2.

GOVERNANCE, INSTITUTIONALISM, AND COLLABORATIVE GOVERNANCE 21

2.0. SUMMARY

2.1. THEORETICAL EXPLORATION ON GOVERNANCE 21

2.1.1. Defining Governance

2.1.2. The Old and New Perspectives on Governance

2.2. COLLABORATIVE GOVERNANCE: A CONTEXT 27

2.2.1. A Regional Perspective

2.2.2. Collaborative Governance in Public Infrastructure Provision

2.2.3. Modes of Collaborative Governance

2.2.4. Collaborative Governance: Issues and Challenges

2.3. INSTITUTIONALISM IN COLLABORATIVE GOVERNANCE 32

2.3.1. Theoretical Approach to Institutionalism

2.3.2. Connecting Institutionalism and Collaborative Governance: Collective Decision Making

2.4. COLLABORATIVE GOVERNANCE: ANALYTICAL APPROACH 43

2.4.1. Structural Choice Politics

2.4.2. Institutional Analysis

2.4.3. Networks Analysis in Governance (Inter-organisational Networks)

2.5. LINKING INSTITUTIONAL THEORY AND COLLABORATIVE GOVERNANCE APPROACH: RESEARCH POSITIONING 48

2.5.1. Which Governance?

2.5.2. Which New Institutionalism?

2.5.3. Which Analytical Approach?

2.6. REFERENCES 52

CHAPTER 3.

GOVERNANCE NETWORKS, TOOLS OF GOVERNMENT, AND ACTOR RELATIONS 59

3.0. SUMMARY

3.1. GOVERNANCE NETWORKS 59

3.1.1. Defining the Governance Networks

3.1.2. Theoretical Approaches to the Dynamics of Governance Networks

3.2. POLICY APPROACH ON GOVERNANCE NETWORK 65

3.2.1. Policy Approach: Policy Streams and Policy Domain Functions

3.2.2. Policy Network

3.3. NETWORK STRUCTURE AND POLICY TOOLS	69
3.3.1. Networks Structure	
3.3.2. Policy Tools and Policy Instruments: A Political-Sociological Approach	
3.4. TAXONOMY OF THIS RESEARCH ON GOVERNANCE NETWORKS	73
3.5. REFERENCES	75
 CHAPTER 4.	
MEASURING GOVERNANCE AND NETWORK GOVERNANCE	79
4.0. SUMMARY	
4.1. GOVERNANCE, NETWORK GOVERNANCE, AND PERFORMANCE MEASUREMENT	79
4.1.1. Governance and Performance Evaluation	
4.1.2. Network Governance and Performance Evaluation	
4.2. CRITERIA FOR MEASURING GOVERNANCE AND NETWORK GOVERNANCE	83
4.2.1. Measuring the Performance of Governance System	
4.2.2. Measuring the Performance of Network Governance	
4.3. MEASURING GOVERNANCE AND NETWORK GOVERNANCE IN THIS RESEARCH	93
4.4. REFERENCES	94
 CHAPTER 5.	
RESEARCH DESIGN	96
5.0. SUMMARY	
5.1. THE GROUNDWORK OF THE ANALYTICAL FRAMEWORK	96
5.1.1. Institutional Analysis and Development (IAD) Framework	
5.2. ANALYTICAL FRAMEWORK	100
5.2.1. Institutional Analysis	
5.2.2. Action Arena Analysis	
5.2.3. Qualitative Analysis on Collaborative Metropolitan Governance	
5.3. SURVEY DESIGN	109
5.3.1. Unit of Analysis	
5.3.2. Structured Survey	
5.3.3. Sampling and Selection of Cases	
5.4. REFERENCES	112

Part Three: Indonesian Context on Collaborative Metropolitan Governance

CHAPTER 6.

DECENTRALIZATION, METROPOLITAN REGION, AND COLLABORATIVE METROPOLITAN GOVERNANCE IN INDONESIAN CONTEXTS 113

6.0. SUMMARY

6.1. DECENTRALIZATION: A PRELUDE 113

- 6.1.1. Basic Principles of Indonesian Decentralization
- 6.1.2. Political Decentralization
- 6.1.3. Fiscal Decentralization
- 6.1.4. Decentralization in Planning and Regional Governance
- 6.1.5. Decentralization: Review and Criticism

6.2. INDONESIAN METROPOLITAN REGIONS 127

- 6.2.1. Economy
- 6.2.2. Population
- 6.2.3. Spatial

6.3. COLLABORATIVE METROPOLITAN GOVERNANCE: AN INDONESIAN CONTEXT 134

- 6.3.1. Governmental Regulation on Collaborative Governance
- 6.3.2. Collaborative Metropolitan Governance before the Decentralization
- 6.3.3. Collaborative Metropolitan Governance in the Decentralization Process
- 6.3.4. Indonesian Collaborative Metropolitan Governance: Issues and Challenges

6.4. COLLABORATIVE INFRASTRUCTURE PROVISION IN INDONESIAN METROPOLITAN REGIONS 145

- 6.4.1. Regulation on Collaborative Infrastructure Provision
- 6.4.2. Collaborative Infrastructure Provision in the Jakarta Metropolitan Region
- 6.4.3. Collaborative Infrastructure Provision in the Surabaya Metropolitan Region
- 6.4.4. Collaborative Infrastructure Provision in the Yogyakarta Metropolitan Region
- 6.4.5. Collaborative Infrastructure Provision in the Semarang Metropolitan Region
- 6.4.6. Collaborative Infrastructure Provision in the Denpasar Metropolitan Region
- 6.4.7. Collaborative Infrastructure Provision in the Makassar Metropolitan Region

6.5. REFERENCES 157

Part Four: Analysis on Collaborative Metropolitan Governance

CHAPTER 7.

CHARACTERISTICS OF COLLABORATIVE METROPOLITAN GOVERNANCE 160

7.0. SUMMARY

7.1. ANALYSIS ON THE INSTITUTIONAL STRUCTURE OF COLLABORATIVE METROPOLITAN GOVERNANCE 160

- 7.1.1. Methodology, Data, and Limitation
- 7.1.2. Analysis Results

7.2. RESULTS SUMMARY: THE CHARACTERISTICS OF THE INSTITUTIONAL STRUCTURE OF COLLABORATIVE METROPOLITAN GOVERNANCE	187
7.3. REFERENCES	192
CHAPTER 8.	
REGIONAL INSTITUTIONAL ENVIRONMENT AND ITS INFLUENCE TO THE EMERGENCE OF COLLABORATIVE METROPOLITAN GOVERNANCE	193
8.0. SUMMARY	
8.1. ANALYSIS OF THE FACTORS LEADING TO THE EMERGENCE OF COLLABORATIVE METROPOLITAN GOVERNANCE	193
8.1.1. Methodology, Data, and Limitation	
8.2. ANALYSIS IN THE QUALITY OF LIFE FACTORS	197
8.2.1. Correlation between the Regional Disparity Trend in Human Development Index and the Institutional Structure of Collaborative Metropolitan Governance	
8.3. ANALYSIS IN THE SERVICE DELIVERY FACTORS	201
8.3.1. Correlation between the Regional Disparity Trend in GDP per Capita and the Institutional Structure of Collaborative Metropolitan Governance	
8.3.2. Correlation between the Regional Disparity Trend in Infrastructure Provision and the Institutional Structure of Collaborative Metropolitan Governance	
8.4. ANALYSIS ON THE REGIONAL POLITICAL CAPACITY FACTORS	211
8.4.1. Correlation between the Regional Political Capacity and the Institutional Structure of Collaborative Metropolitan Governance	
8.5. REGIONAL INSTITUTIONAL ENVIRONMENT AND ITS INFLUENCE TO THE EMERGENCE OF COLLABORATIVE METROPOLITAN GOVERNANCE	216
8.6. REFERENCES	218
CHAPTER 9.	
LOCAL INSTITUTIONAL ENVIRONMENT AND ITS INFLUENCE TO COLLABORATIVE METROPOLITAN GOVERNANCE	219
9.1. FISCAL DECENTRALIZATION ANALYSIS	219
9.1.1. Methodology, Data, and Limitation	
9.1.2. Analysis Results	
9.2. SHARE/POOL RESOURCES ANALYSIS	225
9.2.1. Methodology, Data, and Limitation	
9.2.2. Analysis Results	
9.3. SOCIO-CULTURAL AND POLITICAL ANALYSIS	228
9.3.1. Methodology, Data, and Limitation	
9.3.2. Analysis Results	

9.4. CORRELATION BETWEEN FISCAL DECENTRALIZATION AND THE INSTITUTIONAL STRUCTURE OF COLLABORATIVE METROPOLITAN GOVERNANCE	234
9.4.1. Correlation between the Level of Central and Provincial Dependency and the Institutional Structure of Central and Provincial Interaction	
9.4.2. Correlation between the Level of Fiscal Autonomy and the Institutional Structure of Collaborative Metropolitan Governance	
9.4.3. Correlation between the Level of Fiscal Autonomy and the Collaborative Metropolitan Activity	
9.5. CORRELATION BETWEEN SOCIO-CULTURAL AND POLITICAL CHARACTERISTICS AND THE INSTITUTIONAL STRUCTURE OF COLLABORATIVE METROPOLITAN GOVERNANCE	241
9.5.1. Correlation between Socio-Cultural Characteristics and the Institutional Structure of Intergovernmental and Cross-Sectoral Interaction	
9.5.2. Correlation between Socio-Cultural Characteristics and the Collaborative Metropolitan Activity	
9.5.3. Correlation between Political Characteristics and the Institutional Structure of Intergovernmental and Cross-Sectoral Interaction	
9.5.4. Correlation between Political Characteristics and the Collaborative Metropolitan Activity	
9.6. LOCAL INSTITUTIONAL ENVIRONMENT AND ITS INFLUENCE TO COLLABORATIVE METROPOLITAN GOVERNANCE	247
9.7. REFERENCES	249
CHAPTER 10.	
INTERNAL SITUATION OF LOCAL GOVERNMENTS AND ITS INFLUENCE TO COLLABORATIVE METROPOLITAN GOVERNANCE	250
10.0. SUMMARY	
10.1. THE INTERNAL INSTITUTIONAL DESIGN OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE	250
10.1.1. Methodology, Data, and Limitation	
10.1.2. The Internal Institutional Design Characteristics of Indonesian Collaborative Metropolitan Governance	
10.2. THE INFLUENCE OF INTERNAL INSTITUTIONAL DESIGN TO THE INSTITUTIONAL STRUCTURE OF COLLABORATIVE METROPOLITAN GOVERNANCE	265
10.2.1. Correlation between Policy Instruments and the Institutional Structure of Collaborative Metropolitan Governance	
10.2.2. Summary of the Influence of the Internal Institutional Design to the Institutional Structure of Collaborative Metropolitan Governance	
10.3. REFERENCES	271
CHAPTER 11.	
ACTORS' INTERACTION IN SHAPING COLLABORATIVE METROPOLITAN GOVERNANCE	273
11.0. SUMMARY	
11.1. CHARACTERISTICS OF ACTORS' INTERACTION IN INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE	274

11.1.1. Methodology, Data, and Limitation	
11.1.2. Analysis Results	
11.2. INTERACTION BETWEEN ACTOR RELATIONS AND THE INTERNAL INSTITUTIONAL DESIGN IN COLLABORATIVE METROPOLITAN GOVERNANCE	287
11.3. REFERENCES	290
CHAPTER 12.	
COLLABORATION AND GOVERNANCE IN METROPOLITAN REGIONS:	292
IN DEPTH CASE STUDIES ANALYSIS	
12.0. SUMMARY	
12.1. INSTITUTIONAL TRANSFORMATION OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE: A METROPOLITAN CONTEXT	292
12.1.1. Case 1: Jakarta	
12.1.2. Case 2: Surabaya	
12.1.3. Case 3: Yogyakarta	
12.1.4. Case 4: Semarang	
12.1.5. Case 5: Denpasar	
12.1.6. Case 6: Makassar	
12.1.7. Summary	
12.2. THE WORKING OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE: IN DEPTH CASE STUDIES ON CITY LEVEL COLLABORATION	308
12.2.1. Methodology and Case Studies Selection	
12.2.2. Case 1: Jakarta	
12.2.3. Case 2: Surabaya	
12.2.4. Case 3: Yogyakarta	
12.2.5. Case 4: Denpasar	
12.2.6. The Working of Indonesian Collaborative Metropolitan Governance: Institutional Context and Institutional Environment	
12.3. REFERENCES	347
Part Five: Findings, Conclusion, and Recommendation	
CHAPTER 13.	
CONCLUSION: FINDINGS, INTERPRETATION, AND DISCUSSION	348
13.0. SUMMARY	
13.1. THE INSTITUTIONAL CHARACTERISTICS OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE	348
13.1.1. Variation of the Institutional Structure, Collaborative Activities, and Institutional Design	
13.1.2. The Influence of Institutional Environment in Shaping the Institutional Collaborative Structure	
13.2. THE EMERGENCE OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE	361
13.2.1. Regional Institutional Environment Leading to the Emergence of Indonesian Collaborative Metropolitan Governance	

13.3. THE FUTURE OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE: CONSTRUCTING AND PROMOTING COLLABORATION	363
13.3.1. Jurisdiction-based Collaborative Governance: Tailored Institutional Networks for Collaborative Metropolitan Governance	
13.3.2. Shaping Metropolitan Strength: Institutions and Opportunities in Catalysing Collaborative Metropolitan Governance	
13.4. THE POTENTIAL USE OF ANALYTICAL FRAMEWORK	368
13.5. FUTURE STUDIES	369
13.6. REFERENCES	370
 CHAPTER 14.	
RECOMMENDATION	371
14.0. SUMMARY	
14.1. POLICY IMPLICATIONS ON COLLABORATIVE METROPOLITAN GOVERNANCE	371
14.1.1. Recommendation in General Practice of Collaborative Metropolitan Governance	
14.1.2. Recommendation for Collaborative Governance in Infrastructure Provision	
 APPENDICES	
APPENDIX 1. SURVEY DESIGN AND QUESTIONNAIRES	383
APPENDIX 2. CHARACTERISTICS OF COLLABORATIVE METROPOLITAN GOVERNANCE	388
APPENDIX 3. REGIONAL INSTITUTIONAL ENVIRONMENT	392
APPENDIX 4. LOCAL INSTITUTIONAL ENVIRONMENT	394
APPENDIX 5. INTERNAL INSTITUTIONAL DESIGN OF LOCAL GOVERNMENTS	395
APPENDIX 6. ACTORS' INTERACTION IN SHAPING COLLABORATIVE METROPOLITAN GOVERNANCE	398
APPENDIX 7. IN DEPTH ANALYSIS	405

LIST OF FIGURES

Figure 1.1.	Research framework	13
Figure 2.1.	Tools of regional governance	30
Figure 2.2.	Spatial relationship of the four new institutionalism and positioning of this study	51
Figure 4.1.	Provan and Milward's model of network effectiveness	90
Figure 4.2.	Functional model of process-oriented analysis on water governance	91
Figure 5.1.	Linkages between rules and levels of analysis	99
Figure 5.2.	Institutional Analysis and Development (IAD) framework	100
Figure 5.3.	Analytical framework	101
Figure 5.4.	Dimensional model of Indonesian local government's institutional structure	107
Figure 6.1.	Framework of Government according to Law 22/1999 and 32/2004	117
Figure 6.2.	Institutional framework for planning and regional governance before and in the decentralization	121
Figure 6.3.	Local development plan and its connection with other plans in the decentralization	122
Figure 6.4.	Indonesian metropolitan regions	124
Figure 6.5.	Conceptual framework for collaborative metropolitan governance before and in the decentralization process	142
Figure 6.6.	Actor relations at the local level before and in the decentralization process	143
Figure 6.7.	Map of Jakarta Metropolitan Region (<i>Jabodetabekpunjur</i>)	147
Figure 6.8.	Map of Surabaya Metropolitan Region (<i>GKS/Gerbangkertasusila</i>)	149
Figure 6.9.	Map of Yogyakarta Metropolitan Region (<i>Kartamantul</i>)	151
Figure 6.10.	Map of Semarang Metropolitan Region (<i>Kedungsepur</i>)	153
Figure 6.11.	Map of Denpasar Metropolitan Region (<i>Sarbagita</i>)	154
Figure 6.12.	Map of Makassar Metropolitan Region (<i>Mamminasata</i>)	156
Figure 8.1.	Average score on regional Human Development Index	198
Figure 8.2.	Regional disparity in Human Development Index	199
Figure 8.3.	Regional disparity trend in human development index and the intergovernmental interaction	200
Figure 8.4.	Regional disparity trend in human development index and the cross-sectoral interaction	201
Figure 8.5.	Regional disparity trend in human development index and the overall horizontal interaction	201
Figure 8.6.	Regional disparity in infrastructure provision index (Data Y2008)	202
Figure 8.7.	Average score on regional Infrastructure Provision Index	202

Figure 8.8.	Regional disparity in GDP per capita	203
Figure 8.9.	Regional disparity trend in GDP per capita and the intergovernmental interaction	206
Figure 8.10.	Regional disparity trend in GDP per capita and the cross-sectoral interaction	206
Figure 8.11.	Regional disparity trend in GDP per capita and the overall horizontal interaction	206
Figure 8.12.	Regional disparity in infrastructure provision and the intergovernmental interaction	208
Figure 8.13.	Regional disparity in infrastructure provision and the cross-sectoral interaction	208
Figure 8.14.	Regional disparity in infrastructure provision and the overall horizontal interaction	208
Figure 8.15.	Regional Democracy Index (2009-2011)	213
Figure 8.16.	Regional political capacity and the intergovernmental interaction	214
Figure 8.17.	Regional political capacity and the cross-sectoral interaction	214
Figure 8.18.	Regional political capacity and the overall horizontal interaction	214
Figure 9.1.	Local dependency on central fiscal transfer from the central government	221
Figure 9.2.	Local dependency on provincial fiscal transfer from the provincial government	222
Figure 9.3.	Local fiscal autonomy	222
Figure 9.4.	Scale of central fiscal transfer from the central government to metropolitan region	225
Figure 9.5.	Local infrastructure expenditure share of local government in metropolitan region	226
Figure 9.6.	Local financial sharing capacity (2007-2013)	227
Figure 9.7.	Local religious heterogeneity (2010)	231
Figure 9.8.	Share of sub-district and village reporting homogenous ethnicity dwellers (2008)	231
Figure 9.9.	Local migration heterogeneity (2010)	231
Figure 9.10.	Local political heterogeneity (1999-2014)	232
Figure 11.1.	Actor centrality of the overall collaborative activities at the local level	284
Figure 11.2.	Actor centrality of the collaborative joint policy making activities at the local level	284
Figure 11.3.	Actor centrality of the collaborative resource exchange activities at the local level	285
Figure 11.4.	Actor centrality of the collaborative project-based work activities at the local level	285
Figure 12.1.	Transformation of actor mapping in the collaborating body of collaborative metropolitan governance in Jakarta metropolitan region	295
Figure 12.2.	Transformation of actor mapping in coordinating body of collaborative metropolitan governance in Surabaya metropolitan region	298
Figure 12.3.	Transformation of actor mapping in coordinating body of collaborative metropolitan governance in Yogyakarta metropolitan region	301
Figure 12.4.	Transformation of actor mapping in coordinating body of collaborative metropolitan governance in Semarang metropolitan region	302
Figure 12.5.	Transformation of actor mapping in coordinating body of collaborative metropolitan governance in Denpasar metropolitan region	304
Figure 12.6.	Transformation of actor mapping in coordinating body of collaborative metropolitan governance in Makassar metropolitan region	306

Figure 12.7.	The variation of the institutional structure of central-local governance	312
Figure 12.8.	The variation of the institutional structure of provincial-local governance	312
Figure 12.9.	The variation of the institutional structure of intergovernmental collaborative governance	312
Figure 12.10.	The variation of the institutional structure of cross-sectoral collaborative governance	313
Figure 13.1.	Matrix of collaborative metropolitan governance	356
Figure 13.2.	Matrix of Indonesian collaborative metropolitan governance	356
Figure 13.3.	Metropolitan regions on political characteristics and the strength of intergovernmental collaboration	360
Figure 13.4.	Metropolitan regions on political characteristics and the strength of cross-sectoral collaboration	360
Figure 13.5.	Metropolitan regions on economic disparity and the strength of intergovernmental collaboration	360
Figure 13.6.	Metropolitan regions on economic disparity and the strength of cross-sectoral collaboration	360

LIST OF TABLES

Table 1.1.	Terms and definition	10
Table 1.2.	Research covering	12
Table 2.1.	Stoker's governance definition and proposition	24
Table 2.2.	Rhodes' uses of governance	25
Table 2.3.	Regionalism over the years	28
Table 2.4.	Comparative forms of collaborative governance	30
Table 2.5.	An overview of four different approaches to institutional analysis according to the new institutionalism and governance theories	34
Table 2.6.	The four new institutionalism	39
Table 2.7.	Transaction costs of the Institutional Collective Action	42
Table 3.1.	Types of governance networks shaped through policy tools and interorganisational arrangements	60
Table 3.2.	The forms of macro-level networks	63
Table 3.3.	Theoretical approaches to governance networks	64
Table 3.4.	Properties of network-level analysis	70
Table 3.5.	Properties of organisational-level analysis	71
Table 3.6.	Lascombes and Le Galès' policy instruments typology	73
Table 3.7.	A taxonomy of governance network for this research	74
Table 4.1.	Functions of a governing system	81
Table 4.2.	Elements of collaboration for effective regional governance	82
Table 4.3.	Forms of governance evaluation based on program phases	84
Table 4.4.	Measure of governance performance	85
Table 4.5.	Dimensions, measurement, and criteria to analyse the performance of a governing system in the comparative studies of centralized and decentralized governance	87
Table 4.6.	Key elements of Mandell and Keast's the three levels of structural analysis	92
Table 5.1.	Taxonomy of the analytical framework	104
Table 6.1.	National regulation on decentralization	115
Table 6.2.	The basic principle of Indonesian autonomy	116
Table 6.3.	The separation of governmental affairs according to the level of government	118
Table 6.4.	The territorial field of intragovernmental and intergovernmental relations	118
Table 6.5.	Actors involvement in local planning process before and in the decentralization	121
Table 6.6.	Indonesian metropolitan regions by economic size	125
Table 6.7.	Williamson Index on Regional Disparity	127

Table 6.8.	Population density and growth rate in Indonesia metropolitan regions	128
Table 6.9.	Major issues and challenges in Indonesian metropolitan regions	133
Table 6.10.	Basic information on Indonesian metropolitan collaborative governance	135
Table 6.11.	Government regulation on collaboration	136
Table 6.12.	Government regulation on collaboration in infrastructure provision	146
Table 7.1.	Measurement for the analysis on the institutional structure of collaborative metropolitan governance	162
Table 7.2.	Vertical interaction activities	164
Table 7.3.	Horizontal interaction activities	165
Table 7.4.	Lists of organizations/agencies	167
Table 7.5.	Data collection from questionnaire survey	168
Table 7.6.	Descriptive statistics for the institutional structure of collaborative metropolitan governance	168
Table 7.7.	The percentage of respondents using vertical and horizontal collaborative activities based on the origin of its counterparts	171
Table 7.8.	The preferred ratio of collaborative interaction activity (region based)	172
Table 7.9.	Mean of the institutional structure of collaborative metropolitan governance (unweighted)	174
Table 7.10.	Mean of the institutional structure of collaborative metropolitan governance (weighted)	174
Table 7.11.	Percentage of increase on the mean of the institutional structure of collaborative metropolitan governance from unweighted to weighted	174
Table 7.12.	Strategic and structural collaboration, spatial, and economic characteristics of sample cities	180
Table 7.13.	Mean of the institutional structure of collaborative metropolitan governance (unweighted), cities with collaboration written in the long term development plan compared with cities without (n = 30)	182
Table 7.14.	Mean of the institutional structure of collaborative metropolitan governance (unweighted), cities with collaboration written in the midterm development plan compared with cities without (n = 27)	183
Table 7.15.	Mean of the institutional structure of collaborative metropolitan governance (unweighted), cities with/without strategies (n = 48)	183
Table 7.16.	Mean of the institutional structure of collaborative metropolitan governance (unweighted) based on spatial structures of cities	186
Table 7.17.	Mean of the institutional structure of collaborative metropolitan governance (weighted) based on spatial structures of cities	186
Table 7.18.	Percentage of increase on the mean of the institutional structure of collaborative metropolitan governance based on spatial structures of cities from unweighted to weighted	187
Table 7.19.	Summary of results	189

Table 8.1.	Dimension and variables for analysing factors contributed to the emergence of collaborative metropolitan governance	185
Table 8.2.	Regional Democracy Index and its components (2009-2011)	212
Table 8.3.	Summary of the findings on the regional institutional environment and its influence to the emergence of collaborative metropolitan governance.	217
Table 9.1.	Indicator and measurement for fiscal decentralization analysis	220
Table 9.2.	Local dependency on fiscal transfer (percentage)	221
Table 9.3.	Local fiscal autonomy (percentage)	221
Table 9.4.	Local fiscal means other than from fiscal transfer and local revenue (percentage)	224
Table 9.5.	Scale of central fiscal transfer from the central government to metropolitan regions (percentage)	224
Table 9.6.	Indicator and measurement for share/pool resource analysis	226
Table 9.7.	Local infrastructure expenditure share	226
Table 9.8.	Local financial sharing capacity for infrastructure investment (in billion Rp.)	227
Table 9.9.	Indicator and measurement of socio-cultural and political analysis	229
Table 9.10.	Local political changes of political majority during 3 election periods (1999, 2004, and 2009)	233
Table 9.11.	Regression results of central interaction using the statistics data from the year 2012	235
Table 9.12.	Regression results of central interaction using the mean statistical data of 2008-2012	236
Table 9.13.	Regression results of horizontal interaction using the statistics data from the year 2012	237
Table 9.14.	Regression results of the horizontal interaction using the mean statistical data of 2008-2012	238
Table 9.15.	Regression results of the activity between governmental institutions using the statistics data from the year 2012	239
Table 9.16.	Regression results of the activity between governmental institutions using the mean statistical data of 2008-2012	240
Table 9.17.	Regression results on the horizontal interaction and socio-cultural characteristics	242
Table 9.18.	Regression results on the socio-cultural characteristics and the collaborative activity between local government and nongovernmental institutions	243
Table 9.19.	Regression results on the socio-cultural characteristics and the activity between local government and private institutions	243
Table 9.20.	Regression results on the political characteristics and the horizontal interaction	245
Table 9.21.	Regression results on the political characteristics and the activity among local governments	246
Table 9.22.	Regression results the political characteristics and the activity between local government and nongovernmental institutions	246
Table 9.23.	Regression results on the political characteristics and the activity between local government and private institutions	246

Table 9.24.	Summary of the findings on the local institutional environment and its influence to collaborative metropolitan governance	248
Table 10.1.	A sample of the instruments of public policy	253
Table 10.2.	Instruments of collaboration-supportive policies in Indonesian cities	253
Table 10.3.	Instruments of collaboration-supportive policies	254
Table 10.4.	Classification of collaboration-supportive policy instruments	257
Table 10.5.	Summary of the policy instruments selection based on regions	261
Table 10.6.	Characteristics of the inter-region internal institutional design based on the policy instruments selection	264
Table 10.7.	Regression results between policy instruments and horizontal interaction	267
Table 10.8.	Regression results between policy instruments and joint policy making activities	268
Table 10.9.	Regression results between policy instruments and resource exchange activities	269
Table 10.10	Summary of the influence of the internal institutional design to the institutional structure of collaborative metropolitan governance	271
Table 11.1.	Frequency distribution of dyadic relations between actors: Overall	276
Table 11.2.	Frequency distribution of dyadic relations between actors based on regions	277
Table 11.3.	The overall activity centrality by the type of participating actors (percentage)	279
Table 11.4.	Activity centrality by the type of participating actors based on the joint policy making activities (percentage, region based)	280
Table 11.5.	Overall actor centrality based on the collaborative activities (percentage)	281
Table 11.6.	Inter-region actor centrality based on the overall collaborative activities (percentage)	282
Table 11.7.	Summary of actor interaction on collaborative metropolitan governance	286
Table 11.8.	Interaction between internal institutional design and actors relations in the collaborative metropolitan governance	288
Table 12.1.	Transformation of Indonesian metropolitan collaboration	307
Table 12.2.	Variables for case studies selection	309
Table 12.3.	General assessment for case studies selection based on results of quantitative analysis	311
Table 12.4.	Summary of the working of Indonesian collaborative metropolitan governance based on in depth analysis	344

LIST OF ABBREVIATIONS

NPCB	National Planning Coordination Board
NDPA	National Development Planning Agency (<i>Bappenas</i>)
MoPW	Ministry of Public Works (<i>KemenPU</i>)
MoHA	Ministry of Home Affairs/Ministry of Interior (<i>Kemendagri</i>)
PPCB	Provincial Planning Coordination Board
PDPA	Provincial Development Planning Agency (<i>Bappeprov</i>)
PPWA	Provincial Public Works Agency (<i>Dinas PU Cipta Karya Provinsi</i>)
LDPA	Local Development Planning Agency (<i>Bappeko/Bappeda</i>)
CPA	City Planning Agency
DoPW	Department of Public Works
CB	Collaboration Bureau
PPP	Public Private Partnership (<i>KPS – Kerjasama Pemerintah Swasta</i>)
Gerbangkertasusila (GKS)	Gresik Bangkalan Mojokerto Surabaya Sidoarjo Lamongan (<i>Surabaya Metropolitan Region</i>)
Jabodetabek	Jakarta Bogor Depok Tangerang Bekasi (<i>Jakarta Metropolitan Region</i>)
Jabodetabekpunjur	Jakarta Bogor Depok Tangerang Bekasi Punjak Cianjur (<i>Jakarta Metropolitan Region</i>)
Kedungsepur	Kendal Demak Ungaran Semarang Salatiga Grobogan (<i>Semarang Metropolitan Region</i>)
Kartamantul	Yogyakarta Sleman Bantul (<i>Yogyakarta Metropolitan Region</i>)
Mamminasata	Makassar Maros Sungguminasa Takalar (<i>Makassar Metropolitan Region</i>)
Sarbagita	Denpasar Badung Gianyar Tabanan (<i>Denpasar Metropolitan Region</i>)

For my parents

CHAPTER 1

INTRODUCTION

1.0. SUMMARY

This chapter serves as the introductory part of this dissertation. The chapter begins with the background of the study, rationalising all the necessities to undertake this certain research concerning collaborative metropolitan governance. The section argues according to the literature review, state of precedent research, and the ground situation. Research objectives and questions are presented, and hypotheses are introduced. The overall framework in which way this research is conducted is presented at the second from the last part following by the structure of the book.

1.1. BACKGROUND

Concern about urbanization and how local governments in metropolitan regions dealing with urban service provision has been going on since the term of urbanization is introduced. The debate about how the government should react to urbanization begins with questions such as 'Is urbanization bad or good?', 'What is urban?', 'What should the government do?', and 'How to manage expanding public services in the wake of urbanization?' These are classic debates in many fields; planning, geography, and public administration. The debate on the definition of urban itself could go at length and in the end, it becomes a mere arranged definition and a rather arbitrary description but not a reflection of reality. Moreover, concerning the question on the way to manage expanding public service, regional approach has been advocated by research as one of potential panaceas for lessening the urbanization externalities (Downs, 1994; Brookings Institution, 2002; Feiock, 2004). In recent years, the concept of regionalism has been frequently used as the theoretical underpinning for governance studies focusing on urban service provision (e.g. Wheeler, 2002; Feiock, 2004). Consequently, studies focusing on the distinction between government and governance grow as more discussion on the role of government is brought to the table.

The difference between government and governance is discussed in the literature through their connection with the fragmented governmental system. With the fragmented governance movement occurring in many parts of the world in the last decade, fuelled through decentralization, attention towards the organization of local government has been escalating quickly as well, further affirming the role of governments in the discussion. In the field of communicative planning, governance cannot be separated from activities governments do (Healey, 1997). However, renewed interest in local institutions has coincided with research on governance where local institutions are defined as entities exceed the city government as the sole provider or problem solver. Governance includes the involvement of nongovernmental sectors such as voluntary and not-for-profit civic sector and private sector, creating a multi sector linkage.

The prescription above also entails on the increasing encouragement from higher levels of governments to increase the presence of metropolitan based approach to economic and social development (see Katz (2010) for the most recent US cases and European Commission (2010) for EU cases). The urgency of tackling cross border issues in metropolitan regions is increasing in the recent decade as metropolitan regions are seen more and more as the state engine of the national economy and prosperity due to their size and capacity in technology, human capital, and infrastructure (Katz, 2010). In Indonesia, particularly, 2007 marked the year that the central government formally endorsed regional collaboration, following three decades long sparsely collaborative campaign in intergovernmental and public private collaboration.

Between the increasing campaign for regionalism and the light of a fragmented local political environment where local governments likely have to sacrifice their autonomy for collective objectives, research on interlinkages between these two subjects are surprisingly low in developing countries while flourish in developed countries. The question whether decentralized and fragmented governance improves collective action remains. The goal to answer how cities can overcome fragmented governance and create a collaborative culture in the wake of regionalism lingers. None of the theories in institutionalism, governance, or regionalism assures governance in collective action with a great certainty. Researching at the boundaries of governments and other organizations, this dissertation partly aims to contribute to these challenges.

In a glance, this dissertation aims attention at decentralized and fragmented governance, and collective action effort respectively by examining Indonesian metropolitan regions as empirical cases. By focusing on collaboration as a tool for regional governance, this dissertation attempts to shed light on the central role that cities and their local governments play among other institutions in higher levels of governments, various organizations at their jurisdiction and their neighbouring cities to establish the governance of bigger regional areas. The importance of study at local government institutions are emphasized by the notion that the way cities structure and organise their institutions shapes local governing systems at various extent. The influence comes through the cost of assessing and exerting power, including public policy decision, providing and managing services, and the capacity of local agencies to collectively mitigating cross-jurisdictional problems. In order to do that, this dissertation focuses on the contours of local governance exercising their collective objectives among decentralized governmental units, public and private organizations in urban metropolitan areas in Indonesia. This dissertation will touch the vertical and horizontal interaction between cities and their involved counterpart for collaboration, and interlinkages between these connections towards the overall effectiveness of collaborative metropolitan governance. By doing so, this dissertation will try to elaborate how deep decentralized governance is practiced, how far it affects regional and local collective action, and how it can be projected to the metropolitan governance.

1.2. PROBLEM STATEMENT

1.2.1. Cross-Boundary Urban Issues and the Path to New Regionalism in a Fast Growing Developing Country: The Emergence of Collaborative Governance

Cities and metropolitan regions are the source of urban challenges and in the developing economy, such as Indonesia, the fast development growth put tantamount pressures to manage cities and regions. With urbanisation and its externalities, e.g. property and land price, population movement, etc., urban challenges on various urban services are becoming cross-jurisdictional issues. With the increasing urbanisation rate, the demand for urban service mounts, particularly on basic services such as infrastructure and energy, fresh water, sanitation, education, and health service (UN DESA, 2013). Regardless the configuration of the governing system, the regional level has become a much more important governing focus. On top of the urbanisation pressures, globalisation exposes metropolitan regions to the worldwide economic competition and produces more tension on the local governing system. The challenges faced by cities and local government surpass local political boundaries as people expect seamless urban service regardless which part of the metropolitan they live. Hence, new strategies are needed where the city alone as a single player is no longer enough to overcome the challenges should be acknowledged.

In the decentralized system, the individual local government solves and mitigates public problems on its own, although resources may come from the higher levels of government. Communications and collaboration between neighbouring cities become necessities for cities to survive and to make regions more resilient and sustainable, particularly considering limited sources available. However, collaboration, cooperation, and co-production scheme as part of collective action arrangements are not without challenges. Any activity that requires a decision making process will trigger the push and pull of power bargaining among the actors. Especially if the activity requires movement from city to region. This transition is referred by Brenner (2002) as the new “politics of scale”.

The new political pressures are especially visible on centralized versus decentralized debates as both sides claimed the most effective way to provide urban service (Feiock, 2004). Observed from the Indonesian context, the thrilling over the push and pull between the centralized system, a remains from the old governmental system, and the decentralized system, newly introduced and applied in the last decade, is significant in shaping the local governance system. In the end, this push and pull of power are also projected to the regional governance system and frame the Indonesian regionalism form. However, the fight over the power in the local and regional governance system in Indonesia and its relevance towards issue areas that can benefit from regional management have not been tested yet.

With the pushing of the quest for broadening the new regionalism form and the acknowledgement of the emerging of collaboration in public governance in developing countries, this study aims to contribute to this

complexity. This dissertation is also driven by the importance to address cross-jurisdictional urban issues and to understand in which way collaborative activities can provide relief for those challenges. It is intended first to deepen the understanding of the study of collaborative governance in shaping the new regionalism movement in the Indonesian metropolitan region from the viewpoint of local government. While first aggregating theoretical exploration of the fragmented governing system as well as institutionalism approach, this study tries to develop an integrative framework to assess collaborative governance and its institutions, looking at how collaborative governance emerge, develop, and how it should be improved.

1.2.2. Collaborative Governance in Asian Context

The promotion of collaborative governance in fast growing countries has become an agenda together with the urbanization and rapid growth of cities. Approaches to the local-urban-regional problems have varied from country to country. For example, in America metropolitan area growth was initially handled by either forced or voluntary annexation to the city (e.g. Fishman, 1987; Jackson, 1985; Teaford, 1979). Canadian metropolitan regions experienced multiple structural changes in the metropolitan government in the last three decades through amalgamation and de-amalgamation (e.g. Boudreau et al, 2006). The last century saw developed countries developed a polycentric governing system due to resistance from society to refuse annexation (Hamilton, 2013).

There has been a mounting number of studies observing collaborative governance efforts in providing urban service in both Western and Asian context. Literature also documented public governance experiences in either centralized or decentralized governance system in both contexts. On the other hand, it is also observed that in the Asian context, this dissertation notices a discrepancy in connecting the collaborative governance experiences with the bulk of the theoretical background that heavily coming from Western studies. The theoretical approach in governance that available on records which lies fundamentally in the field of political science and public administration is mostly coming from the highly decentralized government with a long experience of the democratic system, such as European countries and the US. Therefore, it is often found that collaborative governance studies in Asian countries are more focused on observing the local characteristics rather than exploring the theoretical perspective of the subject. In this manner, empirical wise through qualitative based study and descriptive analysis are more present than other type of research. One of the reasons is that the possibility of use and misuse of the concept of collaboration observed in the construction of the collaborative platform as mentioned by Cao et al (2013).

Building on the debate concerning the lack of Asian exploratory literature on collaborative governance in metropolitan regions, this study casts to provide a useful framework built from theoretical exploration to evaluate different modes of collaborative governance in Indonesia context. It reasons that the governance framework introduced from theoretical literature is actually possible to be used as a starting point to analyse

different governance systems given several adjustments. However, an extensive background study on the concept of decentralized governance, institutionalism, and collaboration is needed to clear the hurdles in defining the study. As this study focuses on institutions and how their internalities and externalities influence governance, for analysis this study mostly will utilise the idea of institutional approaches to assess the collaborative governance. Using Indonesian cases, the framework will be used to advance our understanding of local and regional governance. It also intends to apprehend externalities and internalities observed in local practices that particularly Indonesian and may differ from other governance systems introduced in the literature. Furthermore, while still counting on the fragmented governing system as a basis of the framework for analysing the collaborative governance structure, at the same time this study disregards the non-dimensional dichotomy of centralization and decentralization. It instead introduces a pragmatist alternative where centralization is not always bad or decentralization is ineffective in addressing the suitable collaborative governance for Indonesian metropolitan regions.

1.2.3. A Quest to Bridge the Gap on Institutional Approach for Collaborative Governance: Between Rational Choice and Sociological Institutionalism

While institutional approaches promise possibilities to assess the working of local and regional governance, it is not without challenges. The world of institutions is more multifaceted than one model allows. The core model of the current institutional analysis is (1) rational choice institutionalism as it offers the most comprehensive approach to identify the work of institutions (Hall, 2009), (2) regional governance (Feiock, 2004), and (3) collective actions (Olson, 1965; Ostrom, 1990; 1991; Feiock, 2004). On the other hand, some of the most fruitful insights to understand the institutions in recent decades generated by social science flowing from sociological to historical approach. Recent studies acknowledges that fixed rules and tendency to be heavily reliant on the core issue of cooperation employed by rational choice are no longer enough to explain the way institutions work when a wider contextual background is seen as another determinant.

As this dissertation proposes to employ institutional approach to assess the collaborative metropolitan governance in Indonesia, it is critical, first and foremost, to address the various approaches of institutionalism. Various schools of institutionalism offers powerful approaches to assess governance, and while individually they exhibit clear limitation on their models to identify the transformation of institutions (Hall, 2009), institutionalism models offer the best possible way to examine collaborative governance. In order to address challenges to explore and examine collaborative in the increasing complex metropolitan regions and offer a comprehensive approach to understand institutions, borrowing concepts from multiple school of thought is needed. There have been calls for research to broaden the institutionalism approach by incorporating two or more institutionalism theories through borrowing variables or approaches, suggesting

that integrating propositions from different research traditions are not only possible but promising as well (Hall, 2009).

This dissertation acknowledges that there is a significance in bridging the gap between different types of schools. In collaborative governance context, rational choice and sociological institutionalism offer a comprehensive coverage to measure collaborative governance, thus providing the chance to be combined or partly used from both sides. The idea is that by doing so this study attempts to go beyond the arguments about the importance of siding with one school of approach by breaking it down into parts and sequences, and utilise both to help understanding the mechanism and process of collaborative governance. As such, this study will explore the common ground between rational choice and sociological institutionalism, addressing how the insights of the latter can be used to improve the former.

1.2.4. Understanding Collaborative Metropolitan Governance in the Process of Decentralization

Managing cities during the rapid urbanization and dealing with cross-boundary urban service provision is not the only challenging issues for Indonesian cities. In the last fifteen years, Indonesian cities and metropolitan regions have been struggling to cope with the fast increasing urban pressures while continuously readjusting with the evolving governing system following the regional autonomy on political, fiscal and administrative policy in 1999. The scale of transformation from a centralized to a decentralized system is exceeded the local governing capacity that over a decade in the process of decentralization, cities are still hard learning while undergoing rapid and multiple changes in their financial and administrative system. Looking over the changes in all level of governmental sector, regional governance has been adapting and experiencing restructuring the most as power is transferred from central to local government. As all levels of governing systems changed, political antecedents are observed. In a country with politics at the centre of governing systems, adaptations to the status quo are inevitable at the regional level which invariably shaped by politics.

Various adaptations have been made to adjust to the new realities of local and provincial governance. Changes in the traditional governing system to address cross-boundary needs have been contested, and in many instances bitterly opposed. The most apparent changes on the governing system in Indonesia is the declining influence of provincial government to the local governing system where local authorities discarded the authority-based and hierarchical command of a top-down system. However, the results of transformation is not necessarily positive and often criticised as being not beneficial for wider society (Situmeang, 2011). Decentralization in the local governing system often meets imbalances in providing urban services as local governments unequipped with enough resources and/or lack of managerial capacity. The rise of egoistical behavioural orientation of local governments are also often blamed as the source of urban problems. Moreover, in some cases, cities managed to cooperate with each other despite the conflict and competition

to reduce negative externalities that spill across governmental jurisdictions. Yet the majority is not as successful. Supra level government such as metropolitan authority gained through amalgamation or annexation is not a preferable option as it produces more disaccord considering the new governmental system.

In the process of decentralization and rising power of local governments, managing collaborative activities is challenging. To spur the infrastructure development and interconnect the network, the central government has been pushing policies to encourage intergovernmental collaboration. Although the central authorities have been issuing numbers of policies, guidelines remain lacking and often too vague. The pressure is multiplying in the metropolitan regions with a large number of local jurisdiction sharing less of local capacity, political aspiration, and development goals, which often resulted in conflicts that yet to be addressed in the guidelines. In these regions, interaction is not limited between governmental entities but also voluntary and private sectors, creating a complex and interdependent, yet fragmented networks that rely heavily on local governments' good willing and capacity to implement collaborative policies.

There are two sides of coins seen in assessing collaborative metropolitan governance on a transitional governance system: necessarily benefited or deficient decentralized and centralized governance. In different expression, it is primarily normative to address the policy implications and compare the results between consolidated and fragmented systems. Nevertheless, metropolitan regions are largely different to each other in the term of local and regional governing systems. This study will not necessarily add another argument on the top of those debates, but rather triggered over what changes, if any, would enhance the government's ability to address regional governance issues, recalling the Indonesian mixed record on collaborative metropolitan governance as mentioned in the previous paragraph. In order to reach to do so, a starting point of outlining that centralization and decentralization are not necessarily bad or good is needed.

1.2.5. Catalysing Collaborative Metropolitan Governance through Collaboration for Infrastructure Provision

Adequate urban infrastructure provision –such as water, road, sewerage, and waste management– is one of major issues in metropolitan governance as it keeps escalating following the rapid urbanisation. On the topic of regionalism, metropolitan governance has added impetus to the importance of collaboration to increase the capacity of government, private sectors, and civil society to provide basic service as the government as the sole provider often failed to so, particularly in developing countries such as Indonesia. Moreover, infrastructure provision is an issue that has been brought to national and regional prominence as it contributes greatly or acts as constraints for economic growth. Misfits in the urban infrastructure provision also post as reasons why catering urban infrastructure, in most large developed and developing cities, is highly related to regional and cross-boundary issues. Metropolitan strategies adopted by local, provincial

and central governments sometimes do not match each other, particularly on unrelated practices of procurement at the local level.

Urban infrastructure provision is often defined as the staple of cities most basic facilities (Wilmoth, 2005). It contributes to the capital equipment and characterised by networks that support the function of cities. A seamless provision of urban infrastructure requires well-connected and well-managed networks which often found problematic in metropolitan regions consists of multiple fragmented cities. To develop a smoothly continuous urban infrastructure provision, cities in metropolitan regions need to be well versed in their neighbouring cities' strategic infrastructure planning and implementation, more so than other basic social amenities. Collaborative planning is seen as a way to consolidate cross-jurisdiction urban issue and reduce the misfits between cities sharing borders.

The idea behind the importance of understanding the urban infrastructure provision through a collaborative metropolitan governance system is a presumption that by doing so, it is possible for this study to identify better characterisation of collaborative infrastructure provision. As collaborative activities in the urban infrastructure provision is one of the main agendas of metropolitan collaboration in Indonesia as well as the most common collaborative activities done by local governments, understanding its process will generate findings that can be generalised for the working of collaborative governance in the metropolitan region. The complex nature of collaborative infrastructure provision due to possibilities of actors' involvement from a multitude of background is seen as beneficial to mimic the intricate system of governing metropolitan collaboration. This complexity on the involved networks of actors is rarely find in other sectors. Moreover, attributing to this complexity issue, identifying important factors affecting collaboration through an exploration of its institutions, actors, and policy initiatives will bring about better understanding to manage collaborative metropolitan governance and how to improve the current situation.

1.3. RESEARCH OBJECTIVES AND QUESTIONS

The main idea of this dissertation is to address collaborative governance in the Indonesian metropolitan region, deliberately identify the institutional implication of the decentralized governance system and understand how collaborative metropolitan governance should be constructed. It is important to acknowledge first that this study does not attempt to develop a general cure applied for all collaboration in Indonesian decentralized governance. Instead, the generalization it is aimed lies in testing the basic framework that can be adjusted to assess governance systems in a similar situation. At the wider purpose, it steers to fill some gaps left in the governance literature, especially in the Asian lexicon.

Acknowledging debates on the challenging nature of the collaboration, the study argues that conceptualise, measure and compare cases of collaborative governance will bring another step towards understanding the

different approaches for enabling regional governance to cope with contemporary Indonesia. It aims to draw the connection between the local governance structure and the exercise of collaborative governance as well as its projection toward the regional (provincial) level of governance. To limit the scale of collaboration, this study will focus on collaborative activities in providing urban service taking place in the metropolitan region in Indonesia.

1.3.1. Research Objectives

- (1) To analyse the pattern and structure of Indonesian collaborative metropolitan governance
To identify the factors structuring the collaborative governance system including the institutional implication of the decentralized governmental system, the governance network and actor interaction by using institutional analysis approach
- (2) To examine why and how collaborative governance emerge in Indonesian metropolitan regions
- (3) To recommend how collaborative metropolitan governance should be constructed
To suggest in which ways collaborative metropolitan governance can be promoted and improved

1.3.2. Research Questions

- (1) What are the characteristics of Indonesian collaborative metropolitan governance?
 - (a) What are major variables structuring the collaborative governance system?
 - (b) What is the typology of governance network and actor interactions observed?
 - (c) What kind of policy instruments influencing the collaborative metropolitan governance?
- (2) Why and how Indonesian collaborative metropolitan governance emerges in the decentralization process with a fragmented governing system?
 - (a) What kind of regional setting that can encourage local governments to pursue collaboration?
 - (b) Whether differences in the regional setting led to the emergence of intergovernmental and cross-sectoral collaboration or not?
- (3) How collaboration among agencies in Indonesia should be constructed and how collaborative culture can be promoted?
 - (a) What type of institutional network should be constructed for developing and improving collaborative metropolitan governance?
 - (b) In which ways local government can promote collaboration in its jurisdiction through the issuance of local policy instruments?
 - (c) What kind of proposition regarding fiscal, socio-cultural and political factors should all layers of government pursuit to improve the collaborative metropolitan governance?
 - (d) In which way policies should be improved to promote the emergence of collaborative metropolitan governance?

1.4. TERMS AND DEFINITIONS

Terminologies used in this research are defined below.

Table 1.1. Terms and definition.

Terminology	Definition
Metropolitan	An urban area covered a minimum of 1 million population, which consist of a single city or urban core with its surrounding area functionally linked to each other and connected to the integrated infrastructure system (Law 26/2007 in Spatial Planning).
Urban (public) infrastructure	Urban infrastructure describes infrastructure that is managed and owned by the governments. It is differentiated from privately owned infrastructure from the way it is financed. In this study we focus on the provision of road infrastructure, water infrastructure, and solid waste as part of the public capital.
Collaborative governance	The act of collective decision-making and can be formed into a rigid or lose structure (formal and informal platform) yet involving multilevel governmental entities, private and civic sector working together in a new partnership that blurs sectoral, jurisdictional and geographical lines.
Collective action	Process oriented governance of enabling decisions based on collaborative manner spurred from the rational desire to gain collective benefits that are not possible through solitary action.
Institutional analysis	An approach introduced in social and political sciences. It examines in which way institutions behave and function given rules derived from institutionalism theories. It deals with how individuals and groups develop institutions, and how these institutions function according to rules. It also analyse the influence of institutions toward a wider societal system.
Institutional structure	Structural characteristics that define the shape of an organisation according to institutionalism.
Institutional environment	Institutional factors that influence the working of institutions and to some extent affect the structure of the institution in its environment.
Actor interaction	Connection and relationship formed between multiple actors in multi-jurisdiction environments to achieve collective decision.
Intergovernmental collaboration	Cooperation and coordination formed between cities through partnership to reach collective benefits and reduce cross-jurisdiction urban challenges.
Intragovernmental collaboration (vertical collaboration)	Cooperation and coordination formed between local governments and its higher levels of government, either consisting provincial governments (regional level) or the central government (national level) to provide solutions to regional problems confronting metropolitan regions.
Cross-sectoral collaboration	Cooperation and coordination formed between local governments and nongovernmental entities in its jurisdiction, including non-profit and private organization to provide solutions to regional problems confronting metropolitan regions.

1.5. RESEARCH HYPOTHESES

- (1) The state of Indonesian collaborative metropolitan governance is closely related to the extent of the institutional structure of central-provincial-local government interaction, external and internal factors influencing the collaborative governance at the local level.
 - (a) The institutional structure of central-provincial-local government interaction is affected by several factors, namely fiscal decentralization power and resource sharing exercised by local governments as well as local socio-cultural and political characteristics.
 1. The institutional structure of vertical interaction among governments is characterised by fiscal dependency of local governments.
 2. The level of fiscal decentralization, resource sharing and fiscal capacity of local governments steer their horizontal interaction in pursuing collaborative governance.

3. State of fragmentation and fractionalization of local socio-culture and politics will reflect positively or negatively on the practice of intergovernmental and cross-sectoral collaboration.
 - (b) The typology of governance network and actor interaction is institutionally and geographically bounded as it reflects the institutional structure of central-provincial-local government interaction.
 1. The relative importance of the collaborative activities varies between actors and depends on governance networks established by local governments.
 2. The more actors involved in the interaction the higher possibility of local governments pursue nongovernmental collaboration in their jurisdiction.
 - (c) Collaborative metropolitan governance is closely related to specific collaborative-supportive policy approaches.
 1. Policy instruments are positively or negatively related to the extent of actors the local government contacted for collaboration
 2. Policy instruments are positively or negatively related to the institutional structure of collaborative metropolitan governance.
- (2) Selective external environmental settings at the regional level lead to higher possibilities of local governments to pursue collaboration.
- (a) The state of quality of life motivates local government to pursue collaborative governance.
 - (b) The state of physical and economic development of a region determines the emergence of collaborative governance between its subsequent cities.
 - (c) The state of democratic environment creates a platform that positively or negatively contribute to the emergence of collaborative governance.
- (3) Collaborative governance is a geographical bounded governing system, thus the construction and promotion of it should be based on the assessment of the factors influencing the local and regional governing system as well as the architecture of the institutional structure established between multilevel of governments and the institutional network at the local level.

1.6. THE SCOPE OF RESEARCH AND NOVELTY OF THE STUDY

First and foremost, this research aims its focus to examine the collaborative metropolitan governance in a governing system with the ongoing decentralization process to enrich literature at present that largely emphasis on the collaboration taking place in an established decentralized system. Study on collaborative metropolitan governance in the ongoing decentralization process offers different institutional characterisation from studies in an established decentralization platform due to various adaptations that have been made by institutions. These adaptations are particularly pursued to adjust to the new realities as

the higher level of government's power to local government is reduced. The external factors affecting collaborative governance in the process of decentralization also differ in terms of organisational and institutional challenges, transaction costs due to socio-cultural and political settings.

Regardless the dominant pattern of intergovernmental relations in case studies, this dissertation aspires to deliver a comprehensive research to understand how fragmented governance in transitional Indonesia affects the collaborative metropolitan governance that produces positive and negative externalities affecting collective action. By undertaking multiple case studies on metropolitan regions, focusing on its empirical exploration, this study directs its attention primarily to the more general role of local governance institutions in addressing the conflict, competition and cooperation in collaborative metropolitan governance. Accordingly, an investigation of the institutional structure of collaborative metropolitan governance from the viewpoint of local government is seen as a starting point for understanding how collaborative arrangement pursued and forged at the local level, what motivates local governments to choose a certain regional governance model, and how the decision is made by the local governments in collaboration.

Secondly, this dissertation aspires to post as the first comprehensive research on Indonesian collaborative metropolitan governance, specifically regarding collective action of cross-boundary urban service provision; exploring its institutional structure, rule and function shaping public governance and governance networks.

This dissertation aims to connect the missing gap between collaborative regional governance experiences in Indonesia and the bulk of theoretical backgrounds that heavily coming from Western studies. In order to do so, this dissertation proposes to develop a framework for assessing collaborative metropolitan governance built from rational choice and sociological institutionalism. By combining two different institutionalism approach this dissertation directs to distinct from other governance studies which employs institutionalism theory as the analytical approach. Table 1.2 summarises the research covering of this dissertation as well as its repositioning across precedent research.

Table 1.2. Research covering.

	Research on regional collaborative governance				
	Using Institutionalism approach			Nature of research	
	Rational choice	Sociological	Exploratory	Descriptive	Explanatory
US, EU, Canada	●	●	●	●	●
Asia				●	
Indonesia				●	
This research	●	●		●	●

1.7. RESEARCH FRAMEWORK

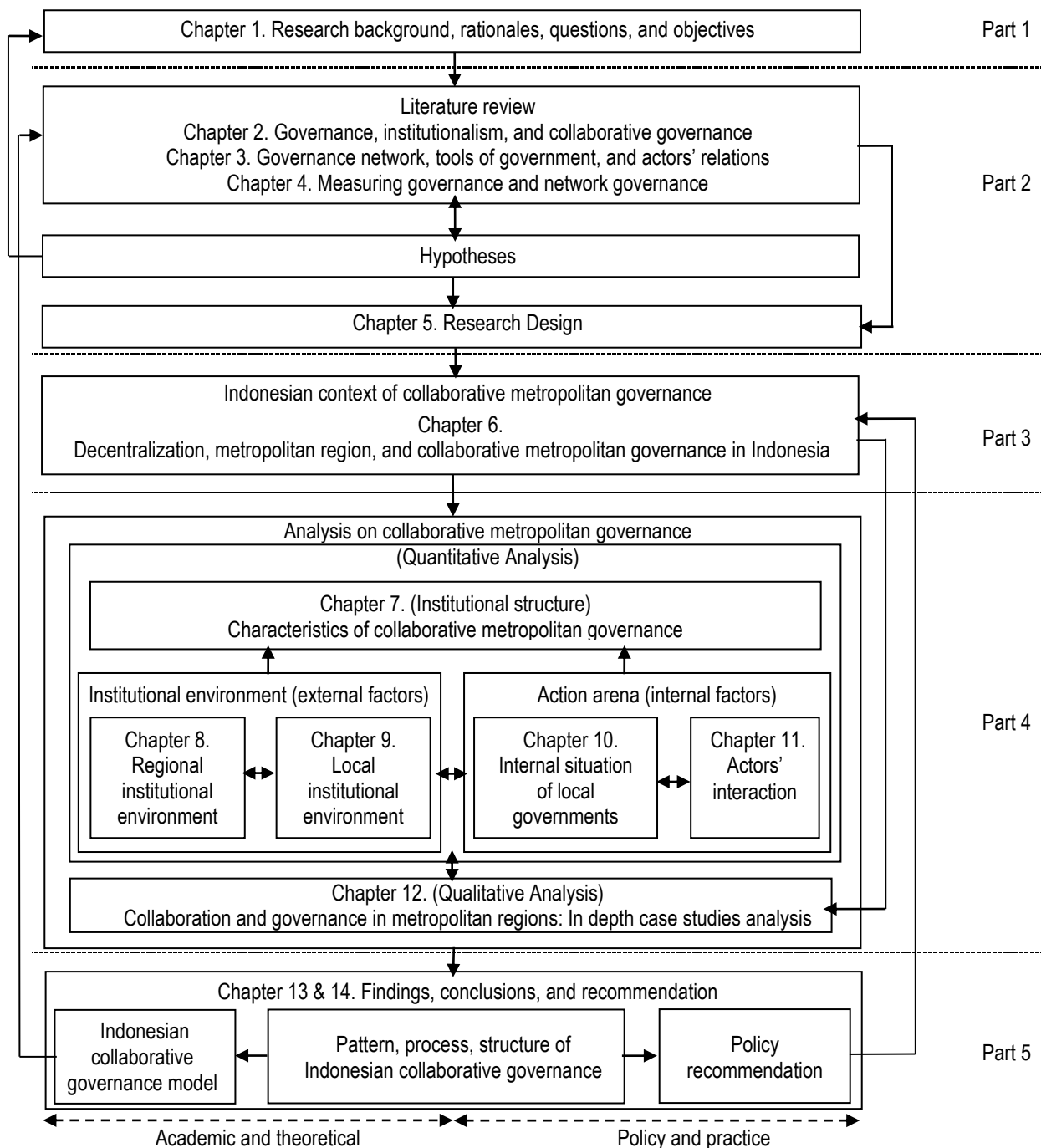


Figure 1.1. Research framework.

1.8. RESEARCH METHODOLOGY

This research is generally empirical, with qualitative and quantitative analysis, and partly theoretical. Its theoretical part is showcased in the theoretical exploration, used to construct the analytical framework for analysis. To connect the theoretical and empirical part, this study is mainly takes interest to build a body of empirical evidence pertaining to the collaborative governance and developing theoretical construction to

describe and explain the phenomena. Quantitatively, this study is interested in determining which characteristics and variables are operationalisable and how the framework derived from the theoretical review can be used to generate testable hypotheses. Qualitatively, this study looks to see how aspects of the same framework used to test quantitatively can be used to code narratives and explain observable governance phenomena in urban politics and public administration.

1.8.1. Target of Research

This research focuses on collaborative programmes for urban infrastructure provision in six metropolitan regions across Indonesia. The urban infrastructure observed includes four main sectors: (1) road infrastructure, (2) sewerage, (3) waste management, and (4) water supply. Collaborative infrastructure provision programmes examined in this research encompasses collaboration between two or more local government, collaboration between a local government and one or more nongovernmental organisation (from private or civic sector), and collaboration between a group of local governments and one or more nongovernmental organisation. This research targets local governments as the unit of analysis.

1.8.2. Sampling and Data Collecting

Main analyses of this dissertation use two main data: (1) primary data through questionnaire and interview, (2) secondary data from statistics, regulation review, policy document review, and literature review. Questionnaire survey was conducted in 33 cities in 6 metropolitan regions and in depth interviews were held in 5 metropolitan regions (4 of them then used for in depth analysis). Literature review for the analysis consists of information from journals, books and websites of ongoing and past research projects. It is partially used to discuss concepts embedded in governance, its institutions and networks. Further explanation on the survey design is explained in Chapter 5 (Research Design).

1.9. THE STRUCTURE OF THE DISSERTATION

This dissertation is structured upon five main parts.

1.9.1. Part One: Introduction

The introduction part of this dissertation covers the rationale and state of the art of this study. It is based on review of the literature on governance and collective action that leads us to suggest that there are missing spots in research on collaborative governance that can be filled through theoretical and empirical studies. Recognising the gap between theoretical literature that heavily leaning to western perspective and empirical literature in non-western context, it is clear that the range and depth of innovations in collaborative

governance and its networks place them in a different stage of development, which raises questions that deserve attention.

1.9.2. Part Two: Literature Review and Research Design

The theoretical explorations in this part are built upon the literature in the field of urban planning, political science, and public administration. The chapters in this part (respectively, chapter 2, 3, 4, and 5) are positioned to provide a theoretical foundation linking the institutional structure of government to the practice of collaborative governance in a fragmented system. This part mostly aims to pave a holistic way to set up the basis for the research methodology. Although each chapter in this part can stand alone, together they aim as an attempt to engage in a continuous dialogue that led towards the building of a framework and necessary variables for empirical investigations. The literature review ended with the Research Design on Chapter 5, constructed based on the theoretical explorations of Chapter 2, 3, and 4.

Chapter 2 discusses about the fundamental parts of the theoretical approach in governance from the perspectives of new regionalism and new institutionalism; representing institutional (politics) and social approach respectively. It demonstrates how these two approaches can contribute to our understanding of collaborative governance issues in a regional setting. In this perspective, this chapter tries to assert how mixed forms of governance operate across multiple sectors and in multiple geographic scales where mixed administrative authorities comprise of vertical, horizontal and diagonal ties. This understanding is crucial to develop an analytical framework as to the ways in which modes of governance have been employed and their concerns in regard to the relationship between governance structures and collaborative governance. Hence, it also touches discussion on modes, linkages, management, and distribution of power in governance. The synthesis from this chapter is utilised as parameters for the empirical part of this dissertation and as building step before we deliberate on research methods on different institutionalism approaches, presented in Chapter 7, 8, and 9.

Chapter 3 elaborates about governance networks and actor relations that emerge within the governmental framework provided by the institutional architecture of local governance. It collects literature that identifies the changes and transformation in the governing system that promotes governance networks. It targets literature elaborating on how networked relationships are managed through relations among involved actors and how policy tools are utilised. There are two focuses on this chapter: the policy stream and actor relations. The first aim is to gather enough literature to develop a set of parameter to analyse the policy stream functions on the wider governance network. The second layer of analysis is actor relations in the network; to understand its nodes and roles in the network, configurations, and ties. Using literature as the conceptual basis, finally this chapter aims to draw a theoretical and empirical foundation to analyse policy

functions and its interlinkages with actors' relations and the structure of institutions as part of the empirical analysis presented in Chapter 10 and 11 (Internal Situation and Actors' Interaction, respectively).

Chapter 4 reviews ground literature on measuring governance and network governance in order to set up parameters to empirically measure the factors contributing to the emergence of collaborative metropolitan governance. To assess the emergence of collaborative governance performance, this study turns to functions of governing systems and elements of regional governance in order to gather variables contributing to a successful regional system. The regional governing system together with external environmental factors is seen as the basic factor setting the platform where collaborative governance emerged. Various measurements are presented and elaborated before choosing appropriate parameters that work with the nature of the Indonesian governance system as well as considering the availability of data to conduct the analysis. While the factors are used to examine the correlation between regional setting and the emergence of collaborative metropolitan governance, the literature review also provides general background for the qualitative analysis on selected case studies. The analysis on the factors leading to the emergence of collaborative metropolitan governance is presented in Chapter 8 and the in depth analysis for selected case studies is presented in Chapter 12.

Chapter 5 serves as the channel to elaborate the analytical framework used in this study. It starts with a short theoretical background explaining the origin of the framework adopted. Justifications in choosing a particular framework are drawn according to the theoretical exploration presented in Chapter 2. The analytical framework is explained in detail including its taxonomy and the subsequent survey design. The administrative challenge in this chapter is to develop appropriate parameters that suitable for the data availability in Indonesia without having to forsake the appropriateness of its theoretical credentials.

1.9.3. Part Three: Indonesian Context on Collaborative Metropolitan Governance

Part three is built upon literature review of the past and the existing Indonesian governance system that relevant to this research. This dissertation believes the system perspective provides one avenue to examine the role and function of collaborative governance shapes by the interplay of the structure of local governance and its correlation with governance networks. This part consists of one chapter in which Chapter 6 fundamentally lays the constitutional base to help understand the current situation of Indonesian collaborative governance. It posts as the additional literature background for the qualitative analysis presented in Chapter 12.

Chapter 6 reviews metropolitan governance in the Indonesian context. The focus is placed on the changing of the law and regulation underlying the governing system. It offers a background literature on decentralization to give a clear perspective on the kinds of decentralization taken place in Indonesia as well

as its impact towards planning and governance system. The literature review includes decentralization in political, fiscal, planning, and regional governance. The chapter also introduces the literature on Indonesian metropolitan regions and metropolitan governance, presented in a time frame to capture the situation before, during, and after the decentralization. It comes with positive potentials and negative challenges that contribute to understanding the nature of regulation and collaborative governance process.

1.9.4. Part Four: Analysis on Collaborative Metropolitan Governance

The empirical analysis is divided into six chapters with the first five chapters (respectively, chapter 7, 8, 9, 10 and 11) represent the quantitative analytical nature of this research and Chapter 12 as the embodiment of the qualitative based analysis. This part also serves as the primary discussion where hypotheses are tested, raw results are presented and the correlation between variables are discussed to extract important factors for further elaboration. The empirical analysis is conducted based on the research design elaborated in Chapter 5.

Chapter 7 is the first among the five parts of the quantitative based analysis. In this chapter this dissertation analyses and measures the current institutional structure of collaborative governance. It aims to examine the interaction between involved institutions, vertically and horizontally, in pursuing collaborative governance through a set of collaboration-related activities, this chapter aims to characterise the working structure of collaborative metropolitan governance in Indonesia. The results of this analysis posts as the basis variable to examine the influence of institutional environment and the internal situation in directing the working of collaborative metropolitan governance in Indonesia.

Chapter 8 examines the factors contributing to the emergence of collaborative metropolitan governance from the regional perspective. As part of the analysis concerning the institutional environment, the emergence of collaborative governance is analysed from the perspective of institutionalism and regional governance with similar major determinants used for institutional analysis in Chapter 9. Different sets of variables are employed based on the literature review presented in Chapter 4 concerning the theoretical background on measuring governance and network. The emergence of the metropolitan governing system is measured through regional tendency on fiscal, socio-cultural, and political trend. This analysis is critical in helping objectively examine and analyse regional institutional factors leading to the emergence of collaborative metropolitan governance. The correlation between the institutional environment factors and the institutional structure is presented to extract important findings on which regional institutional factors are most influential in contributing to the building of collaboration at the local and metropolitan level.

Chapter 9 represent the constitutional level of this study by examining the external institutional set up of collaborative metropolitan governance. The chapter begins first with an analysis on the fiscal

decentralization, effectively measures the local dependency on fiscal transfer from higher levels of governments, local fiscal autonomy, and the scale of financial transfer. Secondly, an analysis on resource sharing is presented to get the capacity of local government to fund infrastructure development in their jurisdiction, which is necessary to help explaining the tendency of local governments toward resource sharing schemes of collaboration. Third, an analysis on the cultural and political situation of each metropolitan region is conducted. The final part of the chapter presents the correlation between each measured external factor calculated from the analysis with the level of institutional structure. Causal relations are necessary in helping synthesizing important external factors that shape the structure and pattern of Indonesian collaborative metropolitan governance.

Chapter 10 presents the first part of the collective action level of analysis. This chapter examines the action arena within the system of collaborative metropolitan governance. It starts by examining the internal institutional design of collaborative metropolitan governance at the local level. The analysis begins with cataloguing the policy instruments adopted by local government, which is regarded as a collaboration-supportive initiatives. The inter linkages between the institutional structure of collaborative metropolitan governance and these policy instruments are analysed in the second part of the chapter as a measure to understand the process of facilitating and operating collaborative arrangements at the local level.

Chapter 11 delivers a continuation of empirical analysis on the internal factor of collaborative metropolitan governance examined in Chapter 10. It aims to present the complex internal work of the action arena in the collaborative governance where the internal situation and participants interact. This chapter discusses the characteristics of actor interaction for collaboration, effectively further explains the pattern of the institutional structure from the viewpoint of network governance. Whereas the examination of the internal institutional design is built upon the concern regarding the selection of policy instruments and the characterisation of the institutional design, the examination of actor interaction in this chapter based on the interest on the interplay between policy instrumentation and actor behaviour. The first part of the analysis in this chapter will focus on examining the actor interaction at the local level through dyadic relations, actor and activity centrality. It aspires to further explain the linkage produced by the institutional structure of collaborative metropolitan governance.

Chapter 12 serves as the qualitative part of empirical analysis. The chapter starts with examination on the restructuring of Indonesian collaborative metropolitan governance from the set up to the current state. The examination sets the stage to provide the appropriate perspective to address the current situation concomitant with the emergent character of Indonesian collaborative governance and governance networks. It particularly highlights the institutional transformation of collaborative metropolitan governance, including mechanism and typology of collaboration, and the changes of the collaborative metropolitan body. The

transformation of each observed metropolitan region is presented to get clearer views on their dynamics of collaborative metropolitan governance. This dissertation believes that this perspective will contribute to the later discussion with regard to critical considerations on the structure of the institution affecting the work of collaborative governance at the local level. The second half of the chapter is dedicated to in depth analysis of selected case studies. In this part we elaborate and examine the process of collaborative governance based on the interview results and analyse it on its correlation with the results of quantitative analysis. This qualitative analysis is particularly essential in the building of synthesis and discussion presented in the Chapter 13 as well as bridging the gap between the theoretical background utilised as the basis of quantitative analysis and the ground context of Indonesian cases in collaborative metropolitan governance.

1.9.5. Part Five: Findings, Conclusion, and Recommendation

Chapter 13 consists of two main parts: the first part consists of findings, interpretation, and discussion, and the second part depicts the future of Indonesian collaborative governance as part of the recommendation. The findings from both quantitative and qualitative analysis are conveyed and extracted. The discussion covers synthesis drawn from the aforementioned findings and divided into two sections; one as an empirical result and another as a theoretical basis to be contested with the theoretical exploration presented in Part Two. In this chapter, all research questions raised at the beginning of this dissertation is answered according to the findings.

Chapter 14 aims to close the discussion. This chapter provides the implication of institutional structures and externalities on the future Indonesian collaborative metropolitan governance according to findings and conclusion. Largely based on analysis and its subsequent synthesis, this chapter intends to contribute to the policy studies concerning collaborative metropolitan governance of a fragmented system in the process of decentralization. Recommendations are divided into two main policy implications; recommendations for the general practice of collaborative metropolitan governance and more detailed recommendations for the practice of infrastructure collaboration programmes.

1.10. REFERENCES

- Boudreau, Julie-Anne, Pierre Hamel, Bernard Jouve, and Roger Keil. 2006. *Comparing metropolitan governance: The case of Montreal and Toronto*. Progress in Planning, 66, pp. 7-59.
- Brenner, Neil. 2002. Decoding the Newest Metropolitan Regionalism in the USA: A Critical Overview. *Cities*, 19(1), pp. 3-21.
- Brookings Institution. 2002. *Beyond Merger: A Competitive Vision for the Regional City of Louisville*. Washington, D.C.: Brookings Institution Press.
- Cao, Kang, Jin Zhu, and Li Zheng. 2013. *The International Diffusion of Collaborative Planning and Its Use in China*. Paper presented at 12th International Congress of Asian Planning Schools Association.
- Downs, Anthony. 1994. *New Visions for Metropolitan America*. Washington, D.C.: Brookings Institution Press.

- European Commission. 2010. *The Urban Dimension in European Union Policies 2010*. Brussels: European Commission, Inter-Services Group on Urban Development.
- Feiock, Richard C. (ed.). 2004. *Metropolitan Governance: Conflict, Competition, and Cooperation*. Washington, D.C.: Georgetown University Press.
- Fishman, Robert. 1987. *Bourgeois Utopias: The Rise and Fall of Suburbia*. New York, N.Y.: Basic Books.
- Hall, Peter A. 2009. Historical Institutionalism in Rationalist and Sociological Perspective, in J. Mahoney and K. Thelen (eds.), *Explaining Institutional Change: Ambiguity, Agency, and Power*. Cambridge: Cambridge University Press, pp. 204-24.
- Hamilton, David K. 2013. *Measuring the Effectiveness of Regional Governing System: A Comparative Study of City Regions in North America*. New York, N.Y.: Springer.
- Healey, Patsy. 1997. *Collaborative Planning: Shaping Places in Fragmented Societies*. New York: Palgrave MacMillan.
- Jackson, Kenneth T. 1985. *Crabgrass Frontier: The Suburbanization of the U.S.* New York, N.Y.: Oxford University Press.
- Katz, Bruce J. 2010. Obama's Metro Presidency. *City & Community*, 9(1), pp. 23-31.
- Olson, Mancur. 1965. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Cambridge, MA: Harvard University Press.
- Ostrom, Elinor. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. New York: Cambridge University Press.
- Ostrom, Elinor. 1991. Rational Choice Theory and Institutional Analysis: Toward Complementary. *American Political Science Review*, 85 (1), pp. 237-43.
- Ostrom, Elinor. 2007. Institutional Rational Choice: An Assessment of the Institutional Analysis and Development Framework. In P.A. Sabatier (ed.), *Theories of the Policy Process* (pp. 21-64). Boulder, CO: Westview Press.
- Savitch, Hank V., and Ronald K. Vogel. 2000. Introduction: Paths to New Regionalism. *State and Local Government Review*, 12, pp. 158-68.
- Situmeang, Ikhwan M. 2011. Repositioning the role of the governor in the local governance, Kompas: Political article (in Indonesian).
- Teaford, Jon C. 1979. *City and Suburb: The Political Fragmentation of Metropolitan America, 1850-1970*. Baltimore, MD: John Hopkins University Press.
- United Nations, Department of Economic and Social Affairs (DESA). 2013. *World Economic and Social Survey 2013: Sustainable Development Challenges*. United Nations Publications. http://www.un.org/en/development/desa/policy/wess/wess_current/wess2013/WESS2013.pdf (retrieved November 13, 2013).
- Wheeler, Stephen M. 2002. The New Regionalism: Key Characteristics of an Emerging Movement. *Journal of the American Planning Association*, 68(3), pp. 267-78.
- Wilmoth, David. 2005. Urban Infrastructure and Metropolitan Planning: Connection and Disconnection. In *Proceedings of the 2nd State of Australian Cities Conference, City Structure Section*.

CHAPTER 2

GOVERNANCE, INSTITUTIONALISM, AND COLLABORATIVE GOVERNANCE

2.0. SUMMARY

This chapter discusses theoretical exploration on governance, regionalism, institutionalism, and collaboration, subsequently marking paths and boundary which theories and approach are valuable for the basis of the analysis and how this intended theories are utilised to help explaining the synthesis of the dissertation. The four subjects are considered interrelated and often found crisscrossing each other; collaboration can be rooted from governance, regionalism, and institutionalism while governance and institutionalism are also connected to each other at some point. In order to provide a strong theoretical platform, this chapter is divided into four parts; theoretical exploration of governance, collaborative governance, institutionalism, and analytical approach for collaborative governance from institutionalism theories. The first part covers a wide array of literatures which offer a discussion on defining governance, the difference between old and new perspective of governance, collective decision making and collaboration from the viewpoint of governance. The second part discusses regionalism and modes of governance in the context of collaborative governance. The third part elaborates the institutionalism theory and its perspectives concerning collaborative governance in detail, including the positioning of this dissertation among the various institutionalism approaches. The fourth presents an array of analytical approaches for collaborative governance based on the institutionalism.

2.1. THEORETICAL EXPLORATIONS ON GOVERNANCE

Governance is not a new research but rather a topic that has been explored by scholars from various fields. Explorational cases came from both the for-profit and the nonprofit context (e.g. Provan, 1980; Mizruchi, 1983; Fama and Jensen, 1983). In the urban context, a number of advances and challenges in governance, and subsequently its collaborative activities, are equally sought in the field of political science, urban planning, and public policy. Generally, as pointed out by Ansell and Gash (2007), governance is seen as the idea of bringing actors to establish a collective decision in which usually done through a consensus. The same research also stated that governance is proposed to combat the failures of managerial model of national and local government in solving concrete policy problems caused by the transaction cost and also with what they referred as “the politicisation of regulation” (Ansell and Gash, 2007).

There are many ways to look into governance, first by seeing them either as centralized and highly hierarchical decision making as often found in many developing countries or the raising decentralized governance –some refer as fragmented governance–. Second, governance can be segregated into three schools of thought, which are: (1) Corporate governance, a process oriented which focused on the internal

working (see Hawley and Williams, 1996 ; Persson et al., 1996 ; Turnbull, 1997), good governance, which dealing with establishment of supranational agencies on top of social, political, and administrative norms (see Leftwich, 1994; Kaufmann et al., 2000; 2005; Knack, 2003;), and public governance which referring to institutional relationships within society, networks as well as self-organising inter-organisational relations in public intervention (see Gray, 1994; Rhodes, 1994).

The term governance is not a novel lexeme and almost borderline overused. Research in various fields, e.g. urban politics, public policy, use governance to redefine public related activities that are seek through a joint agreement established outside the organisational boundaries of a single government (see Rhodes, 1997; Pierre and Peters, 2005; Mossberger, 2007). However, it is also unfortunate to realise that even with the expanding literature over the years, this research found that governance remains too vague to define and upon a cursory inspection several distinct meanings across literature are found. To put it more complicated, by looking over the literatures, there are cases where governance are found interchanging and research tends to make less distinct on the differences between governance and other related concepts such as public administration and management. The influence of the governance debate spreads to the development of public participatory mechanism and collaborative strategies (Kjaer, 2011). In this sense, it is a challenging task to confine the meaning of governance crossing organisational and sectoral boundaries by relying only on networks or collaborative behaviour, a concern that has been raised by Mossberger (2007). Hence, this sub chapter aims to give governance some clearance for this study by unpacking governance into several types with different potential theories. This chapter sets a purpose to figure out some general types of governance that will work as a starting point for this study's empirical and normative concern.

Other than defining governance, the bulk of theoretical literatures also puts highlight on the process and mechanism of governance and among them a lot of attempt has been pursue to develop the conceptual examination tools (e.g. Olson, 1965; Ostrom, 1990, 1998). The rationale behind this is that by putting emphasize on conceptualizing governance, it serves as a good starting point to denote away from government while simultaneously acts a way to understand the government.

In sum, the theoretical literatures on governance span over various research fields, enticed both criticism and advancement from scholars. The contributions on literature in the last decade largely focus on critical exploration. This study is not by any means trying to cover all of governance aspects, but it is possible only to touch upon some of them with consideration on our own research agenda. They are: (1) the definition of governance; (2) debates on old and new perspective of governance; (3) governance as a collective decision making; and (4) governance perspectives on collaboration. While the first three will help with positioning this study, the latter help to find remaining possibilities to do research on collaborative governance from the perspective of governance studies. At the end of this sub chapter, we shall address which 'governance' this

study leans in and how governance theory can be utilised to help synthesizing Indonesian collaborative metropolitan governance based on the results of the empirical part of this study.

2.1.1. Defining Governance

The importance of defining governance early in this part of the literature review is firstly to catalogue the existing definition in which this dissertation can place its feet upon. Second, for the long term pursuit, defining governance will help this research to define its own governance, according to the result of the empirical analysis, whether it proves one of the preceding definitions, adding additional characteristics, or defines a new one. The definition of governance presented in this chapter is drawn based on key studies influencing governance and collaboration. By defining governance through influential literature, we will be able to map and draw the theoretical line between governance and collaboration, in particular in relations to definitions subjected to public policies.

Most contemporary literatures emphasize the difference between government and governance. At a local level, while government is mainly public authority works, governance encompasses more than local governments. It is an action to achieve “public purposes through collaboration with other organizations, including private sector and nonprofit organizations” (Mossberger, 2007) and at certain cases, involving “voluntary and intergovernmental linkages” (Feiock, 2004). Looking at the intersection between private and non-private entities, general literatures on governance as pointed out by Stoker (2000) stressed that governance deals with cross-boundaries issues within and outside the public sector.

Governance may describe relationships between a local government and a private entity who deliver public services. Urban regime focuses on governance as a mechanism to provide collaborative partnership in order to set regional agenda with the inclusion of both public and private actors (Mossberger, 2007). It may not be limited in what kind of activity or how big the scale of the activity is or whether it crosses administrative boundary or not as long as it involves a collective action among its cross-sectoral actors. Governance also “spans administrative boundaries, connect jurisdiction” (Feiock, 2004) or “operate within hierarchies or across organizations to manage economic development” –or any kind of developing policy agenda for public purposes (Agranoff and McGuire, 2003).

Other than definitions stated above, there are burgeoning studies trying to define governance. Paul Hirst, for example, identifies five versions of governance; governance of economic development, corporate governance, self-organising governance, new public management and governance of international regimes to what he calls negotiated social governance (Hirst, 2000). While Hirst mostly focused on global governance and its economic interlinkages, Stoker (1997, 1998, 2000) values governance as tools to provide necessary analytical way to examine the changes in a governing system. Reviewing Stoker's

articles (first introduced in 1998 and updated in 2000), we summarised his five definition and proposition of governance are as follows:

Table 2.1. Stoker's governance definition and proposition

Governance	Definition
Governance as a set of institutions drawn from and beyond government	Governance captures the fragmented structure of government. Governance implies the presence of complex structure to manage the system built on private and voluntary sectors. It shifts the focus away from formalities to a focus on behaviour.
Governance as a tool to tackle social and economic challenges	The governance perspective makes it possible to recognise the involvement of nongovernmental entities, e.g. community enterprises, co-ops, by analysing the contributonal level of each actors on collective issue. It examines the particularly contribution without formal resources.
Governance as interactive mechanism	Governance that focus on collective process within an equal network (no commanding agency although dominating agency on a certain process is possible to detect). It characterises the power interdependency between actors involved.
Governance as self-governing networks	Governance that focus on the partnership activities built from voluntary agreement. Analysing in which way institutions gain capacity through the collecting of resources, and skill needed to build a long-term coalition.
Governance as a way to steer and guide	Governance recognises involved actors' capacity to solve collective problems without resorting to governmental power of command and control but rather to streer and guide. Examine the leadership, partnership types and opportunities.

Source: Summarised from Stoker (1998, 2000)

Another observation by Rhodes in the field of public administration put more emphasize by looking at governance as a way to "govern without government", elaborating on six uses of governance: (1) as the minimal state, (2) corporate, (3) new public management, (4) "good governance", (5) socio-cybernetic system, and (6) self-organising networks" (Rhodes, 1997) (see Table 2.2). The main idea of Rhodes' definition of governance is to introduce governance as a separate definition from government through a process of what Rhodes refered as "hollowing out" (a process where the central government loosing its steering capacity). By inducing governing without governance, Rhodes introduced networks as a way of governing in a situational condition where expected and unexpected social changes take place. Out of those six definitions, mot of Rhodes' works were multiple efforts to justify a way of governing outside the influence of markets and hierarchies (Rhodes, 1996). By defining governance away from hierarchies and markets, governance in Rhodes' version is described through four characteristics: (1) organisational interdependence; (2) continuous networks interaction; (3) interactive game-like relations; and (4) autonomous form (Rhodes, 2007).

Table 2.2. Rhodes' uses of governance.

Rhode's Uses of Governance	Definition
Minimal state	Governance is the representative of intervention by the citizen (public) where preference for less government is encapsulated.
Corporate governance	Governance is the system to direct and control organisations through the flow of information, accountability, and integrity.
New public management	Governance is an entrepreneurial government. To assess governance, research has to measure its competitiveness, citizen empowerment, outcome rather than input measurement, goals driven, customer oriented, problem prevention, income management, decentralized authority, participation, market mechanism, and collective action.
"Good" governance	Governance is done through and push and pull of power in managing collective issues where three strands are identified: systemic, political, and administrative, -and competition and markets are encouraged
Socio-cybernetic system	Governance as a results of the socio-political system through intervention. The intervention is done through interaction between involved actors.
Self-organising networks	Governance is an establishment of self-coordinating actors from various actors and post as an alternative to market and hierarchies.

Source: Summarised from Rhodes (2007).

Many scholars seem to perceive governance as a way to steer public resources (see Peters, 2000; Kjær, 2004), a definition which also can be grasped from the vast array of governance uses above. Although the concept thus refers to a multiple distinct process, governance essentially a tool to convey and map the change of relations of actors. This leads to two general characterisations of governance. The first group of literature characterised that governance seeks for the dominance of networks, declining capacity for direct control of the central authority, and the blending of resources that actors cannot access independently (e.g. Rhodes, 1996; Peters and Pierre, 1998; Frederickson and Smith, 2003; Mossberger, 2007). The second group, in contrast with the first, continental scholars such as Kooiman (1993, 1999, 2003) avoids to confine governance exclusively into self-governing only extortion. Governance, thus, can be self-governing, co-governing, and open to possibilities of authoritative or hierarchical system. Kooiman (1999) specifically argues that different application of governance (and its definitions) is unavoidable due to the increasing complexity and diversification taking place in the society. By partaking to this second group of literature, in broader understanding, governance can be found in the form of networks or markets or hierarchies. This conceptual meaning of governance thus refers to governing processes that can work in either centralized or decentralized governance system.

Based on the growing works of governance it can be concluded that the variation literature generally uses "governance" is wide. There is, however, as Stoker (1998) pointed a similar red line in which literatures agreed upon one basic character of governance that blurring the differences between government and nongovernmental entities as can be seen from the works of Rhodes (1996), Stoker (1998), Kooiman (1993, 1999, 2003), and Mossberger (2007).

2.1.2. The Old and New Perspectives on Governance

While governance is largely defined according to the new wave of governance, in this study we consider that it is necessary to elaborate shortly on the difference between the old and new perspective on governance. Drawing the line between these two perspectives is deemed valuable in helping justifying the importance of how this dissertation sees collaborative governance as vertically-horizontally segmented state which is acknowledged by the new perspective but largely abandoned by the old perspective of governance.

The earliest modern literature on governance rooted in the political economy theory as its dominant structural perspective. Early literatures from Smith (1984) and Gottdiener and Feagin (1988) focuses on urban politics. Aside from urban politics, Kohler-Koch and Rittberger (2006) characterised that the first generation of governance research largely considers governance as a process where all kinds of actors interact and ruled by social regulations and affected by conflict. On a similar notion, Pierre (2000) mentioned that governance is the manifestation of the way actors (state) adapt from the pressures of externalities. Further into the debates, models of governance arose in response to contemporary debates on power and the prominence of economic development in government, with most prominent cases found in American cases. In this sense governance is seen as a separate thing from government, the first denotes the actor participatory aspects on a consensus making process while the latter focusing on top-down structure and the actors' importance. As such, exploring interactions between government power and private resource in fulfilling city affairs, the first generation tried to convey governance in a wider frame as a result of a public private engagement. This concept then used to empirically analyse governance in different countries applied in, Sørensen and Torfing (2007) listed, "different policy fields and at different levels of aggregation; their qualities as a mechanism of governance; and their distinctive features *vis-à-vis* the traditional forms of governance through the state or the market".

In recent decades, Kersbergen and van Waarden (2004) have noted a phenomenon in which they stated as the destabilising shift of traditional mechanisms. The shift has taken place not only in forms and mechanisms, but also location, governing capacities, and style (Kersbergen and van Waarden, 2004). While 1980s and 1990s saw governance network gradually became an analytical tool to examine the interaction between policy making and policy implementation. This reorientation of methods lead to more research focusing on interactive governance rather than the traditional hierarchical system. Consequently, this shift differentiated governance research on both vertical and horizontal interaction of government and nongovernmental actors.

The second-generation governance research refers governance as coordinating activities taking place in a social system (Pierre, 2000). Pierre further proposes two main agendas of the second-generation by focusing research on either a state (government)-centric or a society-centric perspective, respectively. The

first major aims to address the governmental steering capacity. As it relates to state-society relations in the context of the social system of large, governance can be described partly as “the steering of urban society towards collectively defined goals through the process of coordinating instead of relying on political structures” (see Pierre, 2000; Kooiman, 2000, Moravcsik, 1998). The second major aims to examine the formal and informal coordination and interactions (see Rhodes, 1997; Ostrom, 1990, Koch and Eising, 2000).

2.2. COLLABORATIVE GOVERNANCE: A CONTEXT

2.2.1. A Regional Perspective

The concept of regionalism and governance are firmly established within public policy debates in recent years. As calls for regional approach to urban problems increasing, more and more studies sided and used the regionalism approach for analysis (Wheeler, 2002). Regionalism examines the urban challenges from the perspectives of governmental system, rooting on how higher governments influence local governments. American cases, in particular, exemplify how the progressive reform changes the structure of local government and results on the development of regional governance (Lowery, 2000, according to Feiock, 2010). On the similar issue, Wheeler (2002) specifically mentioned that the new regionalism emphasizes on the importance of addressing metropolitan regions where all source of postmodern challenges take place. These efforts to address metropolitan issues requires the new regionalism to take a more holistic approach by acknowledging governmental fragmentation. Foster (2000; 2001) further elaborated that jurisdictional fragmentation transformed metropolitan regions into challenging governable entities compared to decades ago. The current situation, he mentioned, requires a more comprehensive understanding of various options on governance accompanied by detailed analysis of the changes on social movements and social capital in a region.

Together with the development of studies on regionalism, discussion on centralization-decentralization becomes inevitable. Concern about the debate over centralized versus decentralized government has moved beyond a question of efficiency and shifted to arguments that organising governments can influence the governing outcomes (Feiock, 2004). The progressive platform even points out that fragmentation in a governing system is not completely bad for economic development and can be beneficial for regional government (Feiock, 2004). In U.S. cases, for example taken from Hawkins, Ward, and Becker (1991), mentioned that economic development in the regional level can be improved through a smoothly and continuously approval procedure of regional developments, comprehensive regional planning, and removal of development subsidy for competing local jurisdictions. Other studies stated that regional governments open possibilities of providing a mechanism for an equally distributed metropolitan area (e.g. Barnes and Ledebur, 1998; Downs, 1994; Gainsborough, 2001).

Despite the pressing needs to employ regionalism based approach to address regional problems, limited research can be found on this subject. One of the challenges is a lack of arguments to justifying the decentralized governing system in the pursuit to tackle multi-jurisdictional or regional problems. Feiock (2004) is one of the few example which address this issue in which he specifically propose the use of collective action as the basis to analyse regional problems. The use of collective action is largely based on hypothetical idea that the framework acknowledge the presence of various institutionally fragmented entities together in a region.

Table 2.3. Regionalism over the years.

Era	Literatures	Characteristics
Ecological Regionalism (early 20 th century)	Geddes, Howard, Mumford, MacKaye	Spurred by the overcrowded industrial cities and try to reduce disparity between cities and suburban. Using holistic, normative, and place-oriented approach.
Regional Science (late 1940s to present)	Isard, Alonzo, Friedman	Focused on regional development. Using quantitative analysis, and social science methods.
Neo-Marxist (1960s to present)	Harvey, Castells, Massey, Sassen	Developed a framework to analyse depicting pull-push of power and social movements
Public choice (1960s to present; most dominant in the 1980s)	Tiebout, Ostrom, Gordon, Ricardson	Based on the free-market as part of neo-classical economics
New Regionalism (1990s to present)	Calthrope, Rusk, Downs, Yaro, Hiss, Orfield, Katz, Pastor, Wheeler, Foster	Using a holistic approach, often action-oriented, place-oriented and normative. Emphasized on territories and space. Concerned with physical planning, social, economy, environment, and equity.

Source: originally from Wheeler (2002), updated.

2.2.2. Collaborative Governance in Public Infrastructure Provision

Within the regional context, studies in collaborative governance generally can be segregated into two schools. The first one is the intergovernmental collaboration which roots from the well-known tradition of government to government cooperation within the public system (see Conlan, 2006; Gough, 2008 for example). The second one is the cross-sectoral collaboration which addresses the outsourcing of government service delivery though the delegation of authority sharing of a government entity (see Agranoff and McGuire, 2003; McGuire, 2006; O'Leary et al, 2006).

Intergovernmental collaboration is seen as an opportunity to fill the need to deliver public infrastructure across region without having renounced local government's hard earned autonomy or created concentrated power between two or more local jurisdictions. By decentralized the approach to regionalism, public infrastructure provision is pursued through self-governance by utilising existing organisations that are largely linked horizontally and vertically. In relation to the collective action and public infrastructure provision, Feiock (2004) argued that collective action theory provides the means to analyse a governing system without

formal entities. If we looked at the works of Weber (1998) and Lubell et al (2002) we can see that this theory posits the possibilities of local governments to work together across multiple jurisdiction (Feiock, 2004). Investigations of successful collaboration to provide infrastructure through the utilisation of common resource provide a platform to examine the variation of how collaboration can be forged (e.g. Heeg et al, 2003; Provan and Kenis, 2007)

Precedent research using the regional perspective greatly stressed the value in intergovernmental collaboration, yet it seen to less acknowledge the factors that form and sustain collaborative relationships. Research dedicated to examine why local government decides to exercise certain collaborative form is almost nonexistent. The corollary is that this kind of research heavily depends on analysing the political issue on consensus and the complex procedural of transaction cost. Nonetheless, examining the whole collaborative governing system is needed on top of looking at how actors function within the network. By examining how the system works, how each collaboration comes into its specific governing form can be explored. Addressing this issue will help governments to choose the most proper collaborative arrangement that suit their situation and help to improve the current system.

2.2.3. Modes of Collaborative Governance

The myriad definitions of governance and the imperatives of collaboration in the context of regionalism are supported by multitude of cooperation. Precedent research has identified a range of potential operational arrangements and the following forms were among those frequently cited are cooperation, voluntary partnership, contractual agreement, interorganisational collaboration, and more specific literature the form of policy network and public private partnership often used to represent strategic partnership.

Collaborative Governance Modes of the Economic Organization

The variety of collaborative forms from the perspective of the economic organization can be shelved in one of three forms: market, hierarchy, or networks (Powell, 1990) or if according to Thompson et al (1991), partnerships, contracts, or networks. Further reading from Sullivan and Skelcher (2002) implies that both forms correspond to each other albeith with several differences.

Table 2.4. Comparative forms of collaborative governance

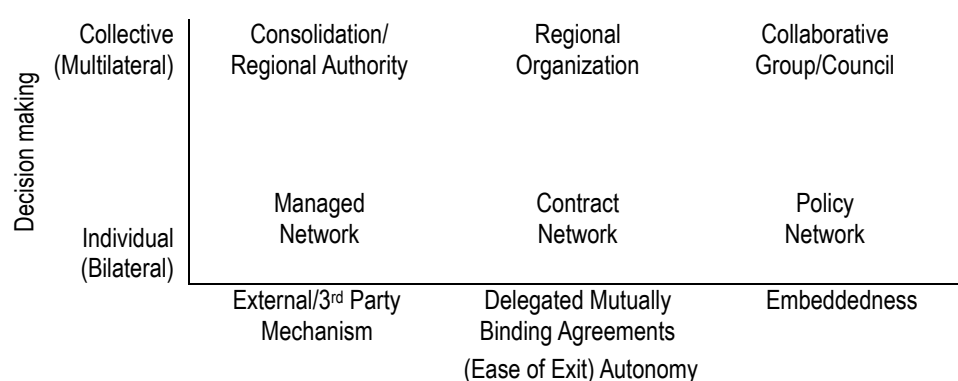
Key features	Forms		
	Market	Hierarchy	Networks
Normative basis	Right	Employment-relationship	Complementary strength
Communication for economic organization	Price	Routine	Relation
Conflict resolution	Haggling	Supervisory	Reciprocity
Flexibility	High	Low	Medium
Commitment	Low	Medium-high	Medium-high
Tone/climate	Precision	Formal, bureaucratic	Open-ended, mutual benefit
Actors' preference	Independent	Dependent	Interdependent
Policy adoption	The more economically integrated the more similar policies will be adopted by the partnered organization	The more politically integrated the more similar policies will be adopted by the partnered organization	The more information exchanged the more similar policies will be adopted by the partnered organization

Source: Powell's forms of economic organization (Powell, 1990), with update from Knill and Tosun (2009).

Collaborative Governance Modes of the Regional Governance

Collaborative governance modes are largely based on US cases. One of the most recent modes is introduced by Feiock (2009) in which he tries to differentiate governance model according to decision making and local governments' autonomy. Governance modes as a results of his modeling are varies from regional power to infolmal entities (Feiock, 2009) (see Figure 2.1.). Feiock's approach is mainly built based on the new regionalism that stresses the importance of the interconnectedness of a region rather than top-down mechanism (an approach also shared by Orfield (1997), Barnes and Ledebur (1998), and Peirce (1993)). Generally it can be assessed through two main ideas: "the actors' autonomous power" and "organising institutional solution" (Feiock, 2004).

Figure 2.1. Tools of regional governance.



Source: Feiock (2009).

1. *Consolidation/Regional Authority*. An authority created by the higher level institutions to solve regional problems by consolidating jurisdictions to internalise externalities.
2. *Managed Network*. It encompasses tools arranged by a third party, ranged from government entities, not-for-profit organizations, or private sectors.
3. *Regional Organization*. It can take on a variety of forms which are often regulatory based modes coming from the higher levels of government. It can be established as government agencies but the main idea is that local governments participate while maintaining some of their independence and autonomy.
4. *Contract Network*. It links actors through contracted partnership or cooperation. According to this mode, governance is formalised.
5. *Collaborative Group/Council*. It is based on informal interaction leading to voluntary agreement that bind actors socially.
6. *Policy Network*. It is a part of the informal network structure and embedded in self-organised relationship.

2.2.4. Collaborative Governance: Issues and Challenges

Earlier this study pointed out that further attention is needed to acknowledge how each collaboration come into their specific governing form, which is often neglected in the precedent research. In a recent urban context, the emergence of collaborative governance most likely will geographically and contextually bound. Thus, examining in which way they come in the way they are currently governed provides challenges for research at present.

While regional fragmentation offer possibilities to collaborative arrangements, the involvement of multiple entities carries horizontal challenges. This issue is in line with Ostrom's argument (1990) as she stressed on the importance of setting up a regional structure to tackle horizontal challenges in metropolitan regions compared to effort to establish approaches emphasizing on expanding the self-organisation. Her argument is largely based on the findings stated that across metropolitan areas various types of collaboration are practiced due to different economic development, political system and culture.

Although a large number of empirical research on governance can be found across literatures, research on intergovernmental collaboration in Asian context is lagging, particularly in recent years. Asian research status on collaborative governance is far less compared to research taking the cases in the United States or European countries. Moreover, research focusing on intergovernmental collaboration from the perspectives of institutional structures differences is even almost nonexistent, as far as this study found. Rather than taking into detail conceptual clarity in characterising collaborative pattern from institutional perspectives, the

current literature mostly tries to identify collaboration through its effectiveness, mobilisation and historical formation (e.g. Luo and Shen, 2009; Firman, 2010; Zul Fahmi et al, 2010).

The first example from Luo and Shen (2009) takes us to the examination on how collaboration between cities in China can be forged. They offer descriptive analysis on the process of cooperation formation and actor partnership. The study looked into various case studies in the Yangtze River delta region in China and characterised them according to the way they were mobilised and the way local actors interact. By characterising collaboration through its mobilisation and actors relations, Luo and Shen were able to define the mechanism of collaboration while simultaneously mapped the typology of partnership in the thematic cooperation framework. Finally, they raised arguments that collaborative effectiveness depends on several factors, such as: mechanism, the nature and the scope of the collaboration, partner selection and the roles of actors.

2.3. INSTITUTIONALISM IN COLLABORATIVE GOVERNANCE

Collaboration does not just happen. As already discussed at length in the previous section, in democratic society setting, collaboration resulted from a collective decision making process of governance done through the involvement of relevant and affected actors from the government, market, and civil society. The collective action itself is generally a conditional result of interaction negotiated between various numbers of interdependence actors in an institutional arrangement. On a similar issue, Agranoff and McGuire stated that collaboration is built upon an idea based on consensus between its actors to reduce regional issues, directed with specific guidelines (Agranoff and McGuire, 2003). As a product of consensus, collaborative governance is greatly influenced by institutional setting (Agranoff and McGuire, 2003).

How to understand collaborative governance? It starts with understanding that governance cannot be classified as organizations in the sense of formal and unified institutional actors. Governance –and at length collaborative governance likewise– as the product of institutional setting means that it is also “neither organizations, nor institutions in the strict and narrow sense of the term, but rather an institutionalised framework” (Sørensen and Torfing, 2007; also see Chapter 2.1 for definition of governance used in this study). This institutionalised framework alludes that collaborative governance is constructed through negotiated interaction and influenced by social factors such as norms (Sørensen and Torfing, 2007). Consequently, by putting an institutionalised framework into the picture of collaborative governance, collaborative research deliberately highlights on the importance of institutions in its assessment of collective action.

With the importance of institutions in understanding collaborative governance, what is the use of institutional theory in this subject? The relative institutionalisation of governance permits research to convey on institutional theory as a basis to examine the governing dynamic by taking into account the mutual conditioning between the interaction of actors and the tentative rules, norms, and procedures that developed in the course of collective action. Furthermore, to address collaborative activities and its dilemmas, Feiock and Scholz mentioned that in any type of activities as a result of collective action, it is necessary to clear the vagueness of institutional behaviour (Feiock and Scholz, 2010). Regarding this issue, the institutional collective action implies capability for addressing multiple interactions and provides a mean to investigate collective action according to the position and authority possessed by actors (Ostrom, 2005). A consideration of rules is also a defining factors of collective action (Ostrom, 2005). Hence, seeing from this perspective, the institutional theory is indispensable for any attempt to grasp the functioning and development of governance and its networks as it helps research to understand the complex interplay of actors and their institutional structure. Subsequently, by understanding how institutions function in collective action by utilising the institutional theory as a basis, we can perceive how collaborative governance works.

2.3.1. Theoretical Approach to Institutionalism

Literatures in political science has seen several changes of focus to revived interest in institutions and governance (March and Olsen, 1989). Before, institutions were seen as “overreaching social values” (Pierre, 1999), but the new institutionalism perceives institutions as political actors that respond to external changes (March and Olsen, 1989; Pierre, 1999). The old institutionalism addresses political institutions (e.g. parliaments, legal systems, and established governments) from formal and constitutional approach (Duverger, 1959; Johnson, 1972). However, the new institutionalism has a much broader institutional focus, particularly of the patterns of interaction between different political actors that covers both the formal and informal political institutions (e.g. Rhodes, 1995; Peters, 2000). On that account, the new institutionalism brings chances to explore the interaction of institutions and governance through hypothetically informed case studies of the genesis, impact, and transformation of formal and informal institutions. Sørensen and Torfing (2007) stated in their word, “The new institutionalism sees institutions as a structural feature of social systems that provides a certain degree of order and stability to social interaction by means of regulating and affecting the beliefs and behaviour of the actors.”

This dissertation identified that at the beginning of the new institutionalism, three major branches were carried out (historical, rational choice, sociological). Each of them represents a “significant internal diversity” character (Hall and Taylor, 1996). Even up to present, making clear segregation between them remains challenging (Thelen, 1999). Recently Laclau and Mouffe (2000) advocate “the poststructuralist conceptual tool bag” and in doing so introducing the fourth branch of the new institutionalism. Following this, Sørensen

and Torfing (2007) reposition all four branches according to its theoretical positions on conflicts and coordination as well as between calculation/bargaining (political science) and culture/social (sociology) as can be seen in Table 2.5. Again, among them we notice that there might be partial overlaps and crossovers in one point or another in which will be elaborate in detail in the following sub chapters.

Table 2.5. An overview of four different approaches to institutional analysis according to the new institutionalism and governance theories.

	Calculation	Culture
Conflict	<p>Historical institutionalism (Hall, 1986, 1989; Rothstein, 1992; Thelen and Steinmo, 1992; Thelen 1999; Pierre and Peters, 2005)</p> <p>Interdependency theory (Rhodes, 1997; Kickert et al, 1997; Jessop, 1998, 2002)</p>	<p>Poststructuralist institutionalism (Clegg, 1990; Foucault, 1991; Dean, 1999; Rose, 1999)</p> <p>Governmentality theory (Foucault, 1991; Dean, 1999, Rose and Miller, 1992)</p>
Coordination	<p>Rational choice institutionalism (Olson, 1965; Riker and Ordershook, 1973; Moe, 1990; Ostrom, 1990; 1991)</p> <p>Governability theory (Marin and Mayntz, 1991; Mayntz, 1993; Scharpf, 1993, 1994, 1997; Kooiman, 1993)</p>	<p>Sociological (normative) institutionalism (March and Olsen, 1989, 1995; Powell and DiMaggio, 1983, 1991; Scott, 1995)</p> <p>Integration theory (Powell and DiMaggio, 1983, 1991; March and Olsen, 1995; Scott, 1995, 2005)</p>

Source: Sørensen and Torfing, 2007.

Historical Institutionalism

This school of thought focuses on conflict mediation of the institutions. From the perspectives of historical institutionalism, conflicts are by product of political struggles to secure goods. More often than not, conflicts are solved through political compromises. These compromises are systematised through institutions and regulation and is seen as a path depended for the future political struggles (Hall, 1993) (see other analysis example Thelen and Steinmo, 1992). Aside of the conflict mediation, the historical institutionalism's perspectives on institutions emphasizes on political conflict and power exertion although it has not offer a clear certainty on its definition of the social and political actors. On the one hand, as we concluded from Sørensen and Torfing (2007), it sides with rational choice institutionalism in its understanding of "human action as basically driven by self-interested calculation", yet, the analysis offered by historical institutionalism focuses more on "specific contextual conditions rather than a quest for generalisable features of political behaviour". Hence, rather than establishing a deductive based tools that are commonly used in rational choice institutionalism, the historical approach advocates its analytical measurement by conceptualising the analysis (Thelen, 1999).

Another similarity that the historical institutionalism has taken sides with the rational choice institutionalism is the argument on the importance of political outcome way to solve non-individual problems (Rothstein, 1996).

However, the parallelism stops there. The historical institutionalism has different treatment towards explaining change in institutions. The most notable contribution of historical institutionalism is represented by the application the path-dependent transformation of governance. Path dependence analysis offer a basis to argue that past experiences and responses lead to the creation of a specific patterns of interaction in regard of rules, norms, and procedures applied. This institutionally conditioned path-dependency analysis will allow research to document both evolutionary and incremental changes and to map the development of self-sustaining models elaborating how the negotiated interaction should be organised (Thelen, 1999). In this sense, the historical institutionalism differentiates itself again from the rational choice institutionalism whereas generally claims that institutions are difficult to transform and offers little to none about how actors' preferences can be changed.

The historical institutionalism cross-paths and overlaps with the sociological institutionalism as well. While it has the micro-foundational approach of political behaviour, the historical institutionalism is generally more expansive than the rational choice institutionalism. As deliberately concluded by Thelen that historical approach appraises the strategic nature of institutions and define the consensus based understanding to tackle problems and produce solutions (Thelen, 1999). In this sense, it is common to found analytical examples in which the historical institutionalism perceives the emergence and reproduction of institutions by using a cultural approach in its analysis while considers power push and pull and institutionalise norms (e.g. Katzenstein, 1996; DiMaggio, 1988).

Rational Choice Institutionalism

The rational choice institutionalism's arguments heavily depend on the presumption that common interests direct individuals to be more proactive on maximising their interests (Olson, 1965; Truman, 1958). At Ostrom earlier work (1990) on the rational choice, the choices made by these individuals were generally based on rationality. She hypothesized that the institutional setting is defined by options, incentives, limitation and interaction (games) (Ostrom, 1990). Institutions are defined more narrowly as the formal and informal rules and the associated compliance system that are found within a particular area of action (Ostrom, 1990). Accordingly, in contrast to historical institutionalism, the starting point to analyse from the perspectives of rational choice institutionalism is individual preferences rather than collective ones (see Sørensen and Torfing, 2007). However, in its recent version, the rational choice institutionalism starts to acknowledge the benefit possibility of a group would be sufficient to generate collective action in achieving both the mutual benefits without sacrificing the premise of self-interest (Ostrom, 2005).

Works on the rational choice institutionalism are mostly explained through game-theory models such as the prisoner's and iterated prisoner's dilemma games, Pareto-optimal outcome, assurance game, and bargaining game. Steinacker specified that the game theory runs through a set of conditions or rules, which

are: “the characteristics of the goods or service provided”, and “the heterogeneity of the actors provided” (Steinacker, 2004). Sørensen and Torfing (2007) characterised that rational choice analysis largely focus on “individual defection or noncompliance with the rules defined by the institutional framework as the fundamental problem in relation to governance but not the presence of political conflicts between different political groups”.

Rational choice approach is considered functionalist by many scholars as it focuses on the developing aspect of institutions from the viewpoint of outcome (Hall and Taylor, 1996). Schmidt, on the other hand, criticised the intentionalist character of rational choice due to the way it presumes actors as the recipient, creator, and controller of institutional effects (Schmidt, 2011). Yet, outside of control, there are also voluntary side of the analysis. A number of studies seek the explanation of the voluntary side of rational choice through its quasi-contractual tendency (Hall and Taylor, 1996).

There are two approaches of rational choice institutionalism that can be clearly categorised; first generation and second generation. Ostrom differentiates the two approaches based on its rational assumption (Ostrom, 2005). The first generation is developed based on assumption that naturally egoist (Ostrom, 2005). By using this approach, it is possible to predict the behaviour of actors according to information they received in markets or in a competitive political situation. The second generation models perceives interests and takes the context of collective decision into consideration (see Feiock, 2007). It no longer focuses only to individual assumption but venturing to address how specific situational condition affects the rational choice regardless the status of the actor as individual as well as groups. By adding the group into its array of actors, the second approach of the rational choice makes the rational choice institutionalism overlap with the sociological institutionalism at a certain point.

Sociological (Normative) Institutionalism

The sociological institutionalism posts as the counter argument of rational choice. Firstly, it no longer puts the interests in institutions as independent variables and interests are no longer seen as deductible aggregations or products of direct individual consequences (Powell and DiMaggio, 1991). Secondly, in the sociological institutionalism, institutions are distinguished from convention, which often done by the rational choice institutionalism. Meyer and Rowan (1997) characterised the restrictions to institution as “conventions that take on a rulelike status in social thought and action” (another example by Powell and DiMaggio, 1991). March and Olson (1989) further argued that actors in sociological institutionalism “act on the basis of a logic of appropriateness instead of on the basis of a logic of consequentiality”. However, institutions are not seen exclusively on economics or political rules of the game, but everywhere. Behaviours are viewed as “potentially institutionalisable over a wide territorial range” (Powell and DiMaggio, 1991), thus moved its locus of institutionalisation from organization to field or society. Thirdly, the sociological institutionalism uses

the theory of action as their basis of the critique, posits utilitarianism rather than theory of interest aggregation that commonly employed by game-theoretic approach. To some extent, this shift in theoretical focus reflects historical changes that have transferred from micro-foundational level to macro-foundational level (see Powell and DiMaggio, 1991). Accordingly, it prefers to focus on the structure of environments and the analytic autonomy of macro-structures.

Connecting the new institutionalism to governance, the sociological institutionalism partly roots in the integration theory, an organization sociological study of political governance and socioeconomic regulation that takes place in increasingly disintegrated polities. According to the integration theory, governance is defined as an institutionalised system where local actors that are integrated in a society are ruled mostly by common norms and perceptions rather than formal law. However, it also stresses that although it recognises the institutionally constructed character of involved actors, the main focus of sociological approach is to clearly declare which ways to reconstruct varying normative factors (Scott, 2005).

Although mainly focusing on macro-level understanding of how institutional designs that favour the formation of governance network are spread, the sociological institutionalism also provides a micro-level understanding of how institutions affect the formation of governance without having too immersed on the individual preferences. They analyse how institutions affect the identities, perceptions, capacities and norm of the actors without having to specifically determine individual action and interaction. In accordance, institutions are not reduced to an external constraint on the rational action of individuals yet rather define the various appropriate actions of different kinds of actors. To put into word as concluded from Sørensen and Torfing, according to the sociological institutionalism, “organizations tend to contact other organizations because they are dependent on each other resources and capacities, but who they might contact is not so much determined by rational calculation of the possible outcome of that particular contact, but rather depend on institutional norms specifying who is appropriate to contact” (Sørensen and Torfing, 2007).

Poststructuralist Institutionalism

The poststructuralist institutionalism is a branch of new institutionalism that does not constitute a unified theoretical paradigm and does not acquire a comprehensive account of the formation, functioning, and transformation of institutions, organisational fields. By avoiding such account, it rather seeks to focus on the political side of institutions in a myriad of political struggles, their discursive conditions of possibility, and their power's effects. In this sense, the poststructuralist institutionalism brings emphasize to delve into certain challenge of the institutions of governance. To be said, the most crucial approach on poststructuralist in institutionalising constitutive the ideas (Moon, 2013). Thus, essentially, the poststructuralist institutionalism is often referred as post-historical institutionalism (Moon, 2013) or discursive institutionalism (Schmidt, 2011).

The poststructuralist institutionalism further stresses the previous perspectives comes from the other three branches that government is always related to power. Principally the poststructuralist institutionalism sees power as a game (Lemke, 2002). The difference it brings is that it systematised power as well as regulated and reflected it by utilising rationality (Lemke, 2002). The poststructuralist complies with other new institutionalist that institutions are built by various rules and traditions, highly mutable, and continuously contradict itself internally (Moon, 2013).

In much the same way with the sociological institutionalism, the poststructuralist institutionalism highlights the normative roles of institutions in influencing involved players (Sørensen and Torfing, 2007). However, rather than conceives institutions as a means for the integration of fragmented actors and organizations, the poststructuralist institutionalism seeing institutions as an integral part of crisscrossing power struggles among actors.

The poststructuralist institutionalism offers an analytical approach of government through which the ever-changing rationalities and technologies governing advanced liberal societies could be diagnosed and contested (see Dean, 1999). It can be traced back to Foucault's study (1976; 1997) on governmentality whereas governmentality is defined "as a guideline for the analysis" (Foucault, 1976). The theory of governmentality is generally focuses on how research consider how society think and be organised through a collective governing. By applying this, the poststructuralist institutionalism indicates the importance of understanding the political rationality (Foucault, 1997). However, Lemke (2002) criticised Foucault on the lack of approach outside the linkage between power and process.

According to Sørensen and Torfing (2007), the poststructuralist institutionalism offers two different approaches to help understanding the institutional dynamics of governance. The first approach is derived from Foucault's work (1976), emphasizing the tactical and strategies employed on the institutionalised discourse of governance, a uniformed nor stable discourse that come to play in various and opposed strategies. It tries to analyse governance through gradual changes of the institutional framework of action in response to un-decidability social meanings and identities. The changes observed can be in the form of displacement, modifications, and resistance of the institutional framework of action (see Laclau, 1990). It stresses actors' role and their dynamic ideas to address the transformation of institutions (Schmidt, 2006). Moon (2013) mentioned that the poststructuralist institutionalism tries to conceptualise discourses. The second approach is proposed by Laclau (1990) through utilising the notion of problematisation and dislocation to understand the institutional transformation. The following Table 2.6 below displays the comparison of the four new institutionalism offered by Vivien Schmidt (2011) based on the object, logic and problem of explanation as well as the ability to explain the change in the institutions.

Table 2.6. The four new institutionalism.

	Rational choice	Historical	Sociological	Poststructuralist (discursive)
Object of explanation	Rational behaviour and interests	Historical rules, regularities	Cultural norms, frames	Ideas, discourse
Logic of explanation	Game theoretic models	Path-dependency	Appropriateness	Communication
Problem of explanation	Economic determinism	Historical determinism	Cultural/social determinism/relativism	Ideational determinism/relativism
Ability to explain the change	Static: continuity through fixed preferences	Static: continuity through path dependence	Static: continuity through cultural norms	Dynamic: change, continuity through ideas, and discursive interaction

Source: Schmidt, 2011.

2.3.2. Connecting Institutionalism and Collaborative Governance: Collective Decision Making

Earlier we gathered from literature review that the most important rendering of the second generation of governance lies on its focus on the process of governing. Addressing a myriad of literature as presented in the previous section, this dissertation found that collaborative governance prevails in its mechanism which brings the governance concept to the interaction of multiple actors and by doing so deliberately connect to the discussion of institutions. Governance and institution are interrelated with each other. The advent of governance in the field of urban politics and public administration is seen first as an outcome of collective decision making process resulting from institutional interaction. One of the significant aspects emerges from institutional interaction and state-society exchange is the emerging attention placed upon collective decision making.

The rationale of the new governance perspective starts from institutional interaction as the product of political changes among organisational when confronted with collective problems (Feiock, 2007; 2009). Dowding and Feiock further characterised that governmental fragmentation creates resources problem (Dowding and Feiock, 2012). Accordingly, if we consider these perspectives, governance takes place where there is motivations to achieve collective benefit after realising that solitary action is no longer enough. The motivation, thus, leads to delegating or sharing responsibilities to various number of actors where decision is authorised through collective decision making.

Not all collaboration to achieve collective benefit encounters problems (Feiock, 2013). Local governments, agencies, other actors develop sufficient joint gains, yet there are no clear idea on how to measure sufficiency needed for collective action (Feiock, 2013). Nonetheless, the importance of collective decision making remains. Studies in the last decade unearthed several approaches to address collaborative governance. Some showcases attempt to incorporate social network concepts into the governance approach (e.g. Feiock, 2007). Another example by Feiock (2004, 2009, 2013) on the institutional collective

action approach is developed based on “actor-centred approach” (Scharpf, 1997) and “IAD framework” (Ostrom, 1990), in which he perceived that the governance approach extends contract and collective action theories of various actors, including government and nongovernment agencies.

The Institutional Collective Action Approach

Institutional collective action is generally grounded on rational choice institutionalism, notably developed from Mancur Olson's *the Logic of Collective Action*. Alston (1996) further denotes that “internal or external forces” (others refer as endogenous or exogenous factors) largely distastes “the benefits and transaction costs of institutional change”. Moreover, empirically, precedent research paved ways to perceive institutions not only through the examination of power extension but also through the analysis on the governance process to gain collective purpose (e.g, Hall, 1989; Powell and DiMaggio, 1991; Rhodes, 1997; Ostrom, 2005; Feiock, 2007). From this perspective, it is safe for this dissertation to deduct that it is possible for the institutional theory to help assessing governance from the way institutions are organised. Accordingly, this assumption leads to the argument that institutional collective action approach enables research to analyse institutions, government and nongovernmental, from both normative and relational factors (see also Pierre, 1999).

Feiock (2004) showcased various examples on how institutional collective action can help research to examine the system of regional governance (in his case, a metropolitan governance) without a government (government here refers to a separate entity established to solely governing the region). Local governments are seen as able bodies that in a certain situation will act collectively and will promote regional integration through voluntary agreements (Feiock, 2004). The institutional collective action approach implies the likelihood of institutional capability for intentional action at collective level which requires attention on interactions between and within institutional units. One of his findings on regional governing system signified the necessity of considering the preferential integration among actors in a region (formal and informally) and the local capacity to solve conflict in order to measure the capacity for undertaking strategic action.

Some affidavit of the utilisation of institutional collective action as a framework is exhibit through the works of Weber (1998), Ostrom et al (1999), Lubell et al (2002), and Feiock and Carr (2001). The common line between these researches is that it investigate collaboration among decentralized actors in a well-established decentralization system. The first three case studies, mostly regarding watersheds or fisheries managements, postulate an important platform to examine in which way collaborative arrangements can be constructed among local actors. The last case study (Feiock and Carr, 2001) stipulates that institutional collective action is a mean for local government units to achieve collaboration, not only within themselves but also with organisations outside the government Feiock and Carr's work specifically framed the collaborative creation forged between municipalities and special districts as a results of potential benefits

gone correctly –benefits outweighed costs– (Feiock and Carr, 2001). External factors, such as financial, politics, regulations, are highlighted in their analysis.

Collaboration between local governments is often generalised to "governmental institutions" (Feiock, 2004). It is generalised partly due to its intention to stressed that collective benefit can only be realised through collective action instead of solitary action (Feiock, 2002). The collective action is greatly influenced by local policy actions in various sectors, such as policy to promote economic growth, urban development, sprawl alleviation, infrastructure provision. These policies can produce positive externalities across local governments' jurisdiction. There is no limit on the scope of institutional collective action. It can either be small or large scale collaboration, forged among two neighbouring local governments in providing a communal sewerage system or coordinating road improvement, or pursued through larger scale regional efforts consisting multiple local governments (Feiock, 2004).

The institutional collective action framework can also be applied to collaboration between local governments and third-party (see Feiock, 2004). Ostrom (1998) identifies that such collaboration is possible even when actors are given inadequate formal incentives (fiscal, rules, etc.) to solve collective problems. Informal incentives in the form of endogenous factors such as communication, trust, and the reinforcement of cooperative norms can induce collaboration. Moreover, both Feiock (2004) and Ostrom (2005) denoted that a combination of framework consists of contextual factors (external forces/exogenous factors: economic conditions, political culture, rules, etc.) and internal forces (endogenous factors) are crucial for research in examining collaborative governance.

The institutional collective action framework also offers possibility to explain the collaboration among multiple levels of government (Bickers and Stein, 2004). Scholars on federalism in the United States have long studied in which way the intragovernmental cooperation is affected by market through the degree of competition and cooperation. Their findings imply that intragovernmental collaboration resulted on a significant policy effects as far as sub-national level (Ostrom, Tiebout, and Warren, 1961; Bickers and Stein, 2004). From these two studies it is well established that collaboration exercised by fragmented governmental structure influences the distributional route of financial assistance from the higher levels of governments. The presence of intragovernmental agreement is crucial enough to determine the level of grants awarded through the existing institutional infrastructure and possible missed grants. By accentuating the importance of actors' relationships, most of the analysis looks into the comparative institutional approach versus financial assessment analysis by considering several factors such as partisanship, local demand and obligation.

As there is limited information on how self-organising governance emerge and operate, some research proposes an application of transaction cost for the institutional collective action, borrowed from the rational choice institutionalism (Feiock, 2009). Transaction cost was chosen due to a reasoning that the challenges in establishing solutions in self-organising governance revolves around how high is the transaction cost perceived. Generally, hypothesis is grounded from needs to keep transaction costs as low as possible (Feiock, 2007). The transaction costs of institutional collective action is tied to the ability of local officials to organise themselves under the rules set by higher levels of government. The transaction cost of the institutional collective action can be segregated into four types.

Table 2.7. Transaction costs of the Institutional Collective Action.

Transaction cost of the Institutional Collective Action	Definition
Rules	The existing set of statutes enacted by higher levels of government to determine authority.
Transaction characteristics of goods	According to Williamson (1981), two extensively analysed characteristics of goods are: (1) asset specialisation, and (2) measurement difficulty in exchange. It is connected to contract and inter-local agreements. The extension of collective action problems is influenced by these two factors of transaction characteristics of the goods in elaborating collaborative risks.
Characteristics of communities and regions	Both possitive and negative externalities embedded on communities and regions.
Political structures	Governance is shaped by politics; actions, power, and preference through electoral institutions, the information availability as well as the incentives given to government officials

Source: summarised from Feiock (2009).

Collaborative Governance, Sociology Institutionalism, and Public Policy

While the previous section elaborates governance from the perspective of the rational choice theory and collective action approach, this dissertation found that collaborative governance also established its platform in the Institutional social theory which grounded its approach from the viewpoint of social relations and how actors interacting with others (see Powell and DiMaggio, 1991). From the sociological perspectives, collaboration is analysed by using the theory of relation-building processes in which the relational networks of all actors involved are examined, as shown by Healey (1997) for collaborative planning. Collaborative governance in this sense largely incorporates formal institutions into its framework and may occur in informal arenas as well. The visible power of formal government decision making arena is always complemented by the informal and less visible ways in which power and influence are mobilised. This less visible, informal power, is embedded in many power push and pull among the actors (Lukes, 1974). Consequently, when collaborative governance is seen as a process, collaborative activities between actors can be differentiated based on social relations and develops in various forms depends on specific geography and historical background in distributing responsibilities between formal and informal agencies (Healey, 1997).

One root of the collaborative governance is firmly within political science, yet as argued above, the presence of social theory is significant. Newman et al (2004), for example, argues that defining the context of government policy in relation to collaborative initiatives is crucial in order to help interpreting and understanding the preference of strategic actors in enacting their policies. Their findings exposed the development of collaborative governance from the viewpoint of social movement theory, suggesting that social movement is useful to allow understanding of the complex dynamics of co-dependence and reciprocity between actors. These findings are in line with Healey (1997) that illustrated the ever evolving forms of governance is actually the results of the behaviour of local actors driven by their own and outside policies and coordinating platform and influenced by situation they are most comfortable with.

The precedent narratives above indicate a reciprocal and symbiotic literature between governance theory of rational choice from political science and social movement aiming to understand the development of collaborative governance. This narrative provides a platform for this dissertation to build its platform upon both theories. Moreover, this study also found that despite offering a vast exploration on how the policy context brings possibilities to examine the constraint on the building of collaborative governance, the correlation between the structure of institutions, policy, and actors interaction remained under discussed in the literatures.

2.4. COLLABORATIVE GOVERNANCE: ANALYTICAL APPROACH

Although no single perspective can adequately help guide research to answer all related questions concerning collaborative governance, the bulk of literatures from the political economy, political science, social science and public administration offer a multitude of theoretical approaches to analyse collaborative governance. Many of them are crisscrossing and overlaying with each other. As this study aims to construct a framework that incorporates related but different concepts and arguments and locates them within the a broader theoretical system of institutionalism, it is necessary to elaborate any available analytical options offered by the literatures following the exploration of institutionalism theories in the previous section, especially those applying the concept of rational choice and sociological institutionalism.

2.4.1. Structural Choice Politics

The structural choice politics are essential to help guide research on collaborative governance in two ways; first, to understand how political factors shapes the collaborative development, and second, to examine how these factors affects the developmental dynamics of collaborative governance (Tang and Mazmanian, 2010). The structural choice politics examines in which way political actors develop and maintain means to forged conflict resolution ahead of time and mitigating the potential losers in order to maximising net social gains (Archibald, 2007 as quoted by Tang and Mazmanian, 2010). Hence, it is no wonder that we found most of

the literature on the structural choice politics focuses on the bureaucracy, ideological and political choice of the actors, and how they shape their decision in the public sector, effectively taking sides of using a political approach to understand collaborative governance.

There are several propositions on collaborative governance from the viewpoint of structural choice politics. The propositions are as follows:

(1) Public bureaucracy

Moe (1989) emphasizes how politically involved actors plays critical roles to create compromises among themselves and shape their structural choice. Moe's approach to the structural choice politics largely based on the theory of bureaucracy focusing on political and bureaucratic actors and interest groups (see Moe, 1990).

(2) Administrative procedures

This approach examines how structural choice politics of legislative coalitions shapes procedures and authorities in order to decrease bureaucratic transactional cost. Accordingly it focuses on intentions by legislative and the motivation of its legislature to develop policy reversals (Knott and Miller, 1987; McCubbins et al, 1987; Macey, 1992). These researches treat procedures to control political preconditions over a collaborative arrangement instead of the bureaucracy (Moe, 1990).

(3) Political motivation

The most recent proposition comes from Tang and Mazmanian (2009). Their research proposes to include political and distributional considerations to be factored into the design of collaborative governance in order to produce a collectively desirable outcome. Their proposition focuses more on the issues that drives actors to participate aside than the desire to solve collective problems rather than the administrative procedures or bureaucratic actors.

2.4.2. Institutional Analysis

The groundwork of institutional analysis is largely from the institutionalism of rational choice theory (see Olson, 1965, Williamson, 1981; Ostrom, 1990). The institutional analysis is also commonly known as the rational model that focuses on collective actions according to individual interest. Micro-economic theory is acted as its theoretical basis as can be observed in the works of Greif (1997), and Williamson (1981). There are multiple approaches available, but the most notable among them are transaction cost theory (e.g. Williamson, 1981; 1985; 1999), regime theory (e.g. Haggard and Simmons, 1987; Stone, 1993; Stoker, 1995; Mossberger and Stoker, 2001), and IAD Framework (Ostrom, Gardner and Walker, 1994; McGinnis, 1999; Ostrom, 2005). This dissertation takes notice that while the structural politics choice builds its platform upon political actors, bureaucracy, administrative procedures, and political motivation, the institutional analysis brings more attention toward the institutions including its arrangements and its economic

internalities and externalities. Consequently, as the presence of economic factors are considerably the strongest, the institutional analysis evaluates any institutional arrangement, including collaboration, with economic transaction. In the evaluation scheme of the institutional analysis, however, avoid to positioning its findings against an ideal type (e.g. Coase, 1960; Williamson, 1985). Feasible alternative comparison, for example, is by comparing collaborative governance with authority-based, outsourcing, and market-based governance (e.g. Mazmanian, 1999; May, 2005). Additionally, among the three notable approaches above, regime theory is especially propositioned itself as a political economy approach rather than only as an economic behavioural or micro-economy approach like the other two.

Transaction Cost Theory

Transaction cost theory that has been applied extensively in the study of government was introduced by Williamson (1981; 1985; 1999). This theory starts with an assumption that individual is subjected to bound rationality (Williamson, 1981). In this perspective, while opportunities are given to agents, with a bound rationality, contract based approach should be directed all economic exchanges. Hence, in assessing governance, transaction cost analysis stressed on the importance of rational egoist assumption on how key transaction related issues affect individual choices. The key transaction includes factors such as “bilateral dependence”, “asset specificity”, “uncertainty”, and “probity concerns”, etc (Williamson, 1985).

Transaction cost analysis is especially utilised and expanded in the institutional collective action approach. The institutional collective action's transaction cost explicitly takes into account the context of collective decision, deliberately using similar understanding as Ostrom's IAD Framework. By taking collective decisions into account, the institutional collective action approach distinguishes the first and second generation of transaction cost analysis. In this sense, it focuses on how the perception of agents shifts from micro-economic approach to economic behavioural approach that also considering political institutions. The cost, as denoted by Feiock (2007), depends on multiple variables (see Table 2.7 for the explanation of variables). The key transaction includes various costs, e.g. information/coordination costs, negotiation/division costs, enforcement/monitoring costs, and agency cost (see Inman and Rubinfeld, 1997; 2000).

Institutional Analysis and Development (IAD) Framework

The IAD framework is first introduced by Elinor Ostrom. It lies its hypothetical under pinning to the collective approach of the rational choice institutionalism (e.g. Olson, 1965; Ostrom, 1990) and rooted on the common pool resource theory (e.g. Ostrom, 1990; 1991; 2005). It covers a wider set of theories as its basis compared to the transaction cost analysis, citing major compatibility with transaction cost, micro-economy, and game theory and additional groundwork such as social and public choice, constitutional and covenantal,

and theories of public goods and common-pool resources (Ostrom, 2005). Its most notable differences with the other transaction cost approach is its acknowledgment on the social factors shaping human behaviour, challenging a universal model of rational behaviour. The framework is a multitier analytical map and can be treated as a mathematical game, experimentation and simulation, as well as a conceptual approach. Conceptually, the institutional analysis and development framework posits as an institutional framework for assessing collaborative arrangement at the local level.

The institutional analysis and development framework is established based on several factors that affecting the structure of internal situation. The framework analyse both the pattern of interactions and outcomes (Ostrom, 2005). The factors of externalities consist of three main variables which are: (1) the rules used by actors, (2) attributes of the externalities (institutional environment), and the local characteristics (Kiser and Ostrom, 1982). The action situations of the internal arena refer to the social space where agents interact. In accordance with the use of externalities and internalities, Tang and Mazmanian (2010) demonstrated that by taking into account both factors, the institutional analysis and development framework can help understand how various formal and informal institutional factors shape collective action in collaborative governance.

Sociological Approach

Taking the opposite side of the three analytical approaches above that rooted in the rational choice institutionalism, the sociological approach explores collaborative governance through the process of organisational change structured by their institutionalised environment (DiMaggio and Powell, 1983; Powell and DiMaggio, 1991; Meyer and Rowan, 1991). The organisational change in sociological approach refers to change in a formal structure, organisational culture, and goals, programs, or mission. By focusing on the organisational change, the sociological approach reiterates on how institutions and their dynamics are influenced and affected by social externalities (see Powell and DiMaggio, 1991; Scott, 1995). In this sense, the institutional field can be sector-specific and social pressures can be found in the form of relations among actors across organisations (Tang and Mazmanian, 2010). The notable approaches on sociological perspectives are as follows:

(1) New Institutional Economic Sociology (Economic perspective)

Sociological analysis in the economic sociology built its analytical platform on the basic relationship between networks, rules, and institutional structure. It grounds its theoretical approach from the perspective of cognitive science and game theory (Nee, 2005). It utilised computer simulation to measure the development, deviation and transformation of internalities (e.g. norms and beliefs) to understand the linkages between micro and macro level of mechanism. The macro level mechanism explores the state regulation, market, and collective action while micro level mechanisms focus on organisational interest (Weber, 1968; Homans, 1974; Nee, 2005). In this analysis, the transaction cost

remains as the core theoretical concept yet different costs are used while still considering the uncertainty nature of information in social realms that is insignificant for the rational choice approach of transaction cost. The rationality in sociological analysis is considered to be a specific case by case approach.

One of the example of the strategy in assessing collective action from this perspective is by measuring the civic capital. As a shared perception, civic capital denotes the idea that there exists collective action defined, independently from political formulations and structures, by the space within which individuals organises and experiences their existence in the society (Nelles, 2012). The analysis can be assess by exploring mainly through social and economic aspects. Generally, civic capital is built upon understanding of shared identity in a community and influenced by shared goals and expectations as a results of geographical bounded networks (Nelles, 2009). Whereas the above strategy is largely seen from norms and socialisation, civic capital can also be assessed as trusting belief (Guido et al, 2008), and as civic education in which the only way to restrict the externalities is through regulation (Aghion et al, 2008).

(2) Isomorphism and the Theory of Action (Organisational perspective)

Isomorphism and the theory of action are largely developed by DiMaggio and Powell (1983), focusing on organisational research. It is mainly established to counter Max Weber's approach in clarifying the causal effects of homogenisation procedures. It is commonly used in the collaborative governance to explain the relations between involved actors. There are several categories to examine an isomorphic change introduced with three major types are (1) coercive isomorphism (power), (2) mimetic process (mimesis), (3) normative pressures (attraction) (Powell and DiMaggio, 1991; Mizruchi and Fein, 1999). The basic argument is that overtime institutionalised organisational models spread out, influence and get affected among themselves which causes their structures to resemble each other (Powell and DiMaggio, 1991). Power in isomorphism refers to an influential factor in pushing regulations upon actors or organisations (coercive). Mimetic process is a isomorphic change in an institutional model which have several similarities with normative pressures of attraction. Attraction is a normative factors that direct an institutional model, for example, incentives, learning costs.

2.4.3. Networks Analysis in Governance (Inter-organisational Networks)

Governance networks from the perspective of inter-organisational school is differentiated from the general forms of social networks. It characterises network actors based on their functions and collective actions in order to pursue one or more policy streams (Koliba et al, 2011). It is mostly utilised to examine the complex social implication that develop at the same time when actors establish or implement specific public policies within the policy studies and public administration fields (see Rhodes, 1997; O'Toole, 1997; 2000; Salamon,

2002; Koppenjan and Klijn, 2004; Frederickson and Frederickson, 2006; Agranoff, 2007). Differentiating from social networks, it uses similar yet distinct description. For examples, nodes in social networks analysis is a representative of actors in various social scale while in governance networks, nodes are described as relations between organizations. Nodes in collaborative governance, therefore, can be influenced through the interdependency of actors, the resources they exchange, and the joint purposes, norms, and agreements that are negotiated between them (see Cooper, 2003). The dynamic of governance –and at some extent collaborative governance– aligns the various streams of inter-organisational network structures in the public policy process, ranged from policy making (upstream), policy implementation (midstream), or policy enforcement (downstream) (Bingham et al, 2005).

2.5. LINKING INSTITUTIONAL THEORY AND COLLABORATIVE GOVERNANCE APPROACH: RESEARCH POSITIONING

2.5.1. Which Governance?

There are many uses and definition of governance, as explored in the earlier sub chapter. Some of them gives a strict interpretation, creating a specific governance analogy, which is problematic for this study as it avoid to refer to a set of specific structure. This consideration is given to an assumption that finding the structure of Indonesian governance is one of the purpose of this study, thus bracketing the governance definition prior to the analysis will render any possible outcomes insignificant. One particular example is the specificity given by Rhodes (1997). Networks are important in defining governance but focusing on to this single categorical definition will exclude organisational setups that cannot be characterised as networks. Considering Indonesian transitional situation and as the purpose of this study is to narrate and compare governance across the country, it is unwise to assume that if one of those governance characteristics is empirically unobservable then a collective governing strategy not be described governance at all. In conclusion, regarding this study, it is considerably wiser to approach governance as governing with or without government and governance networks rather than confined to a certain defining side.

Further into the debate about categorical definition, this study also avoids the specification of fiscal autonomy received from the central government as one of definite requirement for governance. The reasoning is that by including it as a condition, *a priori*, will exclude a condition a slightly less autonomous networks especially regarding financial autonomy, because they depends partially or fully on state/central resources or regularly receive the intervention. Considering the fact that most of the governance structure is interwoven between multi layers of entities including government in various levels, it is valuable for this study to acknowledge the degree of autonomy as an empirical value rather that theoretical value. Hence, a definition of governance that include an inclusive form of governing is preferred as an analytical value. By partaking to this concept, this study will follow a concept in which governance can be found in the form of

networks or markets or hierarchies, referring to a number of different governing process that can work in either centralized or decentralized governance system.

As a conclusion, governance in this research is defined as:

- (1) The act of collective decision-making and can be formed into a rigid or loose structure (formal and informal platform) yet involving multi-level governmental entities, private and civic sector working together in a new partnership and relationship that blur sectoral, jurisdictional and geographical lines.
- (2) Referring to the point above, governance cannot be classified as organizations in the sense of formal and unified institutional actors and it is rather relatively institutionalised frameworks.
- (3) As an institutionalised framework, governance is indeed not only governing without government, but also governing with the government in which governance can be found in the form of networks or markets or hierarchies.
- (4) This research assumes that governance involves a degree of autonomy from the higher level of government, although it is not one of definite requirement for governance to function.

2.5.2. Which New Institutionalism?

Although from the Table 2.6 it seems like there are slightly clear delineations among the four branches, actually what happens mostly is less clear than it implied. On their own accounts of historical institutionalism, Hall and Taylor (1998) describes the similarities between their approach with sociological and rational choice approach. There are also growing recognition from the rationalist that actors and its surrounding institutions produce common knowledge similar to other approaches, as can be seen in Ostrom's IAD framework; an update from her previous institutional choice framework. On the other hand, observing from the viewpoint of sociological perspective, actions in institutions is seen as strategic factors which greatly influenced by mutual expectation. In this sense, there is palpably evidence of the growing number of literature where both branches share the core contentions of the other.

Hall and Taylor (1998) argue that the differences among schools are mostly stem from the ways they choose to focus on their analysis. The rational choice institutionalism, for example, directed their focus on the examination of the outcome with a consideration on institutional and/or cultural parameters and sociological institutionalism mostly devotes on how the external parameters affect the process (Hall and Taylor, 1998). The relative strengths of assumptions and emphasize these schools put on the characteristics of actors and their functions and inherent identities put them in the seemingly opposite side of the realm while the ground situations actually can placed the two schools relative to each other in a way that each approach can derived insights from the other (Hall and Taylor, 1998).

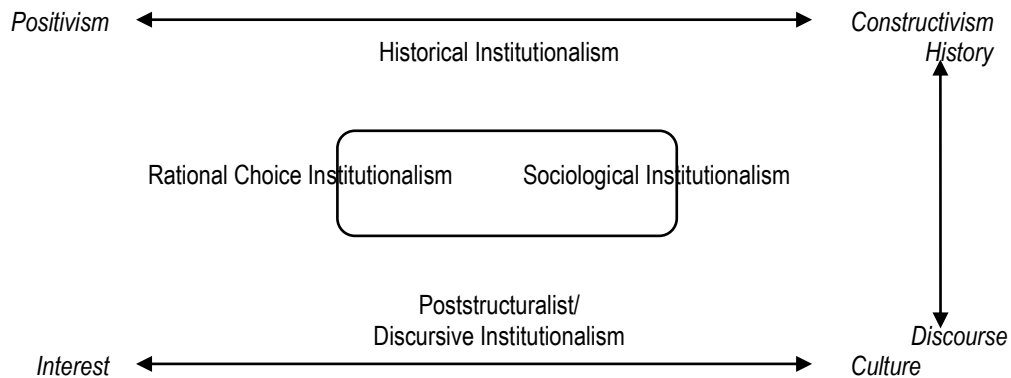
After reviewing four major branches of the new institutionalism theory, it can be concluded that the institutional theory had multiple roots and was being pursued in varied ways across the political and social sciences. Considering the intellectual borrowing existed on the precedent research as pointed by Hall and Taylor (1998), this study believes that there are actually possibilities to crisscross and combine the available approaches regardless its branch of institutionalism theory. Thus, starts with an idea that perhaps by sensible willingness to combine, borrow, and reinstate concepts and formulations generated from various approach, a further adjustment can be made, this study focuses on two institutionalism theories (rational choice and sociological). Its rationale stems from understanding that both clearly cross-path and encompass one and another as the basis to describe institution and the starting point to examine it.

By setting its foot on two schools of institutionalism this study aims to construct a framework that based on the terms that “encompassing” in nature that incorporates related but different concepts and arguments and locates them within the broader theoretical system of institutionalism. The reason behind is to accommodate both micro and macro foundational study to be able to fully explain the Indonesian governance system. As this study will not further explore the institutionalism itself but rather explore the discussion on the governance system by using institutionalism as an analytical approach, consequently, the new institutionalism branches will be utilised only as a theoretical basis only to construct the analytical framework to be applied for empirical study in the Indonesian governance system. Nonetheless, albeit if only as a basis, it follows what previously theoretically pursued by Hall (2009) in which intersection from sociological and rational choice institutionalism is used to enrich the historical institutionalism approach.

This study takes side with the sociological institutionalism in term of seeing collective actors’ preferences as the starting point of institutions rather than individuals’ preferences. The sociological institutionalism aspect is also shown by focusing on a macro-level understanding of how institutional designs that favour the formation of governance and collaboration are constructed and by highlighting a micro-level understanding of how institutions affect the formation of governance. Furthermore, for the analysis, this study borrows the analytical approach (or rather sequence) offered by the rational choice institutionalism and measurement offered by the sociological institutionalism. The reasoning is as simple as the fact that it proves difficult to exclude rational choice institutionalism on the basis of the analytical approach as it offers the most comprehensive analytical approach available in the realm of governance study. Rational choice approaches to institutions are one of the most effective exploratory platform to examine the operation of institution (Hall, 2009). However, one of the lines drawn from this study is to acknowledge fully that although the rational choice has produced accomplished framework but it lacks in generating explanations for real observed events, which the strength is offered by sociological institutionalism. Hence, referring to Table 2.6, this study, despite using norms, regularities and rules as its objects of explanations as well as economic determinism as its logic of explanation, it also exploits all available necessities from cultural and social aspects to political

preference to help explaining the collaborative governance system in Indonesia (see Figure 2.2 for graphic positioning of this study).

Figure 2.2. Spatial relationship of the four new institutionalism and positioning of this study.



Source: reconstructed from Schmidt, 2011.

2.5.3. Which Analytical Approach?

The five analytical approaches to collaborative governance briefly outlined in the previous section represent clusters of two major institutionalism approach, rational choice and sociological institutionalism respectively. Each approach has its own institutional logic and constituency. Analytical approach with rational choice institutionalism perspectives tend to advocate analysis on the micro level while sociological institutionalism offers a path to understand the tensions of collaborative governance from the macro level. Yet both enable one to separate analytically the normative and organisational dimensions of a government. Therefore, both sides of the approach are critical component in any understanding of collaborative governance.

By defining governance as collective decision making and repositioning itself on between rational choice and sociological institutionalism, it is imperative for this study to utilise approaches offered by both schools. From all observed analytical approaches, Institutional Analysis through IAD framework is the most appealing since it covers a wide set of theories as its basis and its crisscross nature between rational choice and sociological institutionalism. Sociological approach from both economic and organisational perspectives also holds its own charm in providing helpful tools to measure collaborative governance. Utilising civic capital and organisational isomorphism will assist this study greatly to explain the relations between involved actors that is limited by the IAD framework. Network analysis in governance will cover the remaining gaps in explaining complex institutional structure, in particular from the perspective of the public policy process.

Those analytical approaches mentioned above offer a way in which together they can pave an appropriate analytical platform for this study. A more detailed groundwork of the analytical framework and its subsequent reasoning in framework selection will be elaborate in Chapter 5.1 preceded the analytical framework.

2.6. REFERENCES

- Aghion, Philippe, Yan Algan, Pierre Caluc, and Andrei Shleifer. 2008. Regulation and Distrust. *National Bureau of Economic Research*, Working Paper 14648.
- Agranoff, Robert. 2007. *Managing within Network: Adding Value to Public Organizations*. Washington, D.C.: Georgetown University Press.
- Agranoff, Robert and Michael McGuire. 2003. *Collaborative Public Management*. Washington, D.C.: Georgetown University Press.
- Alston, Lee J. 1996. Empirical Work in Institutional Economics, in L. J. Alston, T. Eggertsson, and D.C. North (eds.), *Empirical Studies in Institutional Change*. Cambridge: Cambridge University Press.
- Archibald, Sandra. 2007. Comments on Workshop on Collaborative Governance, Tucson Arizona, as quoted in Tang and Mazmanian, 2010.
- Barnes, William R., and Larry C. Ledebur. 1998. Policy and Governance for the Regional Economic Commons. In W. R. Barnes and L. C. Ledebur, *Cities and Planning: The New Regional Economies: The U.S. Common Market and the Global Economy*. Thousand Oaks, CA: Sage, pp. 151-61.
- Bickers, Kenneth N., and Robert M. Stein. 2004. Interlocal Cooperation and the Distribution of Federal Grant Awards. *The Journal of Politics*, 66 (3), pp. 800-22.
- Bingham, Lisa B., Tina Nabatchi, and Rosemary O'Leary. 2005. The New Governance: Practices and Processes for Stakeholder and Citizen Participation in the Work of Government. *Public Administration Review*, 65(5), pp. 547-58.
- Brown, Trevor L., and Matthew Potoski. 2003. Transaction Costs and Institutional Explanations for Government Service Production Decisions. *Journal of Public Administration Research and Theory*, 13(4), pp. 441-68.
- Clegg, Steward R. 1990. *Modern Organizations: Organization Studies in the Postmodern World*. London: Sage.
- Coarse, Ronald. 1960. The Problem of Social Cost. *Journal of Law and Economics*, 3, pp. 1-44.
- Cooper, Phillip J. 2003. *Governing by Contract: Challenges and Opportunities for Public Managers*. Washington, D.C.: CQ Press.
- Dean, Mitchel M. 1999. *Governmentality: Power and Rule in Modern Society*. London: Sage.
- DiMaggio, Paul J., and Walter W. Powell. 1983. The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48 (2), pp. 147-60.
- DiMaggio, Paul J. 1988. Interest and Agency in Institutional Theory, in L. G. Zucker, *Institutional Patterns and Organizations: Culture and Environment*. Cambridge, MA: Ballinger, pp. 3-21.
- Dowding, Keith and Richard C. Feiock. 2012. Intralocal Competition and Cooperation, in Mossberger, Clarke, and John (eds.), *The Oxford Handbook of Urban Politics*. Oxford: Oxford University Press, pp. 29-50.
- Downs, Anthony. 1957. *An Economic Theory of Democracy*. New York: Harper.
- Downs, Anthony. 1994. *New Visions for Metropolitan America*. Washington, D.c: Brookings Institution and Cambridge, MA: Lincoln Institute of Land Policy
- Durose, Catherine, and Kirsten Rummery. 2006. Governance and Collaboration: Review Article. *Social Policy and Society*, 5(2), pp. 315-21.
- Duverger, Maurice. 1959. *Political Parties: Their Organization and Activity in the Modern State*. Second English Revised edn. London: Methuen and Co.
- Feiock, Richard C. 2002. A Quasi-Market Framework for Local Economic Development Competition. *Journal of Urban Affairs*, 24, pp. 123-42.
- Feiock, Richard C. (ed.). 2004. *Metropolitan Governance: Conflict, Competition, and Cooperation*. Washington, D.C.: Georgetown University Press.
- Feiock, Richard C. 2007. Rational Choice and Regional Governance. *Journal of Urban Affairs*, 29(1), pp. 47-63.
- Feiock, Richard C. 2009. Metropolitan Governance and Institutional Collective Action. *Urban Affairs Review*, 44 (3), pp. 356-77.

- Feiock, Richard C. 2013. The Institutional Collective Action Framework. *Policy Studies Journal*, 41(3), pp. 397-425.
- Feiock, Richard C., and Jered B. Carr. 2001. Incentives, Entrepreneurs, and Boundary Change: A Collective Action Framework. *Urban Affairs Review*, 36, pp. 382-405.
- Feiock, Richard C., and In-Won Lee. 2008. Informal Collaboration Networks for Resolving Economic Development Problems in Metropolitan Regions. Paper presented at the Networks in Political Science Conference, Cambridge, M.A., June.
- Feiock, Richard C., and John T. Scholz. 2010. Self-Organizing Governance of Institutional Collective Action Dilemmas: An Overview, in Feiock and Scholz (eds.), *Self-Organizing Federalism: Collaborative Mechanisms to Mitigate Institutional Collective Action Dilemmas*. New York, NY: Cambridge University Press.
- Foster, Kathryn A. 2000. Regional Capital. In R. Greenstein and W. Wieviel (eds.), *Urban-Suburban Interdependencies*, Cambridge, MA: Lincoln Institute of Land Policy.
- Foster, Kathryn A. 2001. *Regionalism on Purpose*. Cambridge, MA: Lincoln Institute of Land Policy.
- Foucault, Michel. 1976. *The History of Sexuality*. Harmondsworth: Penguin Books.
- Foucault, Michel. 1991. Governmentality, in G. Burchell, C. Gordon, and P. Miller (eds.), *The Foucault Effect*. Hertfordshire: Harvester Wheatsheaf, pp. 73-86.
- Foucault, Michel. 1997. Security, Territory, and Population, in M. Foucault (ed.), *Ethics: Subjectivity and Truth*, trans. R. Hurley and others, P. Rabinow (eds.). New York: The New Press, pp. 67-71.
- Frederickson, David G., and H. George Frederickson. 2006. *Measuring the Performance of the Hollow State*. Washington, D.C.: Georgetown University Press.
- Gainsborough, Juliet F. 2001. *Fenced Off: The Suburbanization of American Politics*. Washington, D.C.: Georgetown University Press.
- Gottdiener, Mark, and Joe R. Feagin. 1988. The Paradigm Shift in Urban Sociology. *Urban Affairs Quarterly*, 24 (2), pp. 163-87.
- Gray, Barbara. 1989. *Collaborating: Finding Common Ground for Multi-Party Problems*. San Francisco, CA: Jossey-Bass.
- Gray, John. 1994. Limited Government, in D. McKeivitt and A. Lawton (eds.), *Public Sector Management*. London: Sage.
- Greif, Avner. 1997. Micro Theory and Recent Developments in the Study of Economic Institutions Through Economic History. *Social Science Research Network*. Available at SSRN: <http://ssrn.com/abstract=1243>
- Guizzo, Luigi, Paola Sapienza, and Luigi Zingales. 2008. Trusting the Stock Market. *Journal of Finance*, 63(6), pp. 2557-00.
- Haggard Stephan, and Beth A. Simmons. 1987. Theories of International Regimes. *International Organization*, 41(3), pp. 491-17.
- Hall, Peter A. 1986. *Governing the Economy: The Politics of State Intervention in Britain and France*. Cambridge: Polity Press.
- Hall, Peter A. 1989. Introduction. In P. A. Hall (ed.), *The Political Power of Economics Ideas: Keynesianism across Nation*. Princeton: Princeton University Press, pp. 3-26.
- Hall, Peter A. 1994. Central Bank Independence and Coordinated Wage Bargaining. *German Political Society*, 31, pp. 1-23.
- Hall, Peter A. 2009. Historical Institutionalism in Rationalist and Sociological Perspective, in J. Mahoney and K. Thelen (eds.), *Explaining Institutional Change: Ambiguity, Agency, and Power*. Cambridge: Cambridge University Press, pp. 204-24.
- Hall, Peter A., and Rosemary Taylor. 1996. Political Science and the Three New Institutionalism. *Political Studies*, 44 (5), pp. 952-73.
- Hall, Peter A., and Rosemary Taylor. 1998. The Potential of Historical Institutionalism: A Response to Hay and Wincott. *Political Studies*, 46, pp. 958-62.
- Hawley, James P., and Andrew T. Williams, 1996. *Corporate Governance in the United States: The Rise of Fiduciary Capitalism*. Working Paper. Saint Mary's College of California, School of Economics and Business Administration.

- Hawkins, Brett W., K. J. Ward, and M. P. Becker. 1991. Governmental Consolidation as a Strategy for Metropolitan Development. *Public Administration Quarterly*, summer, pp. 253-67.
- Heckathorn, Douglas D., and Steven Maser. 1987. Bargaining and the Sources of Transaction Costs: The Case of Government Regulation. *Journal of Law, Economics, and Organization*, 3, pp. 69-98.
- Hirst, Paul. 2000. Democracy and Governance, in Jon Pierre (ed.) *Debating Governance*. Oxford: Oxford University Press.
- Homans, George C. 1974. *Social Behavior: Its Elementary Forms*. New York, NY: Harcourt Brace Jovanovich, Inc.
- Inman, Robert P., and Daniel L. Rubinfeld. 1997. Rethinking Federalism. *Journal of Economic Perspectives*, 11, pp. 43-64.
- Inman, Robert P., and Daniel L. Rubinfeld. 2000. Federalism, in B. Bouckaert and G. de Geest (eds.), *Encyclopedia of Law and Economics, Volume I. The History and Methodology of Law and Economics*. Cheltenham, England: Edward Elgar.
- Jessop, Bob. 1998. The Rise of Governance and the Risk of Failure: The Case of Economic Development. *International Social Science Journal*, 50 (155), pp. 29-45.
- Jessop, Bob. 2002. *The Future of Capitalist State*. Cambridge: Polity Press.
- John, Peter, and Alistair Cole. 1998. Urban Regimes and Local Governance in Britain and France: Policy Adoption and Coordination in Leeds and Lille. *Urban Affairs Review*, 33(3), pp. 382-404.
- Johnson, Omotunde E. G. 1972. Economic analysis, the legal framework and land tenure systems. *Journal of Law and Economics*, 15 (1), pp. 259-76.
- Katzenstein, Peter J. 1996. *Cultural Norms and National Security: Police and Military in Postwar Japan*. Ithaca, NY: Cornell.
- Kaufmann, Daniel, Aart Kraay, and Pablo Zoido-Lobaton. 2000. Governance Matters: From Measurement to Action. *Finance and Development*, 37 (2). Washington, D.C.: International Monetary Fund.
- Kaufmann, Daniel, Aart Kraay, and Massimo Mastruzzi. 2005. *Governance Matters IV: Governance Indicators for 1996-2004*, World Bank Policy Research Working Paper. Washington, D.C.: World Bank.
- Knack, Stephen. (ed.) 2003. *Democracy, Governance and Growth*. Ann Arbor, MI: The University of Michigan Press.
- Kickert, Walter J. M., Erik-Hans Klijn, and Joop F. M. Koppenjan (eds.). 1997. *Managing Complex Networks*. London: Sage.
- Kiser, Larry L., and Elinor Ostrom. 1982. The Three Worlds of Action: A Meta-theoretical Synthesis of institutional Approaches, in E. Ostrom (ed.), *Strategies of Political Inquiry*. Beverly Hills, CA: Sage, pp. 179-222.
- Kjær, Anne Mette. 2004. *Governance*. Cambridge: Polity Press.
- Kjær, Anne Mette. 2011. Rhodes' Contribution to Governance Theory: Praise, Critics and the Future Governance Debate. *Public Administration*, 89 (1), pp. 101-13.
- Knill, Christoph, and Jale Tosun. Hierarchy, Networks, or Markets: How does the EU Shape Environmental Policy Adoptions Within and Beyond Its Borders? *Journal of European Public Policy*, 16(6), pp. 873-94.
- Knott, Jack H., and Gary J. Miller. 1987. *Reforming Bureaucracy: The Politics of Institutional Choice*. Englewood Cliffs, NJ: Prentice Hall.
- Kohler-Koch, Beate, and Berthold Rittberger. 2006. Review Article: The 'Governance Turn' in EU Studies. *Journal of Common Market Studies*, 44, Annual Review, pp. 27-49.
- Koliba, Christopher, Jack W. Meek, and Asim Zia. 2011. *Governance Networks in Public Administration and Public Policy*. Boca Raton, FL: CRC Press.
- Kooiman, Jan. (ed.) 1993. *Modern Governance*. Newbury Park, C.A.: Sage.
- Kooiman, Jan. 1999. Social-Political Governance: Overview, Reflections, and Design. *Public Management: An International Journal of Research and Theory*, 1(1), pp. 67-92.
- Kooiman, Jan. 2000. Societal Governance: Level, Modes, and Orders of Social-political Interaction. In J. Pierre (ed.), *Debating Governance: Authority, Steering and Democracy*. Oxford: Oxford University Press, pp. 138-64.
- Kooiman, Jan. 2003. *Governing as Governance*. London: Sage.
- Koppenjan, Joop, and Erik-Hans Klijn. 2004. *Managing Uncertainties in Network*. London: Routledge.

- Laclau, Ernesto. 1990. *New Reflections on the Revolution of Our Time*. London: Verso.
- Laclau, Ernesto, and Chantal Mouffe. 2000. *Hegemony and Socialist Strategy: Towards a Radical Democratic Politics*. London: Verso.
- Leftwich, Adrian. 1994. Governance, the State and the Politics of Development. *Development and Change*, 25, pp. 363-86.
- Lemke, Thomas. 2002. Foucault, Governmentality, and Critique. *Rethinking Marxism: A Journal of Economics, Culture and Society*, 14 (3), pp. 49-64.
- Lowery, David. 2000. A Transaction Costs Model of Metropolitan Governance: Allocation vs. Redistribution in Urban America. *Journal of Public Administration Research and Theory*, 10, 49-78.
- Lubell, Mark, Mark Schneider, John Scholz. And Mihriye Mete. 2002. Watershed Partnerships and the Emergence of Collective Action Institutions. *American Journal of Political Science*, 46 (1), pp. 148-63.
- Lukes, Steven. 1974. *Power: A Radical View*. Basingstoke: Macmillan.
- Macey, Jonathan R. 1992. Organizational Design and Political Control of Administrative Agencies. *Journal of Law, Economics, and Organization*, 8(1), pp. 93-110.
- March, James G., and Johan P. Olsen. 1989. The New Institutionalism: Organizational Factors in Political Life. *American Political Science Review*, 78, pp. 734-49.
- March, James G., and Johan P. Olsen. 1995. *Democratic Governance*. New York: The Free Press.
- May, Peter J. 2005. Regulation and Compliance Motivations: Examining Different Approaches. *Public Administration Review*, 65(1), pp. 31-44.
- Mazmanian, Daniel A. 1999. Los Angeles' Transition from Command and Control to Market-based Clean Air policy Strategies and Implementation, in D. A. Mazmanian and M. E. Kraft (eds.), *Toward Sustainable Communities*. Cambridge, MA: MIT Press, pp. 77-112.
- McCubbins, Matthew D., Roger G. Noll, and Barry R. Weingast. 1987. Administrative Procedures as Instruments of Political Control. *Journal of Law, Economics, and Organization*, 3, pp. 243-77.
- McGinnis, Michael D. (ed.). 1999. *Polycentric Governance and Development: Readings from the Workshop in Political Theory and Policy Analysis*. Ann Arbor, MI: The University of Michigan Press.
- Meyer, John W., and Brian Rowan. 1977. Institutionalized Organizations: Formal Structure as Myth and Ceremony. *American Journal of Sociology*, 83(2), pp. 340-63.
- Miller, Gary. 1992. *Managerial Dilemmas: The Political Economy of Hierarchy*. New York: Cambridge University Press.
- Moe, Terry M. 1989. The Politics of Bureaucratic Structure, in J. E. Chubb and P. E. Peterson (eds.), *Can the Government Govern?* Washington, D.C.: The Brookings Institution.
- Moe, Terry M. 1990. The Politics of Structural Choice: Toward a Theory of Public Bureaucracy, in O. Williamson (ed.), *Organizational Theory from Chester Bernard to the Present*. Oxford: Oxford University Press, 116-53.
- Moon, David S. 2013. 'Tissue on the Bones': Towards the Development of a Post-structuralist Institutionalism. *Politics*, 33 (2), pp. 112-23.
- Mossberger, Karen. 2007. *The Many Meanings of Governance: How Should We Develop Research and Theory?*. Draft, prepared for presentation at A Global Look at Urban and Regional Governance: The State-Market-Civic Nexus. Atlanta, GA: Emory University.
- Mossberger, Karen, and Gerry Stoker. 2001. The Evolution of Urban Regime Theory: The Challenge of Conceptualization. *Urban Affairs Review*, 36(6), pp. 810-35.
- Nee, Victor. 2005. The New Institutionalism in Economics and Sociology, in N. Smelser and R. Swedberd, *The Handbook of Economic Sociology (2nd Ed.)*. Princeton, NJ: Princeton University Press
- Nelles, Jen. 2012. *Comparative Metropolitan Policy: Governing beyond Local Boundaries in the Imagined Metropolis*. London and New York: Routledge.
- Newman, Janet, Marian Barnes, Helen Sullivan, and Andrew Knops. 2004. Public Participation and Collaborative Governance. *Journal of Social Policy*, 33(2), pp. 203-223.
- Olson, Mancur. 1965. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Cambridge, MA: Harvard University Press.
- Orfield, Myron. 1997. *Metropolitics: A Regional Agenda for Community and Stability*. Washington, D.C.: Brookings Institution.

- Ostrom, Elinor. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. New York: Cambridge University Press.
- Ostrom, Elinor. 1991. Rational Choice Theory and Institutional Analysis: Toward Complementary. *American Political Science Review*, 85 (1), pp. 237-43.
- Ostrom, Elinor. 1998. A Behavioral Approach to the Rational Choice Theory of Collective Action. *American Political Science Review*, 92 (1), pp. 1-22.
- Ostrom, Elinor. 2005. *Understanding Institutional Diversity*. Princeton, N.J.: Princeton University Press.
- Ostrom, Elinor, Roy Gardner, and James Walker. 1994. *Rules, Games, and Common-Pool Resources*. Ann Arbor, MI: University of Michigan Press.
- Ostrom, Elinor, Joanna Burger, Christopher Field, Richard B. Norgaard, and David Policansky. 1999. Revisiting the Commons: Local Lessons, Global Challenges. *Science*, 284(5412) (April 9), pp. 278-82.
- Ostrom, Vincent, Charles M. Tiebout, and Robert Warren. 1961. The Organization of Government in Metropolitan Areas: A Theoretical Inquiry. *American Political Science Review*, 55 (4), pp. 831-42.
- O'Toole, Larry, Jr. 1997. Treating Network Seriously: Practical and Research-based Agendas in Public Administration. *Public Administration Review*, 57(1), pp. 45-52.
- O'Toole, Larry, Jr. 2000. Research on Policy Implementation: Assessment and Prospects. *Journal of Public Administration Research and Theory*, 10(2), pp. 263-88.
- Persso, Torsten, Gérard Roland, and Guido Tabellini. 1996. *Separation of Powers and Accountability: Towards a Formal Approach to Comparative Politics*. Working Paper No. 100. Milan: Innocenzo Gasparini Institute for Economic Research (IGIER).
- Peters, B. Guy. 1996. Political Institutions, Old and New. In R.E. Goodin and H.D. Klingemann (eds.), *A New Handbook of Political Science*. Oxford: Oxford University Press.
- Peters, B. Guy. 2000. Governance and Comparative Politics, in J. Pierre (ed.), *Debating Governance: Authority, Steering, and Democracy*. Oxford: Oxford University Press.
- Peirce, Neal R. 1993. *Citistates: How Urban America can Prosper in a Competitive World*. Washington, D.C.: Seven Locks Press.
- Pierre, Jon. 1999. Models of Urban Governance: The Institutional Dimension of Urban Politics. *Urban Affairs Review*, 34 (3), pp. 372-96.
- Pierre, Jon. 2000. Introduction: Understanding Governance. In Pierre, J. (ed.) *Debating Governance: Authority, Steering, and Democracy*. Oxford: Oxford University Press.
- Pierre, Jon, and B. Guy Peters. 2005. *Governing Complex Societies*. Houndmills, Basingstoke, Hampshire: Palgrave Macmillan.
- Powell, Walter W. 1990. Neither Market nor Hierarchy: Network Forms of Organization. *Research in Organizational Behavior*, 12, pp. 295-336.
- Powell, Walter W., and Paul J. DiMaggio. (eds.) 1991. *The New Institutionalism in Organizational Analysis*. Chicago: The University of Chicago Press.
- Provan, Keith G., and Patrick Kenis. 2008. Modes of Network Governance: Structure, Management, and Effectiveness. *Journal of Public Administration and Theory*, 18 (2), pp. 229-52.
- Rhodes, R.A.W. 1994. The Hollowing Out of the State. *Political Quarterly*, 65, pp. 138-51.
- Rhodes, R.A.W. 1995. The Institutional Approach, in D. Marsh and G. Stoker (eds.), *Theory and Methods in Political Science*. Basingstoke: Macmillan, pp. 42-57.
- Rhodes, R.A.W. 1996. The New Governance: Governing without Government. *Political Studies*, 45, pp. 652-67.
- Rhodes, R.A.W. 1997. *Understanding Governance: Policy Networks, Governance, Reflexivity, and Accountability*. Philadelphia, P.A.: Open University Press.
- Riker, William H., and Peter C. Ordeshook. 1973. *An Introduction to Positive Political Theory*. Englewood Cliffs, N.J.: Princeton University Press.
- Rose, Nikolas. 1999. *Powers of Freedom: Reframing Political Thought*. Cambridge: Cambridge University Press.
- Rose, Nikolas and Peter Miller. 1992. Political Power Beyond the State: Problematics of Government. *British Journal of Sociology*, 43 (2), pp. 172-205.

- Rothstein, B. 1992. Labor Market Institutions and Working Class Strength, in S. Steinmo, K. Thelen, and F. Longstreth (eds.), *Structuring Politics: Historical Institutionalism in Comparative Analysis*. New York: Cambridge University Press, pp. 35-56.
- Rothstein, B. 1996. Political Institutions: An Overview, in R. E. Goodin and H. D. Klingemann (eds.), *A New Handbook of Political Science*. Oxford: Oxford University Press.
- Salamon, Lester M. 2002. The New Governance and the Tools of Public Action, in L. M. Salamon (ed.), *The Tools of Government: A Guide to the New Governance*. New York, NY: Oxford, pp. 1-47.
- Scharpf, Fritz W. 1997. *Games Real Actors Play: Actor-Centered Institutionalism in Policy Research*. Boulder, C.O.: Westview.
- Schmidt, Vivien A. 2006. Institutionalism, in C. Hay, M. Lister, and D. Marsh (eds.), *The State: Theories and Issues*. Basingstoke: Plagrove, pp. 98-117.
- Schmidt, Vivien A. 2011. Reconciling Ideas and Institutions through Discursive Institutionalism, in D. Béland and R. H. Cox (eds.), *Ideas and Politics in Social Science Research*. Oxford: Oxford University Press, pp. 47-64.
- Schneider, Mark, John Scholz, Mark Lubell, Denisa Mindruta, and Matthew Edwardsen. 2003. Building Consensual Institutions: Networks and the National Estuary Program. *American Journal of Political Science*, 47 (1), pp. 143-58.
- Scott, W. Richard. 1995. *Institutions and Organizations*. London: Sage.
- Scott, W. Richard. 2005. Institutional Theory: Contributing to a Theoretical Research Program, in K. G. Smith and M. A. Hitt (eds.), *Great Minds in Management: The Process of Theory Development*. Oxford: Oxford University Press.
- Smith, Michael P. (ed.) 1984. *Cities in Transformation: Class, Capital, and the State*. Beverly Hills, CA: Sage.
- Sørensen, Eva and Jacob Torfing. 2007. Introduction Governance Network Research: Towards a Second Generation. In E. Sørensen and J. Torfing (eds.), *Theories of Democratic Network Governance*. New York, NY: Palgrave MacMillan, pp. 1-24.
- Steinacker, Annette. 2004. Game-Theoretic Models of Metropolitan Cooperation, in R. C. Feiock (ed.), *Metropolitan Governance: Conflict, Competition, and Cooperation*. Washington, D.C.: Georgetown University Press, pp. 46-66.
- Stoker, Gerry. 1995. Regime Theory and Urban Politics. In D. Judge, G. Stoker, and H. Wolman (eds.), *Theories of Urban Politics*. London: Sage
- Stoker, Gerry. 1997. Public-Private Partnerships and Urban Governance. In J. Pierre (ed.), *Public-Private Partnerships in Europe and the United States*. London: Macmillan.
- Stoker, Gerry. 1998. Governance as Theory: Five Propositions. *International Social Science Journal*, 155, pp. 17-28.
- Stoker, Gerry. 2000. Urban Political Science and the Challenge of Urban Governance. In J. Pierre (ed.), *Debating Governance*. Houndmills, Basingstoke, Hampshire: Palgrave Macmillan.
- Stone, Clarence N. 1993. Urban Regimes and The Capacity to Govern: A Political Economy Approach. *Journal of Urban Affairs*, 15(1), pp. 1-28.
- Sullivan, Helen, and Chris Skelcher. 2002. *Working across Boundaries: Collaboration in Public Services*. Hampshire and New York: Palgrave Macmillan.
- Tang, Shui-Yan, and Daniel A. Mazmanian. 2010. Understanding Collaborative Governance from the Structural Choice Politics, IAD, and Transaction Cost Perspectives. Available at Social Science Research Network: <http://dx.doi.org/10.2139/ssrn.1516851>
- Thelen, Kathleen. 1999. Historical Institutionalism in Comparative Politics. *Annual Reviews of Political Science*, 2, pp. 369-404.
- Thelen, Kathleen, and S. Steinmo. 1992. Historical Institutionalism in Comparative Politics, in S. Steinmo, K. Thelen, and F. Longstreth (eds.), *Structuring Politics: Historical Institutionalism in Comparative Analysis*. New York: Cambridge University Press, pp. 1-32.
- Thompson, Grahame, Jennifer Frances, Rosalind Levacic, and Jeremy Mitchell. 1991. *Markets, Hierarchies and Networks: The Coordination of Social Life*. London: Sage.
- Truman, David B. 1958. *The Governmental Process*. New York, NY: Knopf.

- Turnbull, Shann. 1997. Stakeholder Governance: A Cybernetic and Property Rights Analysis. *Corporate Governance: An International Review*, 5(1), pp. 11-23.
- Van Kersbergen, Kees, and Frans Van Waarden. 2004. 'Governance' as a Bridge between Disciplines: Cross-disciplinary Inspiration Regarding Shifts in Governance and Problems of Governability, Accountability and Legitimacy. *European Journal of Political Research*, 43, pp. 143-71.
- Weber, Edward P. 1998. *Pluralism by the Rules: Conflict and Cooperation in Environmental Regulation*. Washington, D.C.: Georgetown University Press.
- Weber, Max. 1968. Basic Sociological Terms, in G. Roth and C. Wittich (eds.), *Economy and Society*. Berkeley, CA: University of California Press, pp. 3-62.
- Williamson, Oliver E. 1981. The Economic of Organization: The Transaction Cost Approach. *The American Journal of Sociology*, 87 (2), pp. 233.
- Williamson, Oliver E. 1985. *The Economic Institutions of Capitalism*. New York, NY: Free Press.
- Williamson, Oliver E. 1999. Public and Private Bureaucracies: A Transaction Cost Economics Perspective. *Journal of Law, Economics, and Organization*, 15(1), pp. 306-47.

CHAPTER 3

GOVERNANCE NETWORKS, TOOLS OF GOVERNMENT, AND ACTOR RELATIONS

3.0. SUMMARY

This chapter focuses on a way of understanding how governance networks operate to help developing a deeper situational awareness necessary to comprehending complex systems of collaborative metropolitan governance. A range of characteristics endemic to inter organisational networks and collaborative relationships is introduced, as well as various tools to address the internal setting of governance –actor relations and policy process–, in order to set a platform to discern the systems dynamics that persist within the governance system necessary for completing the analytical framework for this research. Over the course of the chapter, we discuss the ways analytical frameworks of governance networks have been employed within the public administration, policy studies, and governance fields, and highlight discrepancies across the literature. It particularly focuses on the policy network, network structure, and policy tools. Central to the work presented here is the belief that the presentation of available framework allows this research to develop a means for describing and analysing collaborative governance network in Indonesia, especially in determining which combination of analytical tools work best to be applied in the analysis of this research.

3.1. GOVERNANCE NETWORKS

Governance networks have always been an integral feature of governance in a democratic government and inter-sectoral arrangements. Although only a part of governance, governance networks often has been largely used to refer governance (Provan and Kenis, 2007). Network coordination and its linkages in the production of collaborative governance involve both government and nongovernmental sectors. Networks as a collaborative form is often seen as a tool to enhance learning process and to increase the capacity of involved actors to address collective challenges (see Hucham and Vangen, 2005, Provan and Kenis, 2007). Understanding the functioning of networks in a governing process is critical in addressing policy as the tool of government as it explains in which way network produces specific policy outcomes in consideration of a wider governing system –bottom-up or top-down processes, centralized or decentralized system–.

Considering the importance of governance networks, this chapter will be dedicated to addressing a variety of movements that have contributed to the complexity of these systems, particularly on proliferation and utilisation of tools that creates said complex networks. By reviewing the bulk of literature, this chapter aims to pull together in one place a systematic description of the major tools now being used to address public problems and to discuss some of the options available for studying and modelling governance networks that is an integral part of understanding the internal system of collaborative metropolitan governance in Indonesia.

3.1.1. Defining the Governance Networks

The term of network in governance studies varies according to the entities studied. It can be applied to the study of organisational relations (Powell, 1990), policy studies (Rhodes, 1997), public management (Agranoff, 2007) to intergovernmental relations (O'Toole, 2000; Wright, 2000). Networks in governance studies are seen differently than networks in social network studies. The latter sees networks from the viewpoint of interconnected groups consist of individuals and/or organizations exchange information and ruled by normative behaviour (Liebeskind, 1996) while the first considers rules, obligations, and independent flows of resources are also necessary in defining networks. Yet, looking at its nature of relations, both agree that networks resulted from a dynamic process rather than a static entity in a contract to bureaucratic structures within formal contractual relationships (see Jones et al, 1997).

Social, political, and economic trends, such as privatisation, partnership, and devolution of power in the governmental sector, have shaped how contemporary governance networks are structured and function (Koliba et al, 2011). Indirectly, these trends have stimulated the development of certain configurations of actors and have resulted in a variety of policy tools first in which both are significant for the development of governance networks. A certain type of trends or changes will result on a type of governance networks. In consequence, the function that governance networks conduct is often utilised to identify the working of governance networks as a whole system (Goldsmith and Eggers, 2004). Other than function, governance networks have been characterised through resources sharing (Provan and Milward, 1995), policy domains (Agranoff and McGuire, 2003a), types of agreements, and actors involved as well as according to certain regulatory subsystem (O'Toole, 1997; 2000). Table 3.1 summarises various types of contemporary governance networks in the democratic system.

Table 3.1. Types of governance networks shaped through policy tools and interorganisational arrangements.

Types of governance network	Definition	Way of analysing
Inter and intra-governmental relations	Networks by product of modern democratic governments. It is necessary for understanding the separation of powers and levels of interlocking geographic scale.	The network configuration relies on national-regional (state) -local government relations.
Grant and contract	Networks structured through grant and contract agreements as results of privatisation	By asserting public funds allocated to private firms, not-for-profit, and state enterprises through the policy tools of procurement and purchase of service contracts, and grants.
Regulated	Networks structured through regulatory subsystem comprised of inter-organisational networks of regulators and regulated entities.	By analysing the state's capacity to render coercive power to control the behaviours of regulated agents.
Interest group coalition	Inter-organisational networks of organised interest groups, advocacy organizations, and collective interest groups.	By analysing the coalition engage in coordinated action to influence the framing of public problems, the design and selection of policies, or the evaluation of policy implementation.

Types of governance network	Definition	Way of analysing
Public private partnership	Networks that formed when organizations from different sector partner with each other to achieve public purposes where risk is shared and power between the partnering entities is relatively distributed in nature.	By asserting a distribution of resources and power through the scale and visibility of program efforts, project support, and capital leverage.

Source: constructed from Donahue (1989); Wrights (2000); Koliba et al (2011).

Summing up the current state of understanding of governance and institutionalism from the previous chapter and the definition of governance networks above, this dissertation argues that governance may take place at multiple interconnected and interdependent layers involving various types of actors. Stone and Ostrower (2007), and Ostrom (1990) specifically pointed out that governance requires analysis from a multilayer perspective. Consideration of the interaction between actors leads to an inevitable consideration of the cooperative systems of horizontally arranged ties in addition to the traditionally vertical oriented system (see Kettl, 2006). Others see governance as a product of institutional setting means that network of actors contributes to the production of public policy and policy process where political visions, policy ideas, comprehensive plans, informal norms and detailed regulation are often crafted, or at least influenced (e.g. Sørensen and Torfing, 2007). The autonomous position among actors and negotiated exchanges between actors change over time and varies from one governance network to another and in Sørensen and Torfing' (2007) work this interaction between the various actors does not take place in a void, but rather proceeds within a relatively institutionalised framework that facilitates and constrains political interaction and thus affects the production of the output and outcome of governance. Consequently, to understand a governing system, one must understand the structure of multilayer institutions formed by multiple actors, its institutionalised framework, and the structure of network and policy that structured the said network. Hence, this dissertation sees that it is necessary first to address the theoretical approaches offered by the precedent research that touch the aforementioned subjects.

3.1.2. Theoretical Approaches to the Dynamics of Governance Networks

There is extensive literature on how research has applied network and system metaphors and analytical tools to the study of governance networks, particularly from the public administration, policy studies, and political science. As this dissertation proposition itself to utilise analytical tools that cover rational choice and sociological institutionalism by defining governance as collective decision making, to employ a theoretical approach to governance network dynamics as part of the analytical framework it is imperative for this study to understand approaches on networks that involved institutionalism. This part of governance network is seen as integral part to understand the internal mechanism of a governance process. Consequently, this study needs to separate literature on governance networks that likely be centred on defining network as the empirical manifestation of institutional adaptation to sustain collaboration between a wide variety of actors

as well as denoting networks according to the structure of the network and its policy approach. The intention behind the latter grows from the understanding that there has been a conceptual shift away from a singular focus on a unitary government's delivery to the process of governance in a fragmented government system (see Frederickson, 1999 for American cases), which also observed in Indonesia. The shift is also observed in the way networks are analysed from the policy perspective (Koliba et al, 2011). As a result, governance dynamics incorporate the way networks are structured into the public policy process deliberately making up-stream to down-stream policy making as an integral part of governance network study.

Over several last decades, there are many major conceptual developments in governance network theory. The number of literature is astonishing, forcing this dissertation to limit its literature review from 1990s, only to keep them updated and in line with the fragmented governance background of the Indonesian situation which unfortunately is a regular occurrence for studies in the 1990s. Variation of the theoretical approach in governance has been covered conceptual ground of goal orientation (Gage and Mandell, 1990) and intermittency of network coordination (Mandell and Stellman, 2003) and collective action theory (Feiock, 2004; Ostrom, 1990) which discuss the institutional structure of networks; policy as subsystem of networks which covers policy implementation in addressing governance network (O'Toole, 1990), integrated system analysis within a public policy framework (Baumgartner and Jones, 2000) to policy networks (Rhodes, 1997; Kickert, Klijn, and Koppenjan, 1997; Agranoff, 2005; 2007). In public policy and public administration literature, especially, networks have been understood as a construct around its ties with governmental institutions as a central actor (Pierre and Peters, 2005) or develop within cross-sectoral institutions (Rhodes, 1997).

This dissertation sees the necessity of using a mixture of all theoretical approaches above as it acknowledges that the current situation of Indonesian metropolitan governance can take many different models resulting from the possessing degree of decentralization measured through the interdependency among governmental actors and between government and nongovernmental sectors. Furthermore, it is also already settled from the previous chapter that in order to grasp a clear understanding of collaborative governance it is necessary for this dissertation to undertake both macro and micro level of analysis. Looking across literature, there are some frameworks focusing on micro level analyses (see Ostrom, 1990; 2005) and macro level analysis (see O'Toole, 1990; Rhodes, 1997). Yet, a combination of both approaches remains limited (see Agranoff and McGuire, 2003a; Mandell and Steelman, 2003). In order to comply with the purpose of having a joint macro-micro level analysis for this study, a separation of conceptual development in governance network theory regarding which is macro and which is micro is needed.

What is macro-level analysis and what is micro-level analysis? The role of the government, its institutions and obligations become one of the central considerations in this research as literature suggests, is a part of

macro level analysis (Koliba et al, 2011). Table 3.2 below stresses and summarises the focus of macro level research in organisational behaviour, adjusting from the macro level network forms. Any research on governance networks in macro-level analysis, whether the system analysed is market-based, hierarchy-based or collaborative-based, shall at least consider undertaking a certain public administration paradigm, scrutinise the relational tie and institutional frame. The potential impact on the economic standing on the governance network wide actions is often an important consideration for macro level analysis as well. On the other hand, individual characteristics and of participating actors and their orientation they bring to the networked activities are considered as micro-level analysis of governance network studies (Koliba et al, 2011). Some theoretical approaches consider actors' goals, motivations, interests, and the resources they bring to a network (see Ostrom, 2005) as a micro-level approach and some describe the micro level of the network from the ties that exist between network actors or nodes (e.g. the strength, formality, and vector of the relational ties that get established between any two actors) (see De Bruijn and ten Heuvelhov, 1997).

Table 3.2. The forms of macro-level networks.

	Market-based	Hierarchy-based	Collaborative-based
Relational ties	Competitive	Command and control	Collaborative and cooperative
Public administration paradigm	New public management	Classical public administration	Collaborative public management
Institutional frame	Business/corporations	Public bureaucracy	Partnership coalition

Source: Koliba et al (2011), modified from Powell (1990) and Grimshaw et al (2005).

Looking towards the assessment of governance networks from the perspective of multi-governmental contexts combining policy networks and elements of institutional systems become imperative for this study. To focus on the operating environments of governance networks' literature as part of the research on the internal mechanism of the governance process, this dissertation separates a number of theoretical approach proposed by precedent research into several agendas that coherent to its purposes (see Table 3.3) as stated in the previous part of this chapter. Four major core studies necessary for the building of the analytical framework are identified: theoretical approach in governance network theory that covers the institutional structure; policy network, network structure, and policy tools. The fundamental basis in examining governance networks in this study is the theoretical approach on the institutional structure, followed by policy network, which offer a framework to conceptualise and characterised network according to its structure. Literature on network structure and policy tools is seen as necessary to comprehend how to measure networks from its actor relations and policy tools that provides its basic groundwork. The first two literature branches are seen as a mean to understand governance networks at macro-level, while the theoretical approach on network structure and policy tools are partial to micro-level analysis.

Table 3.3. Theoretical approaches to governance networks.

Focus	Conceptual ground covered	References
Institutional structure, administrative relations	<i>Institutional collective action theory, institutional analysis and development framework</i> The institutional collective action provides the basis from which to understand collective action while institutional analysis and development framework adds the mean to measure resource pooling. The latter presents an integrated framework for linking conditions, attributes, and rules to actions and patterns of interaction	Ostrom, 1990; 2005; Feiock, 2004; 2007
	<i>Intergovernmental relations</i> A model to understand the overlapping national-state-local units simultaneously. It is the platform to understand the dynamic views of intergovernmental relation which moves research to think about the differences in relationships by types of programme, cities, and governmental relations.	Wright, 1978; 1988
	<i>Vertical and horizontal relations; networks types</i> A tool to measure public action activities at micro level analysis.	Agranoff and McGuire, 2003a; Agranoff, 2007
Policy network	<i>Policy network; governance</i> Characterising policy network from various internal factors, such as stability, openness, etc. Analysis is done through measuring the size of actors, frequency, consensus, etc.	Marsh and Rhodes, 1992; Rhodes and Marsh, 1992; Rhodes, 1997
	<i>Policy network</i> Characterising policy network from either rational, classics, networks theories. Two main approaches are used; the new public management and emergent networks.	Kickert, Lijn, and Koppenjan, 1997; Koppenjan and Klijn, 2004.
Network structure	<i>Network closedness</i> Determined mainly through individual members' preferences and orientation. Two main structures identified; social and cognitive.	Schaap and van Twist, 1997
	<i>Centrality and betweenness in inter-organisational networks</i> An extension of network analysis. Measurement is done through examining the level of centrality and betweenness.	Provan, Fish, and Sydow, 2007
Policy tools	<i>Policy tools</i> A macro-level analysis to measure the structure and function of network.	Salamon, 2002
	<i>Policy instruments</i> The groundwork for empirical study of policy design. A set of micro-level policy instruments as criteria of appraisal to understand the nature of the choice mechanism in public policy.	Linder and Peters, 1989; 1990

Source: reconstructed and edited from Koliba et al (2011).

3.2. POLICY APPROACH ON GOVERNANCE NETWORK

Collaboration is strategic and embedded (Agranoff and McGuire, 2003b). The embeddedness and strategic part of collaboration draws it into linkages between actors can be measured from a specific program context and driven from specific policy problems. In this sense, types of policy instruments characterising a collaborative sector directly influence the form and content of collaborative structure (McGuire, 2002). Considering this, policy approach is undoubtedly difficult to be separated from any discussion considering collaboration and governance at large.

Policy constructs a part of both layer of analysis of this dissertation. From the viewpoint of policy network it is a part of the macro-level analysis while policy tools form the governance network at the micro level. Policy is part of network-wide characteristics since governance network undertakes coordinated action and resource exchange –the operational function– to achieve certain policy ends. In fact, governance networks are distinguished from other form of networks because they carry out the policy function (see Koliba et al, 2011). Hence, in this section we discuss how governance networks may be described in term of the policy streams in which they function. We then present some conceptual approaches grounded in the policy network and policy instrument theory that is considered valuable to be applied in this dissertation' analytical framework as it functions on similar concern with this research.

3.2.1. Policy Approach: Policy Streams and Policy Domain Functions

Policy streams, policy domain, actors, network and governance processes are one big interconnected system. Policy stream gives significant contributions to framework in explaining agenda setting stage in the policy making process. The policy itself is the result of the interaction between actors in a certain situation which actors use perceptions to interpret their reality and to choose their strategies, effectively referring policy process as a part of game theory (see Klijn and Teisman, 1997). The situation is conditioned by the rules and resource divisions of the network in which they take place –these rules and resource are part of the institutional setting of the governance system. Managing policy process in the network means managing the interactions in the situation and the setting of the said situation. Hence, managing governance also can be said as managing policy process in governance network.

In the process of public policy making, for multitude of reasons, a complex variables used as considerations makes the process is more complicated than the game mentioned above. Sabatier (2007) lists several reasons why policy process is a complex process which includes: (1) large number of involved actors from various groups with different perceptions, value and policy preferences; (2) long span of time of policy cycle; (3) large number of the policy subsystem or domain; (4) continuous policy debates; (5) policy disputes. Considering the complex working of policy process, there is a large number of literature dedicated to

analyse policy process. Consequently, to include the policy process on a research yet considerably limit its scope to interrelated variables, it is critical to scour literature based on certain strategies corresponding to the larger theoretical platform the said research considered. This dissertation is partly built upon the platform of rational choice and sociological institutionalism, therefore, for the inclusion in the policy process, it is likely that these two different perspectives can be utilised, at least initially.

There are approximately eight frameworks on policy process that is consistent, possess a fair amount of empirical testing, and a positive theory. They are: (1) the stage heuristics (see Lester and Goggin, 1998), (2) Institutional Rational Choice (see Ostrom, 1990), (3) the multiple streams (see Kingdon, 1984), (4) punctuated-equilibrium model (see Baumgartner and Jones, 1993), (5) social construction and policy design (see Schneider and Ingram, 1990); (6) advocacy coalition model (see Sabatier and Jenkins-Smith, 1993), (7) policy diffusion framework (see Berry and Berry, 1992); (8) Large-N Comparative study (see Dye, 1966). Most of them are developed based on American public policy cases rather than continental-based or developing country-based studies. Among them, the institutional rational choice represents the rational choice institutionalism and social construction and policy advocacy coalitions include the sociological institutionalism perspectives, in which coherent with the platform this dissertation is built upon.

Institutional Rational Choice Perspectives on Policy Process

Rational choice theory analyse within political institutions and society. It put emphasis on examining policy change and its variety and measuring the stability through strategies taken by actors (John, 2003). Policy as an outcome are seen as the effects of the collective choices which makes it possible to examine the ways which collaboration emerge from analysing the policy process. Rational choice approaches such as game theory and transaction cost offer the most detailed application to examine changes on political stability. It is an exploratory and explanatory tool to testable hypotheses. Research using rational choice in public policy is often seen as less encompassing due its nature of fixed preferences, yet it offers general framework that has been applied to examine the causal effect of policy problems (see Ostrom, 1990; Ostrom, Schroeder, and Wynne, 1993; Ostrom, Gardner, and Walker, 1994; Scharpf, 1997).

Utilising institutional rational choice for analysing policy process means putting great importance on the understanding about institutional rules and how they influence actors' behaviour. Among many institutional rational choice approaches, the institutional analysis and development (IAD) framework by Ostrom offers one of the most comprehensive policy frameworks. It is the most utilised framework in countries with a fragmented governing system (Sabatier, 2007). In this framework, policy process can be tracked at the policy tier (collective-choice tier) where policy decisions are made by actors considering rules set earlier at the constitutional tier (Ostrom, 2007). In this sense, the institutional analysis and development (IAD) framework can be utilised in this dissertation to analyse policy at both macro and micro-level of analysis.

Macro-level of analysis can be done at the constitutional tier while micro-level analysis can be executed at the collective-action tier.

Social Construction and Policy Advocacy Coalitions Perspectives on Policy Process

Underlying the way analyst from different schools conceptualised policy process are implicit different interests and assumptions about the rules and attributes. While institutional analyst from rational choice focuses on the behaviour factor of actor, institutional analyst from sociology out emphasis on understanding the shared value system and its influence toward actors' relations (Ostrom, 2007). This is reflected as well as at the conceptual approach of the policy process. The policy advocacy coalitions, for instance, mainly addresses the interaction between coalitions of multiple actors sharing a set of policy belief (Sabatier, 2007). Another approach, the social construction, targets socially constructed populations as part of policy design in order to examine various dilemmas as a result of democratic polity (see Ingram et al, 2007). Consequently, these two frameworks focus on addressing policy elites, their belief and normative concerns by analysing the situational setting reflected on the policy outcome (see Sabatier and Jenkins-Smith, 1988; 1993; Ingram et al, 2007).

Policy advocacy coalitions are generally a macro-level analysis, giving emphasis on policy changes under a set of institutional rules or political systems. It also touches micro-level analysis through modelling actors' behaviours from perspectives of social psychology. It shares similarity with the institutional analysis and development framework by using relatively fixed parameter and utilising external system to analyse the internal system or rather the policy subsystem. It employs similar basic characterisation of goods and constitutional structure (rule), and basic distribution of natural resource which also employed in the institutional analysis and development framework. Nonetheless advocacy coalitions also involve different types of parameter and externalities for its analysis, drawing from the sociological point of view. It considers variables from socio-cultural values as a parameter of the sociology and changes in socioeconomic conditions and public opinion for its externalities (see Sabatier and Weible, 2007).

While policy advocacy coalitions put emphasize on examining changes in policies influenced by certain political systems, social construction examines the policymaking within a target populations shaped by institutions and culture. Social construction sees that policy design shapes institutions and –consequently– their broader society system. It utilises instrumental (resource) and rhetorical effects of policy (rules) as parameters (see Ingram et al, 2007). The approach is not much different with advocacy coalitions, yet it puts more emphasize on distribution of political power resources and knowledge system, including public and elite opinion.

Proposition for This Research

In sum, the rational choice and sociological approach to policy process carry a different weight in their approach with a different set of parameters taking into account yet, there are possibilities that these differences can be applied to fill the gap created by one another. For example, firstly, both schools see the importance of the structure of the institutions as part of the externalities shaping policy outcomes that can be used for this research. Secondly, the institutional analysis and development framework offers both macro and micro-level of analysis while the two approaches from sociological perspectives are largely macro. In this sense, parameters from both advocacy coalitions and social construction such as socio-cultural values and social structure (from advocacy coalitions), and the societal context of the citizen, societal capacity, and distribution of political power resources (from social construction) can be utilised and incorporated into the institutional analysis and development framework.

3.2.2. Policy Network

The reasoning behind bringing policy network in the discussion is its representative on how seeing network at the macro level with its network-wide characterisation. There is also a strong influence of rational choice and sociological institutionalism on policy network approach through inter-organisational theory (e.g. Thompson, 1967; Scharpf, 1978) and policy network theory (e.g. Klijn, 1997; Marsh, 1998) which is the central discussion of this dissertation. The first idea lies at a rational acknowledgement that actors are interdependent as they rely on resource offered by others in order to achieve collective goal and the latter grows from the concept of interest groups and agenda setting.

The variety of roots bring about various approaches to policy network; at least three approaches using the network concept can be distinguished, which are: (1) Policy network as a specific form of governance (Rhodes, 1997); (2) Policy subsystem; and (3) Network structure using the tools of network analysis. The first two generally use a macro-level of analysis while the latter is predominantly micro-level analysis. The network structure and tools of network analysis will be discussed in Chapter 3.3. Moreover, considering that Rhode's approach on policy network neglect the presence of governmental actors (hence the governing without the government concept) is incompatible with the standing of this research, it is considered better to side with the concept applied by the policy subsystem. The policy network as subsystem considers network applicable to different types of actors' interaction, regardless its status (governmental or nongovernmental). Under this concept, a policy domain-specific subsystem operating more or less independently is considered influential to policy networks (Adam and Kriesi, 2007). Consequently, one should expect that a large number of actors is observed in multiple policy issues with political processes influenced by interactions of public and private actors, governmental and nongovernmental actors.

The main idea of policy network from the policy-subsystem point of view is to characterise governance network according to the actor's characteristics. Accordingly, a great variety of policy networks can be observed in order to capture different forms actor relations. There are various approaches to analyse policy network, such as: (1) types of actors (including its status of macro-level governance, administrative structures, etc.), (2) types of interactions (types of relations shaping the network configuration), (3) type of policy domain (see Marsh and Rhodes, 1992; Rhodes and Marsh, 1992; Rhodes, 1997; Kickert, Lijn, and Koppenjan, 1997; Koppenjan and Klijn, 2004).

3.3. NETWORK STRUCTURE AND POLICY TOOLS

Network structure and policy tools approach focused mainly on a micro level. Network structure or largely known as network analytical approach is built based on studies on individual approach, thus largely address the egocentric perspective of networks (Provan and Kenis, 2007). While network structure deals with the relational aspects of individual, policy tools provides the micro theory for policy design (see Linder and Peters, 1990).

3.3.1. Networks Structure

The micro-level analysis using network structure is generally a quantitative approach to analyse interaction between various types of actors in a political decision making process but largely ignore the actors' characteristics (Knoke et al, 1996). Characterisation in networks structure is measured through quantitative analysis, such as measuring degree of centralization, connectedness, density, ties, closedness, etc, by observing edges, ties, or links in actors' relations (Knoke, 1990). These units of analysis are usually done through analysis on a dyad –or a dyadic relation– to represent the complete network (see Provan and Kenis, 2007). In several literature (see Ring and Van de Ven, 1994; Granovetter, 1992; Uzzi, 1997), research often measures whether networks influence actors in term of their performance, learning capacity, or other outcomes variables.

The analytical perspectives of network structure generally can be divided into two sub-levels which are network-level structure and organisational-level structure. It rooted from the basic theory on network, addressing relationships between actors that likely to be influenced by others relations (see Mitchell, 1969). Organisational-based structural analysis commonly addresses structural issues that can be used to explain network outcome at the organisational or individual level. On the other hand, network-level structural analysis also offers framework to analyse networks from the wider spectrum, e.g. networks from the whole system perspective (see Provan et al, 2007).

Network-level Analysis

Network-level analysis based its analysis on measures developed by organizational researchers to address the behaviour, process, and structure of network (Provan et al, 2007). However, network from this perspective focuses on analysis at the network level rather than individuals forming the network. Consequently, network-level analysis looks into centrality or density of network to address its structures and processes. Network-level properties and their responding questions addressed are presented in Table 3.4.

Table 3.4. Properties of network-level analysis.

Properties	Addressed questions	Reference
Density	Measuring connectedness levels among organizations in the network. How density related to the effectiveness of networks.	Scott, 1991; Provan and Milward, 1995
Fragmentation and structural holes	Measuring the way networks connect (direct or indirect, fragmented or not).	Burt, 1992; Provan et al, 2007
Governance	Examining the mechanism to govern networks.	Provan and Kenis, 2007
Centralization	Measuring the centrality of networks (centrally connected or not compared to others)	Scott, 1991; Barabasi, 2002
Cliques	Measuring the structure of networks' cluster.	Provan and Sebastian, 1998

Note: Clique refers to organisational clusters in networks.

Source: reconstructed from Provan et al (2007) and added references.

Organisational-level Analysis

Organisational-level analysis is often referred as the most egocentric analysis in networks. At this level, research typically begins with an individual organization. It focuses on how organizations influence the performance or the effectiveness of each member towards the outcome of networks by measuring stability, effectiveness, and structure (Uzzi, 1997). Moreover, with this egocentric focus, it also discusses on how dyadic relations or network ties affect the organisational performance. Research utilising organisational-level analysis often focuses on behavioural and process issues of organizations, such as trust and evolution, and structural issues of organisations (Provan et al, 2007). Organisational-level properties and their responding questions addressed are presented in Table 3.5.

Table 3.5. Properties of organisational-level analysis.

Properties	Definition	Addressed questions	Reference
Centrality (in and out-degree)	Degree of centrality refers to the number of direct links pursued by an individual organization	Measuring the centrality of organisations (more central or more peripheral)	Scott, 1991; Provan and Milward, 1995
Closeness centrality	Closeness centrality refers to the shortest connections between central organizations to others.	Examining the structural position of organisations to distribute assets (knowledge or information based)	Scott, 1991
Betweenness centrality	Betweenness refers to the position maintained by an individual organisation in regard to others.	Examining the position of organisations (gatekeeper, administrator, or other function)	Scott, 1991
Multiplexity	Multiplexity is existence of more than one type of links that the presence can affects the structure.	Measuring the strength and durability of networks structure.	Padgett and Ansell, 1993
Broker relationships	Broker relationships indicate how organizations span gaps in a network.	Examine effects of structural holes in networks and their implications to organisations.	Burt, 1992
Cliques	Clique refers to organisational clusters (three or more organisations)	Measuring the connectedness between clusters	Provan and Sebastian, 1998

Note: Source: Provan et al (2007).

Critics on Network Structure

The proliferation of study on network structure generally criticised for their shaky theoretical attributes (see Dowding, 1995). Studies since the late 1990s has been trying to formalised network analysis by linking it with other theoretical approach, implying that analysis on network structure should not be synthesized alone but rather link it to other specific factors such as culture, institutions, exogenous factors to allow the addition of more dynamic elements into the network approach (e.g. Adam and Kriesi, 2007). Considering these drawbacks, linking network structure with external factors extracted from the rational choice and sociological institutionalism and its operational function will be valuable in structuring the analytical framework for this research.

3.3.2. Policy Tools and Policy Instruments: A Political-Sociological Approach

In recent decades, a number of advances have been made in the study of policy tools and policy instruments to understand political systems, public policy, and interaction between governments and their constituents (see Linder and Peters, 1989; 1990; Peters, 1998; 2002; Salamon, 2002). The focus of policy tools and policy instruments can be separated into two; macro and micro. At macro level, the focus of research on instruments is the dynamics of governmental intervention which continuously changing. At micro level, research on policy tools examine “policy choice and policy change” (Kassim and Le Galès,

2010). At the heart of these two levels of approach has seen the emergence of political sociology conception offering a different way to address policy that differ from the functionalist approach. Policy instruments approach developed in the political sociological field is based on Linder and Peters's theorisation on policy tools (1989; 1998). This approach focuses on the mechanism of rule and the government-citizen relationship. Lascoumes and Le Galès (2007) further re-conceptualised instruments by seeing them as existed, constructed, or composed institutions. Consequently, policy instruments from the the political sociology examine policy to reintroduces ideas and represent policy problem closer to social realities (Peters, 2002).

The core concept of policy instrument that refers to the political sociology conception (such as Linder and Peters') will bridge the gap with the network structure and policy network analysis in this dissertation. Policy instruments offer framework which consider analysis of power which largely neglected with functionalist approach of network analysis. Process is seen as a part of instrumentation and can be examined through network analysis in order to understand the motive leading to decision on instruments choices and its implication (see Kassim and Le Galès, 2010). In the similar manner, according to Salamon (2002), policy instruments and policy tools structure the interaction of actors within a governance network.

There are many different typologies of policy tools and policy instruments that have been introduced. Salamon (2002) is generally provided the most extensive overview of policy tool definitions and characteristics, particularly concerning regulatory and fiscal. Hood's the tools of government (1986) is also largely resource based (modality, authority, pressure, institutions) and mostly only relevant within the confines of the national units –in this case, UK and Germany– (Howlett, 1991). Linder and Peters' synthetic policy design approach –or the design of instruments for public policy– provides a more general approach, a sample list that is more ensuring a representative field rather than imposing an artificial structure on people's perceptions (Linder and Peters, 1990). They also do not confine their list into a typological segregation like Hood's. The most recent typologies introduced by Lascoumes and Le Galès (2007) are build partly based on the model by Hood but has not provide sample of instruments to go with their typology. Nonetheless, Lascoumes and Le Galès' typology is more complete by considering political relations of instruments and the relational legitimacy (see Table 3.6). This kind of typology will be valuable for this dissertation to dissect and synthesize the results of its analyses concerning policy instruments and policy tools.

Table 3.6. Lascoumes and Le Galès' policy instruments typology.

Type of Instrument	Type of Political Relations	Type of Legitimacy
(1) Legislative and Regulatory	Social Guardian State	Imposition of a general interest by Mandated Elected Representatives
(2) Economic and Fiscal	Wealth Producer State, and Redistributive State	Seeks benefit to the community social and economic efficiency
(3) Agreement-based and Incentive-based	Mobilising State	Seeks direct involvement
(4) Information-based and Communication-based	Audience Democracy	Explanation of decisions and accountability of actors
(5) De Facto and De Jure Standards Best Practices	Civil Society adjustment and Competitive Mechanisms	Mixed: Scientific/technical, democratically negotiated and/or competition, pressure of market mechanisms

Source: Lascoumes and Le Galès (2007).

Instruments' design for public policy by Linder and Peters (1991) differs from most other work on policy instruments, providing a micro-level approach instead the popular macro-level analysis. It is relatively unconcerned either with prescription (see Kirschen, 1964) or with providing a more thorough description of their operation in different contexts (see McDonald and Elmore, 1986; Hood, 1986; Kettl, 1987). Instead, Linder and Peters' (1991) policy instruments focuses on examining how policy are actually perceived by the actors in government who make choices about them. The perception is examined through a set of criteria used by actors to judge instruments according to effectiveness in addressing policy problems. From this perspective, policy instruments posit as a positive theory accounted in characterising instrumental variation and its uses in order to examine roles of institutional factors in policy design. The institutional factor undertaken in policy instruments makes it suitable with the essence of this research that largely evaluate the institutional structure of collaborative Indonesian metropolitan governance from the micro-level perspective.

3.4. TAXONOMY OF THIS RESEARCH ON GOVERNANCE NETWORKS

This dissertation considers that governance in the fragmented system such as Indonesia can be characterised from the macro and micro level of analysis, combining the actors, ties, nodes, and network wide and system wide characteristics. The selection of the variations has been grounded in the selected literature presented earlier in Table 3.3, a scan of the major development in governance network analysis that have populated the literature. A taxonomy of governance network for this research positioning is presented on Table 3.7 on the following page.

Table 3.7. A taxonomy of governance network for this research.

Level	Focus (Reference)	Type of variable	Variable	Variable Description
Macro	<i>Institutional structure</i> (Ostrom, 1990; 2005; Agranoff and McGuire, 2003a; Agranoff, 2007)	Systems-wide	External environment	Social Cultural Political Economy
		Network-wide characteristics	Macro-level governance, administrative structures	Type of governance (e.q. Lead organization, shared governance, network administrative organization)
			Operational function	Resource exchange Coordinating action Shared information Capacity building
Macro	<i>Policy network</i> (Marsh and Rhodes, 1992; Rhodes and Marsh, 1992; Rhodes, 1997; Kickert, Lijn, and Koppenjan, 1997; Koppenjan and Klijn, 2004)	Network-wide characteristics	Network configuration	Type of relations/agreements (e.q. Intergovernmental, coalitions, regulatory, PPP)
			Policy function	Type of policy domains (e.q. Infrastructure, health, etc.)
Macro	<i>Network structure</i> (Schaap and van Twist, 1997; Provan, Fish, and Sydow, 2007)	Actors (nodes)	Capital resource	Financial Physical Nature Human Knowledge
			Geographic scale	Local Regional National
Micro	<i>Network structure</i>	Actors (nodes)	Organisational level	Type of organization involved (e.q. Public, private, nonprofit)
			Role centrality	Central-peripheral Trajectory
		Actors (ties)	Strength	Strong-weak
			Formality	Formal-informal
Micro	<i>Policy tools</i> (Salamon, 2002; Linder and Peters, 1989; 1990)	Policy tools	Policy instruments	Type of policy instruments (e.q. Regulatory, fiscal, agreement- based, etc.)

Source: reconstructed from Koliba et al (2011) with adjustments based on current research positioning and references.

Macro-level Analysis

At the broadest level of consideration are systems-wide considerations that view governance networks as being embedded in system dynamics that includes the external environment, macro-level governance structures, network configuration, and policy function.

Micro-level Analysis

At the core of the governance network configuration are the characteristics of actors as network nodes, the ties that exist between said nodes, and the policy instruments that set the orientations the actors bring to their networked activities. Table 3.7 lists the major components of the taxonomy on governance network that considered valuable for this research.

3.5. REFERENCES

- Adam, Silke, and Hanspeter Kriesi. 2007. The Network Approach, in P.A. Sabatier (ed.), *Theories of the Policy Process*, 2nd ed. Bolder, CO: Westview Press, pp. 129-54.
- Agranoff, Robert. 2007. *Managing within Network: Adding Value to Public Organizations*. Washington, D.C.: Georgetown University Press.
- Agranoff, Robert and Michael McGuire. 2003a. *Collaborative Public Management*. Washington, D.C.: Georgetown University Press.
- Agranoff, Robert and Michael McGuire. 2003b. Inside the Matrix: Integrating the Paradigms of Intergovernmental and Network Management. *International Journal of Public Administration*, 26(12), pp. 1401-22.
- Barabasi, Albert-Laszlo. 2002. *Linked: The New Science of Networks*. New York, NY: Perseus.
- Baumgartner, Frank R., and Bryan D. Jones. 1993. *Agendas and Instability in American Politics*. Chicago: University Chicago Press.
- Baumgartner, Frank R., and Bryan D. Jones (eds.). 2000. *Policy Dynamics*. Chicago: University of Chicago Press.
- Berry, Frances Stokes, and William Berry. 1990. State Lottery Adoptions as Policy Innovations: An Event History Analysis. *American Political Science Review*, 84(June), pp. 397-415.
- Berry, Frances Stokes, and William Berry. 1992. Tax Innovation in the States: Capitalizing on Political Opportunity. *American Journal of Political Science*, 36(August), pp. 715-42.
- Burt, Ronald S. 1992. *Structural Holes: The Social Structure of Competition*. Cambridge, MA: Harvard University Press.
- De Bruijn, J. A., and Ernst F. ten Heuvelhof. 1997. Instruments for Network Management, in W.J.M. Kickert, E.-H. Klijn, and J.F.M. Koppenjan (eds.), *Managing Complex Networks: Strategies for the Public Sector*. London: Sage, pp. 119-36.
- Donahue, John D. 1989. *Public Ends, Private Means*. New York, NY: Basic Books.
- Dowding, Keith. 1995. Model or Metaphor? A Critical Review of the Policy Network Approach, *Political Studies*, 43(1), pp. 136-58.
- Dye, Thomas. 1966. *Politics, Economics, and Public Policy*. Chicago: Rand McNally.
- Frederickson, H. George. 1999. The Repositioning of American Public Administration. *Political Science and Politics*, 32(4), pp. 701-11.
- Gage, Robert G., and Myrna Mandell (eds.). 1990. *Strategies for Managing Intergovernmental Policies and Networks*. New York, NY: Praeger.
- Granovetter, Mark. 1992. Problems of Explanation in Economic Sociology, in N. Nohria, and R.G. Eccles (eds.), *Networks and Organizations: Structure, Form, and Action*. Boston, MA: Harvard Business School Press.
- Goldsmith, Stephen, and William D. Eggers. 2004. *Governing by Network*. Washington, D.C.: Brookings.
- Hood, Christopher C. 1986. *The Tools of Government*. London: Macmillan.
- Howlett, Michael. 1991. Policy Instruments, Policy Styles, and Policy Implementation: National Approaches to Theories of Instrument Choice. *Policy Studies Journal*, 19(2), pp. 1-21.
- Huxham, Chris, and Siv Vangen. 2005. *Managing to Collaborate*. London: Routledge.
- Ingram, Helen, Anne L. Schneider, and Peter DeLeon. 2007. Social Construction and Policy Design, in P.A. Sabatier (ed.), *Theories of the Policy Process*, 2nd ed. Bolder, CO: Westview Press, pp. 93-126.

- John, Peter. 2003. Is There Life After Policy Streams, Advocacy Coalitions, and Punctuations: Using Evolutionary Theory to Explain Policy Change? *The Policy Studies Journal*, 31(4), pp. 481-98.
- Jones, Candace, William S. Hesterly, and Stephen P. Borgatti. 1997. A General Theory of Network Governance: Exchange Conditions and Social Mechanism. *Academy of Management Review*, 22(4), pp. 911-45.
- Kassim, Hussein, and Patrick Le Galès. 2010. Exploring Governance in a Multi-Level Polity: A Policy Instruments Approach. *West European Politics*, 33(1), pp. 1-21.
- Kettl, Donald F. 1987. *Government by Proxy*. Washington, D.C.: CQ Press.
- Kickert, Walter J. M., Erik-Hans Klijn, and Joop F.M. Koppenjan (eds.). 1997. *Managing Complex Networks: Strategies for the Public Sector*. London: Sage.
- Kingdon, John. 1984. *Agendas, Alternatives, and Public Policies*. Boston: Little Brown.
- Kirschen, Étienne Sadi (ed.). 1964. *Economic Policy in Our Times*. Chicago: University of Chicago Press.
- Klijn, Erik-Hans. 1997. Policy Networks: An Overview, in W.J.M Kickert, E.-H. Klijn, and J.F.M. Koppenjan (eds.), *Managing Complex Networks: Strategies for the Public Sector*. London: Sage, pp. 14-34.
- Klijn, Erik-Hans, and G.R. Teisman. 1997. Strategies and Games in Networks, in W.J.M Kickert, E.-H. Klijn, and J.F.M. Koppenjan (eds.), *Managing Complex Networks: Strategies for the Public Sector*. London: Sage, pp. 98-118.
- Knoke, David. 1990. *Political Networks: The Structural Perspective*. Cambridge: Cambridge University Press.
- Knoke, David, Franz U. Pappi, Jeff Broadbent, and Y. Tsujinaka. 1996. *Comparing Policy Networks: Labor Politics in the U.S., Germany, and Japan*. Cambridge, UK: Cambridge University Press.
- Koliba, Christopher, Jack W. Meek, and Asim Zia. 2011. *Governance Networks in Public Administration and Public Policy*. Boca Raton, FL: CRC Press.
- Koppenjan, Joop F.M., and Erik-Hans Klijn. 2004. *Managing Uncertainties in Network*. London: Routledge.
- Larson, Andrea. 1992. Network Dyads in Entrepreneurial Settings: A Study of the Governance of Exchange Relationships. *Administrative Science Quarterly*, 37, pp. 76-104.
- Lascombes, Pierre, and Patrick Le Galès. 2007. Introduction: Understanding Public Policy through Its Instruments –From the Nature of Instruments to the Sociology of Public Policy Instruments. *Governance: An International Journal of Policy, Administration, and Institutions*, 20(1), pp. 1-21.
- Lester, James, and Malcolm Goggin. 1998. Back to the Future: The Rediscovery of Implementation Studies. *Policy Currents*, 8(3), pp. 1-10.
- Liebeskind, Julia P., Amalya L. Oliver, Lynne G. Zucker, and Marilynn B. Brewer. 1996. Social Networks, Learning, and Flexibility: Sourcing Scientific Knowledge in New Biotechnology Firms. *Organization Science*, 7, pp. 428-43.
- Linder, Stephen H., and B. Guy Peters. 1989. Instruments of Government: Perceptions and Contexts. *Journal of Public Policy*, 9, pp. 35-58.
- Linder, Stephen H., and B. Guy Peters. 1990. The Design of Instruments for Public Policy, in S. S. Nagel (ed.), *Policy Theory and Policy Evaluation: Concepts, Knowledge, Causes, and Norms*. New York: Greenwood Press, pp. 103-19.
- Linder, Stephen H., and B. Guy Peters. 1998. The Study of Policy Instruments: Four Schools of Thought, in B.G. Peters and F.K.M. Nispen (eds.), *Public Policy Instruments: Evaluating the Tools of Public Administration*. Cheltenham: Edward Edgar, pp. 33-45.
- Mandell, Myrna, and Toddi Stellman. 2003. Understanding What can be Accomplished through Interorganizational Innovations. *Public Management Review*, 5(2), pp. 197-224.
- Marin, Bernd, and Renate Mayntz. 1991. *Policy Networks: Empirical Evidence and Theoretical Considerations*. Frankfurt: Campus.
- Marsh, David. 1998. *Comparing Policy Networks*. Buckingham/Philadelphia: Open University Press.
- Marsh, David, and R.A.W. Rhodes (eds.). 1992. *Policy Networks in British Government*. Oxford: Oxford University Press.
- McDonald, Lorraine M., and Richard F. Elmore. 1986. Getting the Job Done: Alternative Policy Instruments. *Educational Evaluation and Policy Analysis*, 9(2), pp. 133-52.

- McGuire, Michael. 2002. Managing Networks: Propositions on What Managers Do and Why They Do it. *Public Administration Review*, 62(5), pp. 599-609.
- Mitchell, James Clyde (ed.). 1969. *Social Networks in Urban Situations: Analyses of Personal Relationships in Central African Towns*. Manchester: The University of Manchester at the University Press.
- Ostrom, Elinor. 1991. Rational Choice Theory and Institutional Analysis: Toward Complementary. *American Political Science Review*, 85 (1), pp. 237-43.
- Ostrom, Elinor. 2005. *Understanding Institutional Diversity*. Princeton, N.J.: Princeton University Press.
- Ostrom, Elinor. 2007. Institutional Rational Choice: An Assessment of the Institutional Analysis and Development Framework, in P.A. Sabatier (ed.), *Theories of the Policy Process*, 2nd ed. Bolder, CO: Westview Press, pp. 21-64.
- Ostrom, Elinor, Roy Gardner, and James Walker. 1994. *Rules, Games, and Common-Pool Resources*. Ann Arbor, MI: University of Michigan Press.
- Ostrom, Elinor, Larry Schroeder, and Susan Wynne. 1993. *Institutional Incentives and Sustainable Development: Infrastructure policies in Perspective*. Boulder, CO: Westview Press.
- O'Toole, Larry, Jr. 1997. Treating Network Seriously: Practical and Research-based Agendas in Public Administration. *Public Administration Review*, 57(1), pp. 45-52.
- O'Toole, Larry, Jr. 2000. Research on Policy Implementation: Assessment and Prospects. *Journal of Public Administration Research and Theory*, 10(2), pp. 263-88.
- Peters, B. Guy. 1998. Policy Instruments and Policy Capacity, in M. Painter and J. Pierre (eds.), *Challenges to State Policy Capacity: Global Trends and Comparative Perspectives*. Basingstoke: Palgrave Macmillan.
- Peters, B. Guy. 2002. The Politics of Tool Choice, in L. M. Salamon (ed.), *The Tools of Government: A Guide to the New Governance*. New York, NY: Oxford, pp. 552-64.
- Padgett, John F., and Christopher K. Ansell. 1993. Robust Action and the Rise of the Medici, 1400-1434. *American Journal of Sociology*, 98(6), pp. 1259-1319.
- Pierre, Jon, and B. Guy Peters. 2005. *Governing Complex Societies*. Houndmills, Basingstoke, Hampshire: Palgrave Macmillan.
- Powell, Walter W. 1990. Neither Market nor Hierarchy: Network Forms of Organization. *Research in Organizational Behavior*, 12, pp. 295-336.
- Provan, Keith G., Amy Fish, and Joerg Sydow. 2007. Interorganizational Networks at the Network Level: A Review of the Empirical Literature on Whole Networks. *Journal of Management*, 33(3), pp. 479-516.
- Provan, Keith G., and Patrick Kenis. 2007. Modes of Network Governance: Structure, Management, and Effectiveness. *Journal of Public Administration Research and Theory*, 18, pp. 229-52.
- Provan, Keith G., and H. Brinton Milward. 1995. A Preliminary Theory of Interorganizational Network Effectiveness: A Comparative Study in Four Community Mental Health Systems. *Administrative Science Quarterly*, 40(1), pp. 1-33.
- Provan Keith G., and Julian G. Sebastian. 1998. Networks within Networks: Service Link Overlap, Organizational Cliques, and Network Effectiveness. *Academy of Management Journal*, 41(4), pp. 453-62.
- Rhodes, R.A.W., and David Marsh. 1992. New Direction in the Study of Policy Networks. *European Journal of Political Research*, 21, pp. 181-205.
- Rhodes, R.A.W. 1997. *Understanding Governance: Policy Networks, Governance, Reflexivity, and Accountability*. Philadelphia, P.A.: Open University Press.
- Ring, Peter S., and Andrew H. Van de Ven. 1994. Developmental Processes of Cooperative Interorganizational Relationships. *Academy of Management Review*, 19, pp. 90-118.
- Sabatier, Paul A. (ed.). 2007. *Theories of the Policy Process*, 2nd ed. Bolder, CO: Westview Press.
- Sabatier, Paul A. and Hank Jenkins-Smith. 1988. Special Issue: Policy Change and Policy-Oriented Learning: Exploring and Advocacy Coalition Framework. *Policy Sciences*, 21, pp. 123-72.
- Sabatier, Paul A. and Hank Jenkins-Smith. 1993. *Policy Change and Learning: An Advocacy Coalition Approach*. Boulder, CO: Westview Press.

- Sabatier, Paul A., and Christopher M. Weible. 2007. The Advocacy Coalition Framework: Innovations and Clarifications, in P.A. Sabatier (ed.), *Theories of the Policy Process*, 2nd ed. Bolder, CO: Westview Press, pp. 189-220.
- Salamon, Lester M. 2002. The New Governance and the Tools of Public Action, in L. M. Salamon (ed.), *The Tools of Government: A Guide to the New Governance*. New York, NY: Oxford, pp. 1-47.
- Schaap, Linze, and Mark J. W. van Twist. 1997. The Dynamics of Closedness in Networks. In W. J. M. Kickert, E. H. Klijn, and J. F. M. Koppenjan (eds.), *Managing Complex Networks: Strategies for the Public Sector*. London: Sage Publications, pp. 62-76.
- Scharpf, Fritz W. 1978. Interorganizational Policy Studies: Issues, Concepts and Perspectives, in K.I. Hanf and F.W. Scharpf (eds.), *Interorganizational Policy Making: Limits to Coordination and Central Control*. London: Sage, pp. 57-112.
- Scharpf, Fritz W. 1997. *Games Real Actors Play: Actor-Centered Institutionalism in Policy Research*. Boulder, C.O.: Westview.
- Schneider, Anne L., and Helen Ingram. 1990. Policy Design: Elements, Premises, and Strategies, in S. S. Nagel (ed.), *Policy Theory and Policy Evaluation: Concepts, Knowledge, Causes, and Norms*. New York: Greenwood Press, pp. 77-102.
- Scott, John Peter. 1991. *Social Network Analysis: A Handbook*. 1st edition. London: Sage.
- Thompson, James D. 1967. *Organizations in Actions*. New York, NY: McGraw-Hill.
- Uzzi, Brian. 1997. Social Structure and Competition in Interfirm Network: The Paradox of Embeddedness. *Administrative Science Quarterly*, 42, pp. 35-67.
- Wright, Deil S. 1978. *Understanding Intergovernmental Relations*. 1st ed. Pacific Grove, CA: Brooks-Cole.
- Wright, Deil S. 1988. *Understanding Intergovernmental Relations*. 3rd ed. Pacific Grove, CA: Brooks-Cole.
- Wright, Deil S. 2000. *Models of National, State, and Local Relationships*. Washington, D.C.: CQ Press.

CHAPTER 4

MEASURING GOVERNANCE AND NETWORK GOVERNANCE

4.0. SUMMARY

The intention of this chapter is to provide more insights into governance and network governance through the measurement of governance performance. Chapter 2 has set the definition and introduced basic theoretical approaches of governance, particularly from the perspective of Institutionalism theories and Chapter 3 identified various approach to analyse governance network and gauged the potential means to be implemented into the analytical framework of this dissertation. Following these two chapters, this chapter aims to set the basic values offered by literatures on how governance and network governance can be measured through the evaluation assessment. Evaluation and assessment are a critical factor within which the measurement of governance and network governance can be understood. Therefore setting up these basic values is crucial to provide a complete theoretical exploration before this dissertation generate its analytical framework in measuring collaborative metropolitan governance in Indonesia.

This chapter is divided into two main parts. The first part covers discussion across literatures apropos to performance measurement in the governance and network governance. It examines how performance is seen in the dimensions of governance and network governance. The second part is devoted to give a variety of criteria used by the mass of precedent research to measure the performance of governance and network governance.

4.1. GOVERNANCE, NETWORK GOVERNANCE, AND PERFORMANCE MEASUREMENT

In the midst of remarkable increases in the quality and quantity of research on governance and network governance, research evaluating their performances whether its their management, process, or outcome has yet to be adequately told. It is interesting to notice because performance and governance are more inseparable rather than not, at least in the public administration and policy studies where, as stated by Moynihan (2008), those who have studied the role of performance measurement and management in public administration and policy studies have often equated governing performance with questions of governance. However, despite the limited literature on how assessing the performance of governance and network governance, more and more researchers assert the need to assess whether network actually works, under what circumstances they work, and whether governing is improved as a result of using networks (e.g. example on American cases by McGuire and Agranoff, 2007).

Foremost, concerning the development of this research, we need to clear and to separate the difference between governance and network governance in addressing the evaluation framework gathered from the

literatures. Governance in this dissertation is seen as a whole governing system while networks are an important part in defining governance yet its only a single categorical defined in the governance organisational setup. By partaking to this perspective, governance can be found in the form of networks or markets or hierarchy. Consequently, while reviewing the evaluation framework for governance, evaluation measures for regional governance and collaborative governance in both centralized and decentralized system should be included since these governance types can be one of those three forms. While gathering literatures on the evaluation of network governance, the assessment will be limited to the functioning of networks as part of a governance system.

4.1.1. Governance and Performance Evaluation

There have been only a few attempts to evaluate governance as a governing system compared with literatures from the viewpoint of network governance. Nonetheless the literature addressing performance evaluation provides a series of important arguments in favor of systematic evaluations. Most of the arguments, however, are regularly revolving around the subject of: transparency/accountability, efficiency and effectiveness of planning, and learning processes (e.g. Weber, 1947; Rossi, Lipsey, and Freeman, 1979). On top of that, a very limited literature discussing the performance of governance is actually related to the subject of this dissertation, metropolitan collaborative governance. The largest part of the governance literature focusing on the subject of governing performance –and by some extent, effectiveness– is mostly about corporate governance and network governance, and only a few discussing governance at regional level, in which collaborative metropolitan governance is a part of. The reasoning, perhaps, is due to the complexity of the regional governing system itself since there are many permutations within the basic forms of regional governance. Governance spans from a centralized to a decentralized governing system in which research remains debated in support or against different local and regional governing structures (e.g. Ostrom, Tiebout and Warren, 1961, Oakerson, 1999; Frug, 2002; Hamilton, 2004; 2013). Consequently, literature do not favor discussing the clear parameter on how to measure the performance of a governance or a governing system and prefer to addresses the advantages and disadvantages of each governing system as we can observed from US cases (e.g. Peirce, 1993; Oakerson, 1999; Wikstrom, 2008).

Considering this challenge, this dissertation should consider treating carefully in reviewing literatures that address the performance of the collaborative governance system. Placing the argument over which structure is best suited to govern a city or a metropolitan area aside, perhaps the best consideration is to look from the perspective of what a governing system should do and what its preeminent values should do. In this manner, the idea of this chapter is to gather some perspective on how research evaluates the governing system, regardless the performance rate and preference on which system might be compatible with a certain local or regional environment.

Functions of a Governing System

Despite disagreement on what the type of governing system is preferable and more effective remains, there is general agreement that there are certain parameters that local and regional government should maximise in governing their jurisdiction, at least while we are addressing literatures from cities and regional studies taking place in the United States. Benjamin and Nathan (2001), for example, outlined functional regionalism focused on efficiency through revealing clashes of values, politics, and structures. They introduced several functions that the government should pursue to achieve efficiency, assure competitiveness in economic regionalism, and to seek equity (see Table 4.1).

Table 4.1. Functions of a governing system.

Functions	Values
Governmental efficiency	Locally, gradually, and function-by function emergence to solve specific service delivery problems. Optimally sizing public service (cost-minimising geography, freestanding local governments are linked together for specific functions).
Social equity	Equity in the distribution of resources and burdens regardless the location (geographical equity), collaboration to develop human resources for economic survival, redistributive metropolitan government for racial justice.
Economic competitiveness	Minimise intraregional competition to make regions more competitive nationally and internationally with real overall economic benefit to the entire region (maximise returns from investment capital).
Community value	Preserving and valuing a sense of community (community attachment), accommodating the community value, pursuing efforts to build social capital through collaboration at the neighborhood level.

Source: Benjamin and Nathan (2001).

Elements of Collaboration for Effective Governance

Governance in a polycentric governance system, particularly collaborative and regional governance, benefits from the involvement of the nongovernmental sectors which include profit and not-for-profit organizations (Hamilton, 2013). According to this definition, both formal and informal actors from private and civic sectors are included in governance, as well as governmental units (Foster and Barnes, 2012). In her previous work, Foster (2001) found that governance in regionalism is generally “a private affair” where public sectors are “hesitant” to participate. The corollary came from the weak regional focus exhibited by public sectors compared the more determined corporate, civic, and academic actors. On the other hand, the public-private partnerships may or may not involve all the governmental sectors in the area and will occur with different civic associations and may only address one or a few related policies. Regardless the situation, as regime theory implies, the involvement of public sectors is inevitable in the public policy arena as private sector alone is not sufficient and vice versa (Vogel, 1992; Hamilton, 2013). These prognoses imply that in governance, the actors and how they interact are important variables to look into.

The subject of actor interlinkages and good governance indeed have been more flourishing compared to the subject of measuring how governance perform. In the regional governance realm, for example, the nature of involvement between different actors and the interdependency between political and economic actors are considered important, e.g. collaboration private and political sectors in the business sector (Sellers, 2002). Hamilton (2013) summarised that collaboration for an effective regional governance is facilitated by all actors at the local and regional level (see Table 4.2).

Table 4.2. Elements of collaboration for effective regional governance.

Elements	Elaboration
Opportunity	There must be an opportunity or crisis yet these two will not by itself perpetuate or sustain continuing regionalism initiatives
Private sector	Liberal time and resources are needed from private sectors.
Civic sector	Active advocacy to promote networking and community regardingness Adequate resources to facilitate, guide, and implement governance process.
Public sector	Active involvement of the community affected by the issue in the deliberative process
Political sector	Active involvement in the process to facilitate government support and action
Governmental sector	Active involvement and actively pursue the involvement of other actors on their collaborative framework

Source: extracted from Hamilton (2013).

4.1.2. Network Governance and Performance Evaluation

Not much different with the attempts to evaluate governance, comparative research on the performance of network governance is virtually nonexistent in early 1990s although it fared better than research on how governance perform. Several exceptions on the literature during this period are the works of Morrissey et al (2004) and Provan and Milward (1995). Research focusing on the measurement of the performance of network governance practically picked up in late 1990s and gained prominence in the 2000s. The limited research is largely due to the difficulties in assessing network performance itself as it is difficult to differentiate with organisational evaluation (Provan and Milward, 2001). Assessing network performance is more complex than evaluate organisationd due to collective problems resulted from multiple agencies, services and constituencies (Provan and Milward, 2001).

There are limited research on the performance of network governance and its effectiveness yet several gaps in these literatures can be identified. The current literature on network governance performance has developed in separate streams: (1) an exogenous versus endogenous view (e.g. Provan and Milward, 1995; Provan and Sebastian, 1998; Kenis and Provan, 2009), (2) process-oriented versus structural approaches (e.g. Mandell and Keast, 2008), (3) whole networks versus single organizations as units of analysis (e.g. Provan and Milward, 2001), and (4) a static rather than a dynamic view of the network. However, oversimplification and confusion are often noticed when comparing models of network performance (Cepiku,

2014). The same categories of determinants (e.g. the network's structure) sometimes appears among exogenous factors and sometimes among endogenous factors. This confusion mainly due the distinction between determinants and intermediate and final results of collaboration can be vague and as Cepiku (2014) stated, linked to one and another. For example, exogenous and endogenous elements are linked to the timeframe of interaction, with the former pertaining to the phase up to the point where the network is up and running and the latter pertaining to the interactions between the network participants and the wider environment after the inception of the network.

Criteria for analysing performance is often criticised for being reduced to measurements (see Kenis and Provan, 2009). By this deficiency, it means that some of research used measurement instruments to evaluate performance without clearing first what the measurement is about, whether it is operationalisable or how these measurements exactly belong to which criteria. For example, Kenis and Provan (2009) mentioned that proxies for network performance, e.g. trust, ways of communicating among members, development of commitment, are often utilised to examine a network performance. It deliberately ignores the outcome accomplished in a network and focuses more on the way networks behaved (operationalised ways of analysis) (Kenis and Provan, 2009).

The kind of debate as mentioned above is crucial to notice for this dissertation to avoid falling in the trap of using unsuitable criteria in setting up the analytical framework. In relation to this challenge, it is critical to set criteria to assess networks performance in consideration of the institutional aspect of collaborative governance.

4.2. CRITERIA FOR MEASURING GOVERNANCE AND NETWORK GOVERNANCE

4.2.1. Measuring the Performance of Governance System

As stated in the Chapter 4.1.1 above, literature on evaluating governance –and collaborative metropolitan governance– is limited and vague at best. The previous subsection thus discusses governance evaluation from the viewpoint of what is seen best in the governing system and what are the element of collaboration in supporting effective regional governance instead. Following the discussion, in this subsection we present several conceptual frameworks in which precedent research utilised to assess governance, as close as in evaluating governance system.

Forms of Governance Evaluation

Rossi, Lipsey, and Freeman (1979) identified three different forms of evaluation in accordance to the main phases of a program or project (see Table 4.3). Their argument is that governance as a system should not be evaluated without seeing them as evolving form in which the form of governance change in the different

phase it encountered. Governance form in its formative phase may be different with the governance form in its summative phase.

Table 4.3. Forms of governance evaluation based on program phases.

Phase	Definition and Evaluation parameters
Ex-ante evaluation	This phase is carried out in the planning stage of an intervention in order to estimate the impacts attainable via the respective measure. The evaluation generally verifies whether the program design corresponds to the formulated objectives and to which extent the envisaged objectives are realistic.
Formative evaluation	A central characteristic of formative evaluation consists in the feedback of evaluation results in the implementation process. Thereby, formative evaluations exert an impact on the program's adaptation and enable the adjustment of objectives and measures. The main focus is the actual implementation process and the underlying organisational structures.
Summative evaluation	Summative evaluation relates the impacts of a program to the resources used and to the objectives set up in the beginning. It mainly relies on quantitative indicators.

Source: Rossi, Lipsey and Freeman (1979).

Criteria of Good Governance from the Perspectives of Regional Governance and Public Governance

Despite the limited literature on the conceptual framework for the measurement of governing system, it seems that across the different schools there is a similar red line. From the regionalism school, Hamilton (2013) introduced a set of dimensions to measure governance effectiveness by directly referring to the functions and values of a governing system introduced by Benjamin and Nathan (2001). From the public governance school, Bovaird and Löffler (2003) discussed the indicators and models to evaluate the public governance system to be considered as a 'good governance'. While Hamilton's studies are largely drawn from American case studies, Bovaird and Löffler offers a conceptual framework to analyse international developments in public governance by drawing general values used in most OECD countries (Bovaird and Löffler, 2003). Surprisingly, regardless the differences in scale and context, we found that the two studies used almost similar dimensions to analyse the effectiveness of regional governance and good governance, respectively. Both used services, quality of life, and process improvements as parameters (process is referred as political aspect in Hamilton's dimension).

Hamilton's dimensions consists of three hierarchical orders: (1) political, (2) quality of life, and (3) service delivery. The first order concerning political issue touches the subject that its is imperative for governance to effectively address regional policy issues including citizen representation, participatory mechanism, regional community, and local preferences. The quality of life in Hamilton's definition address the accessibility of all resident in receiving basic regional benefits through equal distribution of resources and job opportunities. Service delivery means the minimum standard of maintenance-type and lifestyle services that all residents should receive.

Bovaird and Löffler (2003) address the outcome of good governance through the selection of instruments. They also acknowledged that excellent service delivery is no longer sufficient as the sole parameter of good governance (Bovaird and Löffler, 2002). Consequently, services that bring about the measurement of quality of life are seen as the new additional parameter. Following the process-based metaphor of evaluating governance, quality of life in Bovaird and Löffler's understanding is seen as the representation of the outcome from public intervention. However, the measurement of quality of life in evaluating good governance cannot be seen just as an outcome since public governance is also all about measuring process. In this sense, the quality of service and governance process is rather instrumental than as ends.

Table 4.4. Measure of governance performance.

Dimension	Hamilton's measurement	Bovaird and Löffler' measurement
Quality of life	Area-wide equity in service delivery, Equity in distribution of income, Regional economic development, Effective land use.	Security, Income and conditions of working life, Health and social wellbeing, Citizens understanding, Accessibility to public facilities, Quality of environment, etc.
Service delivery	Cost efficiency Effectiveness	Quality of police and crime prevention service, Economic development, Health and social care, Quality of education, Quality of roads, Quality of environmental protection, etc.
Political/ Governance process	Democracy measures, Extent of participation in the governing process, Extent of civic involvement in governance, Ability to address regional policy issues, Sense of community and region.	Participation, Transparency, Accountability, Equity, Social inclusion.

Source: extracted from Bovaird and Löffler' (2003), Hamilton (2013)

Evaluating the Performance of Centralized and Decentralized Governance

Hamilton's dimensions presented on the previous section postulates dimensions of what governance system should accomplish that largely based on critical basic values that a regional governing system should maximise or maintain. Following the review of these criteria of governance effectiveness, further literature review on how the same criteria will be employed in the debate of centralized and decentralized governing system is introduced to meet the objectives that a regional governing system should provide. It is necessary to bring the debate in centralized-decentralized governance forefront and look into how the parameters are utilised since the Indonesian governance system itself is somehow seen as context and location bound where it can be centralized and decentralized depending on the local and regional governing structure and location.

The measures used to evaluate centralized and decentralized governing systems on service delivery element are cost efficiency and effectiveness (Hamilton, 2013). Max Weber (1947) characterised the efficient government as the ideal bureaucratic model where government administered by professional, competent, career employees who are educated and trained in the provision of public services desired by the community in the most effective and efficient manner at the least cost. Moreover, arguments in support of centralized governance often pointed out that fragmented governance in urban areas leads to inefficiency due to duplication, inefficient use of resources, and the inability to effectively take advantage of economies of scale and scope (e.g. Hamilton, 2013). On the other hand, the proponent of decentralized governance argues that a decentralized governance system is more efficient than a centralized system yet the sample studied are mostly comparing consolidated cities with non-consolidated cities show that the inefficiency in consolidated cities mostly occurred due to changes in government structure there is fraught with unforeseen costs (see Leland and Thurmaier, 2010; Hamilton, 2013).

Proxy measures of quality of life are the ability of the region to effectively compete for economic development, to provide equal access to jobs and amenities for all citizens of the region, and the extent of the unequal distribution of resources between cities regardless the governing system. One of major criticism of decentralized governance is the claim that fragmented government results in gross inequities in the distribution of resources as it perpetuates class and racial segregation, leading to disparities between communities in terms of economic development and economic contribution (Hamilton, 2013). On the other hand, one could question whether the amount of centralization has any significant effect on the ability to be more cost effective, to reduce disparities, and to promote higher economic development as most studies does not reach similar conclusions (e.g. Hamilton, Miller, and Paytas, 2004; Faulk and Schansberg, 2009; Jimenez and Hendrick, 2010).

In summary, regardless the outcome, the quality of life, service delivery and political aspects provide enough sound to evaluate the effectiveness of the centralized and decentralized governance in a comparative manner (see Table 4.5). The outcome remains to be debated as governance studies are context bound to cause possibilities of fluctuation in the observed cities. Nonetheless, literature mentions that in the area of service delivery, although there are studies that show that centralized systems are most cost effective, the general consensus is that decentralized systems are most cost effective while in the area of quality of life, a centralized system facilitated equity in services and less disparity than a decentralized region.

Table 4.5. Dimensions, measurement, and criteria to analyse the performance of a governing system in the comparative studies of centralized and decentralized governance.

Dimensions	Measure	Criteria used for the measurement in the comparative studies of centralized and decentralized governance
Quality of life	Disparity Economic development	Tax comparison between areas, social stratification government inequality thesis Scale and scope of economic development, the number of employees and business establishment, the urban sprawl rate
Service delivery	Cost of service	Duplication, use of resources/spending rate, service delivery cost, overall governmental cost (administrative cost), government responsiveness (allocative efficiency)
Political	Democracy Participation Sense of community	Local autonomy Levels of public participation Community attachment, life's activity level (geographical inclusiveness)

Source: extracted from Faulk and Schansberg (2009), Jimenez and Hendrick (2010), Hamilton (2013)

4.2.2. Measuring the Performance of Network Governance

Consistent with the argument raised in Chapter 4.1.2 concerning the proper criteria to measure networks, in this subsection we introduce an array of determinants that are potential to be utilised to assess the effectiveness of network governance. The basis of judgement used in this subsection to review available determinants provided by literature is based on a multidimensional normative approach. It is built by mixing approaches introduced by Meyer (2002) on multidimensional approach and the normative multi-constituency approach introduced by Kenis and Provan (2009). The multidimensional approach provides a balance scorecard pathway where there is a recognition that different criteria might be important but not necessarily related. The normative multi-constituency approach sees criteria as part of the norm which any criterion is as legitimate as any other to assess a network. Using a multidimensional approach means a wide range of criteria should be considered and from various different points of analysis –governance, networks, organisational–, and from a variety of systemic parts –process or outcome, collective action or operational–.

In order to limit the range of literature, we set several limitations. First, what kind of criteria being considered should be decided and in this dissertation it is the effectiveness –of networks– that will be looked into. Second, as the norm is tied to the normative aspect of the strategy what kind of norm should be selected and in this research we should relate to collaborative norms of governance networks. Lastly, the evaluation criteria selected must be appropriate considering the larger platform used by this research and in this dissertation it is the institutional and governance approach.

After reviewing the extent of literature on the performance of network governance, this dissertation comes into several determinants that deemed in line with the multidimensional normative approach and the limitation set, which are: (1) endogenous and exogenous factors, (2) organisational view on network effectiveness, (3) process-oriented approach, and (4) the structural approach of network effectiveness. The first and the last determinant is a large-based measurement that can be applied to various different points of

analysis, regardless the part of the network system, yet individual factors shall be set appropriately. The second and the third determinant is the representative of measurement that is specifically tailored for a certain analytical point and belongs to a specific part of the network system.

Endogenous and Exogenous Factors

In the literature of network governance –on its management and performance–, endogenous and exogenous determinants of network performance are distinguished according to their effects towards the network. Exogenous factors of network performance are those criteria used to assess the function of networks that network participants and managers may have little or no control over while endogenous factors represents factors that can be instrumentally managed by the network itself (see Kenis and Provan, 2009).

Exogenous factors of networks could be many different things according to the focus of research. Provan and Milward (1995) identified the exogenous determinants as the network related. According to them, the network context is a relevant determinant of both the quality of interaction in networks and the final outcome produced for the partners and community. The network context includes the system performance towards stability and resource munificence. System in the Provan and Milward's research is part of the organization's external environment where its stability is linked to an organization's certainty and uncertainty in exercising their internal system. Resource munificence is the outside resource where the network embedded itself and it depends on other networks/system characteristics –most likely a higher level of system where one network embedded itself. It can be the resource funding rate from the state government or other financial resource that is given to the network

Endogenous factors of networks are all issues over which network management should be able to exert control (Kenis and Provan, 2009). According to this definition, there are many possible factors included on endogenous factors. Kenis and Provan (2009) counted network management, deployed resources (exchanged resources), task integration, and actor relations in the network concerning “cooperation” as endogenous determinants. Provan and Milward (1995) classified the network structure as their endogenous factor in assessing network effectiveness. The network structure comprises the integrated structure of organizations (their degree of centrality), which is not much different than actor relations in terms of collaboration, and external control network management exercised over. The external control includes the mechanism for monitoring and control where a strong mechanism will result on high network effectiveness and vice versa.

Organisational View on the Performance of Network Governance

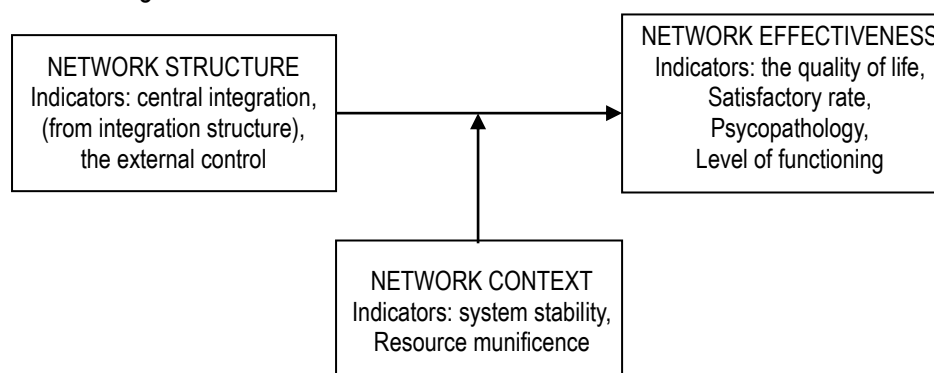
Along with outcomes of network involvement, governance, and structure, the organisational antecedents of the network is one of the earliest perspectives with findings that both complementary and contrasting to the network form (Provan and Milward, 1995). The organisational view makes up a network from a view of organisations benefited or lost from networks' involvement. Unlike governance measurement focusing on the process, most of the analysis of the organisational view on network performance is tied closely to the outcome of the network. The analysis on the network governance performance, notwithstanding, mainly focuses on organisational perspectives.

Evaluative works on network governance in organisational theory literature are grounded by two approaches: (1) resource dependence and resource exchange, and (2) transaction cost (Klijn, 2001). From both theories, the organisational-level of analysis addresses the cooperative rationale and motivation, and interorganisational integration of activities and services in order to increase effectiveness by reducing transaction cost (Williamson, 1985) and to collect power (influence) and to secure resources (Pfeffer and Salancik, 1978).

The organisational-based perspective on the effectiveness of integrated networks is often a forefront in the health system discussion. Provan and Milward (1995), for example, used cross analysis on individual, agency (organization), and network level to examine cases of health care provision. Consistent with the multiple constituency approach, the analysis focus on the outcome collected from those three different groups. The predictors of network effectiveness related to network outcome analysed includes: (1) quality of life, (2) satisfactory rate, (3) *psychopathology*, and (4) functioning level. Moreover, the most notable part of Provan and Milward (1995) research is how it tried to correlate between network performance and structural outcomes by utilising network analysis methods. They argued that network structure and context are partial to explain the performance or governance networks (Provan and Milward, 1995). The central integration was analysed through the density and centralization analysis of network structure (see Figure 4.1).

In 2001, Provan and Milward expanded further criteria to analyse the effectiveness of network performance from the organisational perspectives, mainly motivated by recognition of the self-interest that agency maintained in considering becoming part of a network. The expanded criteria are still tightly related to the outcome performance of the network. The criteria are: (1) agency survival, (2) enhanced legitimacy, (3) resource acquisition, (4) services cost, (5) access, (6) outcomes, and (7) level of conflict (Provan and Milward, 2001).

Figure 4.1. Provan and Milward's model of network effectiveness.



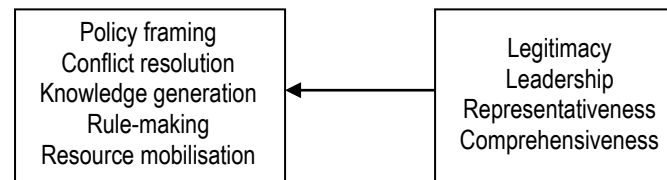
Source: Provan and Milward (1995), edited.

Process-oriented Approach on the Performance of Governance Networks

The process-oriented approach to assess network performance –and to some extent, its effectiveness– is guided by the assumption that a major reason for network failures. It can be traced back to missing links in trajectories of network development and implementation while most of the framework for assessing network focuses on the outcome. Process-oriented approach utilises collected information on activities within the social system as parameters to analyse (Koliba, Meek, and Zia, 2011). Consequently, based on this approach, process-oriented approach may also include actors' perception of the practice undertaken (e.g. Posner, 2002). On the other hand, considering potential process dynamics, there is a downside of using process-oriented approach. The negative side is varying and inconsistent ways that processes are often being measured, resulting in misleading statistics (see Radin, 2006). Another downside is that the process-oriented approach that constructed around democratic rules and norms is needed to be treated extra carefully (see Klijn, 2001).

Literature hints several ways to address networks' performance by using process-oriented approach and one of them is by linking networks with its policy domain. This approach is developed to capture essential governance processes and how they are performed and linked by using a normative model for good policy processes based on the complex adaptive system (CASs) to characterise the complexity of network processes while making normative judgments about the quality of policy processes (see Pahl-Wostl et al, 2013). The approach draws a specific set of necessary elements from policy trajectories to navigate the analysis, such as: (1) knowledge generation and knowledge stabilization, (2) policy framing, (3) rule making, (4) resource mobilisation, and (5) conflict resolution. These elements are then analysed to gauge how they are performed, how their interaction is coordinated based on a particular set of properties that typically context bound. For example, in the water governance, precedent research utilised legitimacy, representativeness, leadership and stewardship, and comprehensiveness. Figure 4.2 illustrates the functional model of process-oriented analysis used in water governance research (Pahl-Wostl et al, 2013).

Figure 4.2. Functional model of process-oriented analysis on water governance.



Source: Pahl-Wostl et al. (2013).

Structural Approach on the Performance of Network Governance

The literature on the structural approach of governance networks' performance can be separated into three main streams. First, they may address the structural approach from the viewpoint of network relations. Secondly, addressing network performance from the policy domain. Third, observing networks from certain phase of development it is exercised (multi-level analysis).

(1) The structural approach from the viewpoint of network relations

The structural approach of network performance from the relational point of view based its argument on the unique arrangement of networks, resulted from interpersonal relationships. Hence, in order to develop robust measurement, the true nature of interpersonal relationships should be identified (Mandell and Keast, 2008). This argument is rooted from an understanding of the linkage between members and their resources in the network, and networks as facilitator of joint action as networks' core business. As a consequence, it is inevitable that structural arrangements of network linkages influence the measurement of network evaluation.

(2) The structural approach from the viewpoint of policy domain

As already mentioned repeatedly over the course of the previous chapter, in addition to the operational and policy function, the functions of network governance may be characterised by the policy domains that it functions within (see Koliba, Meek, and Zia, 2010). Interlinkages between networks' performance and policy context take place within the network structure as classical policy system theories suggest that network persisting within a policy domain relies on that domain to set its boundary conditions and determine network structures and function (e.g. Kingdon, 1984; Rhodes, 1997; Salamon, 2002; Sørensen and Torfing, 2005; Koliba, Meek, and Zia, 2010). These domain-specific networks are comprised of agents spanning sectors, geographic scales, and social scales and involve not only governments but also for profit and nonprofit organizations as well. Networks are marked by the nested complexity of a social scale which any kind of embedded structures in the environment. The environment where the network nested in turn directly or indirectly affect the network. Koliba (2014) in particular argued that all of those features imply that if we are to assess the performance of networks within a policy context, we must regard them as tangible, observable

structures comprised of nodes (or actors) and ties that formally or informally, tightly or loosely, two or more nodes together.

(3) *The structural approach as a multi-level analysis*

Table 4.6. Key elements of Mandell and Keast's the three levels of structural analysis.

Level	Critical characteristics	Issues	Measurements
(1) Environmental	External factors (social, economy, and politics)	Resource supply, support and legitimacy, accountability	External support to legitimate network operations, Actors' willingness, Willingness to contribute resources.
(2) Organisational	Orientation of members How members are organised What's hoped to be accomplished	Power/Authority Coordination mechanism Levels of cooperation Appropriateness	Goals and purposes, Flexibility of rules (formal and informal), Possible sanction, Ability to collect external resources, Level of commitment, Capacity to address externalities (changing social, political, economic and legal).
(3) Operational	Interaction between members	Trust, reciprocity Inclusiveness Type of cooperation	Capacity to implement (formal) rules and regulations, Ability to work together for collective benefits Capacity building (on skills), Capacity to maintain commitment.

Source: Mandell and Keast (2008).

Different structural characteristics of a network are represented by the differences between network types and structures according to trust levels and required time to develop (Mandell and Steelman, 2003). Networks are multi-actor and multiscale and require a structural approach to assess its performance. O'Toole (1997) emphasized maintaining relationships that lead to collective activities is crucial in determining the success of network, thus analysing network should consider the different time frame showing the gradual success. Considering these issues, in employing a structural approach on network effectiveness one should consider in which stage they evaluate the network. Mandell and Keast (2008), for example, specified four different stages of development to analyse networks, referring to multi-perspectives in evaluating its performance. They defined four operational levels according to interaction: (1) network formation, (2) stability, (3) routinisation, and (4) extension. They also defined the structural analysis on three levels; (1) environmental, (2) organisational, and (3) operational (see Table 4.6). Koliba, Mills, and Zia (2011) on the other hand proposed three different frames to analyse network governance through its structural accountability: (1) the democratic frame, (2) the market frame, and (3) the administrative frame. The method used, however, is similar with Provan and Milward's approach for network analysis methods by utilising ties and centrality to measure the structure of networks.

4.3. MEASURING GOVERNANCE AND NETWORK GOVERNANCE IN THIS RESEARCH

After reviewing the literature, this dissertation considers that the criteria for measuring governance in the process decentralization as experienced in Indonesia can be done through the use of quality of life, service delivery and political variable. Across the different schools of regional governance and good governance, we gathered these three variable as incorporating dimensions to analyse a governing process, regardless the differences in scale and context, thus our first acumen for this selection. All three variables represent four basic values needed to assess governance performance; physical (development), economic, social, and political (which also include governance and participation aspects), albeit in a crisscrossing nature.

The second reasoning roots on the postulation that the same criteria can also be employed to evaluate the performance of both centralized and decentralized governance. This idea is particularly appealing for this dissertation due to the nature of the Indonesian governing system in the process of decentralization, which largely not uniformed, ranging from fully decentralized to partial centralized due to the difference in local and regional governing capacity.

To measure the performance of network governance, this dissertation sides with streams using endogenous and exogenous factors, and the structural approach of network effectiveness. The rationale behind the selection stems from the nature of these two approaches that can be applied to various different points of analysis, regardless the part of the network system. This openendedness nature is more suitable for our way of analysing since this study sees governance network from the wider perspective of multidimensional normative approach.

In agreement with the argument raised by Cepiku (2014), we found various intersecting dimensions between the endogenous and exogenous factors approach and the structural approach of network effectiveness approach that may be beneficial for this study. Looking at those measurements and critical characteristics of the three levels of structural analysis introduced by Mandell and Keast (2008), there are interplays noticed in comparison with the exogenous and endogenous determinants introduced earlier in this chapter. Environmental level of analysis could be easily included in the exogenous variables since the critical characteristics are largely based on outside-of-network issues that the network management has less control over. Organisational and operational levels of analysis are both in compliance with the definition of endogenous determinants, the internal situation of the network that it can be under the control of network management.

4.4. REFERENCES

- Benjamin, Gerald, and Richard P. Nathan. 2001. *Regionalism and Realism: A Study of Governments in the New York Metropolitan Area*. Washington, D.C.: Brookings Institute.
- Bovaird, Tony, and Elke Löffler. 2002. Moving from Excellence Models of Local Service Delivery to Benchmarking Good Local Governance. *International Review of Administrative Sciences*, 68(1), pp. 9-24.
- Bovaird, Tony, and Elke Löffler. 2003. Evaluating the Quality of Public Governance: Indicators, Models and Methodologies. *International Review of Administrative Sciences*, 69(3), pp. 313-28.
- Cepiku, Denita. 2014. Network Performance: Toward a Dynamic Multidimensional Model, in R. Keast, M.P. Mandell, and R. Agranoff (eds.), *Network Theory in the Public Sector: Building New Theoretical Frameworks*. New York, NY: Routledge, pp. 174-89.
- Faulk, Dagney, and Eric Schansberg. 2009. An Examination of Selected Economic Development Outcomes from Consolidation. *State and Local Government Review*, 41(3), pp. 193-200.
- Foster, Kathryn A. 2001. *Regionalism on Purpose*. Cambridge, MA: Lincoln Institute of Land Policy.
- Foster, Kathryn A, and William Barnes. 2012. Reframing Regional Governance for Research and Practice. *Urban Affairs Review*, 48(2), pp. 273-84.
- Frug, Gerald E. Beyond Regional Government. *Harvard Law Review*, 115(7), pp. 1763-1837.
- Hamilton, David K. 2004. The Government Centralization-Decentralization Debate in Metropolitan Areas. *Review of Policy Research*, 21(5), pp. 663-80.
- Hamilton, David K. 2013. *Measuring the Effectiveness of Regional Governing Systems: A Comparative Study of City Regions in North America*. New York, NY: Springer.
- Hamilton, David K., David Y. Miller, and Jerry Paytas. 2004. Exploring the Horizontal and Vertical Dimensions of the Governing of Metropolitan Regions. *Urban Affairs Review*, 40(2), 147-82.
- Jimenez, Benedict S., and Rebecca Hendrick. 2010. Is Government Consolidation the Answer? *State and Local Government*, 42(3), pp. 258-70.
- Kenis, Patrick, and Keith G. Provan. 2009. Towards and Exogenous Theory of Public Network Performance. *Public Administration*, 87(3), pp. 440-56.
- Kingdon, John. 1984. *Agendas, Alternatives, and Public Policies*. Boston: Little Brown.
- Klijn, Erik-Hans. 2001. Rules as Institutional Context for Decision Making in Networks: The Approach to Postwar Housing Districts in Two Cities. *Administration and Society*, 33(2), pp. 133-64.
- Koliba, Christopher. 2014. A Complex Adaptive Systems Approach, in R. Keast, M.P. Mandell, and R. Agranoff (eds.), *Network Theory in the Public Sector: Building New Theoretical Frameworks*. New York, NY: Routledge, pp. 84.
- Koliba, Christopher, Jack W. Meek, and Asim Zia. 2011. *Governance Networks in Public Administration and Public Policy*. Boca Raton, FL: CRC Press.
- Koliba, Christopher, Russell M. Mills, and Asim Zia. 2011. Accountability in Governance Networks: An Assessment of Public, Private, and Nonprofit Emergency Management Practices Following Hurricane Katrina. *Public Administration Review*, 71(2), pp. 210-22.
- Leland, Suzanne M., and Kurt Thurmaier (eds.). 2010. *City-County Consolidation: Promises Made, Promises Kept?* Washington, D.C.: Georgetown University Press.
- Mandell, Myrna P., and Robyn Keast. 2008. Evaluating the Effectiveness of Interorganizational Relations Through Networks. *Public Management Review*, 10(6), pp. 715-31.
- McGuire, Michael, and Robert Agranoff. 2007. *Answering the Big Questions, Asking the Bigger Questions: Expanding the Public Network Management Empirical Research Agenda*. Paper presented at the ninth Public Management Research Conference, Tucson, Arizona, October 25-27.
- Moynihan, D.P. 2008. *The Dynamics of Performance Management: Constructing Information and Reform*. Washington, D.C.: Georgetown University Press.
- Oakerson, Ronald J. 1999. *Governing Local Public Economies: Creating the Civic Metropolis*. Oakland, CA: Institute for Contemporary Studies.
- Ostrom, Vincent, Charles M. Tiebout, and Robert Warren. 1961. The Organization of Government in Metropolitan Areas: A Theoretical Inquiry. *American Political Science Review*, 55 (4), pp. 831-42.

- O'Toole, Larry, Jr. 1997. Treating Network Seriously: Practical and Research-based Agendas in Public Administration. *Public Administration Review*, 57(1), pp. 45-52.
- Pahl-Wostl, Claudia, Ken Conca, Annika Kramer, Josefina Maestu, and Falk Schmidt. 2013. Missing Links in Global Water Governance: A Processes-Oriented Analysis. *Ecology and Society*, 18(2), 33.
- Peirce, Neal R. 1993. *Citistates: How Urban America can Prosper in a Competitive World*. Washington, D.C.: Seven Locks Press.
- Pfeffer, Jeffrey, and Gerald R. Salancik. 1978. *The External Control of Organizations*. New York, NY: Harper and Row.
- Posner, Paul L. 2002. Accountability Challenges of Third-Party Government, in L. M. Salamon (ed.), *The Tools of Government: A Guide to the New Governance*. New York, NY: Oxford, pp. 523-51.
- Provan, Keith G., and H. Brinton Milward. 1995. A Preliminary Theory of Interorganizational Network Effectiveness: A Comparative Study in Four Community Mental Health Systems. *Administrative Science Quarterly*, 40(1), pp. 1-33.
- Provan, Keith G., and H. Brinton Milward. 2001. Do Networks Really Work? A Framework for Evaluating Public-Sector Organizational Networks. *Public Administration Review*, 61(4), pp. 414-23.
- Provan Keith G., and Julian G. Sebastian. 1998. Networks within Networks: Service Link Overlap, Organizational Cliques, and Network Effectiveness. *Academy of Management Journal*, 41(4), pp. 453-62.
- Radin, Beryl. 2006. *Challenging the Performance Movement: Accountability, Complexity, and Democratic Values*. Washington, D.C.: Georgetown University Press.
- Rhodes, R.A.W. 1997. *Understanding Governance: Policy Networks, Governance, Reflexivity, and Accountability*. Philadelphia, P.A.: Open University Press.
- Rossi, Peter H., Mark W. Lipsey, and Howard E. Freeman. 1979. *Evaluation: A Systematic Approach*. London: Sage.
- Salamon, Lester M. 2002. The New Governance and the Tools of Public Action, in L. M. Salamon (ed.), *The Tools of Government: A Guide to the New Governance*. New York, NY: Oxford, pp. 1-47.
- Sellers, Jefferey M. 2002. National Political Economies and Urban Regime-Building. Paper Presented at Urban Affairs Association Annual Meeting, Boston, MA, March 28, 2002. <http://www.usc.edu/dept/polsci/sellers/Recent%20Projects/Assets/National%20Political%20Economies%20and%20Urban%20Regime-Building.pdf> (accessed on April 8, 2014).
- Sørensen, Eva and Jacob Torfing. 2007. Introduction Governance Network Research: Towards a Second Generation. In E. Sørensen and J. Torfing (eds.), *Theories of Democratic Network Governance*. New York, NY: Palgrave MacMillan, pp. 1-24.
- Vogel, Ronald K.. 1992. *Urban Political Economy*. Gainesville, FL: University Press of Florida.
- Weber, Max. 1947. *The Theory of Social and Economic Organization*. New York, NY: The Free Press. Translated by T. Parsons.
- Wikstrom, Nelson. 2008. Central City Policy Issues in A Regional Context, in D.K. Hamilton and P.S. Atkins (eds.), *Urban and Regional Policies for Metropolitan Livability*. Armonk, NY: M.E. Sharpe, pp. 24-53.
- Williamson, Oliver E. 1985. *The Economic Institutions of Capitalism*. New York, NY: Free Press.
- Williamson, Oliver E. 1999. Public and Private Bureaucracies: A Transaction Cost Economics Perspective. *Journal of Law, Economics, and Organization*, 15(1), pp. 306-47.

CHAPTER 5

RESEARCH DESIGN

5.0. SUMMARY

This chapter will focus on the research design and analytical framework for this dissertation. It should be treated as a continuous part of chapter 2, 3, and 4 which provided the theoretical background in this dissertation. The chapter is divided into three main parts; the basis of the analytical framework, research design, and survey design. The basis of the analytical framework covers further detailed theoretical background following theoretical exploration in Chapter 2 which includes information on the institutional analysis and development framework that function as the basic model of the research design. It also provides rationales behind the decision to use local governments as the unit of analysis in this research. The second part illustrates the research design of this dissertation, which is built upon the platform of the institutional analysis and development framework. The analytical framework is presented and explained according to its taxonomy. The chapter is closed with the general explanation of the survey design, including unit of analysis, sampling, and case selection.

5.1. THE GROUNDWORK OF THE ANALYTICAL FRAMEWORK

After reviewing and linking theoretical literature on governance and institutionalism with a number of institutional approaches to collaborative governance in Chapter 2, we gather several points that are deemed utmost essential to be considered for the building of the analytical framework of this research. The points are as follows:

- (1) The institutional theory is indispensable for any attempt to grasp the functioning and development of collaborative governance and its networks as it helps research to understand the complex interplay between the political agency and the emerging structures of their interaction. Subsequently, by understanding how institutions function in collective action by utilising the institutional theory as a basis, we can perceive how collaborative governance works.
- (2) This study believes that there are actually possibilities to crisscross and combine the available approaches regardless its branch of institutionalism theory. Thus, starts with an idea that perhaps by willingness to borrow concepts and formulations from multiple schools of thought, small advance can be made, this study focuses on two new institutionalism branches (rational choice and sociological institutionalism), whereas both clearly cross-path and encompass one and another as the basis to describe institutions and the starting point to understand them
- (3) Considering the cross-conceptual approach as mentioned in point (2), the analytical framework that this study aims to construct should be “encompassing” in nature that incorporates related but different

concepts and arguments and locates them within sociological and rational choice institutionalism. It should be able to accommodate both micro and macro foundational study in order to fully explain the Indonesian collaborative metropolitan governance system.

- (4) As this study focuses on both macro and micro foundational study, employing multiple levels of analysis become a requirement for the analytical framework. Consequently, collaboration in this study will be defined as part of both organizations and policy strategy making the explaining variance depends on both endogenous and exogenous variables. In order to avoid the fallacy of structural determinism in leaning more toward one side of the foundational study, the analytical framework should accommodate the analysis for both exogenous and endogenous determinants in which each variable should be considered carefully. The dualism of analysis should also be reflected on the evaluative part of analysis.
- (5) As this study is built based on the mixed platform of sociological and rational choice institutionalism, the exogenous and endogenous variables should include or be treated from both side of schools.

Considering all those points above and after reviewing several analytical options on collaborative approaches offered by the literature which apply the concept of rational choice and/or sociological institutionalism (see Chapter 2.4 for elaboration over all analytical approaches considered), this study acknowledges than over other analytical approach, the IAD is compatible to be applied to this research. Several rationales concerning the institutional analysis and development framework are as follows:

- (1) It covers a wide set of theories as its basis compared to the transaction cost analysis, citing compatibility with multiple theories. It is a good representative to be considered as in-between rational choice and sociological institutionalism –although heavily leaning toward rational choice institutionalism as the basis–.
- (2) It acknowledges the social factors shaping human behaviour, implying that we can accommodate the sociological aspects of the institutions into the framework.
- (3) The framework is a multi-tier analytical map and can be treated as a mathematical game, experimentation and simulation, as well as a conceptual approach.
- (4) It is built upon a set of externalities that affecting the structure of an internal situation in which a particular pattern of interactions and outcomes can be examined. By taking into account both internalities and externalities of institutions, the institutional analysis and development (IAD) framework can accommodate both micro and macro foundational study in this research.
- (5) It is an open-ended framework and as a conceptual framework its variables can be adjusted to suit the platform of this research.

The next section elaborates in detail the institutional analysis and development framework to supply further understanding regarding the said framework in order to properly design the analytical framework for this research that is sounding with necessary points mentioned earlier in this section.

5.1.1. The Institutional Analysis and Development (IAD) Framework

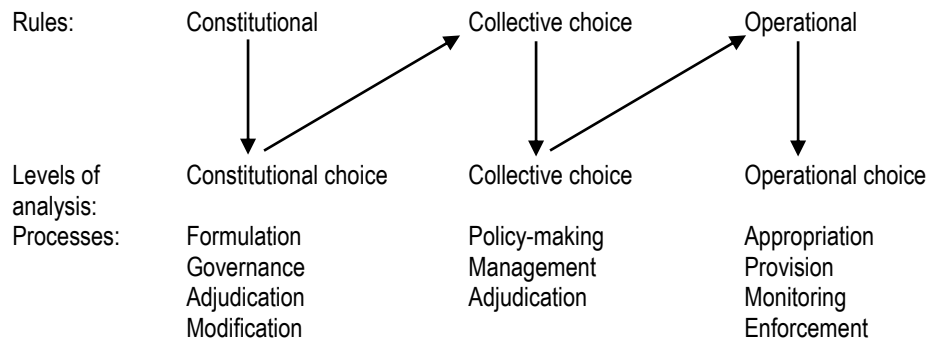
The IAD framework introduced by Ostrom (2005) is basically developed from Ostrom (1990; 1991) earlier work with her groups (Ostrom, Gardner and Walker, 1994; McGinnis, 1999). The IAD framework often referred to the institutional choice framework, as both offer analytical scheme addressing self-organising and self-governing system in regard to common resources. It is largely based on the institutional collective action approach with the rational choice institutionalism as its main theoretical background (Olson, 1965). Before the IAD, common-pool resources are addressed through several frameworks, such as the prisoner's dilemma, the tragedy of the commons, and the logic of collective action. Although coming from the same branch of institutionalism, the IAD framework challenged the usefulness of these universal models of rational behaviour as it incorporates a much larger number of components and acknowledge the complexity beyond the individual behaviour and preferences; moving it toward a collective preference to respond toward the social dilemma. The underlying reason is to create a method that is largely consistent to analyse the deeper structure of situational collective action that usually sought by the rational choice institutionalist. The IAD framework also challenged the use of fixed rules, which are often seen as the weak point of rational choice institutionalism; not all actors are similarly incapable of changing their constraints. By doing so the IAD framework actually incorporates factors from the sociological perspective.

The IAD framework acknowledged that most analysis in the new institutionalism addressing common pool resources' problems and other related collective action issues through a single level of analysis, commonly known as operational level of analysis (Kiser and Ostrom, 1982). By analysing governance through three different rules (constitutional, collective choice, operational –see Figure 5.1) instead of only one, the IAD framework tries to accommodate common-pool resources' appropriators to switch back and forth between arenas during the bargaining and decision making process. It recognises the institutional tendency on the capability and rules dependency of a higher level action on rules at a lower level, and on the common-pool system itself (Heckathorn, 1984; Ostrom, 1990). These back and forth movements as well as the interdependency among levels drop the framing assumption that analysis at a single level will be sufficient (Ostrom, 1990). Another reason to apply multi-layers analysis is to reflect the complex process of how humans make choice and take actions –decision making process.

Ostrom (1990) distinguished three rules influencing both actions and outcomes in using common-pool resources as follows:

- (1) *Constitutional rules*. They affect the result/outcome by determining eligibility of participants through specific rules to gain collective choice. In turn, constitutional rules affect operational rules.
- (2) *Collective-choice rules*. These are the rules on managing common-pool resources. For purposes of analysis, it can be assumed as endogenous or exogenous.
- (3) *Operational rules*. Operational choice elaborates the rules applied by appropriators concerning the end-process.

Figure 5.1. Linkages between rules and levels of analysis.



(Source: Ostrom, 1990).

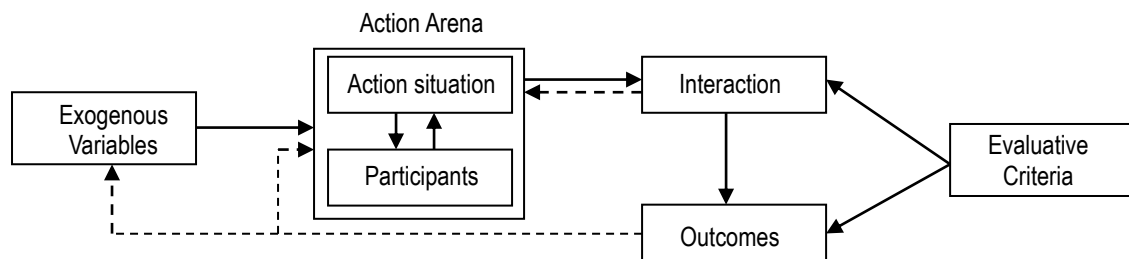
Ostrom's IAD framework is a "multi-tier conceptual map" represented by a schematic action arena as shown in Figure 5.1. Besides functioning as nested-part whole units of analysis (interdependency among levels of analysis), it is also an open-ended framework. As an open-ended it can be seen at scales, ranging from detailed to generalise framework. Also, as an open-ended framework, the IAD framework can be unpacked and further unpacked, expanded and opened to adjustment. Hence its ability to incorporate multiple aspects of institutionalism provides the foremost reason to apply this framework as the general analysis map for this study.

'The arena' used frequently in common-pool resource studies refer to both formal and informal conceptual setting. Action arenas exist at home, neighbourhoods, local, regional, national, and international councils, market and firms. As Ostrom (1990) mentioned, "an arena is simply the situation in which a particular type of action occurs." In addition, relationships between arenas and rules are often directed through a single rule. Both formal and informal arenas influence each other and affect the operational rules. The process within formal and informal collective choice processes may occur in the local, regional, and/or national situation.

With an understanding that 'arena' can occur in both formal and informal settings, the IAD framework generally focuses on 'Action Arena' as focal units of analysis (see Figure 5.2.). The "action arena" consists of two "holons"; (1) the participants and (2) action situation. These two holons interact and are influenced by current exogenous variables. Exogenous variables also affect action arena's structure through the generation of interaction (Ostrom, 2005).

Outcomes, in turn, affect the action arena and exogenous variables over time. During the course of analysis, when positive outcome is produced through interaction, participants rationally increase their commitment in order to keep the structure producing positive outcomes (that they desired) (Ostrom, 2005). On the other hand, when participants view the interactions as unfair there are possibilities to change their strategies regardless the outcome obtained (Fehr and Gächter, 2000 and elaborated in Ostrom, 2005). Similarly, when less valuable outcomes are perceived, participants may generate possibilities to change the structure by adjusting the situation and exogenous variables may occur.

Figure 5.2. Institutional Analysis and Development (IAD) framework.



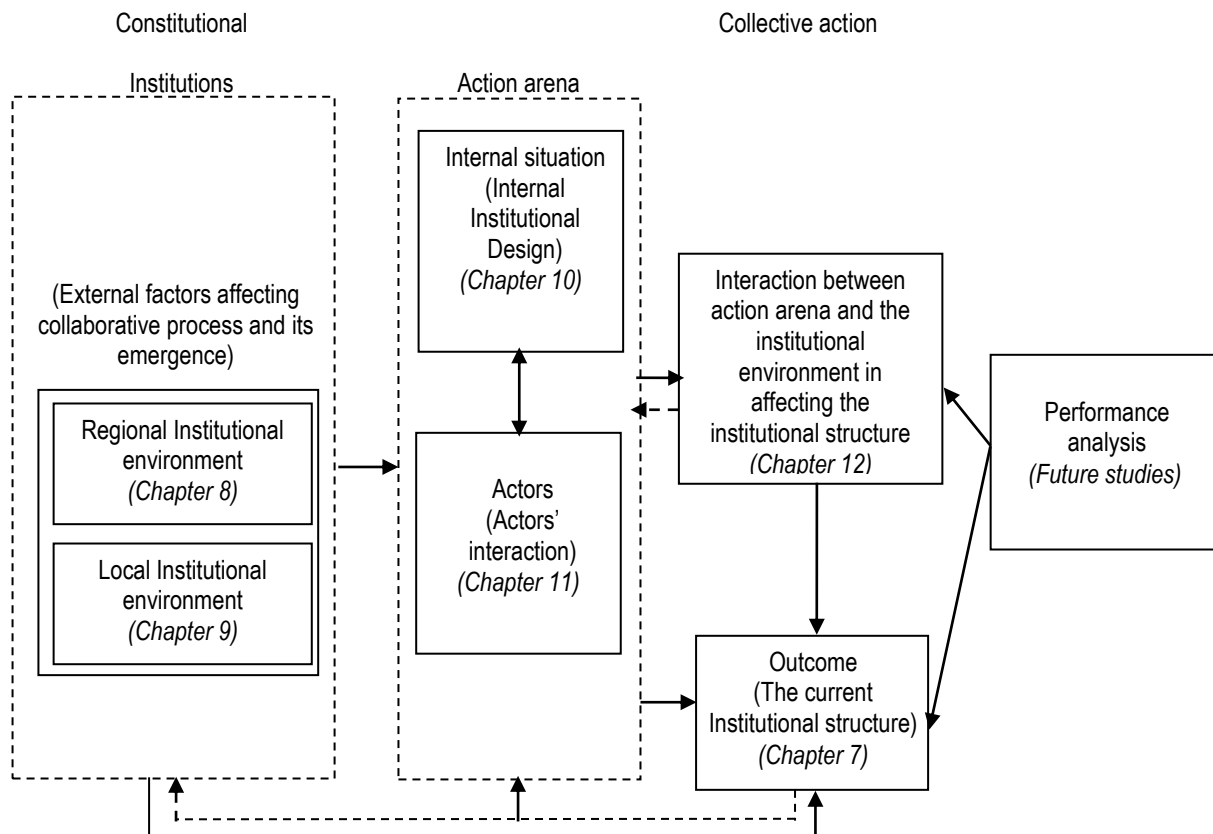
(Source: Ostrom, 2005; adapted from Ostrom et al, 1994).

5.2. ANALYTICAL FRAMEWORK

Although borrowing directly from Ostrom's IAD framework, the analytical framework developed for this analysis is not pure IAD in practice as several modifications are needed to adjust to the sociological institutionalism perspective. This dissertation defines two different levels of analysis –constitutional and collective action level– to assess the collaborative governance system in Indonesia as presented in the Figure 5.3. Instead of treating the analytical framework as a model to be tested experimentally through a mathematical, experimental and simulation as the IAD, this research utilises the framework as a conceptual model. On the constitutional level of analysis, this research undertakes analysis on external factors (exogenous factors) taken place outside the internal work of collaborative governance, which refers as the action arena. Action arena analysis represents part of the collective action level of analysis, addressing the internal situation and actors' interaction contributing to collaborative governance.

As can be observed from Figure 5.3 in the following page, there are additional linkages added into the diagram that has yet to be covered in the IAD framework; the direct links between the external and internal factors to the institutional structure as the outcome of collaborative governance. In a decentralized and active society, institutions are directly and indirectly exposed to the institutional environment as its external factors. Therefore this study consider necessary to examine and analyse the influence of these external factors outside of the indirect effect they produce through their interaction with the action arena. Correlation analyses between each variable and the institutional structure –including the collaborative activities and type of collaborative interaction– are conducted.

Figure 5.3. Analytical framework.



A similar argument is raised for the link between the action arena –including internal institutional design and actors' interaction– and the working system of the current institutional structure. Whereas the focus of the IAD framework is to observe and examine the interaction between actors given specific situation, rules, and norms, as well as influenced by the external factors, the focus of this analytical framework aside from the interaction is to examine the influence of each variable, in particular the internal situation, to the institutional structure of collaborative governance. This examination is considered critical in helping explaining the policy choice from the perspective of collaborative policy instrumentation. A correlation analysis between the policy selection and the institutional structure is examined in the end of Chapter 10.

Multilevel and Multi-scalar Analysis

The framework is treated as a nested concept where interdependency among various levels of analysis is acknowledged. Institutions are nested in constitutional and collective action level of analysis. Visible or not, collaborative governance as a product of institutions is influenced by external and internal factors in a variety of ways in the institutionalised framework. In the same manner, cities (local) are nested in provincial (regional) and central (state) level of governance. This nested-ness is inevitably reflected in local governments' decisions on collaborative policies. This brings about an understanding that if the cities' perceptions of institutional influences on a multilevel governance is successfully captured, this study can

argue that the nested-ness of local decisions are well reflected in the measurement, provincial and central level influences on local decisions are well represented.

This analytical framework corresponds directly with this study' hypotheses: In constitutional level, the state of Indonesian collaborative governance is shaped by the external factors, a group of various intrinsic determinants that shape access to the collaborative process that network participant (i.e. Local government) may have little or no control over, e.g. economy, culture, and political situation. In collective-action level, the endogenous factors shaping the internal collaborative environment and interactions between related actors directly affect the collaborative governance, representing factors that can be instrumentally managed by the local government, e.g. policy tools and actor relations. In this sense, the framework assumes that the analysis on the constitutional level represents the macro level of analysis where measurement is seen from the perspective of the system-wide and network-wide characterisation while the analysis on the collective action level represents the micro level of analysis where the analysis is seen from the viewpoint of policy tools and network structure.

The framework incorporates both rational choice and sociological institutionalism. Culture and policy tools are considered as parts of variable borrowed from the sociological institutionalism. The influence of sociological institutionalism is also represented in the system-wide type of analysis as a quest to grasp the bigger picture of the structure of institutional environments. The rational choice institutionalism, in the other hand, concentrates on the structure of the institutions (network-wide, representing by the analysis of the institutional structure of a national framework for collaborative metropolitan governance).

The Viewpoint of Analysis: Why Local Government?

One of important parts of analysing governance and institutions are defining the viewpoint of analysis. It is partly because the viewpoint of analysis relates directly on how research addresses a collective action not only through external and internal factors, e.g policies, and also because it refers to the embeddedness of governance and networks in a bigger system. In this dissertation, we need to consider that as this research plans to utilise the IAD framework as a conceptual analytical framework, local government runs as the forefront option to be the basic viewpoint of analysis. This is due to the conjecture of institutional analysis and development framework as an institutional framework for assessing collaborative arrangements at the local level, especially when participants are required to contribute to the provision of collective goods or common-pool resource. Therefore, as multilevel of analysis is being considered as the best way to analyse the micro and macro aspects of collaborative metropolitan governance, we see that local government will provide sounding viewpoint of analysis.

Local governments' structure affects governmental decisions and, to some extent, private sectors'. The argument based on two propositions: (1) The available choice and the collective ability to mitigate regional challenges (Feiock, 2004), and (2) Local governments are also subject to varying influences and interdependence with other levels of government, making multilevel governance a relevant feature of urban policy (Seller, 2002). Accordingly, to understand the different approaches to regionalism and collaborative governance, it is necessary to have a perspective on the local government systems, how they developed, the influences, and the differences in their approaches to service delivery.

By employing local government as the unit of analysis in the empirical study, this study focuses on the city as the basis of analysis. Further underlying considerations are:

- (1) Cities are useful units of analysis for examining the various characteristics of collaborative governance due to the potentially strategic nature of activities,
- (2) Cities are where actors with all different levels of government come to play providing a palette to analyse the complexity of governance systems from the institutional point of view,
- (3) As cities offer large numbers and types of potential collaborators with the government, it is not certain that a typical local government agency will pursue collaboration, hence from the standpoint of explanation they open a possibility to understand the desirable pattern variation of actors across cities.

Taxonomy of the Analytical Framework

The analytical framework incorporates several different type variables, arranged to fit the multilevel nature of the framework. The selection of the variations has been grounded in the selected literature presented earlier in Chapter 2, 3, and 4, representing an array of the major analytical variables in governance, institutionalism, and network governance that has populated the literature. By doing this, the analytical result can be treated from the viewpoint of different approach (e.g. governance, institutionalism, and network governance). While Figure 5.3 illustrates the general framework of the analysis, Table 5.1 below elaborates the taxonomy of the analytical framework in order to make clear of different focus, level of analysis, and the type of analysis represented in the framework.

Table 5.1. Taxonomy of the analytical framework.

Level of analysis	Type of analysis	Focus (Type)	Name of the analysis	(Variable description) Variable(s)
Constitutional (Macro)	Institutional analysis (Chapter 7,8,9)	Institutional structure (Network-wide characteristics)	Analysis on institutional structure of national framework for collaborative metropolitan governance (Chapter 7)	(Operational function) 1. The use of collaborative activities 2. The preferred ratio of collaborative activity 3. The frequency ratio of collaborative activities 4. Ratio of collaborative activity, according to strategic availability 5. Ratio of collaborative activity, according to the spatial structure
				(Network configuration) 1. The structure of collaborative interaction a. Central interaction, b. Provincial interaction c. Horizontal interaction d. Agency-based interaction 2. The variation of the institutional structure of collaborative metropolitan governance a. According to strategic availability b. According to the spatial structure
			Institutional environment (System-wide)	(Physical-Economic factor): Service Delivery 1. Economic measure (Local Regional GDP) 2. Physical measures (infrastructure provision) (Economic-Social factor): QoL (Political factor): Democratic capacity
			Institutional environment (System-wide)	(Economy – Fiscal) 1. Local dependency on central fiscal transfer 2. Local dependency on provincial fiscal transfer 3. Local fiscal autonomy 4. Local fiscal means 5. Scale of central fiscal transfer from central government
Collective action (Micro)	Action arena analysis (Micro) (Chapter 8)	Internal situation (Policy tools)	Share/pool resource analysis (Chapter 9)	(Economy – Resource Exchange) 1. Local infrastructure expenditure sharing 2. Local financial sharing capacity for infrastructure investment
			Socio-cultural and political analysis (Chapter 9)	(Social-Cultural) (Political)
			Analysis on the internal institutional design of collaborative metropolitan governance (Chapter 10)	(Collaboration-supportive policy instruments) 1. Exhortation 2. Direct provision 3. Fiscal/Subsidy/Tax 4. Contract 5. Regulation 6. Authority

Table 5.1. Taxonomy of the analytical framework (cont'd).

Level of analysis	Type of analysis	Focus (Type)	Name of the analysis	(Variable description) Variable(s)
Collective action (Micro)	Action arena analysis (Micro) (<i>Chapter 8</i>)	Actors interaction (Network structure)	Actors interaction analysis on national framework for collaborative metropolitan governance (<i>Chapter 11</i>)	(Actor relations) 1. Linkage: Dyadic relations 2. Activity centrality by the type of participating actors 3. Actor centrality
Constitutional and Collective action (Macro)	Qualitative analysis: In depth case studies	Governance performance	Collaborative governance performance analysis (<i>Chapter 12</i>)	1. Institutional structure 2. Institutional environment 3. Organisational isomorphism 4. Civic capital

5.2.1. Institutional Analysis

Governance network literature suggests that the role of the government, its institutions and obligations are a part of the macro level analysis (see Chapter 3). The focus of macro level research in governance networks, whether the system analysed is market-based, hierarchy-based or collaborative-based, shall at least consider undertaking a certain public administration paradigm and to scrutinise the relational tie and institutional frame. The potential impact on the economic standing on the governance network wide actions is often an important consideration for macro level analysis as well. As the institutional analysis part of this study is largely built based on the understanding mentioned above, consequently, we see institutional structure from two different major characteristics; the system-wide and the network-wide. Moreover, by connecting these two different institutional structures of collaborative governance, in the end the analysis is aimed to extract a synthesis on a procedural perspective of collaborative governance. In this sense, the system is explained through interlinkages between the network-wide structure of the institutions and the system-wide characterisation of institutions. In the collective action analysis, this procedural perspective helps in determining the governance system: between integration and aggregation; between a decentralized (fragmented) and a centralized type; between market to hierarchy, etc.

Institutional Environment (System-wide Characteristics)

The system-wide characterises the institution according to the wider environment surrounding the organisational network of the institution. By the system wide, the institution is influenced by the exogenous factors, variables outside the institutional structure that the network almost has no power to control over, yet directly and indirectly getting influence from. The variable for the exogenous factors is extracted from literatures (e.g. Ostrom, 1990; 2005; Agranoff and McGuire, 2003; Agranoff, 2007, see Table 3.7 in Chapter 3) which include: economy, social, culture, and political situation. The variables selected are also in line with

determinants for measuring the performance of governance and network governance as elaborated in Chapter 4. Moreover, as the analytical point of view is seen from the local government's perspective, the exogenous factors are also examined from local perspectives. The variables will be used in the analysis in Chapter 9 to examine the local institutional environment.

The external variables used for the analysis of factors contributing to the emergence of collaborative metropolitan governance is similar with variable used for characterising the institutions, which are: economy, social, physical, and political. Despite the similarity, the sub-variable used for the analysis are different and extracted from literature focusing on measuring governance performance (e.g. Bovaird and Löffler, 2003; Hamilton, 2013). This study combines the determinants introduced by Hamilton (2013) and indicators used by Bovaird and Löffler (2003). The two measurements are found similar, although their set of variables are not. The measurement can be further utilised to evaluate the effectiveness of centralized and decentralized collaborative governance. However, in order to suit the Indonesian context the variable will be adjusted, but they should remain traceable to the variables used by Hamilton, and Bovaird and Löffler (see Table 4.4 in Chapter 4 for variables used in both studies). The list of the variable used in this dissertation will be elaborated in Chapter 8, preceding the analysis on regional institutional environment and its influence to the emergence of collaborative metropolitan governance.

Institutional Structure (Network-wide Characteristics)

The network-wide characterisation of the institutional structure differs from the network structure analysis. The first sees the structure of the institution from the wider perspective of the network while the latter measures the interaction in a more detailed manner from the organisational perspective. Both analyse the relationship among different participating actors, depicting the role of vertical and horizontal articulation of network relationships. Due to different perspectives in analysing the relationship (from the network-wide perspective), rather than measuring the centrality, density, and other measurements used in the network structure analysis, the institutional structure is seen as a model to understand the overlapping national-state-local units and/or horizontal relations and their differences in relationships by program area, differences between jurisdiction, and the distribution of resources within the network and within the participating organization. Nonetheless, network-wide characterisation of the institutional structure is the outset of the network structure analysis.

Metropolitan Taxonomy for Analysing the Institutional Structure

In order to characterise the role of vertical and horizontal articulation of network relationship, this dissertation particularly uses the metropolitan taxonomy by Miller and Lee (2009), with slight adjustments. The adjustment is required since the original taxonomy was intended to analyse the metropolitan structure

of American cities while the Indonesian governmental system is essentially different. As the main point of analysis in this study is local government, accordingly the taxonomy explores all vertical and horizontal relations exercised by local government regarding various activities that seen fit to affect the development of collaborative environment. The vertical and horizontal relations in this taxonomy are often referred as vertical and horizontal dimension. Figure 5.4 below illustrates all the relationships within the two dimensions.

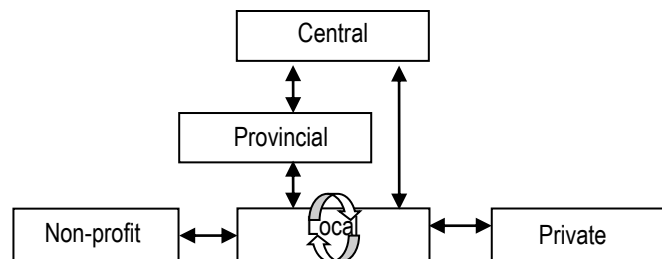
(1) Vertical dimension

Following the Indonesian governmental system, this study defines the vertical dimension of metropolitan regions as relationships observed between the central and provincial government and the local government. Financially, the vertical structure is affected by fiscal transfers from central and provincial government to local governments.

(2) Horizontal dimension

This study describes the horizontal dimension as interaction forged local actors. This dimension consists of two major layers; (1) relationship among neighbouring local governments, describing the interaction within governmental actors which closely related and can be referred as intergovernmental, (2) relationship between local governments and nongovernmental sectors, including non-profit (civic) and private sector, and can be referred as cross-sectoral..

Figure 5.4. Dimensional model of Indonesian local government's institutional structure.



5.2.2. Action Arena Analysis

The action arena analysis in this dissertation is similar yet different from action situation described in the institutional analysis and development framework. Similar since the internal situation is seen as an establishment by local actors and directly affect the interaction between actors in which covering how and why it happen, what and which kind of interaction happen, and who actors to collaborate with. Different because it is interpreted not as a social space where participants with diverse preferences interact but rather as condition or rules set by actors, directly and indirectly affected by the external factors. By avoiding to define the internal situation as a social space, accordingly this study moves away from utilising the action-arena as an experimental lab to analyse the behaviour of each actor in the game based models in lieu of functioning as a tool to explore both the steering capacity of the government and urban society towards

collective action decision making process. In a similar manner it rejects giving a fixed, static, and comparatively baseline situation –the requirement for game theory analysis– and refrains from focusing on analysis based on a bounded rationality of individual participants.

The action arena analysis generally divided into two major activities; the internal situation from the perspective of policy tools as the internal institutional design and the actors' interaction from the viewpoint of network structure. The connection between the internal institutional design and the institutional structure is examined in an exploratory manner to find the possible explanation of variances in collaborative arrangements and by some extent, measuring the network functions.

Internal Situation/Internal Institutional Design (Policy Tools)

The analysis on the internal situation explores the endogenous variables shaped by the policy –the collaboration-supportive policies that directly and indirectly influence the collaborative environment of a city and its collaborative arrangement. According to Ostrom (2005), it is predominantly placed based on the acknowledgment that policy decision affects the structure of arenas where actors are making operational decisions (in this study, the decision regarding collaboration) and thus affects directly on a biophysical world (in this study, actors' interaction). For the analysis, a set of micro-level policy instruments is set as criteria of appraisal to understand the nature of the choice mechanism in public policy.

Actors' Interaction (Network Structure)

The network structure analysis on the actors' interaction is the follow up of the network-wide characterisation of the institutional structure. Unlike its precedent, this analysis focuses on the relations between actors and not on the actors' characteristics. By examining the actors' interaction, it allows this dissertation to underscore the importance whether the orientation of individual network members plays in determining the degree of closeness found within governance networks.

5.2.3. Qualitative Analysis on Collaborative Metropolitan Governance

The qualitative analysis on collaboration metropolitan governance in this study aims to examine the interaction between actors and the internal actors while influenced by the exogenous factors. It analyse the collaborative system by examining the pattern of the collaboration governance in two different streams; from the system wide and from the policy setting (the action-arena). By doing so, it also posts as the evaluative analysis for both the external and internal system of collaborative governance as a complimentary analysis of the institutional and action-arena analysis.

Qualitative-based Analysis

While the institutional analysis and the action-arena analysis to examine the pattern and structure of collaborative governance as well as its emergence are done in quantitative based analysis, this interaction and performance analysis are done through qualitative based approach. In this regard, this dissertation conducts an in depth analysis on selected case studies. The variables for case studies selection are based on measurement utilised in the quantitative analysis. All observed case studies analysed in the quantitative analysis will be presented on a comparative based selection to single out regions with specific characterisation in their institutional structure and institutional environment. In each of the selected case regions, the role of institutional variables that can contribute and benefit from collaborative governance is tested across jurisdictions.

The qualitative based analysis is needed due to the expected nature of the result. Despite the presumption that institutional structure and institutional environment (external and internal factors) play an important role in circumscribing the realm of possibilities faced by decision makers to establish and manage collaborative governance, this study estimates that their effects are likely not consistent across all cases. The variation of the results on the quantitative analysis is expected to be spread across local jurisdictions and metropolitan regions. Cities and regions with similar institutional setting can also exhibit different and conflicting patterns of collaborative governance. While these factors are critical in shaping collaborative context and environments and quantitative based analysis is sufficient enough to indicate which factors are important, however, they may not provide enough results on their own to explain the dynamics of the observed collaborative metropolitan. Thus, the qualitative analysis is needed to test the validity of the results gathered from the quantitative based analysis. Together, examining cases based on the qualitative and quantitative approach contribute to the building of empirical analysis underpinning theory of collaborative metropolitan governance that can inform the development of collaborative policy in various institutional contexts.

5.3. SURVEY DESIGN

This dissertation conducts a descriptive exploratory as well as an explanatory comparative case study on collaborative governance in providing public service and infrastructure in six metropolitan regions in Indonesia. The main focus is to explore possible institutional arrangements (e.g. the structure of institutions, network structure, etc.) in building and developing collaborative arrangement activities at the city (local) level. Comparative study is chosen as it permits this study to explore deeply into the dynamics of institutions and collaborative governance in the contemporary setting, which variable-centred studies are most lacking.

This dissertation is exploratory by nature since: (1) it is conducted to provide a better understanding of a situation as it seeks new possible explanations of variances in the collaborative relations/interaction, (2) it is

not designed to come up with final answers or decisions yet preferably hoping to produce concrete hypotheses about what is going on in Indonesian collaborative governance, and (3) exploring extensive literatures and theoretical approach to build a testable analytical framework for the base to examine existing records and observe phenomenon through case analyses. In the exploratory sense, this dissertation mostly concerns about the methodological problems such as measurement of institutional relations and appropriate level of analysis as well as the biases of the data.

This dissertation considers to be explanatory since: (1) it explores the concept of causality between collaborative governance and the extent of its external and internal factors, all together assessing the collaborative governance as a system, (2) it probes the causal relationships between actors and internal situations, and (3) it examines significant factors that would foster a collaborative environment as well as seeking the hypothetical model for managing better collaborative governance and for encouraging the emergence of collaborative arrangements.

5.3.1. Unit of Analysis

The basic unit of analysis in this survey design is the local government in the municipality and regency which belong to a metropolitan region. The importance of specifically chooses cities as the main object is explained in the sub chapter 5.2 above. By taking local governments as units of analysis the survey is designed to limit analytical exploration regarding collaborative governance system from the perspective of local government only.

5.3.2. Structured Survey

The structured survey methods are chosen with a purpose to produce both qualitative and quantitative data. The survey targeted chief officers from local government (municipality/regency level) who are primarily responsible for collaborative activities –including policy, project-based, planning and managing collaboration– and who are knowledgeable enough with intergovernmental, intra-governmental, and cross-sectoral relations that their offices and, at certain extent, their local government conduct including other local government departments or agencies in their cities.

Case studies used in this study provide an opportunity for elaboration, for adding richness and understanding of the data and for supplementing the quantitative survey. The questionnaire is designed in its simplest format and the same questions are asked in all settings and the discussion are guided, but open ended, resulting more in structured conversations rather than a rigid interview. The respondents can opt to answer the questionnaire firstly and then followed by discussion through similar questions as of the questionnaire or decide to do the questionnaire and discussion at the same time. The first option is offered

to reduce the bias in answering the questionnaire sheets. More often than not, the discussion is conducted as a focus discussion group with two or more officers and all answers are recorded in notes format.

Previous surveys conducted by Miller and Lee (2009), and Agranoff and McGuire (1998, 2003) are particularly resourceful for this survey. The collaborative management activities by Agranoff and McGuire (2003) are used as the basis to design the parameters for the survey. The parameters correspond sufficiently to Huntington's (1965) attributes of an institution (adaptability, complexity, autonomy, and coherence) which provides to help the difficult task of measuring the degree of institutionalisation, and hence of measuring institutions themselves. Questionnaire sheets for this structured survey is presented in the Appendix 1.

5.3.3. Sampling and Selection of Cases

The findings are drawn from both survey research and qualitative case research. Data were collected from 33 cities across Indonesia by survey in which 29 out of them is purposefully selected cities through site visits and extensive interviews. The 30 cities out of 33 are part of the five metropolitan regions in the country, out of 7 designated strategic metropolitan regions (the central government specifically designated metropolitan region through a governmental regulation). Additional one metropolitan region recognised by the provincial government is included even though has not yet acknowledged by the central government as a strategic metropolitan region to add diversity into the cases.

This study follows the rule of a variety of conditions for the selection of cases. The main reason is simply to try to accommodate the vast difference of the Indonesian governance system by acknowledging that the cities indeed varies in terms of political culture and financial situation, although largely similar to the governmental system since Indonesia exercises a unitary state system. Considering the cases at hand, the similarity in the governmental system at least can help to control extraneous variables as much as possible when analysing the institutional structure.

The case study cities are all active collaborators in the policy and project-work context running from collaborative planning and infrastructure provision to economic development, albeit in various states of intensity and frequency. Each of them operates from the posture of its location, economic condition, and status as a city, and admittedly not all approaches of their collaborative arrangements strategically succeed. For example: Large core cities would be expected to be different in some notable respects from small cities; large inner-ring suburbs-type cities would be expected to be in different situations than small outer-ring suburbs-type cities; and cities imbedded in rich collaborative settings –in term of financial situation and a variety of actors involved– would be expected to act differently from those that has less option as collaborator and limited funding. The cases were selected to illustrate such differences. The field research

was designed to enable cities to clarify or elaborate on certain key responses and findings, which allowed for an in-depth discussion about how cities collaborate and what their preferences are.

5.4. REFERENCES

- Agranoff, Robert. 2007. *Managing within Network: Adding Value to Public Organizations*. Washington, D.C.: Georgetown University Press.
- Agranoff, Robert, and Michael McGuire. 1998. A Jurisdiction-based Model of Intergovernmental Management in U.S. Cities. *Publius: The Journal of Federalism*, 28 (4), pp. 1-20.
- Agranoff, Robert, and Michael McGuire. 2003. *Collaborative Public Management: New Strategies for Local Governments*. Washington, D.C.: Georgetown University Press.
- Bovaird, Tony, and Elke Löffler. 2003. Evaluating the Quality of Public Governance: Indicators, Models and Methodologies. *International Review of Administrative Sciences*, 69(3), pp. 313-28.
- Fehr, Ernst, and Simon Gächter. 2000. Fairness and Retaliation: The Economics of Reciprocity. *Journal of Economic Perspectives*, 14 (3), pp. 159-81.
- Feiock, Richard C. (ed.). 2004. *Metropolitan Governance: Conflict, Competition, and Cooperation*. Washington, D.C.: Georgetown University Press.
- Feiock, Richard C. 2007. Rational Choice and Regional Governance. *Journal of Urban affairs*, 29 (1), pp. 47-63.
- Hamilton, David K. 2013. *Measuring the Effectiveness of Regional Governing Systems: A Comparative Study of City Regions in North America*. New York, NY: Springer.
- Heckathorn, Douglas D. 1984. A Formal Theory of Social Exchange: Process and Outcome. *Acta Sociologica*, 27, pp. 161-83.
- Huntington, Samuel P. 1965. Political Development and Political Decay. *World Politics*, 17 (3), pp. 386-430.
- Kiser, Larry L., and Elinor Ostrom. 1982. The Three Worlds of Action. A Metatheoretical Synthesis of Institutional Approaches, in E. Ostrom (ed.), *Strategies of Political Inquiry*. Beverly Hills: Sage, pp. 179-222.
- McGinnis, Michael D. (ed.). 1999. *Polycentric Governance and Development: Readings from the Workshop in Political Theory and Policy Analysis*. Ann Arbor, MI: The University of Michigan Press.
- Miller, David Y., and Joo Hun Lee. 2009. Making Sense of Metropolitan Regions: A Dimensional Approach to Regional Governance. *Publius: The Journal of Federalism*, 41(1), pp. 126-45.
- Olson, Mancur. 1965. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Cambridge, MA: Harvard University Press.
- Ostrom, Elinor. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. New York: Cambridge University Press.
- Ostrom, Elinor. 1991. Rational Choice Theory and Institutional Analysis: Toward Complementary. *American Political Science Review*, 85 (1), pp. 237-43.
- Ostrom, Elinor. 1998. A Behavioral Approach to the Rational Choice Theory of Collective Action. *American Political Science Review*, 92 (1), pp. 1-22.
- Ostrom, Elinor, 2005. *Understanding Institutional Diversity*. Princeton, NJ: Princeton University Press.
- Ostrom, Elinor, Roy Gardner, and James Walker. 1994. *Rules, Games, and Common-Pool Resources*. Ann Arbor: University of Michigan Press.
- Peters, Guy B. 2000. Institutional Theory: Problems and Prospects. *Political Science Series*, 69, pp. 1-18.
- Provan, Keith G., and H. Brinton Milward. 1995. A Preliminary Theory of Interorganizational Network Effectiveness: A Comparative Study in Four Community Mental Health Systems. *Administrative Science Quarterly*, 40(1), pp. 1-33.
- Provan, Keith G., and H. Brinton Milward. 2001. Do Networks Really Work? A Framework for Evaluating Public-Sector Organizational Networks. *Public Administration Review*, 61(4), pp. 414-23.
- Sellers, Jefferey M. 2002. *Governing from Below: Urban Regions and the Global Economy*. Cambridge: Cambridge University Press.

CHAPTER 6

DECENTRALIZATION, METROPOLITAN REGION, AND COLLABORATIVE METROPOLITAN GOVERNANCE IN INDONESIAN CONTEXTS

6.0. SUMMARY

In spite of the multitude of attention given on governance, research on regionalism and collaborative governance in the Indonesian context is still limited. It has just started in the recent years following the decentralization and there has been yet research that specifically delves into collaborative governance as a complex system. There are several literature which examines the Indonesian collaborative governance partially, mostly focuses on identifying micro aspect of collaboration such as effectiveness, mobilisation and historical formation (e.g. Firman, 2008; Firman, 2010; Zul Fahmi et al, 2010). This part of the dissertation will start by elaborating decentralized system and its impact towards planning and local governing system in Indonesia as well as its direct relations towards the transformation of collaborative metropolitan governance.

This chapter is divided into three main parts. The first part elaborates decentralized system, started from a literature approach and followed by the basic principle of Indonesian decentralization, a detail explanation on decentralization in political, fiscal, planning, and regional governance, and closed by critical summary gathered from the literature review. The second part gives perspective on the Indonesian metropolitan region, its economy, population, and spatial situation as well as major issues and challenges. The third part discusses specifically about collaborative metropolitan governance in Indonesia, subdividing the discussion into the time frame of before and after the decentralization. In this chapter, all 8 metropolitan regions in Indonesia are discussed –instead of only 6 regions designated for case studies– to get a broader understanding of the system across the country.

6.1. DECENTRALIZATION: A PRELUDE

Decentralization is not a new phenomenon to the developing countries. In 1970s many developing countries across Asia, Europe and Latin America have started to transfer some of the central responsibility to local level. Since 1980s, as many as 75 countries have implemented decentralization policies as a means to ensure more efficient public service delivery and address poverty issues (Ingram and Hong, 2008). Decentralization has progressed in Central Europe, the Baltic countries during 1980-90s where European Union accession has provided a strong incentive, then in Asia after the economic crisis and recently in African countries. Decentralization scheme is promoted by many international aid agencies which have been actively involved in advocating and supporting decentralization reform in many developing countries.

To many, decentralization is seen as the predominant governance structure for delivering to the poor the basic services that are critical to achieve the Millennium Development Goals (MDGs) as it would be

achieved primarily through sub-national governments (Ingram and Hong, 2008). In this sense, decentralization is often seen as a tool to improve public service, economic development, and other social development, particularly when governments are seen less capable in doing so at the rate desired by citizen (e.g. Manor, 1999; Blair, 2000; Ito, 2005). The failure of centralized planning for economic development is pointed out by many as the main reason of the decentralization movement (see Freire and Stern, 2001). Lack of transparency and exclusive decision making process exercised by the central government are often blamed as well (e.g. De Angelis, 2005). However, due to the different political situation, history, culture and socioeconomic condition, there is no similar groundwork to apply decentralized planning to every country.

In term of definition, decentralization term has been widely used yet the same word is often used to describe different things. Interpretation varies and have led to different conceptual framework, programs, implementation, and implications. The World Bank, for example, defines decentralization as *“the transfer of authority and responsibility for public functions from the central government to intermediate and local governments or quasi-independent government organization and/or the private sector”*. Others define decentralization specifically on the transfer to the lower level governments in three major sectors: (1) fiscal, (2) political, and (3) administrative (e.g. Litvack et al, 1998). The example of decentralization also varies, i.e. decentralization from a controlled economy to a market based, the devolution of central authority, or the process of democratisation (World Bank).

The World Bank identifies five criteria crucial for a successful decentralization, such as (1) matching local financial resources and capacity to provide local public services, (2) the awareness of the local community about the cost of services, (3) community capability in expressing their desire, (4) transparency and accountability in governing system, and (5) Matching availability between legal, institutional system and political objectives.

The outcome of decentralization aims at a more participatory government and improvement in the public infrastructure provision. According to the purpose of decentralization, public infrastructure provision should be conducted by the lowest level of authority as it is closer to the constituent (Ahmad and Mansoor, 2002). However, despite the overwhelming support for decentralization programs, there is little agreement among scholars and policy makers, and scant empirical evidence, as to whether the devolution of power to sub-national governments actually increase or decrease their effectiveness in supplying public goods, raising revenues and better economic performance (e.g. Brodjonegoro, 2004; Ingram and Hong, 2008; Bahl, 2008; Pepinsky and Wihardja, 2011). Nevertheless, USAID highlights that there are connection between economic development and good governance although the justification is rather unclear whether decentralization triggers economic growth or not (e.g. USAID, 2002). There are evidence on links between decentralization

and participatory policymaking (e.g. Cheema and Rondinelli, 1983), and more responsive taxation and public spending (e.g. Tiebout, 1956; Oates, 1993).

Indonesia started a big decentralization agenda in 1999, following a more subtle movement in early 1990s. The change in 1999 marked a movement from a centralized and hierarchical government structure to a decentralized system. This movement was not without a great deal of scepticism from many experts (Ito, 2005), insisting that Indonesia are not yet ready for democracy and the transformation is too ambitious for the society and system to handle. Nonetheless, after the centralized government of Suharto was overturned in 1998, the decentralization law was enacted in 1999 and decentralization was implemented as per January 2001.

After 1999, a rapid increase on studies addressing decentralization have been issued by both government and civic sectors. These studies have identified numerous decentralization related issues, mostly revolved around policy implications for democratisation. Three key themes of the analysis mainly focus on the institutional design –with cases on the local level–, organisational capacity, and the causal effect of decentralization to local administration, private sector, and fiscal transfer (Ito, 2005). However, not many of these research takes the analytical perspectives of local government (e.g. Aspinall and Fealy, 2003; Matsui, 2003; Ito, 2005) and rather focusing heavily from the central and provincial government's perspectives (e.g. Asia Foundation, 2002, 2004; Hadiz, 2003; Usui and Alisjahbana, 2003; Hidayat and Antlov, 2004).

6.1.1. Basic Principles of Indonesian Decentralization

Table 6.1. National regulation on decentralization.

Registration No.	Main concern
Law 22/1999, 32/2004, 12/2008	Local administration (regional autonomy)
Law 25/1999, 33/2004	Fiscal balance between central and local (fiscal decentralization)
Law 12/2003, 22/2003	Legislative election, structure of legislative (political decentralization in legislative)
Law 25/2004	National development planning system (decentralized planning)
Law 26/2007	Spatial planning (decentralized planning)
Law 25/2009	Public service (decentralized planning, implementation, collaboration)
Law 28/2009	Local taxation (fiscal decentralization)

Source: author

The most basic platform of Indonesian decentralization is Law 22/1999 and 25/1999, passed in May 1999. At the beginning, these two laws are enacted to placate the growing demand of a more balanced governmental system and development which previously focused on the capital region. According to this reform, the provincial and local government (regencies and municipalities), receive a greater capacity and responsibility. Hence, the two laws drastically altered the national-subnational relations by transferring powers, taxes, funds, and personnel to the regions (Ito, 2005). Amendment on these two laws was introduced in 2004 and Law 22/1999 and 25/1999 became Law 32/2004 and 33/2004 respectively, but the

main objectives remained similar although the provincial government was given a clearer purpose (please refer to chapter 6.1.2 for further explanation). As a reference, the law in local administration (32/2004) stated that:

“Local government administers all governmental affairs under its jurisdiction, except affairs specified by this Act as the (central) government’s jurisdiction. (Article 10, Clause 1). In conducting governmental affairs in its jurisdiction as stated in clause (1), the local government imposes broad autonomy to govern and manage its affairs according to the principles of autonomy and co-administration (Article 10, Clause 2).

Table 6.2. The basic principle of Indonesian autonomy.

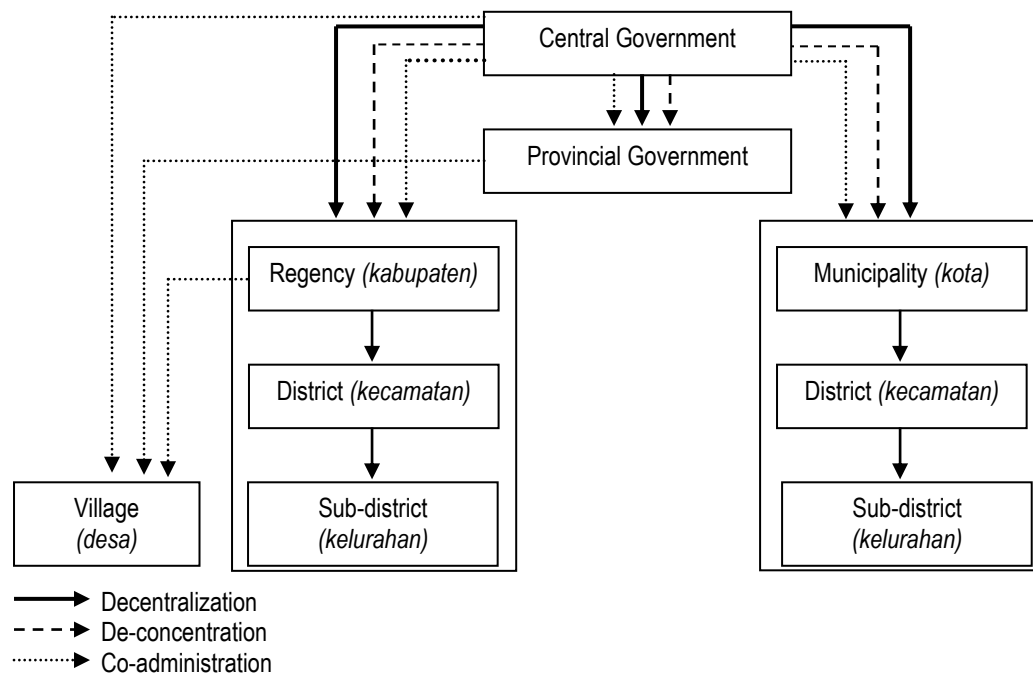
Principle	Definition
De-concentration	Assignment of temporary authority from a higher to a lower level government (provincial, local). In de-concentration, all things bestowed by the central government to its subordinates remain the responsibility of the central government, i.e. a transfer to lower-level government who is upwardly accountable to the central government; e.g. Governor acts as the representative of the central government at the local level for the administrative matter, thus it is responsible to report to the central government. Under this principle, the central government avoids the establishment of the federal system and maintains the unitary state system.
Decentralization	<p>The authority transfer from a higher to a lower level government (provincial, local). It is done in a political-administrative and territorial hierarchy, i.e. local governments still have to respond to the central government.</p> <ol style="list-style-type: none"> 1. <i>Political decentralization</i> The transfer of authority to local representatives and downwardly accountable actors where groups at lower levels of government are empowered to make decisions related to what affects them. Under this principle, local representative is directly elected by citizen and the mayor is responsible to give a direct report to the local legislature. 2. <i>Administrative decentralization</i> Local governments administer resources and issues that have been delegated to them, including management function and decision making process. 3. <i>Fiscal decentralization</i> Previously concentrated power of taxation and bigger generated revenues are given to the lower level of government, e.g. local governments are given the authority collect taxes and keep a larger part of financial resources.
Co-administration	In Indonesian it often referred as <i>tugas pembantuan</i> (joint administration or <i>medebewind</i> in Dutch where the principle originally rooted). It covers the transfer of managerial responsibility for specific functions to the lower level governments outside central government control, i.e. co-administration where the duty of local authorities is to implement schemes of higher authorities (central or provincial government).

Source: Law 32/2004

Indonesian decentralization was designed to bring a greater role on the local government which largely abandoned at the previous era. In this sense, the Indonesian decentralization policy reform is a functional and responsibility shift of the central government, designated to lower levels of government. Referring to Law 32/2004, Indonesian attempt to autonomy generally revolves around three main principles, i.e. de-concentration, decentralization and co-administration (please refer to Table 6.2.). The territorial authorities in Indonesia (e.g. provinces, regencies (*Kabupaten*) and municipalities (*Kota*)) are then granted autonomous

status. With autonomous territorial and the transfer of authority and responsibility, provincial and local governments are positioned at the same level, as the local government.. The head of regencies and municipalities are no longer directly responsible to the provincial government, but to the local assembly while the de-concentrated agencies for devolved functions was abolished and the personnel were transferred under the authority of the provincial government.

Figure 6.1. Framework of Government according to Law 22/1999 and 32/2004.



Source: Law 22/1999; 32/2004; Usman, 2001.

Law 32/2004 further specifies the authority shift from the central to local government (decentralization). Indonesian government (national level) basically retains six types of governmental affairs under its jurisdiction as elaborated in article 3 while article 13 and 14 stated affairs under the jurisdiction of provincial and local government. Generally, both provinces and cities share the same field of responsibility, yet the provincial government is more responsible in managing cross boundary issues while the local government acts as the direct administrator at the local level. Table 6.3 presents the separation of governmental affairs according to the governmental level.

Table 6.3. The separation of governmental affairs according to the level of government.

Central Government	Provincial Government	Local Government (Regency/Municipality)
1. Foreign affairs	1. Development planning and management	1. Development planning and management
2. National defence	2. Planning, implementation and control over spatial planning	2. Planning, implementation and control over spatial planning
3. National Security	3. Safety and tranquillity	3. Safety and tranquillity
4. Judicial	4. Infrastructure	4. Infrastructure
5. Monetary and fiscal	5. Health	5. Health
6. Religion	6. Education	6. Education
	7. Social (cross regencies/municipalities)	7. Social
	8. Labour (cross regencies/municipalities)	8. Labour
	9. Coop, small and medium enterprise (cross regencies/municipalities)	9. Facilitating coop, small and medium enterprise
	10. Environmental control	10. Environmental control
	11. Land management (cross regencies/municipalities)	11. Land management
	12. Demography	12. Demography
	13. Public administration	13. Public administration
	14. Investment (cross regencies/municipalities)	14. Investment
	15. Other public service unmanaged by local government	15. Other public service

Source: Law 32/2004.

Local administrative law (Law 32/2004) states that intra and intergovernmental relations revolve around three main aspects as follows: (1) fiscal; (2) public service provision, and (3) resource management. The relation is further elaborated in Table 6.4 below.

Table 6.4. The territorial field of intragovernmental and intergovernmental relations.

Territorial field	Intra-governmental	Intergovernmental
Fiscal	1. Decentralized authority of several financial resources for revenue collection (i.e. Decentralized process for revenue collection in several taxation, e.g. vehicle tax, land tax) 2. Fiscal balancing transfer (e.g. Taxation, non-taxable, budget allocation) 3. Loan and grants	1. Fiscal sharing for intergovernmental collaboration 2. Loan and grants
Public service provision	1. The transfer of authority to conduct collaboration 2. Central government decides the base standard for operational 3. The transfer of financial resources for public service provision at local level 4. Facilitating intergovernmental collaboration	1. Managing local public service (e.g. establish institutional framework, providing infrastructure, management, and operational) 2. Conducting collaboration 3. Integrated permits issuance management
Resource management	1. Separation of responsibility for management, control, and preservation (i.e. local government is entitled of managing its local resource/assets) 2. Resources sharing from exploitation of natural and other resources 3. Coordination of planning	1. Management, control, and preservation of local resources 2. Collaboration for resource management (e.g. Water resource sharing) 3. Integrated permits issuance management

Note: Intra-governmental: relations between central-provincial-local government.

Intergovernmental: relations among local governments.

Source: Author (2014), extracted from Law 32/2004.

6.1.2. Political Decentralization

According to the World Bank, “political decentralization aims to give citizens or their elected representatives more power in public decision making” (World Bank). Democratization scheme which giving citizens right to vote is promoted. In Indonesia, before the decentralization the Ministry of Home Affairs appointed and removed local mayor, regent, up to village level. With the decentralization, mayors and village heads are directly elected by the people, abolishing the central government’s authority in local controlling function. Local councils, known as the Local People’s Representative Assemblies (for cities) are elected indirectly through political party election.

The language in the local administrative law eliminated the supervisory role the provinces had once exercised over local governments (see also Figure 6.1). It contained little substantive description of the place of the governor and provincial assemblies within the hierarchy of government relations other than as coordinating role in delivering public service in cross-border cities and mediating conflicts between local governments. The reason behind the effectively skipping over the provincial level of governance is that the central government’s intention to limit the strength of those provinces that might seek separatism in the future (approaching the 1998 economic crisis there were growing regional separatism especially in Northern Sumatra and Eastern Indonesia). The corollary is that any form of collective action on the part of potential separatists would be far more difficult to coordinate if power was diffused among approximately 300 mayors and regents at the local level rather than 28 provincial governors (see Bennet, 2010). Bennet (2010) further elaborated that many Indonesians still harboured negative views of provincial authority, a system that carried vestiges of the federalism associated with Dutch colonialism that had predated the move to a unitary constitution and independence in 1950.

6.1.3. Fiscal Decentralization

Under the fiscal decentralization law (Law 25/1999 amended 33/2004), the local government receives a more equal share of its local production (e.g. natural resources) and taxes, a significant increase on regional and local fiscal balancing power compared to pre decentralization. The main idea of this fiscal balancing is to reduce imbalance between the central and local level. The central government designates the equalisation grant for local governments to use according to local needs. At present, the total of equalisation grant and sharing revenue (fiscal transfer from the central government) covers local governments’ revenue ranging from 60 to 80% of local total revenue (calculated from budget report 1999-2013). With this fiscal balancing regulation, local governments with high revenue have a higher command to govern their area which leads them towards a less control from the provincial government.

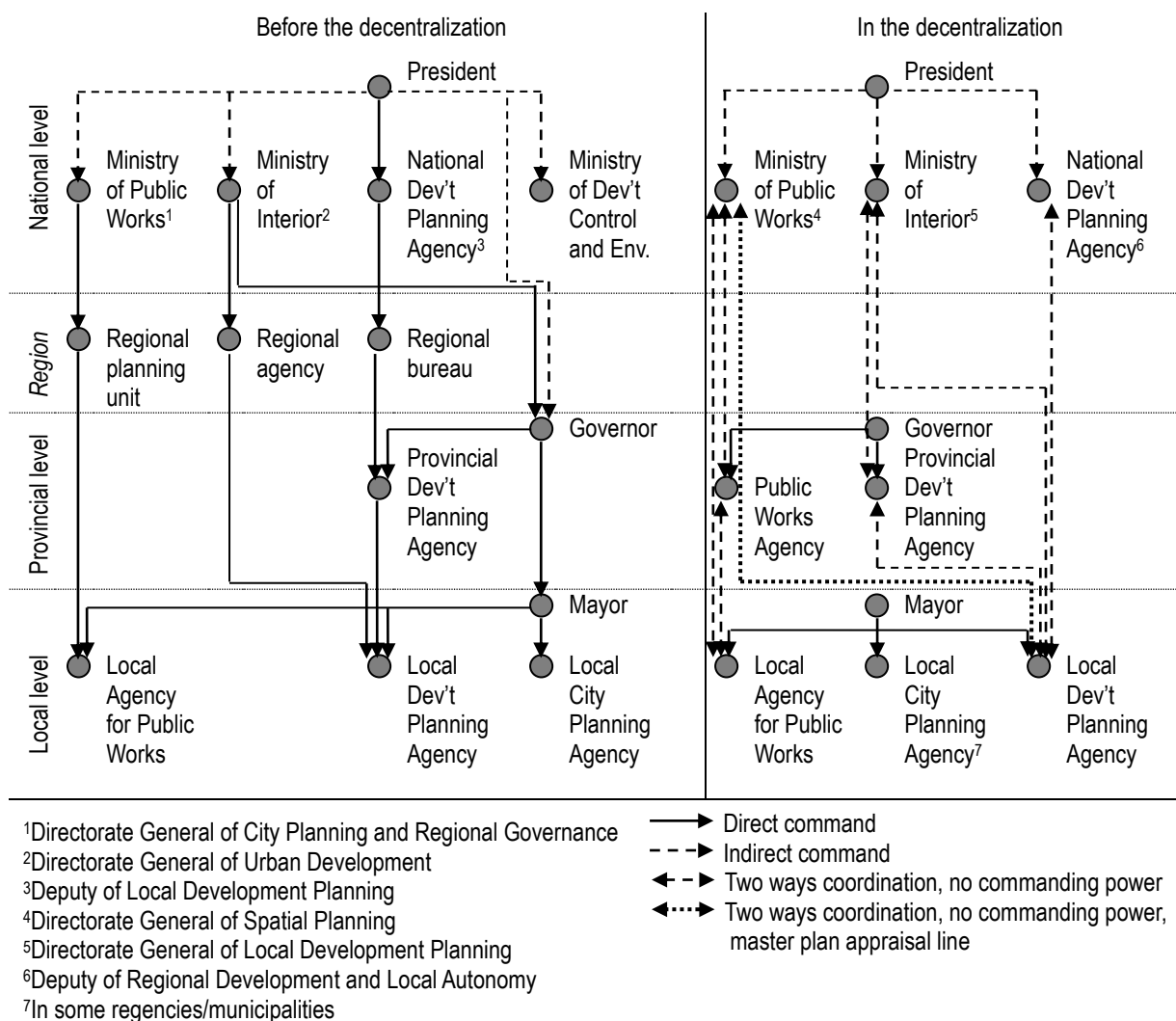
Local governments also have some power to set local tax rates either for maximising their revenue and minimising it. The central government through Law 34/2000, however, sets the maximum rate for local taxes. However, if a local government feels that one or more types of local taxes are not potential to collect in its region, then that local government does not have to collect those taxes. This maximum tax rate rule will implicitly explain the basic behaviour of local governments. Some local governments will focus on maximising revenue by installing a maximum tax rate without much consideration of the possible effects towards local investment climate. Other local governments will charge smaller than maximum rate and be more interested in attracting potential investor coming to the regions which often observed on highly industrialized regencies/municipalities (see Brodjonegoro, 2003).

In the Indonesian fiscal decentralization scheme, the general allocation as part of fiscal balancing transfer cover the largest part of most local government revenue in Indonesia. At least 25% of net national domestic revenue is allocated to the general allocation fund. From that amount, 10 percent will be allocated to provincial governments and 90 percent to local governments. The basic principle of the general allocation fund formula is reducing fiscal gap concept in which the allocated fund should fill the gap between the assumed local government needs and capacities. The assumed need is estimated by considering population, area, geographical condition, and poverty condition while the capacity is estimated by considering the natural resource potential, human resource potential, GRDP, and industrial capacity. In terms of implementation, local governments are given full freedom to spend the fund according to their priorities.

6.1.4. Decentralization in Planning and Regional Governance

Decentralization in planning system was brought about the first time in 2004 after the national assembly passed the new law about national development planning system (Law 25/2004) and the new spatial planning law in 2007 (Law 26/2007). According to the new national development planning system, local governments are not obliged to make their local development plans as the direct elaboration of the national development plan. The national plan acts only as reference and consideration (see Figure 6.3.). The same thing works in the institutional planning framework, planning is governed at the local level with higher level governments as coordinating partners (see Figure 6.2 and Table 6.5).

Figure 6.2. Institutional framework for planning and regional governance before and in the decentralization.



Source: Author (2014), constructed from Law 24/1992; 32/2004; 26/2007.

Table 6.5. Actors' involvement in local planning process before and in the decentralization.

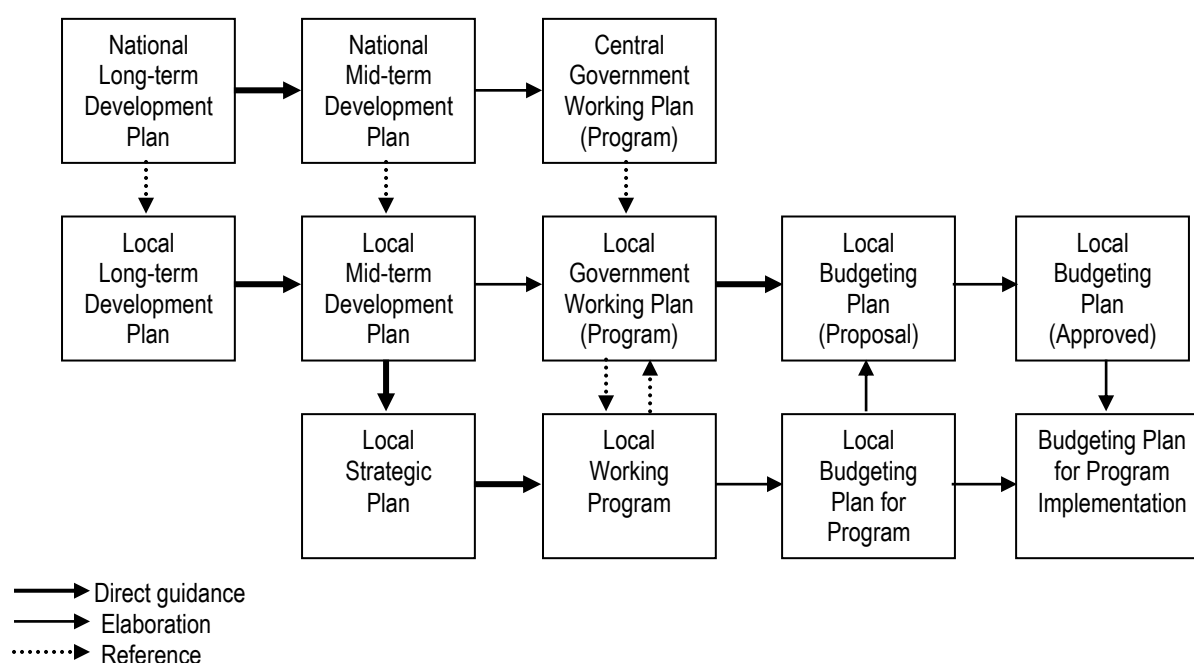
	Ministry of Public Works	Ministry of Interior	Central National Dev't Planning Agency	Ministry of Development Control and Environment ¹	Province Public Works Agency	Province Provincial Dev't Planning Agency	Local Agency for Public Works	Local Local Development Planning Agency
<i>Before decentralization</i>								
Regulation and Guidance	●	●	●	●				
Planning	●	●	●	●		●		●
Implementation	●	●			●		●	
Control	●	●				●	●	
<i>In the decentralization</i>								
Regulation and Guidance	●	●	●					
Planning								●
Implementation	○				○		●	
Control							●	

¹Now become Ministry of Environment;

●: Direct involvement; ○: Indirect involvement (National/Provincial funded projects, in collaboration with local governments)

Source: Author (2014), constructed from Law 24/1992; 32/2004; 26/2007.

Figure 6.3. Local development plan and its connection with other plans in the decentralization.



Source: constructed from Law 25/2004.

During the process of making a local development plan, the governor as the representative of the central government is responsible for coordinating tasks that have been de-concentrated and co-administered to the local level as well as making sure that all local plans are well coordinated and synchronised especially regarding neighbouring regencies/municipalities. All local development plans need no approval from higher levels of government to be implemented. Moreover, the new spatial planning law further ensured the decentralized planning system in Indonesia. While before central government agencies stationed in local level were responsible to cooperate with local governments for spatial plan making, after the decentralization and these agencies were dissolved and merged with the local agencies. It is also unnecessary for the local government to seek recommendations and approval from the governor and provincial assembly before requesting central government's approval to get the plan enacted as the local regulation. Under the new system, the substances checking of the local master plan is done by the Ministry of Public Works, bypassing the provincial government, and the approval requirement from the governor and provincial assembly is abolished. Although regencies/municipalities are still required to obtain the governor's recommendation which mostly consist of the provincial concerns regarding the master plan. However, from interviews with local governments, the negative side of this system is that in some cases it takes longer for local governments to get their plans approved at the central level due to negotiating process when local governments negotiate the implementation of national/provincial development projects in their area (e.g. delineation of the toll road).

As Firman (2008) pointed out, decentralization is a necessary factor to help improving the effectiveness of public infrastructure provision in the urban and regional development. With decentralization, urban and

regional development was aimed to more locally manage. Before the decentralized planning was employed, urban infrastructure is largely provided by ministerial agencies, especially for large projects, in which local government has nothing to say both in planning and implementation. In the same system, the provincial government also played an important role in providing infrastructure for non-urban areas. With tens of provinces and hundreds of regencies/municipalities this centralized approach has been often poorly organised and most of the time heavily concentrated on certain areas only. Moreover, since the centralized approach often looked from the bird's eye view perspective, cities often criticised the central programmes as "missing the local target" at they failed to meet local needs.

Decentralized planning and implementation, especially in public service provision and infrastructure, is not without challenges as well. Gathered from the interview, in the first years following decentralization, local governments' revenues were focused to support the administrative transition resulting in low development of infrastructure and public service. The trend continues for a decade, especially in not economically strong regencies/municipalities. Moreover, the National Development Planning Agency mentioned that the local dependency toward the fiscal transfer from the central government for infrastructure provision remains high and there is limited cooperation with nongovernmental sector (National Mid-term Development Plan 2004-09, Chapter 33, Infrastructure Development Acceleration).

6.1.5. Decentralization: Review and Criticism

Most of the research regarding Indonesian decentralization focused on fiscal, administrative, or political decentralization (e.g. Fitriani et al, 2005; Ito, 2005; Brodjonegoro, 2006; USAID, 2006; Azis, 2008; Bennet, 2010). A fraction of that emphasized on how decentralization policy, especially the local government proliferation affected local and regional development (e.g. Matsui, 2005; Pratikno, 2008; Firman, 2009) but even less aimed attention on collaborative governance (e.g. Firman, 2010; Zul Fahmi et al, 2010; Hudalah et al, 2013).

Bottom-up accountability and deficiencies in the existing capacity are often seen as the lacking part of Indonesian decentralization (see Shah and Thompson, 2004; Local Development International LLC, 2013). Local Development International further stressed that decentralization are not sufficiently integrated across elements of decentralization (e.g. political, economy, administration) or with other public sector reforms resulting in some reforms subject to deliberate processes, but weak coordination of key actors where consensus is rarely reached. With all of these setbacks, it is found that decentralising policy implementation has been uneven in character. It largely depends upon the leadership quality of the local elites (see Firman, 2003; 2008). Municipalities with better capacity usually strived in exercising and implement policymaking.

The first decade after the enactment of the decentralization law saw the declining influence of provincial government towards its local government (see Situmeang, 2011). The provincial government no longer holds a vital position in approving local development plans and local spatial plans since its two main roles are only as the central government's representative and regional coordinator for cross border issues. It also has no commanding factor in the local government to do its bidding arguably because local governments hold autonomous status. Therefore, to many, decentralization has largely contributed to the inward looking behavioural orientation of the local government, which resulted in the growing local egocentrism (e.g. Sutrisno, 2004).

Like a snowballing effect, the declining influence of provincial government and autonomous local government bring about the lack of the interdependency of local government towards their neighbouring cities is pointed out as a negative side of decentralization. Before the decentralization, the central and provincial governments could intervene, straight ordering cities to collaborate with each other to reach regional collective purposes (Firman, 2010). However, in the decentralization process many of local governments tend to ignore the regional context in which they are located, thus lead to challenging effort to create a collaborative governance based on shared common interest. A large portion of local governments does not see collaborative needs that come with decentralization (Von Luebke, 2009). With no authoritative power from higher levels of governments and the inward looking behaviour of the local government, as stated by many of the respondents during interviews, regional collaboration is heavily depends on the goodwill of the local government.

6.2. INDONESIAN METROPOLITAN REGIONS

Figure 6.4. Indonesian metropolitan regions.



6.2.1. Economy

In the last three decades, metropolitan regions in Indonesia have experienced changing patterns of urbanisation, changes in the type of socioeconomic activities, and increased pressures on the environment. Rapid economic growth, population mobility, industrial and commercial estates have been the major contributor of these changes and other factors that is local to some regions. Jakarta and Bandung, for instance, new towns and toll road development are pointed out as the unique challenges that triggers changes in the two regions (see Dharmapatni and Firman, 1995). The tourism industry has been the major cause of urbanisation in Denpasar and at some extent, Yogyakarta. In case of Jakarta and Bandung as observed by Dharmapatni and Firman (1995), the metropolitanisation forces emerged from the internationalisation of Indonesian economic activities that was responded by the central government through liberalisation of foreign investment, international trade, and the finance sector propelled the growth of economic, population mobility and other urbanisation's contributors. Due to this policy, unequal development between urban and rural area through the development of infrastructure and supporting facilities also played roles in pushing the population mobility.

Table 6.6. Indonesian metropolitan regions by economic size.

Metropolitan region	Share of National GDP (%)		GRP (Rp billion)	
	2000	2009	2000	2009
Jakarta	21.0	24.0	33.0	52.0
Core	16.0	13.5	23.0	36.0
EMR	5.0	10.5	10.0	16.0
Surabaya	5.0	6.0	7.2	14.0
Core	3.0	3.5	4.2	7.5
EMR	2.0	2.5	3.0	6.5
Yogyakarta	0.7	0.7	1.0	1.5
Core	0.3	0.2	0.4	0.5
EMR	0.4	0.5	0.6	1.0
Semarang	1.7	1.7	2.3	3.7
Core	1.0	0.9	1.4	2.0
EMR	0.7	0.8	0.9	1.7
Denpasar	0.6	0.8	0.9	1.6
Core	0.2	0.3	0.3	0.5
EMR	0.4	0.5	0.7	1.1
Makassar	0.7	0.9	0.9	1.8
Core	0.5	0.7	0.7	1.5
EMR	0.1	0.2	0.2	0.3
Bandung	2.3	2.3	3.3	5.6
Core	1.1	1.4	1.6	2.9
EMR	1.2	0.9	1.7	2.7
Medan	1.6	2.3	2.2	4.7
Core	1.2	1.5	1.7	3.3
EMR	0.4	0.7	0.5	1.4

Source: National Statistics Bureau, Ministry of Economy

Economically, metropolitan regions in Indonesia are the country's economic power engines. 39.1 percent share of National Gross Domestic Product concentrated these 8 regions, with the Jakarta region alone contributes as much as 24 percent (2009). In year 2000 the aggregate of economic contribution between core cities and their surrounding cities (extended metropolitan regions) were high. However, within a decade, extended metropolitan regions grows into the second layer of economic powerhouse. This phenomena is due to the government's policy starting in mid-1990s to push big industrial estates out of the core city and the increasing regional minimum wage employed by core cities, turning the core city into commercial and trading centres instead. This shift caused a decline in share of National GDP as observed in Jakarta, Yogyakarta, and Semarang.

In terms of economy, metropolitan regions in Indonesia are also facing high disparity between cities in the regions (see Table 6.7). This study utilised the Williamson index of inequality to calculate the disparity between cities in one metropolitan region. By calculating the disparity, this study aims to grasp a clearer perspective on regional economics on the long-term convergence in per capita income between cities in metropolitan regions. Regional inequalities within a metropolitan region or between regions have been a significant phenomenon causing serious concern, especially in term of metropolitan collaborative governance to gain further understanding why resource sharing is often difficult to build. Regional inequality has persisted at different spatial scales in Indonesian metropolitan regions, e.g. disparity among cities and disparity among regions.

Williamson employed a measure of spatial dispersion, which consisted of the coefficient of variation of per capita income weighted by each region's population share of total population. The key variable in the analysis is per capita income as indicator of living standards as well as regional equity and inequity. The formula is as follows:

$$WI = \frac{1}{\bar{y}} \left[\sum_{i=1}^n (y_i - \bar{y})^2 \frac{A_i}{A_{tot}} \right]^{1/2}$$

Where A_i is the population of the city i and A_{tot} is the regional population (total population in the metropolitan region where the city i belongs); y_i is the local income per capita observed in the city i and \bar{y} is the regional average per capita income; n is the total number of cities in a metropolitan region. According to Williamson's inverted "U" theory (1965), regional inequality will increase during the initial stage of development and then it will reach a certain level due to scale economies and regional spread effects.

Regional disparity among the eight metropolitan regions over the period of 2005-09 is shown in Table 6.7. It is important to note that while Jakarta, Surabaya, Bandung, Medan, and Denpasar regions are predominantly urban, Semarang, Yogyakarta, and Makassar region have higher percentages of rural area

compared to the first four metropolitan regions. Due to this different characteristics, the urbanised period between the two groups varies, thus at some extent may resulting on dissimilarity on its trend of economic disparity. During the period of 2005-2009, five out of eight regions (Jakarta, Surabaya, Bandung, Yogyakarta, and Medan) indicated a similar level of inequality between their cities. While most of metropolitan regions are quite stable in maintaining their disparities, Semarang metropolitan region shows an increasing trend during this period. Agriculture industries that used to be strong in the rural area in the Semarang metropolitan fringe starts to decline after 2000s as a result of intensifying urbanisation and industrial estates. Urban areas experienced comprehensive development, while rural areas lagged behind.

Among eight metropolitan regions, Makassar has the highest disparity while Denpasar continuously maintains low disparity compare to other regions. In Makassar, economic activity is highly centred on the core city and relatively developed urban areas grew faster than less developed areas. As a result, regional inequality of GDP per capita continuously high. Denpasar, on the other hand, mostly depends on the tourism industry, spread all over the region regardless the urban or rural status. This tourism industry has been blooming all over the region. Therefore, the development in rural areas was not much different than that in urban areas. Due to this development, the degree of regional inequality, especially between urban and rural areas, was maintained adequately low compare to industrialised metropolitan regions such as Jakarta and Surabaya.

Table 6.7. Williamson Index on regional disparity.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Jakarta	0.969	1.048	1.265	1.273	1.309	1.211	1.200	1.219	1.310	1.470	1.485	1.510	1.534
Surabaya	0.894	0.881	0.869	0.873	0.877	0.955	0.944	0.951	0.957	0.949	0.985	0.991	0.987
Bandung	N/A	N/A	N/A	N/A	N/A	0.273	0.312	0.318	0.366	0.409	0.449	0.474	0.500
Semarang	0.803	0.784	0.787	0.728	0.733	0.719	0.728	0.747	0.748	0.745	0.749	0.756	0.763
Yogyakarta	0.424	0.425	0.413	0.436	0.395	0.388	0.387	0.384	0.379	0.408	0.397	0.399	0.401
Medan	N/A	N/A	N/A	N/A	N/A	0.347	0.358	0.329	0.361	0.360	0.370	0.371	0.361
Makassar	N/A	0.846	0.910	1.014	1.104	0.846	0.849	0.851	0.879	0.871	0.878	0.884	0.894
Denpasar	0.318	0.314	0.311	0.310	0.308	0.338	0.319	0.293	0.283	0.310	0.317	0.315	0.324

6.2.2. Population

The past four decades have witnessed a gradual change in the population growth pattern in the metropolitan regions. In order to identify the population concentration for each decade, this study divides the metropolitan region into three parts –core cities, inner zone, and outer zone– according to segregation introduced by Jones (2004). The inner zone lies just outside the metropolitan core city, mostly consists of suburbs –both industrial estates and residential area in the form of the new town. The inner zones were mostly the key areas of change in population, economic activity, transport and communication (Jones, 2004). The radius of inner zone covers 30 to 50 kilometres out of the core city, with outer zone covers even further area (Jones et al., 2000; Mamas et al., 2001). Where inner zones are highly urbanised, parts of the outer

zone can consist of rural areas. Some regions such as Yogyakarta and Bandung are segregated into two parts instead of three due to the size of the metropolitan region which is comparably a lot smaller than other regions.

Table 6.8. Population density and growth rate in Indonesia metropolitan regions.

	Population (million)				Density (per sq.km)				Growth rate (p.a)		
	1980	1990	2000	2010	1980	1990	2000	2010	'80-90	'90-00	'00-10
Indonesia	147,5	179,4	206,3	237,6					1.98	1.41	1.43
JAKARTA											
Core	6.5	8.2	8.4	9.6	9,824	12,476	12,673	14,508	2.4	0.16	1.36
Inner zone	2.7	5.4	6.4	6.8	1,126	2,289	2,688	2,874	7.4	1.62	0.67
Outer zone	2.5	3.4	6.9	10.3	795	1,097	2,198	3,261	3.3	7.20	4.02
SURABAYA											
Core	2.1	2.5	2.6	2.7	6,089	7,426	7,806	8,304	2.0	0.50	0.62
Inner zone	1.6	2.2	2.8	3.2	916	1,267	1,622	1,807	3.3	2.49	1.09
Outer zone	2.5	2.7	2.9	3.3	661	710	761	850	0.7	0.69	1.11
YOGYAKARTA											
Core	0.39	0.42	0.39	0.43	12,252	12,680	12,206	13,253	0.3	-0.4	0.8
Inner zone	1.3	1.5	1.7	2.0	1,213	1,366	1,555	1,853	1.2	1.3	1.8
SEMARANG											
Core	1.1	1.3	1.4	1.5	2,740	3,343	3,610	4,161	2.0	0.77	1.43
Inner zone	1.4	1.6	1.7	1.8	710	799	849	938	1.2	0.60	1.01
Outer zone	1.7	2.1	2.4	2.5	613	716	828	877	1.6	1.47	0.57
DENPASAR											
Core	N/A	0.32	0.53	0.78	N/A	2,509	4,167	6,170	N/A	5.2	4.0
Inner zone	0.51	0.27	0.35	0.54	1,204	655	825	1,298	N/A	2.3	4.6
Outer zone	0.65	0.68	0.77	0.89	538	569	637	737	0.6	1.1	1.5
MAKASSAR											
Core	0.71	0.95	1.1	1.3	4,029	5,390	6,250	7,608	3.0	1.49	1.99
Inner zone	0.53	0.64	0.66	0.84	216	260	271	343	1.9	0.43	2.38
Outer zone	0.21	0.24	0.28	0.32	125	148	174	196	1.8	1.58	1.24
BANDUNG											
Core	1.5	2.1	2.2	2.4	8,714	12,209	12,757	14,272	3.4	0.44	1.13
Inner zone	2.6	3.2	4.2	4.7	1,877	2,251	2,963	3,296	1.8	2.79	1.07
MEDAN											
Core	1.4	1.7	1.9	2.1	5,204	6,528	7,166	8,001	2.3	0.94	1.00
Inner zone	1.3	1.3	1.7	1.8	287	299	391	414	0.4	2.70	0.58
Outer zone	0.29	0.36	0.51	0.59	133	161	230	269	1.9	3.58	1.59

Source: calculated from Ministry of Economy, BKKBN, BPS, various local government statistics.

Population increase during 1980-90s intensified in the inner zone more than the core city itself as shown in Jakarta and Surabaya (see Table 6.8). This period also saw the increasing density of the core cities. While population growth was mostly occurred in the suburbs of Jakarta and Surabaya, Bandung and Medan were facing a population influx in their core cities. Around the same period, population growth within core cities and suburbs in Yogyakarta, Semarang, Denpasar, and Makassar was not as drastic as the ones occurred in Jakarta and Surabaya which grew fast into country's industrial power engines. The decade of 1990 to 2000 again saw a different spatial concentration of population growth in each metropolitan region. The strongest population growth was no longer concentrated in the inner zone, but already moved to the outer zone,

mostly to suburbs located farther from the core cities, as can be seen taking place in Jakarta, Surabaya, and Medan. Semarang, Denpasar, and Makassar on the other side retain the highest population growth in their inner zone through the next decade (2000-10). In case of Jakarta, 2000-10 further cemented the challenges faced by outer zone as the brewing pot of population growth when the trend continued. It is also observed that the last decade saw the population influx back to the core cities. At least 5 out of 8 regions experience a high increase of population in their core cities (refer to the growth rate section on Table 6.8).

Observed in all metropolitan regions, disparity on population density taking place between core cities and their inner and outer zone is high as far as 20 times higher such as in Makassar in the last three decades. The two major metropolitan regions, Jakarta and Surabaya, the density in their core cities are about seven to eight times higher than the density in their inner zones, respectively. Aside than the disparity between core cities and suburbs, among others, Jakarta, Yogyakarta and Bandung have higher density compared to others. The high density in Yogyakarta and Bandung are mostly due to the size of their core cities which are comparably smaller than other core cities. Moreover, the return of population influx on the core cities again is displayed on the increase of population density between year 2000 and 2010 after a constant period during 1990-00, for example the rapid increase in population density on their core cities Bandung and Jakarta is reaching almost 15 and 12 percent increase respectively.

6.2.3. Spatial

The Indonesian metropolitan spatial plan has been long became the concern of central and provincial government. Since the first introduction of the Jakarta metropolitan spatial plan in 1975 all plans was developed by the central government through the Ministry of Public Works and only until the last two decades it became a joint collaboration between the central and provincial governments. The development of the metropolitan spatial plan has always been centralized following the central government's policy to address metropolitan regions as national strategic areas. However, the challenge the implement these plans to the local level remains. The missing metropolitan body to implement the plan and declining provincial authority to ensure the plan to the local level are often blamed as the main reason behind the ineffectiveness of metropolitan spatial plan in Indonesia (Ministry of Public Works, 2006).

The following part is dedicated to give a brief perspective on spatial structure of eight metropolitan regions. By reviewing spatial plans in eight metropolitan regions, this study aims to get a clear understanding on issues and challenges regions are facing, especially in the public service provision due to the characteristics of its spatial structure.

Two biggest metropolitan regions: Jakarta and Surabaya

The spatial structure of the Jakarta metropolitan region is a polycentric metropolitan with Jakarta as the core city. The core city and its supporting centres are connected through a corridor type of toll road network, spreading east-west and north-south respectively. The concentrated development during 1960-80s in the core city resulted on the high primacy of Jakarta compared to its surrounding cities. The urbanisation was characterised as the agglomerated type, spreading from the core outwards and then further elongated to the Bandung metropolitan region in the east following the development of toll road connecting two regions. On the other hand, although also a polycentric metropolitan region, the transportation network connecting Surabaya and its satellite cities follows a grid system rather than a corridor. The development of toll road is not as massive as Jakarta and the provincial government was more focused on building regional highways.

Both metropolitan regions are facing similar challenge in managing their spatial plan for the metropolitan area. This study found that both governments tried to curb the physical development yet it failed. Surabaya, for example, tried to limit the development of north-south axis in its metropolitan core (Surabaya Municipalities) during 1990s, which partially the reason why development spread faster in its southern fringe (Sidoarjo regency). In Jakarta, counter-magnet towns were consciously designed to reduce migration and over saturation at the city centre, yet the development of corridors dividing the region was faster owed to the development of toll roads (Dharmapatni and Firman, 1995). Rapid housing and industrial development have converted the agricultural land, woodland, and wetland into residential, industries, and infrastructure. The deflection from the spatial plan was mainly characterised by unplanned development. In Jakarta, between 1992 and 2001, 20 percent of land development deviated from the master plan is recorded (Ministry of Public Works, 2006) due to rapid development of big residential estates. In Surabaya, between 1996 to 2001, there was around 600 ha of development area that did not comply with the master plan, 20 percent less than during the period of 1984 to 1995 (Okitasari, 2010).

The failure in curbing the development caused issues in managing public service provision and transportation (Ministry of Public Works, 2006). For years, municipalities and regencies in the Jakarta metropolitan region continue to struggle in delivering a proper public transport network which missing until less than a decade ago in a quest to alleviate severe congestion in every part of the region. Jakarta, located in low land, depends on its neighbouring regencies for water source and flood control. The Surabaya metropolitan region is also facing the same issue, although not as severe as Jakarta. The rapid growth of the motorised vehicles in the last two decades puts enormous stress on the capacity of the road network. The autonomous position and different program's priorities of the local governments also create challenges in coordinating infrastructure planning and implementation, especially in the border area.

The extended metropolitan region: Bandung

The development of the Bandung metropolitan region is closely related to the agglomeration in the Jakarta metropolitan region. Bandung's growth is largely part of the Jakarta conurbation as well developed infrastructure connects these two areas (see Dharmapatni and Firman, 1995). The same research elaborated that the trend of unified physical growth between Jakarta and Bandung started to intensify during 1980s, reflected in the increasing commuting trips between the two. This massive corridor of urban growth in this proportion is unique in Indonesia. Another continuous urban corridor in the central part of Java (Semarang-Surakarta-Yogyakarta) is not as intense as Jakarta-Bandung and other metropolitan such as Surabaya, Denpasar, Medan, and Makassar have grown as a single metropolitan region.

Bandung has a prime location for agriculture and forestry, yet due to its proximity with Jakarta vulnerable for the urbanisation. Due to the rapid transformation of agriculture and forest area into built up residential, the condition and use of water resource became increasingly critical, especially during the dry season (Dharmapatni and Firman, 1995). Aside water supply issues, challenges in waste management is also a brewing concern of local governments. Difficulties to find adequate land for landfill, management and waste transportation are present along with the increasing volume of the domestic waste.

The metropolitan in the Central Java: Yogyakarta and Semarang

Both Semarang and Yogyakarta are a mono-centric metropolitan with strong rural communities on their periphery. While Yogyakarta are predominantly generated by the tourism industry for both their urban and rural areas, Semarang is largely dominated by agriculture industries. Core cities of these two regions are the centre of their commercial activity. In Semarang the urban primacy of its core city is palpable with the urban development is highly concentrated in one centre and agglomerated outward following a ribbon like line. The industrial estates grow in the northern part, creating an east-west axis growing along the shoreline and passing the core city while residential estates filling the north-south axis to the inland; to the upland where most of the water supply resources are located (Ministry of Public Works, 2006).

The spatial growth of Semarang and Yogyakarta creates challenges, especially in providing public service. If Semarang's core city and regencies in the northern part of the region are deprived of water supply resources, the challenges facing in Yogyakarta's core city are the availability of land for waste management. The availability of public infrastructure along the border between two regencies/municipalities due to the distance with the regency/municipality's core is also present. Most of infrastructure coverage is concentrated in the core, hence connectivity between the regencies/municipalities is low (Ministry of Public Works, 2006). On the top of that, both regions are not a high economic zone, such as Jakarta and Surabaya metropolitan regions, their financial capability are also deliberately weaker.

Metropolitan regions outside Java: Denpasar, Medan, and Makassar

Spatial structure of the Medan metropolitan region was first designed in 1985, then renewed in 1996. The master plan designed Medan municipality as the core city with three satellite cities in its north, east, and west. The urbanisation started to spread north in the late 1980s, then east and west during 1990s, nonetheless the population still concentrated in the core city (Ministry of Public Works, 2006). The development of the Medan metropolitan region is more structured than Semarang or Bandung in the sense that it follows the spatial structure designed through the master plan. The pressure on the core city is highly contributed by the slow development of the road network connecting the core city and its satellite cities between 1980s and 2000s and rapid development along the riverbanks. For years, even until the present time, local governments continue struggling to coordinate its transportation planning, controlling the environmental impact of the rapid growth to the surface water resource and flood control as well as managing the energy demand, especially electricity coverage. Electricity coverage is highly concentrated in the core city while local governments try to push industrial estates to the suburbs due to the land availability.

While Medan is considered old planned metropolitan region, Denpasar and Makassar were not considered as a metropolitan region up until early 2000s. The spatial structure of both regions is characterised by agglomeration of its core city and the surrounding municipalities/regencies. In Denpasar, for the last two decades, the rapid urban development occurred in the periphery, along the coastline and mountainous area which are prime for tourism. Most of road infrastructure in the periphery is narrow, limited by the landscape, has not been developed since earlier time when resort estates are mostly located in secluded areas. The booming of tourism estates and the stream of visitors also affect the growing amount of waste that cities need to tackle. Finding suitable places for landfills is not easy due to restrictions placed by religious preferences and tourism priority (confidential interview, 2013)

In Makassar, the development trend show tendency to follow a similar pattern taking place in Jakarta almost four decades ago. Large residential estates were built in the border area –both the periphery of the core city and the neighbouring regency– encroaching the prime agricultural land. Yet in Makassar the main challenges is to provide adequate urban infrastructure such as drainage, water supply, and waste management since most of the cities in this region are not well prepared for the rapid development. For example, in average, local governments in Makassar can only fulfil 23 percent of water coverage needed (Ministry of Public Works, 2006). The low coverage of urban infrastructure, especially for low-medium income residential estates was blamed as the main reason why these settlements are reduced into shanty towns.

Table 6.9 on the following page summarised the major issue and challenge in the Indonesian metropolitan region, particularly from the perspectives of transportation, spatial, and public service.

Table 6.9. Major issues and challenges in Indonesian metropolitan regions.

Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar	Bandung	Medan
<i>Transportation</i> <ul style="list-style-type: none"> • Lack of public transportation • Severe traffic • No integrated transport system (road, public transport) among cities 	<i>Transportation</i> <ul style="list-style-type: none"> • Lack of public transportation • No integrated transportation facilities (competing between cities, especially in the border areas) 	<i>Transportation</i> <ul style="list-style-type: none"> • Poor quality of road construction • Lack of road network coverage (non-integrated road planning) 	<i>Spatial</i> <ul style="list-style-type: none"> • Highly centered development in the core city • Ribbon development with lack of available transportation network • Rapid change from green area to the built environment (residential) in suburbs cities • Flooding, land subsidence 	<i>Transportation</i> <ul style="list-style-type: none"> • Lack of public transportation • Lack of road capacity in some areas • Traffic 	<i>Transportation</i> <ul style="list-style-type: none"> • Poor quality of road construction • Traffic 	<i>Transportation</i> <ul style="list-style-type: none"> • Lack of road network • Lack of transportation facilities (e.g. bus station) 	<i>Transportation</i> <ul style="list-style-type: none"> • Lack of road network • Accessibility between growth nodes is not yet integrated • Traffic issues • Lack of public transport
<i>Spatial</i> <ul style="list-style-type: none"> • Lack of spatial control and high unplanned development cause losing of reservoirs, floods 	<i>Spatial</i> <ul style="list-style-type: none"> • Rapid change from green area to the built environment in suburbs cities • Unplanned development • Flooding 	<i>Environmental</i> <ul style="list-style-type: none"> • Waste water pollution (heavily polluted surface water) 		<i>Spatial</i> <ul style="list-style-type: none"> • Rapid development in rural area threatening green area 	<i>Spatial</i> <ul style="list-style-type: none"> • Rapid unplanned development is not followed by proper installation of public infrastructure • Flooding 	<i>Spatial</i> <ul style="list-style-type: none"> • Rapid change from green area/ agriculture to the built environment • Unstructured development (sprawl) 	<i>Environment and spatial</i> <ul style="list-style-type: none"> • Flooding • Rapid change from reservoir to built environment • Lack of green area
<i>Public service</i> <ul style="list-style-type: none"> • Waste management (inability to find places for landfill in some cities, lack of capacity) • Water supply (lack of water resources in some cities) • Poor sewerage system 	<i>Public service</i> <ul style="list-style-type: none"> • Water supply (lack of network coverage, lack of water resources in some cities) • Lack of integration in infrastructure planning between cities 	<i>Public service</i> <ul style="list-style-type: none"> • Waste management (inability to find places for landfill in some cities, lack of capacity) • Low coverage of urban infrastructure, especially drainage and water supply network 	<i>Public service</i> <ul style="list-style-type: none"> • Lack of public service infrastructure in border areas (high residential development with lack public service provision –poor network) 	<i>Public service</i> <ul style="list-style-type: none"> • Waste management (inability to find places for landfill due to religious preferences) • Water supply (lack of water resources in some cities) 	<i>Public service</i> <ul style="list-style-type: none"> • Waste management (transportation, lack of landfill capacity) • Water supply (lack of network coverage) 	<i>Public service</i> <ul style="list-style-type: none"> • Waste management (inability to find places for landfill in some cities, lack of integrated management) • Water supply (lack of water resources in some cities, poor water supply network) • Poor sewerage system 	<i>Public service</i> <ul style="list-style-type: none"> • Imbalance electrical supply between areas. • Poor drainage network

Source: Author (2014), constructed based on Ministry of Public Works (2006), Local government report (2000-2008).

6.3. COLLABORATIVE METROPOLITAN GOVERNANCE: AN INDONESIAN CONTEXT

Since mid-1990s metropolitan governance has been front and centre in the Indonesian metropolitan study (e.g. Ministry of Public Works, 2003; 2006; Firman, 2010; Zul Fahmi et al, 2010; Hudalah et al, 2013). Cataloguing through the literature, research prior to decentralization (pre-1999) mostly focusing on the idea of developing metropolitan authority (e.g. Firman and Dharmapatni, 1994; 1995) while the post-decentralization saw the urgency of building collaborative metropolitan governance framework (e.g. Rakodi and Firman, 2009; Firman, 2008; 2010; Abdurrahman, 2012; Hudalah et al, 2013).

As been reviewed in the previous part, the main reason of averting from creating a metropolitan authority for developing collaborative metropolitan governance are mostly due to the shift of power from the central to local government. In the new decentralized system, local governments hold autonomous power over planning and governing their cities. Hence, creating a super-level regional government will be against this policy and not to mention will be heavily unpopular. On the other hand, metropolitan authority was the preferable option during the centralized system when planning and governing were controlled by higher level of governments. Nonetheless, there was no metropolitan authority established during the centralized government. Most of the concerns regarding the establishment of metropolitan authority were revolved around governing issues in the Jakarta metropolitan region, but not in other metropolitan regions such as Surabaya, Bandung, and Medan.

Prior to the decentralization, the central government only recognised three major metropolitan regions, namely Jakarta, Surabaya, and Medan, and among three regions, Jakarta has the highest primacy and the highest urbanisation pressures. In the 1990s urbanisation grew rapidly all across the country, creating pockets of urbanised regions and high population mobility. Following the new spatial planning law in 2007, the central government for the first time characterised metropolitan as cities with population more than one million inhabitant and designated seven metropolitan regions as the national priority area. The regions are Jakarta, Bandung, Surabaya, and Semarang in Java, Denpasar in Bali, Medan in Sumatera, and Makassar in Sulawesi. Yogyakarta was not mentioned as the national priority area, but it is qualified as a metropolitan region since the population of its core cities and extended metropolitan region already reached 2 million by 2000 (Indonesian Statistics, 2000).

Table 6.10 on the following page presents the basic information on Indonesian metropolitan governance. Information on 8 metropolitan regions is covered from the aspects of area, population, number of covered entities, starting year, type of agreement, enabling authority, collaborative planning issue, and spatial planning documents.

Table 6.10. Basic information on Indonesian metropolitan collaborative governance.

	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar	Bandung	Medan
Area (sq.km)	6,175	5,862	1,114	5,243	1,754	4,245	1,590	6,811
Population(million)	26.6	9.1	2.4	5.9	2.1	2.5	7.0	4.4
Covered entities (as per 2014)	3 provinces, 4 municipalities, 4 regencies	2 municipalities, 5 regencies	1 municipality, 2 regencies	1 municipality, 5 regencies	1 municipality, 3 regencies	1 municipality, 3 regencies	2 municipalities, 3 regencies	1 municipality, 2 regencies
Year started for regional gov'ce	1976	1986	2001	2003	2002	2003	N/A	2001
Institutional body	Collaboration Board (1976)	Collaborative Dev't Secretariat (1997)	Joint Secretariat (2001)	Collaboration Board (2003)	Collaborative Management (2002)	Collaboration Forum (2003)	N/A	Coordinating Board (2006)
Agreement	Between provinces (1976) MoU between provinces, local governments (2006)	Governor Decree (1986, 1997) Partial MoU between local governments(2001)	MoU between local governments (2001)	MoU between local governments (2009)	MoU between local governments (2002)	Governor Decree (2003), no MoU yet	N/A	N/A
Enabling authority	1. Provincial (1976), 2. Central Planning Authority (1980), 3. Central Coord. Board (1992), 4. National Dev't Planning Board (2007)	1.Provincial (1986) 2.Provincial and Local governments (2004)	Local governments (2001)	Local governments (2003; 2009)	1. Local gov'ts (2002), 2. Provincial and Local gov'ts (2012) – <i>agreement between local gov't continues</i>	Central and Provincial governments	Central, Provincial (advocated), no agreement or institutional body has been established (as per May 2014)	Provincial
Collaborative planning issue	Water conservation, water provision, solid waste, flood control, infrastructure (e.g. road, sewerage)	Extended urbanisation (e.g. industrial, residential), urban infrastructure	Infrastructure (road, sewerage), solid waste	Water provision, tourism, social and infrastructure	Solid waste, water provision, transportation, infrastructure	Conservation, industrial, water provision, infrastructure	Solid waste, water provision	Transportation, ecology
Spatial planning	Regional Plan (1975-MoPW) Structure Plan (1985-MoPW) Spatial Plan (2008-MoPW)	Spatial Plan (1980- Province, MoPW) Spatial Plan (2007- Province) Transportation Plan (2010-Province)	N/A	Spatial Plan (1984-Province) Spatial Plan (1988-MoPW) Spatial Plan (ongoing-MoPW)	Spatial Plan (2011- MoPW)	Spatial Plan (2001-Prov) Spatial Plan (2006-MoPW)	Spatial Plan (1984-MoPW) Urban Dev't Plan (1993-Prov) Spatial Plan (ongoing-MoPW)	Spatial Plan (1984-MoPW) Spatial Plan (2011-MoPW)

Note: MoPW (Ministry of Public Works). Partial means that each local government individually signed agreement with the neighboring government, but with all local governments in the region.

Source: Author (2014), constructed based on Ministry of Public Works (2006), Local government report (2000-2008), National and local statistics (2010).

6.3.1. Governmental Regulation on Collaborative Governance

Table 6.11. Government regulation on collaboration

Regulation on Collaboration (Direct)	Related regulation (Indirect)
<i>Before decentralization</i>	<i>Fiscal</i>
1. Ministry of Interior Regulation 6/1975 (Intergovernmental collaboration)	1. Government Regulation 58/2005 (Local fiscal management)
2. Ministry of Interior Decree 275/1982 (Guidelines for collaborative urban development)	2. Government Regulation 1/2008 (Public investment)
3. Ministry of Interior Regulation 4/1990 (Collaboration between state owned enterprise and private sector)	3. Government Regulation 2/2012 (Local grant)
4. Ministry of Interior Notice 114/4538/PUOD/1993 (Guidelines for intergovernmental collaboration)	<i>Administrative</i>
<i>In the decentralization</i>	1. Law 19/2003 (State owned enterprise)
1. Presidential Regulation 67/2005; 13/2010; 66/2013 (Public private partnership for infrastructure provision)	2. Government Regulation 6/2006 (Management of local assets)
2. Government Regulation 50/2007 (Guidelines for regional collaboration)	3. Government Regulation 38/2007 (Separation of governing responsibility between central-provincial-local government)
3. Ministry of Interior Regulation 69/2007 (Collaboration for urban development)	
4. Ministry of Interior Regulation 22/2009 (Technical guidelines for regional collaboration)	
5. Ministry of Interior Regulation 23/2009 (Guidelines for management and control of regional collaboration)	

Source: Author (2014).

Table 6.11 above listed government regulation related to collaborative governance, directly and indirectly. Regulation in Indonesian collaborative governance context is necessary in term of guiding the process of collaboration, while the authority to conduct the collaborative activity has already been decentralized from higher levels of government to the local level with the enactment of local administration (regional autonomy) law (Law 22/1999). Prior to the decentralization, intergovernmental collaboration was regulated through the Ministry of Interior Regulation (for administration) and Decree (for the implementation). All collaborative activity at the local level required approval from the provincial government and needed to be reported to the Ministry of Interior. Nonetheless, collaborative activities were only conducted by the provincial government. The regulation enacted after the decentralization abolished this administrative system and no approval nor report from/to the higher level of government is needed for the local government to set up a collaborative activity. Other differences between regulations enacted before and after decentralization are that the latter concerns more about regulating and advocating collaborative activities at the local level as well as broaden the subject from intergovernmental to cross-sectoral collaboration.

Directly related regulation consists of a series of government regulation issued specifically to regulate a collaborative activity while indirectly related regulation consists of a variety of regulations underlying the local authorisation to conduct a collaborative activity. Government Regulation 50/2007, the baseline

regulation for collaboration, aims to provide a formal procedure to guide the local government in guiding a collaborative activity. Other related regulations that indirectly affect collaborative governance arrangement can be separated into two agendas; fiscal and administrative. All regulations (see Table 5.9; Related regulation) have regulated procedures related to collaborative activities, e.g. Government Regulation 1/2008 elaborates procedure for fiscal resource sharing for collaboration in the form of public investment, Law 19/2003 explains the transfer of authority from government to state owned enterprise to form collaborative agreement with private sector, and Government Regulation 38/2007 provides basic rules for local governments to manage their local assets in collaboration with other actors including nongovernmental sectors.

6.3.2. Collaborative Metropolitan Governance before the Decentralization

Prior to the decentralization, there were only two initiatives on collaborative metropolitan governance in Indonesia. The initiatives took place in Jakarta and Surabaya metropolitan region (refer to Table 6.9). Formal collaborative arrangements between local governments in one single metropolitan region were mostly unheard of from other regions other than coordinating spatial planning under the provincial government; without diminishing the fact that there were possibilities of intergovernmental collaboration informally. Moreover, although public private partnership for the public service provision such as infrastructure was initiated prior to the decentralization, most of the programs under this scheme were central government programs. Regulation regarding cross-sectoral collaboration for public service implementation, i.e. road construction, water supply provision, etc., was first enacted in 1998 (Presidential Decree 7/1998). It then followed by regulations in various public service sectors which were most of them previously unregulated, e.g. land provision (Presidential Decree 36/2005), water supply (Law 7/2004), waste management (Law 18/2008), etc.

Indonesian government's first efforts to establish the intergovernmental collaborative arrangement for the metropolitan region were started in the late 1970s with the formation of a development coordinating body in Jakarta. Its main agenda was to curb the effect of rapid urbanisation in Jakarta, especially in environmental and urban service provision. At that time the metropolitan region consisted of Jakarta, two municipalities (Bogor and Tangerang), and three regencies (Bogor, Tangerang, and Bekasi) –these five local governments were under the West Java provincial government. Since local governments at that time held no autonomous status, regional issues were handled directly by the provincial government. Hence, the agreement to collaborate was drafted and signed by the governor of Jakarta and West Java in 1976 and ratified by the Ministry of Interior Decree (No.10/34/16-282), followed by the establishment of Jabotabek (acronym of the Jakarta metropolitan region) Collaboration Board. Soon after, the Ministry of Public Works started to develop the metropolitan spatial plan as the basic plan to coordinate urban development occurred in the Jakarta

metropolitan region. From this point, Abdurahman (2012) argued that it is clear that the collaborative initiative in Jakarta was structurally centralistic and an example of top-down planning concept.

The Jabotabek Collaboration Board considered as a coordinating initiative in spatial planning, as a necessary ability to play their role in controlling the implementation is missing due to lack of funding and personnel (see Firman, 2011). The implementation part of the collaborative development depended on financial resources allocated by Jakarta, West Java province, and the central government. Hence, for years, the collaboration board only functioned as a communication channel between two provinces. Since its establishment in early 2000s, the collaboration board heavily focused on managing more issues taking place in the capital region and less between local governments in West Java province. Most of the joint agreement for implementation consists of Jakarta as one of the two beneficiaries (see Abdurahman, 2012).

The second regional collaborative initiative took place in Surabaya, the second biggest metropolitan in the country, in the early 1980s. It was originally initiated by the provincial government, but was heavily influenced by the central government as could be traced back from the development of the spatial planning and the establishment of the collaborative board. The spatial planning was made a joint project between the provincial and the Ministry of Public Works and the regional collaboration has no coordinating board until 1997. Most of the activities before 1997 were handled through one of the agencies in the provincial level. The collaborative development secretariat was established after the issuance of ministerial letters (Ministry of Interior 193/722/BANGDA). The secretariat itself was a non-structural board with the main task assisting the governor in managing development program in the metropolitan region (Governor Decree 58/1997). The secretariat consisted of three main groups, each managing collaboration in economic, infrastructure, and social issues in which members were representatives of local and provincial government related agencies. Moreover, the financial expense of the program implementation was shouldered by each municipality/regency, but the coordinating activity was funded by the provincial government. From the interviews, it is gathered that the coordinating board lies dormant for years before eventually dissolved in mid-2000s. Under this scheme no individual agreement was made between local governments.

Rather than heavily focused on the issues revolved around the metropolitan core city like Jakarta, collaborative initiation in the Surabaya metropolitan region was more balance at some extent. Instead of focusing on alleviating problems in Surabaya municipality, it aimed to develop a network of supporting regencies/municipalities, especially regarding industrial estate and residential, and coordinating the planning and implementation in the border area between two regencies/municipalities (Governor Decree 58/1997). However, there was no joint implementation program, but only collectively planning the program and individually implement it. The financial source for the implementation fell under the responsibility if the local government involved while the administrative expense of the coordinating activities as well as the

managerial expense of the collaborative development secretariat were maintained by the provincial government.

The establishment of a collaborative development secretariat in the Surabaya metropolitan region was considerably late, long after the collaborative agreement first signed by the governor in 1986 (see Table 5.8). Before the Secretariat was established, the coordinating was handled directly by one of the departments under the provincial development planning board, but since there was no clear direction for financing the implementation, most of the collaborative arrangements were in the form of communicating and information sharing on spatial planning only (confidential interview, November 2012).

During the span of more than twenty years (1976-1999), there were no collaborative establishment that initiated by local government (see Table 6.10). Provincial government in Bandung metropolitan region (West Java province) set up a coordinating team for synchronising the local spatial plan (Governor Decree in 1987, 1990, 1997 and 2004), but no coordinating board has been established. To many, the autocratic central government and the reluctance to give authority to the provincial and local government were blamed as the main reason why collaborative governance failed to succeed in the metropolitan regions. Firman (2003) specifically argued that as the single most important metropolitan region, Jakarta was seen as national priority where, in the past, urban and regional development of those regions were greatly under the control and direction of the central government through presidential grant allocation and ministerial program. Consequently, this study perceives that this top down approach did not only hamper the local initiatives, but also created higher primacy for the core city where all infrastructure and public service provision project were concentrated.

6.3.3. Collaborative Metropolitan Governance in the Decentralization Process

Post enactment of the decentralization law saw that decentralization left little room for establishing strong institutional arrangements at subnational levels yet owing to the fragmented political landscape, the rebuilding of regional governance is the increasingly important policy and research agenda in Indonesia (Hudalah et al, 2013). Establishing a single authority of metropolitan government is generally shunned by local governments due to strong political tensions among provincial and local governments. After the regional autonomy was introduced, local government is reluctant to surrender some of its independence in managing urban development to the regional level government. Therefore the push and pull among local and provincial government is found strong in most regions practicing regional collaborative governance. However the growing need to establish a collaborative framework that can work in fragmented system is remain if not getting stronger.

Collaborative metropolitan governance started to emerge again following the enactment of the decentralization law in 1999. Various types of collaborative arrangement, range from intergovernmental (handshake agreement to formal agreement) to contract agreement with the private sector, is experimented in major metropolitan regions. Some of collaborative arrangements were considered thrives, e.g. intergovernmental collaboration in Yogyakarta (see Firman, 2010; Zul Fahmi, 2010) but others are struggling to set up an arrangement that can successfully plan, coordinate and supervise the implementation of development programs across jurisdictional boundaries. Previous research observed that in conducting the collaborative metropolitan governance, most of metropolitan regions still rely on sectoral coordination without any clear without any structured cooperation (see Hudalah et al, 2013).

The local administration (regional autonomy) law was introduced in 2004 (Law 32/2004), it opened up the possibilities of amalgamation for the whole or part of the region as well as the proliferation of local and regional governments. Following this law, regional proliferation took place all over Indonesia, adding more new local government entities, but not a single amalgamation was established. Strong resistance from several parties, especially local governments -and some provincial government in case of Jakarta- are observed and potentially create more tension in local and regional level.

In 2007 the central government issued a new spatial planning law which further ensured local government's autonomy in directing its spatial planning and urban development. The central government is not without effort to push the establishment of collaborative governance. In 2008 new government regulation in intergovernmental collaboration was introduced. The regulation sets up the direction to create an intergovernmental collaborative arrangement as well as an effort to give more authority towards the provincial government as the coordinating actor in regional level.

Unlike Jakarta and Surabaya, the collaborative arrangements in Yogyakarta and Denpasar from the beginning were initiated by local governments not long after the decentralization law was enacted. For Yogyakarta case, it was then supported by the provincial government, making it essentially as a top-down type of mobilisation with a bottom-up initiation. Even though prior to the establishment of the cooperating agency, the management of infrastructure development in the region was planned and implemented by the provincial government (see Firman, 2010), gradually the provincial government only acts as a facilitating actor. The three local governments agreed to tackle regional infrastructure service provision problem together by creating a common pool resource, including financial and personnel resources. On the other hand, collaborative arrangement in Denpasar is genuinely mobilised by local governments without any support from the central or provincial level government. From its mobilisation, Denpasar already exercised both intergovernmental and cross-sectoral type of collaboration between local governments and private sector. Together, four local governments contracted their solid waste management's operational service to

the private sector and cost shared the transportation service. After several years, Denpasar sees the growing interest from the provincial government in coordinating collaborative activities with the regional government starts to mobilise intergovernmental collaboration in another sector that has been tackled yet by local government such as regional transportation.

Looking over the changes taking place in each metropolitan region, even though some of them are heavily influenced by the new regionalism movement, it indicates that each local government has their specific consideration in adopting certain type of collaborative body. Such outcomes imply that transformation happens due to certain situation experiencing by local government at certain moments. Figure 6.5 illustrates the transformation of the conceptual framework for collaborative metropolitan governance before and after decentralization. The conceptual framework prior to the decentralization is developed based on the framework applied in Jakarta and Surabaya metropolitan region as they are the only available example for collaborative metropolitan arrangements. On the other hand, the conceptual framework for post-decentralization is concluded from the general idea of collaborative metropolitan governance currently practicing in all metropolitan regions in Indonesia.

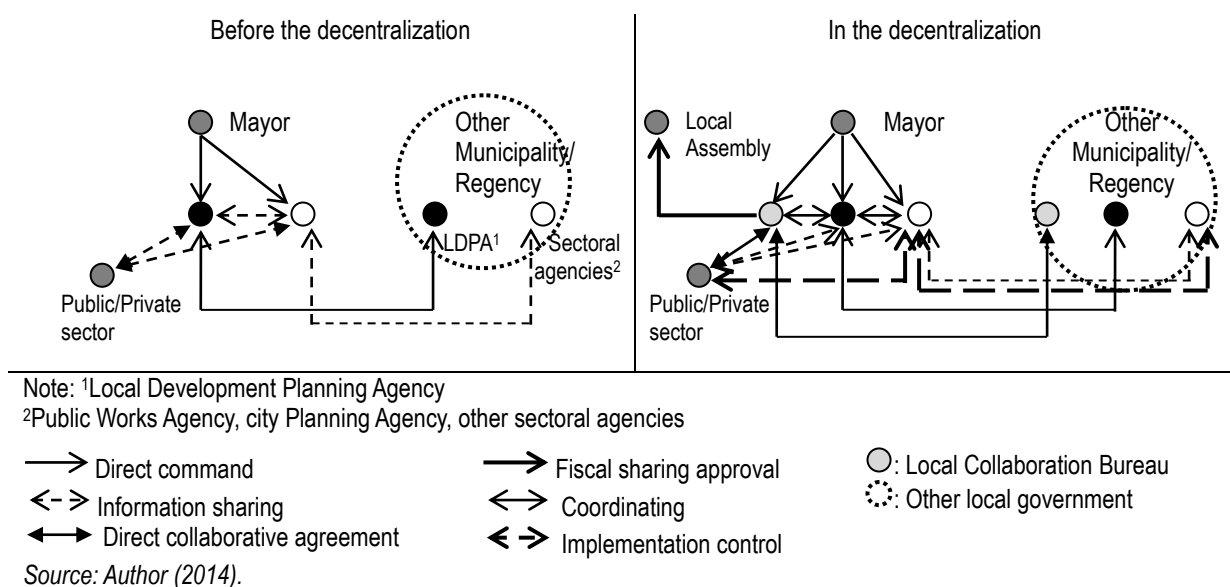
Generally, as already hinted at part 6.3.1., collaborative governance between cities in metropolitan region prior to the decentralization is a provincial issue. Both cases –Jakarta and Surabaya– were initiated by provincial government and supported by the central government while local governments mostly acted as recipients. Local governments communicate and coordinate their planning and implementation on a platform established by the provincial government. In this sense, local governments, public and private sectors played a passive role in this system where policies were produced by the higher level of governments and their involvement was limited to the implementation part. Therefore, as illustrated in the Figure 6.5 the main actor of collaborative metropolitan governance before the decentralization is the provincial government while the second layer of the framework consists of local governments (municipality/regency) and other sectors.

With the decentralized and de-concentration of power applied to the lower level of government, the collaborative governance between local governments in the metropolitan region moves from provincial to local level. While before the provincial government has a direct command to the collaborating body as it was established on the provincial level, the new system encourages that the collaborative platform is conducted at the local level (see Figure 6.5). As the local government now yield the autonomous power to decide, whether to collaborate or not.

collaboration at the local level (see Ministry of Public Works, 2006; Subowo, 2013). To compare the two periods, during post-decentralization it is the local government that actively tries to restructure the collaborative arrangement to fit the local situation instead of provincial and central government pushing a new approach in collaboration. Owing to the more autonomous choice given by the central government to arrange collaborative activities, some local governments have been pushing the boundaries to find a mechanism framework that can actually work for the current system and can be sustained in the longer term.

As decentralization change the conceptual framework for collaborative metropolitan governance, at the local level decentralization transforms the actor relation between local actors while dealing with collaborative activities. The basic relations in the intergovernmental collaboration such as information sharing between sectoral agencies and coordinating activities between two neighbouring Local Development Planning Agency remain the same. However, with the enactment of Government Regulation 50/2007 to guide collaborative activities, local governments are encouraged to set up a separate local collaborations bureau, which main responsibility are managing administrative tasks of collaborative activity including legal matters such as contracts and agreements. According to the regulation, collaborative development planning and policy making are the responsibility of the Local Development Planning Agency while implementation and monitoring task are under sectoral agencies. In this system when a city establishes a partnership with the private sector, the Local Development Planning Agency is responsible for coordinating the collaborative activity with related sectoral agencies. These agencies act as local agents to ensure that the project plan is according to master plan and development plan, allocating the implementation budget (if financial sharing is needed), deploying personnel to work together with the private sector (if required), and monitoring the implementation. In case that financial sharing is required, the financial plan should be included in the local budget and bring to the local assembly during budget authorisation at the beginning of the fiscal year.

Figure 6.6. Actor relations at the local level before and in the decentralization process.



6.3.4. Indonesian Collaborative Metropolitan Governance: Issues and Challenges

The challenges of Indonesian collaborative metropolitan governance after the decentralization evolve around issues regarding relations and network among actors –including local and regional stakeholders– in accommodating different purposes and needs and building appropriate institutional framework for collaboration, policies and regulation issues, and capacity building issues. Current issues and challenges in Indonesian collaborative metropolitan governance are elaborated as follows:

(1) Fragmented metropolitan governance.

The autonomous position of local government and its subsequent inward-looking behavior practiced bring greater tension in power push and pull between local and regional governments and among local governments. In another word, decentralization left a little room for establishing strong institutional arrangements at the subnational level and this institutional gap at the regional level has encouraged fragmented metropolitan governance (Firman, 2010; Hudalah et al, 2013). Thus, the institutional framework for collaborative metropolitan governance in Indonesia depends on the tension between dependence and autonomy that exists within the multilevel governmental network.

(2) The continuous quest to search for an appropriate institutional framework.

The institutional gap in the subnational level and subsequently, fragmented metropolitan governance bring about an unstructured collaborative metropolitan governance framework, referring to sectoral collaboration without clear institutional arrangements (Hudalah et al, 2013). As indicated earlier, in some regions the present collaborative action by the provincial government and its coordinating body is limited to coordinate purpose without any authority to implement programmes and policies (e.g. Jakarta and Surabaya).

(3) Institutional capacity at the local and regional level.

Institutional capacity also poses as a barrier in establishing sustainable collaborative governance. Lack of capacity in setting up proper institutional relations is often pointed out as the major problem in implementing the decentralization policy in Indonesia, in all levels of governments (Firman, 2010). As the ability of each local government in a region has been considerably variable consequently collaborative governance often faces multitude challenges due to difference capability offered.

(4) Disparity on fiscal capacity.

Disparity on fiscal capacity varies in each region. Since the number of cities in each region differs, if two regions have a similar level of fiscal inequality there are possibilities that region with more members will have higher disparity power than region with less members (e.g. Surabaya and Yogyakarta, see Table 6.7). As resource exchange frameworks has long been viewed as a central feature on collective action (e.g. Ostrom, 1990; Koliba et al, 2011) this study anticipates a wide range of possible resource exchanges that may take place between any two actors within a collaborative governance network.

- (5) Actor relations and networks: Variation in the degrees of strength and coupling of ties between actors as well as formality and the coordination of ties.

Collaborative activity is closely related to the relationship formed between involved actors, especially when it heavily depends on good willing of each actor. The characteristics that particular actors bring (goals, resources, and roles), help determine the nature of social relations forged within and across networks (Koliba et al, 2011). In this context, in a fragmented decentralized system, actor relations vary in each city across metropolitan regions in Indonesia, among various levels of governments and between government and nongovernmental sector; i.e. it is possible that some regions with special status, such as Yogyakarta or Aceh has distinct strength and coupling of ties between intra-governmental actors compared to other regions.

- (6) Local policies.

Resource exchange and actor relations depend on the type of policies and rules that aid in the governance of resource exchange and operational functions that are taken on within the governance platform. In Indonesia metropolitan region, different combinations of local policies are currently applied at the local level.

- (7) Politics, culture, and location bound characteristics.

Many studies showcase the lack of effective cooperation among bordering cities in Indonesian region, but not all of collaborative governance arrangement in Indonesia is unsuccessful by nature. At interurban with a smaller scale metropolitan region, partnership in collaborative governance is still a workable term and can be observed in several regions. Yogyakarta and Denpasar are examples of collaborative governance built from voluntary partnership based on mutual interest as opposed from Surabaya, which are more top-down in nature during its establishment. Both cases observed in Yogyakarta and Denpasar mobilised its collaborative governance arrangement after the decentralization law was enacted owing to less influence from the central government.

6.4. COLLABORATIVE INFRASTRUCTURE PROVISION IN INDONESIAN METROPOLITAN REGIONS

6.4.1. Regulation on Collaborative Infrastructure Provision

Government regulation on the collaborative infrastructure provision mainly directs the collaborative scheme between government and private sectors (see Table 6.12). The current breakthrough on public private partnership in infrastructure provision is the establishment of policy platform on infrastructure guarantee funds, a central government effort to develop a legal basis for local and regional government to fund a collaboration with nongovernmental actors. Intergovernmental infrastructure collaboration is steered and regulated through the general regulation on collaboration instead of specifying collaborative infrastructure scheme (see Table 6.11).

Table 6.12. Government regulation on collaboration in infrastructure provision.

Regulation	Content
1. Presidential Regulation 67/2005; 56/2011; 66/2013	Public private partnership for infrastructure provision.
2. Presidential Regulation 78/2010	Infrastructure assurance for infrastructure collaboration between governments and private sectors through Indonesian Infrastructure Guarantee Fund.
3. Presidential Regulation 12/2011	Committee for accelerating infrastructure provision policies.
4. Presidential Regulation 36/2005	Land procurement for the implementation of public based development.
5. Presidential Regulation 13/2010	Procurement procedure of business entity in the frame of cooperation agreement
6. Ministry of Finance Regulation 260/PMK.011/2010	Guidelines for infrastructure assurance in collaboration between governments and private sectors.
7. Ministry of Home Affairs Regulation 22/2009	Technical guidelines.
8. Government Regulation 6/2006; 38/2008	Management of state/regional/local assets.

Source: Author (2014).

6.4.2. Collaborative Infrastructure Provision in the Jakarta Metropolitan Region

Road Infrastructure and Sewerage

Projects: Road Networks Development Programme for Border Areas.

The current road networks development programme in border areas was first installed as part of a strategic partnership in Jakarta Metropolitan Area, stated in *the Jabodetabekpunjur Spatial Plan* in 2008. Prior from 2008, road networks development was also one of the main agendas of Jakarta collaboration board (*BKSP – Badan Kerja Sama Pembangunan*), yet no concrete programme was established. Under the current programme, member cities conduct three main activities for road networks around border areas –largely borders surrounding Jakarta the core city–, which are: joint planning, development, and maintenance. The funding for the development of new road networks and maintenance of current roads in border areas is financed through Jakarta provincial budget (Provincial Regulation 1/2008). Local governments surrounding Jakarta city participate in planning and designing road networks as the consulting partner of Jakarta, yet implementation is conducted by local agencies from Jakarta province (the core city).

Waste Management

Projects: Jabodetabek Waste Management Corporation (JWWC).

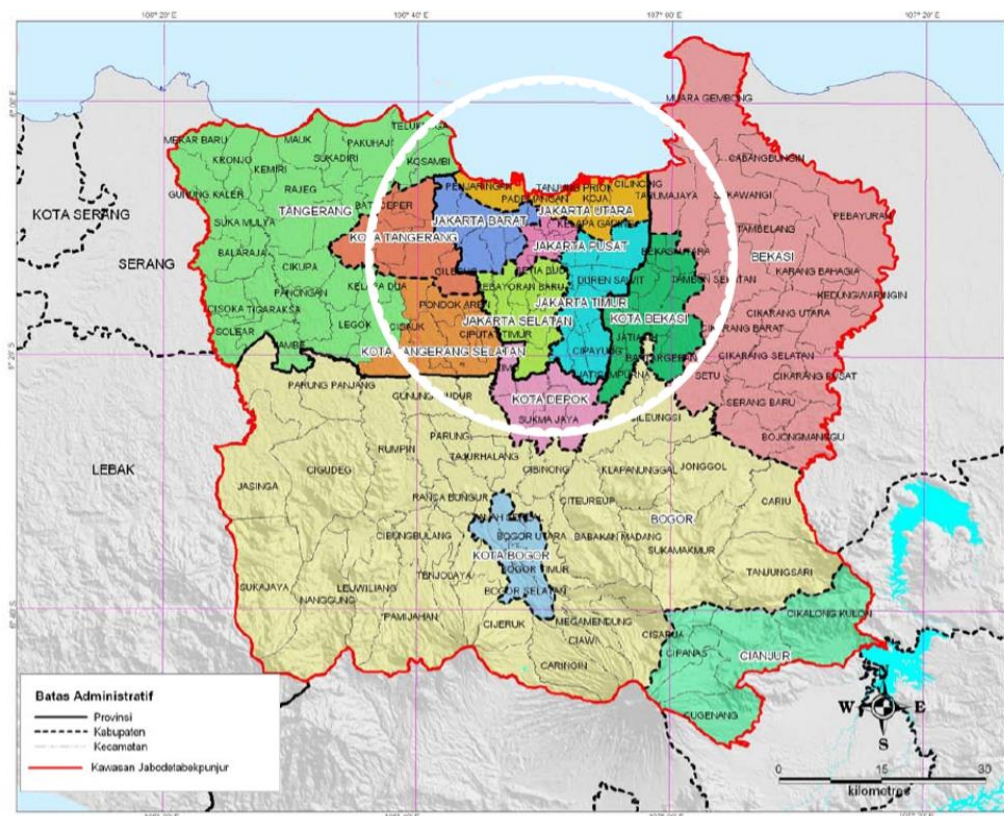
Jabodetabek Waste Management Corporation was established in 2004. Until 2013 there are two sub-projects developed under the JWWC platform; TPST (Integrated Waste Management) Bantar Gebang in Bekasi municipality serving Jakarta (core city) and Bekasi municipality and TPPAS (Regional Waste Management) Nambo in Bogor Regency (Nambo and Lulut village, district Klapanunggal) serving three

cities in West Java Province (Bogor regency and municipality, Depok municipality). Each agreement has a 20 year contract.

In the Bantar Gebang project, Jakarta province agreed to finance the waste infrastructure and facilities – building, procurement– while Bekasi provided local policies as facilities located in its jurisdiction. Under this project, Jakarta has to pay compensation to Bekasi due to the environmental impact of the waste facilities and also pay the tipping fee to the private company operating the facilities. The operational management of waste facilities and waste transportation were contracted to private sectors (e.g. for operational management to PT Godang Tua Jaya).

Case of Nambo is slightly different than Bantar Gebang. In Nambo, all involved cities –Bogor regency and municipality, Depok municipality– jointly finance the waste infrastructure, although the compensation scheme for Bogor regency (as the facilities host) is similar with Bantar Gebang. Beside the intergovernmental collaboration, Nambo project is also financed through a public private partnership, central-local collaboration (central fiscal transfer) and provincial-local collaboration (provincial fiscal transfer). The provincial government (West Java Province) manages the project preparation as well as the acting mediator for organising all involved actors. Bogor regency as the host provides the land, permit, and local policies concerning the operational of facilities.

Figure 6.7. Map of Jakarta Metropolitan Region (*Jabodetabekpunjur*).



Source: Ministry of Public Works (2011).

Water Supply

Projects: (1) Aetra Air Tangerang (cross-sectoral collaboration in Tangerang Regency), (2) Central Bogor Water Supply Development Project (cross-sectoral collaboration in Bogor Regency).

Aetra Air Tangerang project started in 2007. The partnership is first brokered by the Ministry of Public Works, although the agreement was signed between local government and the private company. The agreement used a BOT (Build Operate Transfer) model with 25 year contract. The local government remains as the main regulator (including pricing) and the water supply network connector while the private sector is responsible for building the water treatment facilities, primary and secondary water networks, and operational management. The project aimed to supply water for 5 districts (Sepatan, Pasar Kemis, Cikupa, Balaraja, and Jayanti) with total capacity of 900 l/s distributed to 350,000 residents.

Another branch of the company (Aetra Air Jakarta) conducted a similar joint partnership with the Jakarta province to provide water supply in East Jakarta, part of North Jakarta and Central Jakarta. The public private partnership in Jakarta started in 1998 and the agreement will be finished in 2023. In case of Jakarta, the main responsibility of the private sector is to operate and distribute as well as build new facilities (asset improvement).

Central Bogor Water Supply Development Project is another example of cross-sectoral collaboration in the Jakarta region. Collaboration is conducted between local governments, state owned enterprise (PDAM Tirta Kahuripan) and a private company to develop water treatment facilities in central Bogor with BOT (Build Operate Transfer) model. The contract is designed for 30 years. The central government through the Ministry of Public Works helped manage the initial stage of this project, including securing the investment through Water Supply Provision and Development Agency (*Badan Pendukung Pengembangan Sistem Penyediaan Air Minum – BPPSPAM*).

6.4.3. Collaborative Infrastructure Provision in the Surabaya Metropolitan Region

Road Infrastructure and Sewerage

Projects: Collaborative Programme for Border Areas (Sidoarjo).

Collaborative programme in border areas established by Sidoarjo regency undertakes road infrastructure development as one of its 5 agendas (spatial planning, education, health, road networks, and environment). Essentially, under this programme, Sidoarjo allocates its budget to synchronise road infrastructure development in border areas, including road improvement, maintenance, and sewerage instalment. The programme is largely intergovernmental, focusing on joint policy making with separate resource building and

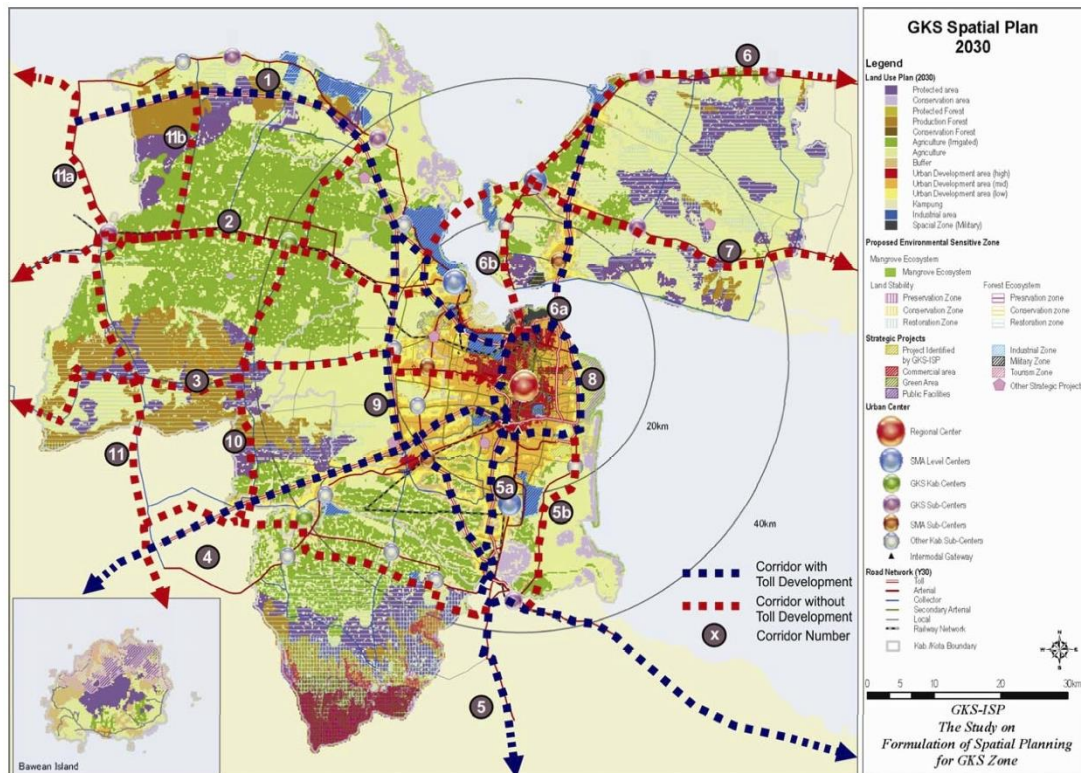
implementation. With Mojokerto regency, Sidoarjo agreed to joint financing new road connecting two cities. Nonetheless, the programme only finances development insider local border instead of cross-border.

Waste Management

Projects: Benowo Waste Management Programme.

The Benowo waste management programme is conducted in the form of public private partnership between local government of Surabaya municipality and the private sector (PT Sumber Organik) under 25 year contract. The programme consisted of two BOT (Build Operate Transfer) scheme; BOT for waste management and BOT for asset utilisation. Before the PPP was established, the local government built, operated and maintained the facility. Under the new agreement the private sector built new facilities and improve the current one in order to produce post-waste products (gas and fertilisers). The local government financed the tipping fee for the waste transfer and treatment (approx. 340,000 US\$/year).

Figure 6.8. Map of Surabaya Metropolitan Region (GKS/Gerbangkertasusila).



Source: JICA and Directorate General of Spatial Planning, Ministry of Public Works (2010).

6.4.4. Collaborative Infrastructure Provision in the Yogyakarta Metropolitan Region

Collaborative partnership for infrastructure provision in the Yogyakarta metropolitan region utilises the joint planning approach. Local governments built collaborative platform based on mutual learning and shared vision. All projects are managed through the Joint Secretariat, managed by professionals (nongovernmental

officials). Local government officials from the department level work to set up common priorities, design, implement (including distribution of responsibilities), and monitor and evaluate the projects on a regular basis. Common priorities established at the department level, then brought about to the department head meeting between cities before reporting to the mayoral forum.

Road Infrastructure and Sewerage

Projects: (1) Sewerage System Management Cooperation (metropolitan wide), (2) Drainage Development Programme (metropolitan wide), (3) Road Management (metropolitan wide).

Under this project, started in 2005, cities in Yogyakarta shares operational and maintenance cost on managing sewerage system. Collaboration is conducted between three member cities with financial support from the provincial government. Yogyakarta City contributes the largest resource shares (six to 10 times higher compared to other two cities). The project includes two main programmes; sewerage pipe development and sewerage aeration installation. Besides sewerage system, using a similar scheme, the collaborative drainage management project is conducted by sub-projects include widening the drainage dimension and construction of new drainage (development), and dredging sediment and flood treatment (maintenance).

In road management, cities in the Yogyakarta region use a different financing and implementation scheme than collaboration for sewerage or waste management. Under the road management cooperation, cities agreed to implement and fund the project separately, although planning and design are jointly managed. For example, for road construction or rehabilitation passing borders between two cities, cities having the longest road dimension are responsible for the funding and implementation. Joint funding and implementation will be pursued for larger projects in road development –in larger projects, fiscal transfer from provincial government is included in the scheme. Road management cooperation consists of several sub-projects: synchronising planning and budgeting, construction and rehabilitation, and improving the quality of roads and bridges in the metropolitan region.

Waste Management

Projects: Kartamantul Solid Waste Disposal Management (metropolitan wide).

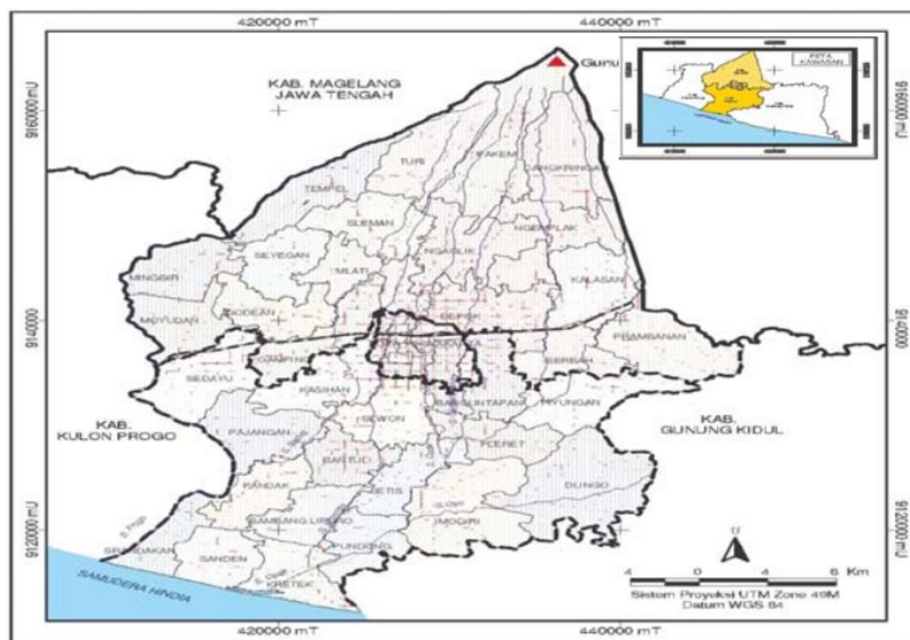
The metropolitan wide collaboration is built upon agreement on operational and management of the solid waste disposal service. It started in 2001 and continued until the present. Cities share operational and maintenance costs, which calculated according to the waste volume delivered to the landfill. Under this collaborative scheme, cities where landfills are located received incentives from other cities.

Water Supply

Projects: Resource Water Management (metropolitan wide).

This metropolitan-wide project includes water resource study and institution building, tariff, water infrastructure development (intergovernmental). Under this project, local governments planned to expand collaboration for water infrastructure development with the private sector, yet at present cross-sectoral collaboration is only done between local governments and the state owned enterprise for water provision (PDAM). Currently, water supply networks are expanded and built by the local government according to their jurisdiction, although the regional networks are designed and planned jointly at the metropolitan level.

Figure 6.9. Map of Yogyakarta Metropolitan Region (*Kartamantul*).



Source: Ministry of Environment, Yogyakarta Provincial Development Agency (2008).

6.4.5. Collaborative Infrastructure Provision in the Semarang Metropolitan Region

All intergovernmental collaboration in the Semarang Metropolitan Region is built on the platform of regional collaborative agreement. Yet, most of the collaboration in infrastructure provision is a city-to-city collaboration rather than a metropolitan-wide collaborative project. Before the MoU of regional collaborative agreement was signed, local government agencies from all member cities conducted FGIs (Focus Group Interviews) and FGDs (Focus Group Discussions) to map local priorities for infrastructure provision, and workshops to prepare the collaboration format. Besides road infrastructure, sewerage, water supply and waste management, collaboration in infrastructure provision in Semarang also included housing and flood control.

Road Infrastructure and Sewerage

Projects: (1) Intergovernmental Collaboration for Sewerage and Drainage (between Semarang municipality and Kendal regency), (2) Road Improvement Project on Trimulyo-Bedono-Surodadi and Kudu-Waru (between Semarang municipality and Kendal regency).

The scale of collaborative projects for road infrastructure and sewerage is smaller than projects in Yogyakarta or Jakarta. These projects were largely aimed to synchronise the improvement planning on border areas and ensuring continuous road networks with lesser difference in road and sewerage dimension between cities. There was no resource sharing for the joint financing scheme as we observed in Yogyakarta, but cities rather individually finance the road and sewerage improvement project in their local jurisdiction. The development plan was communicated and designed directly between local agencies responsible for project implementation (Department of Public Works). During the discussion, implementation schedule was planned in order to both cities to be able to propose budgeting to the local assembly at the same budget period.

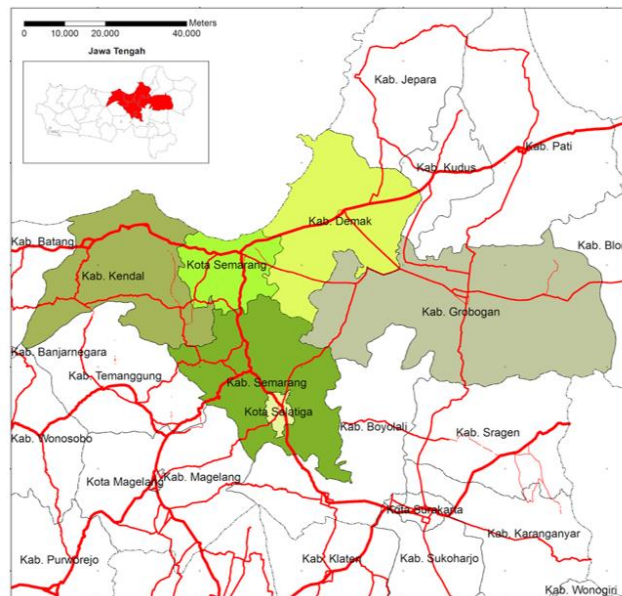
Waste Management

Projects: (1) Intergovernmental Collaboration for Landfill Provision (between Semarang municipality and Kendal regency), (2) Intergovernmental Collaboration for Waste Management in Border Settlements (between Semarang municipality and Demak regency).

Under the Intergovernmental Collaboration for Landfill Provision project, the local government of Kendal regency provided the location for landfill to serve districts between Semarang municipality and Kendal. Semarang municipality on the other hand financed the building of facilities. The operational management expense is finance, according to the waste volume delivered by each city to the facility with Semarang paid additional compensation to Kendal as the host due to the environmental impact of the landfill.

Intergovernmental collaboration for waste management in border settlement project is district-scale collaboration, smaller than collaboration for landfill provision project. Under this project, involved local governments planned and built waste collecting facilities and a temporary waste management facility to reduce the cost of building multiple waste facilities and eliminate the practice of individual waste burning in border areas. In this collaborative project, cities which do not build, but use the facility has to pay compensation to host cities, according to the total waste volume sent to the facility. Waste transportation from settlements to the facility, however, is managed individually by each city.

Figure 6.10. Map of Semarang Metropolitan Region (*Kedungsepur*).



Source: Central Java Provincial Development Planning Board (2013).

Water Supply

Projects: (1) Master Plan for Greater Semarang Water Supply (metropolitan wide), (2) Public Private Partnership for Water Supply Provision (Semarang Regency), (3) Intergovernmental Collaboration for Water Supply Provision (between Semarang municipality and Semarang regency, between Semarang municipality and Kendal regency, between Semarang municipality and Demak regency).

Master Plan for Greater Semarang Water Supply (Greater Semarang SPAM) project was a joint policymaking agreement between member cities in the Semarang metropolitan region to secure water sources and reduce the cost of water distribution across the region. Due to the geographical terrain, some cities are lacking on water resource, hence the need to collaborate with neighbouring cities. According to the master plan, smaller collaborative projects are planned in which intergovernmental or public private partnership is pursued. There are various cases, e.g. PPP in Semarang Regency, Intergovernmental collaboration between Semarang municipality and regency, etc. The project was directed and managed by the provincial government through the Department of Public Works in the year 2000.

Based on the Greater Semarang SPAM project, local governments of Semarang municipality and regency cooperate on water supply provision in the border area in 2004. The contract is renewed every 3 years with a greater portion of water is delivered to residential areas in Semarang municipality. The water source (9 deep wells) and water treatment facilities are located in the Semarang regency (Ungaran). In this project, each city was responsible to build water supply networks in their jurisdiction with Semarang municipality agreed to finance and build water treatment facilities. The collaboration agreement, on the other hand,

dictates in which way water is shared between the two cities, including compensation pricing and payment schedule for Semarang municipality. Supporting facilities, such as water meter installation, are provided by Semarang regency as the operational manager.

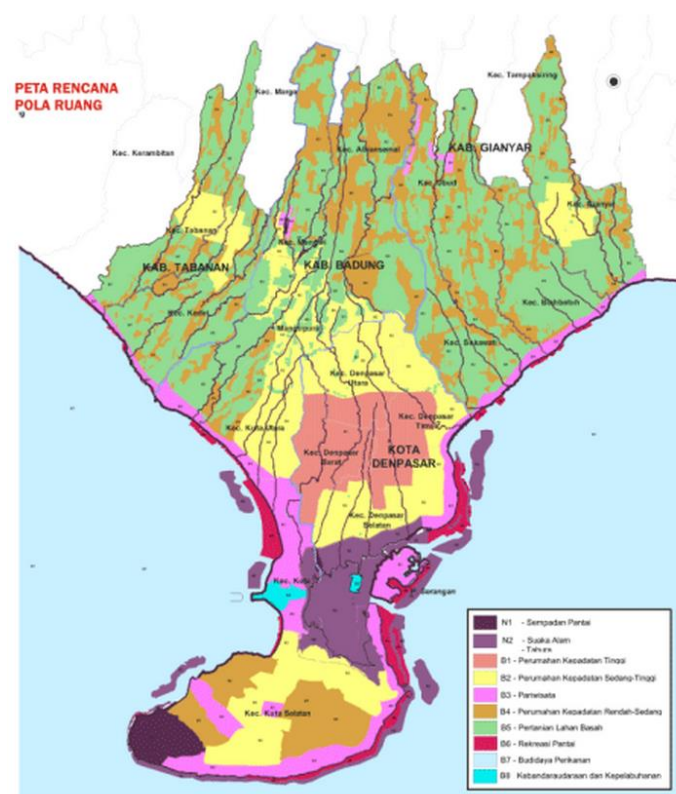
6.4.6. Collaborative Infrastructure Provision in the Denpasar Metropolitan Region

Road Infrastructure and Sewerage

Projects: Bali Urban Infrastructure Project (Program Pembangunan Prasarana Kota Terpadu-Bali Urban Infrastructure Project P3KT-BUIP).

Collaboration for the construction and maintenance of road infrastructure and sewerage is done through joint planning and design, yet with separate implementation, for instance, Denpasar municipality has Denpasar Sewerage Development Program. Bali Urban Infrastructure Project connects local governments' programmes with the regional infrastructure programme from the province. The provincial government developed a regional public transportation system (*Trans Sarbagita*) in 2009 and together with this programme, local governments partnered with provincial agencies to provide adequate road infrastructure to support the new regional bus system. Management of this infrastructure project is operated by the provincial government through the Department of Public Works and Department of Transportation.

Figure 6.11. Map of Denpasar Metropolitan Region (*Sarbagita*).



Source: Ministry of Public Works (2010).

Waste Management

Projects: IPST Sarbagita (Regional Waste Management).

Started in 2000 and formalised through joint regulation of four cities as an intergovernmental cooperation. A managing body (*BPKS – Badan Pengelola Kebersihan Sarbagita*) is established to supervise the operation of regional waste management. In 2004, the BPKS agreed to form a public private partnership with a private company (*PT Navigat Organics Energy Indonesia*) in managing regional waste facilities, including waste to energy project (Bali Galfad Project). The partnership formed a BOO (Build Own and Operate) model for 20 years. Local governments are responsible for the waste collection and the operational of BPKS. During the implementation, BPKS is responsible for day-to-day collaborative management and directly reports to the mayor of four cities. BPKS generally functions as an administrative organisation to manage collaborative networks, which includes as a mediator and forum organiser between government actors and the private company.

Water Supply

Projects: (1) Regional Water Supply Provision/Regional SPAM Petanu (metropolitan wide), (2) Water Supply Provision/SPAM Penet (between Badung Regency and Denpasar City).

The first regional project (Petanu Project) started in 2012. The central government through the Ministry of Public Works and Bali Province funded the largest part of the project while local governments provided the financial means for infrastructure in their jurisdictions, e.g. Central Government built the water purification facility and water storage, the provincial government built the main pipe network and main pumping stations while local governments were responsible for providing pipe networks for distribution of water to consumers. Additional projects to support the regional water supply networks are scheduled to follow Petanu project, e.g. Unda project for eastern Denpasar region and Ayung project for central area.

Penet project started in 2013 as the second intergovernmental collaboration in water supply provision in Denpasar region. Construction of water supply network in Penet was aimed to provide water in Denpasar and Badung. The collaboration agreement first initiated in 2006 to synchronise water supply network between Badung and Denpasar, yet the major facility development started in 2013. Following similar scheme of Petanu project, resource sharing between four actors (central, provincial, local, and state enterprise) was conducted to fund the project.

6.4.7. Collaborative Infrastructure Provision in the Makassar Metropolitan Region

Water Supply

Projects: Maros Water Supply Provision (SPAM Maros).

SPAM Maros was planned as a public private partnership under the newest PPP scheme from the central government, shortly after the scheme was introduced in 2005. The agreement was planned for 20 years in which the private sector financed, built, and operated water infrastructure, including water treatment facilities and main piping networks. The local government of Maros regency built secondary piping linking the main piping network with industries and residential area; 20,000 to 25,000 new connections were calculated. The project was targeted to increase water supply capacity up to 250l/s and expand the coverage service to 50% of the total population. The local government received a grant from the central government to help financing the project. The next collaborative project for water supply provision in the Makassar region will be commenced in 2015, the regional water supply provision (SPAM) Mamminasata. The agreement was signed in July 2013. This next project will involve all four member cities, provincial and central government, and local state enterprises. The project is planned using financing from national, provincial, and local budget as well as ODA.

Figure 6.12. Map of Makassar Metropolitan Region (*Mamminasata*).



Source: JICA (*Mamminasata Metropolitan Area Development Plan*, 2007).

6.5. REFERENCES

- Abdurahman, Benjamin. 2012. *The Urgency of Jabodetabekjur Management Revitalization*. An article published by Institute for Development and Inter-Regional Cooperation (in Indonesian). www.lekad.org
- Asia Foundation. 2002. *Indonesia Rapid Decentralization Appraisal (IRDA) Second Report*. Jakarta: Asia Foundation.
- Asia Foundation. 2004. *Indonesia Rapid Decentralization Appraisal (IRDA) Fifth Report*. Jakarta: Asia Foundation.
- Aspinall, Edward and Greg Fealy. 2003. *Local Power and Politics in Indonesia: Decentralization and Democratisation*. Singapore: Institute of Southeast Asian Studies.
- Bahl, Roy. 2008. Opportunities and Risks of Fiscal Decentralization: A Developing Country Perspective. In Ingram and Hong (eds.), *Fiscal Decentralization and Land Policies*. Cambridge, MA: Lincoln Institute of Land Policy, pp. 19-37.
- Bennet, Richard. 2010. Decentralizing Authority After Suharto: Indonesia's Big Bang, 1998-2010. Paper on *Innovations for Successful Societies. Decentralization: Case Studies*. Princeton, N.J.: Trustees of Princeton University
- Blair, Harry. 2000. Participation and Accountability at the Periphery: Democratic Local Governance in Six Countries. *World Development*, 28(1), pp. 21-39.
- Brodjonegoro, Bambang. 2003. Fiscal Decentralization in Indonesia. In Soesastro, Smith, and Han (eds.), *Governance in Indonesia: Challenges Facing The Megawati Presidency*. Singapore: Institute of Southeast Asian Studies.
- Brodjonegoro, Bambang. 2004. *Three Years of Fiscal Decentralization in Indonesia: Its Impacts on Regional Economic Development and Fiscal Sustainability*. Paper presented at The International Symposium on Decentralization in Asian Countries, February 2004, Tokyo, Japan.
- Cheema, G. Shabbir and Dennis A. Rondinelli (eds.). 1983. *Decentralization and Development: Policy Implementation in Developing Countries*. Beverly Hills: SAGE Publications.
- Dharmapatni, Ida Ayu Indira and Tommy Firman. 1995. Problems and Challenges of Mega-Urban Regions in Indonesia: The Case of Jabotabek and the Bandung Metropolitan Area. In McGee and Robinson (eds.), *The Mega-Urban Regions of Southeast Asia*. Vancouver: The University of British Columbia Press, pp. 296-314.
- Firman, Tommy. 2003. Potential Impacts of Indonesia's Fiscal Decentralization Reform on Urban and Regional Development: Towards a Pattern of Spatial Disparity. *Space and Polity*, 7(3), 247-71.
- Firman, Tommy. 2008. In Search of a Governance Institution Model for Jakarta Metropolitan Area (JMA) under Indonesia's Decentralization Policy. *Public Administration and Development*, 28, pp. 280-90.
- Firman, Tommy. 2009. Decentralization Reform and Local-Government Proliferation in Indonesia: Towards A Fragmentation of Regional Development. *Review of Urban and Regional Development Studies*, 21(2), pp. 143-57.
- Firman, Tommy. 2010. Multi Local-Government under Indonesia's Decentralization Reform: The Case of Kartamantul (The Greater Yogyakarta). *Habitat International*, 34, pp. 400-05.
- Firman, Tommy and Ida Ayu Indira Dharmapatni. 1994. The Challenges to Sustainable Development in Jakarta Metropolitan Region. *Habitat International*. 18(3), pp. 79-94.
- Firman, Tommy and Ida Ayu Indira Dharmapatni. 1995. The Emergence of Extended Metropolitan Regions in Indonesia: Jabotabek and Bandung Metropolitan Area. *Review of Urban and Regional Development Studies*, 7, 167-88.
- Hadiz, Vedi. 2003. Decentralization and Democracy in Indonesia: A Critique of Neo-Institutionalist Perspectives. *Southeast Asia research Centre Working Paper Series*, 47. Hong Kong: City University of Hong Kong.
- Hidayat, Syarif and Hans Antlov. 2004. Decentralization and Regional Autonomy in Indonesia. In Philip Oxhorn, Joseph S. Tulchin, and Adrew D. Selee (eds.), *Decentralization, Democratic Governance and Civil Society in Comparative Perspective: Africa, Asia, and Latin America*. Washington, D.C.: Woodrow Wilson Center Press, pp. 266-91.

- Hudalah, Delik, Tommy Firman, and Johan Woltjer. 2013. Cultural Cooperation, Institution Building and Metropolitan Governance in Decentralizing Indonesia. *International Journal of Urban and Regional Research*, pp. 1-18.
- Ingram, Gregory K., and Yu-Hung Hong. 2008. The Nexus of Fiscal Decentralization and Land Policies. In Ingram and Hong (eds.), *Fiscal Decentralization and Land Policies*. Cambridge, MA: Lincoln Institute of Land Policy, pp. 3-16.
- Ito, Takeshi. 2006. The Dynamics of Local Governance Reform in Decentralizing Indonesia: Participatory Planning and Village Empowerment in Bandung, West Java. *Asian and African Area Studies*, 5(2), pp. 137-83.
- JICA. 2007. *Study on Mamminasata Metropolitan Area (MMA) Development Plan*. Final Report of JICA and South Sulawesi Province Collaboration Project.
- JICA and Directorate General of Spatial Planning, Ministry of Public Works. 2010. *The Study on Formulation of Spatial Planning for Gerbangkertasusila (GKS) Zone in East Java Province, the Republic of Indonesia*. Final Report.
- Jones, Gavin W. 2004. Urbanization Trends in Asia: The Conceptual and Definitional Challenges. In Champion and Hugo (eds.), *New Forms of Urbanization: Beyond the Urban-Rural Dichotomy*. Aldershot: Ashgate Publishing Limited, pp. 113-32.
- Jones, Gavin W., Ching-Lung Tsay, and Bhishna Bajracharya. 2000. Demographic and Employment Change in the Mega-Cities of Southeast and East Asia. *Third World Planning Review*, 22(1), pp. 1-28.
- Koliba, Christopher, Jack W. Meek and Asim Zia. 2011. *Governance Networks in Public Administration and Public Policy*. Boca Raton, FL: Taylor and Francis Group.
- Litvack, Jennie, Junaid Ahmad, and Richard Bird. 1998. *Rethinking Decentralization in Developing countries*. Washington, D.C.: World Bank.
- Mamas, Si Gde Made, Gavin W. Jones, and Toto Sastrasuanda. 2001. A Zonal Analysis of Demographic Change in Indonesia's Megacities. *Third World Planning Review*, 23(2), pp. 155-74.
- Manor, James. 1999. *The Political Economy of Democratic Decentralization*. Washington, D.C.: World Bank.
- Matsui, Kazuhisa (ed.) 2003. *Decentralization in Indonesia: Central-Local Dynamics and the realities*. Chiba: Institute of Developing Economics.
- Ministry of Public Works. 2003. *The History of Indonesian Spatial Planning*. Jakarta: Directorate General of Spatial Planning.
- Ministry of Public Works. 2006. *Indonesian Metropolitan Regions*. Jakarta: Directorate General of Spatial Planning.
- Oates, Wallace E. 1993. Fiscal Decentralization and Economic Development. *National Tax Journal*, 46(2), pp. 237-43.
- Okitasari, Mahesti. 2010. *A Study of Land Use Change and Peri-Urban Growth in Indonesian Decentralized Planning System: Case of Surabaya, Indonesia*. Master Thesis.
- Ostrom, Elinor. 1990. *Governing the Commons: The Evolution of Institutions for Collective Action*. New York: Cambridge University Press.
- Pepinsky, Thomas B., and Maria M. Wihardja. 2011. Decentralization and Economic Performance in Indonesia. *Journal of East Asian Studies*, 11(3), pp. 337-71.
- Rakodi, Carole, and Tommy Firman. 2009. *Planning for an Extended Metropolitan Region in Asia: Jakarta, Indonesia*. Case study prepared for Revisiting Urban Planning: Global Report on Human Settlements 2009. Available from <http://www.unhabitat.org/grhs/2009>
- Situmeang, I.M. 2011. *Repositioning the Role of the Governor in the Local Governance*, Kompas: Political article (in Indonesian).
- Subowo, Ari. 2013. *Intergovernmental Collaboration and Decentralization*. Paper prepared for Internal Discussion at Department of Public Administration, University of Diponegoro (unpublished paper, in Indonesian)
- Tiebout, Charles M. 1956. A Pure Theory of Local Expenditures. *Journal of Political Economy*, 64(5), pp. 416-24.

- Usman, Syaikh. 2001. *Indonesia's Decentralization Policy: Initial Experiences and Emerging Problems*. A paper prepared for the Third EUROSEAS Conference Panel on Decentralization and democratization in Southeast Asia, September 2001, London, UK.
- Usui, Norio and Armida Alisjahbana. 2003. Local development Planning and Budgeting in Decentralized Indonesia: Update. Paper presented at International Symposium on Indonesia's Decentralization Policy: Problems and Policy Directions, September 2003, Jakarta, Indonesia.
- US Agency for International Development (USAID). 2002. *Foreign Aid in the National Interest: Promoting Freedom, Security, and Opportunity*. Washington, D.C.: USAID.
- Williamson, Jeffrey G. 1965. Regional Inequalities and the Process of National Development. *Economic Development and Cultural Change*, 13(4), pp. 1-84.
- Zul Fahmi, Fikri, Delik Hudalah, and Tommy Firman. 2010. *Lesson from Inter-local Government Cooperation Effectiveness in Greater Yogyakarta*. Regional and Rural Planning Research Group, School of Architecture, Planning and Policy Development, Institut Teknologi Bandung: Working paper no. 01-2010: 6-26.

CHAPTER 7

CHARACTERISTICS OF COLLABORATIVE METROPOLITAN GOVERNANCE

7.0. SUMMARY

In this chapter this study provides an analysis of the current institutional structure of collaborative metropolitan governance. The analysis on the institutional structure of collaborative metropolitan governance is directed to explain the structural dimension of institutions based on collaborative activity arrangements. By examining empirically how local governments interact with other governmental and nongovernmental entities in pursuing collaborative governance through a set of collaboration-related activities, this chapter aims to characterise the working structure of collaborative metropolitan governance in Indonesia. The analysis builds upon a hypothetical idea that the state of Indonesian collaborative governance in the metropolitan region is closely related to and can be explained partly through the extent of the institutional structure of local government interaction with other actors at the local level. Through the identification of the institutional structure, further analysis on the institutionalisation of collaborative governance can be structured. Together with the analysis of the institutional environment and the action arena analysis, this analysis is carefully designed to extract important factors affecting Indonesian collaborative metropolitan governance from the institutional perspectives.

In general, from the analysis this study found that the institutional structure varies across cities and regions. There is wide variation of the use of collaborative activities between regions, including variation of frequency ratio of activity and their preference in undertaking the collaborative activity with certain partner, e.g. With other local government, cities in the region of Jakarta focus on joint policymaking and resource exchange while cities in the Yogyakarta region opt for joint policymaking and project-based work. Further variations are observed in the interaction between governmental and nongovernmental actors. Moreover, there is no strong empirical evidence of correlation between local-higher level of governments and the collaborative governance at the local level, yet cities with stronger local-provincial interaction exhibit better intergovernmental relations. The local-central interaction is held in competitive based relation among local actors in which special status of a region does not guarantee it holds higher relation. On the other hand, spatial structure of a city is a significant determinant for the complexity of institutional structure.

7.1. ANALYSIS ON THE INSTITUTIONAL STRUCTURE OF COLLABORATIVE METROPOLITAN GOVERNANCE

The analysis on the institutional structure of collaborative metropolitan governance in this study is designed in order to understand the structural dimension of the institution which is a part of exertion to gather a procedural perspective on collaborative governance. To keep the consistency, the structure of the institution

in this analysis is seen from the perspective of collaborative governance. Accordingly, the measurement to determine the structure of the institution uses the collaborative activity related parameters. The aforementioned parameters in this analysis are defined broadly to encompass opportunities for linkages in many policy domains, although collaboration in planning is seen as the foremost.

Hypotheses to be tested using this analysis are:

Main hypothesis	The state of Indonesian collaborative governance in the metropolitan region is closely related to the extent of the institutional structure of central-provincial-local governments and local government-nongovernmental sector (the structural dimension of the institutions).
Sub hypotheses	<ol style="list-style-type: none"> 1. The structure of the institutions can be determined through collaborative activities of cities as more interaction between involved actors brings more effective collaboration. <ol style="list-style-type: none"> a. The local-central interaction positively influences the structure of intergovernmental and/or cross sectoral collaboration. b. The local-provincial interaction positively influences the structure of intergovernmental and/or cross sectoral collaboration. c. The special status of a region (as a national capital or a special region) hold positively influenced these structure of vertical interaction. 2. The structure of the institution reflects the procedural perspective of the collaborative governance as explained by the variation of the structure towards the strategies. <ol style="list-style-type: none"> a. Cities with collaborative strategies written in their strategic plans the greater the possibility they pursue interaction with the central, provincial, and other local actors. b. Cities without collaborative strategies written in their strategic plans the greater the possibility they neglect interaction with the central, provincial, and other local actors. 3. The spatial characteristics of a city are a significant determinant of the structure of the institutions and by some extent, the collaborative governance. <ol style="list-style-type: none"> a. The bigger and the more urbanised a city is, the more likely it is to engage in activities with mixture of actors. b. The smaller and the less urbanised a city is, the less likely it is to engage in activities with a mixture of actors. c. Metropolitan core cities have or have not a greater relation with the central and provincial governments.

7.1.1. Methodology, Data, and Limitation

The measurement of vertical and horizontal interaction in the analysis on the institutional structure of collaborative metropolitan governance is built on the basis of the operationalisation of regionalism whereas; vertically, higher interaction between local and provincial (regional) governments will result on higher probability of local governments to adopt provincial perspectives in their local policy planning. Similar rationale can be applied to central-local interaction. Horizontally, the more local governments involve with other local actors, governmental and nongovernmental, the more they become proactive towards collaboration. The vertical and horizontal interaction can be sought through either formal or informal relations to represent the nature of the structure of institutions that reflect the regularity of human behavior as well explained in the new institutionalism theories. The formal relations revolve around contract, agreement and formal meeting while informal relations exist on personal interaction and casual agreement among actors.

The measuring instruments used for the analysis are retracted from the collaborative governance activities survey originally developed by Agranoff and McGuire (2003) to measure the institutional structure of the collaborative governance. The parameters introduced by Agranoff and McGuire are seen as parsimonious, yet analytical as well, offering a thorough accounting of activity that parallels the bureaucratic management closely related in explaining the structure of institutions (see Table 7.1). Weight is added to the activities which are potential to promote collaboration since it accommodate individual interest. These certain types of activities represent an individual rational choice and norm of reciprocity that will promote voluntary cooperation (Axelrod, 1984) as well as surviving economic challenges and become the social capital that facilitated fast economic development (Putnam, 1993). Weighting method used in the analysis is done by multiplying the result of weighted activities by 2 times, effectively doubled the accumulative result from those activities. There is no specific reason by choosing to double the result other than to single out the difference of cities which do or do not pursue weighted activities. Thus, it also can be done by multiplying them by 3 or 4 times if willing.

Table 7.1. Measurement for the analysis on the institutional structure of collaborative metropolitan governance.

Vertical dimension		Weighted
Information seeking	Information on central/provincial funding	
	Financial assistance	
	Policy guidance	
	Technical assistance	
	Review of plans/plan approval	
Adjustment seeking	Request resolution of conflicts with other local government	✓
	Change in policy (flexibility)	✓
Horizontal dimension		
Joint policymaking	Consolidate policy effort	✓
	Engage/agree in formal partnerships	✓
	Engage in the joint policymaking	✓
	Engage in joint policy implementation	✓
Resources exchange	Financial resources sharing	
	Personnel sharing	
	Exchange information/share ideas	
Project based works	Partnership for particular project (planning)	
	Partnership for particular project (implementation)	
	Asset specificity and measurement (monitoring)	

Source: extracted from Agranoff and McGuire (2003).

Measuring the Vertical Interaction

Vertical interaction is measured through two types of activity: seeking information and adjustment, particularly on policy and programme. To seek information, the rational expectation from local governments is their proactive stance to find tactical assistance from the central and/or provincial government. In adjustment seeking activities, local governments are expected to secure adjustment for local programmes funded by higher levels of governments to fit their local agenda or try to find ways to reduce the transaction cost. Adjusting policies to their own agenda is particularly important part of collaborative governance, as more advanced local governments in exercising their bargaining power have more tendency to pursue collaboration. Adjustments in this measurement are generally started by local governments asking for assistance outside of the common package or standard received. According to Agranoff and McGuire (2003), cities that rely heavily on activities relative to adjustment-seeking activities can be viewed as employing a primarily top-down approach to managing as it is the prime examples of donor-recipient and jurisdiction-based activities.

The information-seeking activities comprise the pursuit of guidance and interpretations as the purpose of using informational resources is to seek administrative explanation and reach mutual understanding (Agranoff and McGuire, 2003). Information seeking is an institutionalised aspect of local governance. Higher level governments have aims and needs, often to maintain legal program aims and fiscal integrity as well as ensuring the continuity of national and provincial planning agendas. Local governments as implementing agents for central and provincial policies may or may not have similar goals and purposes, thus adaptations to the situation may create differences or potential discrepancies which resulted on higher transactional cost.

The second type of activity measuring the vertical interaction is the adjustment seeking. It generally involves requesting alterations of policy requirements or regulations and assistance in managing intergovernmental conflicts. Efforts to adjusting policies are critical to move local development plans in a situation where rules do not seen as agreeable from the viewpoint of local purposes. Collaboration occurs while asking for adjustment as local governments exercise their bargaining process and pursue collective agreement with higher level governments. While conflicts often develop, a workable and effective solution can be forged in these situations only through the process of collaboration (Agranoff and McGuire, 2003). Moreover, requiring flexibility reflects the bargaining situation taken place between different levels of governments, exposing the situational structure of institutions.

Both information and adjustment seeking activities consist of regular activities pursued by local governments. With the moving tendency of officials from all levels of governments, information seeking activities do not rely on personal relations as much as adjustment seeking activities. In Indonesian system, information seeking is done through governmental channel and procedures and, regardless the officier, is done in

periodical manner. On the other hand, asking of adjustment require a great deal of negotiation between actors. Officers between levels of governments who are familiar with each other undertake the bargaining activities in less cost than those who are not as cost increase while connection is created. The literature mentioned that regionalism is pursued when local official establish collactive action with officers from regional level through bargaining and negotiating (Agranoff and McGuire, 2003). Thus, adjustment activities is weighted more as it represents collective activities to reach collective decision making. The process of asking for information and adjustment activities can be conducted both in formal and informal way. Table 7.2 below elaborates more the type of activities conducted by local government with regard to their vertical interaction with central and provincial governments.

Table 7.2. Vertical interaction activities.

Type of activity	Description
Information seeking	
Information on central/provincial funding	Inquiries sent by local governments to the central and provincial government regarding the information about new programs and project funded by the higher level of governments.
Financial assistance	Local governments submit/receive grant applications to/from the central and provincial governments to access a certain funds from central and provincial ministries/agencies to construct infrastructure, assistantship in co-financing local projects for service provision.
Policy guidance	Local governments seek and/or receive guidance from the higher level governments concerning interpretation of policy, standards, and rules enacted by central and provincial governments.
Technical assistance	Local governments request and/or receive representative from central and provincial governments to give technical training in policy adaptation, especially regarding project based work evaluation, acquisition, implementation, financial integrity, etc.
Review of plans/plan approval	Local governments submit spatial and/or development plans to the higher level governments for review and/or approval, especially with reference to planning policy adaptation in local level which may/may not be different from the central/provincial strategic plans.
Adjustment seeking	
Request resolution of conflicts with other local government	Local governments ask the central and provincial governments to mediate disputes between neighbouring cities regarding spatial planning, infrastructure developments, and/or regional and local service provision.
Change in policy (flexibility)	Proposals and requests submitted by local governments to central and provincial governments asking for change in policy, regulatory relief, statutory relief, or the flexibility to accommodate local plans and programs.

Measuring the Horizontal Interaction

The measuring horizontal structure of institutions means elaborating the interaction forged among all local actors. It is an attempt to explain the how local actors interact among interdependent linkages in developing collective platform, bargaining, and determining certain activities within their allowed capacities. This study extends its horizontal interaction measurement to cross-sectoral and intergovernmental relationship. It consists of three types of activity: joint policymaking activities, resources exchange activities, and project-

based work activities. Joint policymaking activities are where local governments include other horizontal actors, either formally or informally, in the planning, goal development, and decision-making tasks of collaborative policy making. Resource exchange activities involve seeking and acquiring resources from multiple actors, as well as combining and leveraging resources among actors. Project-based activities engage a multitude of local actors within the context of a particular project, either short term or long term.

Table 7.3. Horizontal interaction activities.

Type of activity	Description
Joint policymaking	
Consolidate policy effort	Local governments regularly work with neighbouring cities, public, and private sectors to discuss, communicate, introduce, and consolidate their local development strategies, including plans for infrastructure development and public service provision inside and across jurisdictions, especially programs with regional impact.
Engage/agree in formal partnership	Partnerships –profit and nonprofit arrangements– formed between neighbouring local governments, between local government and state owned enterprises, between local governments and private sectors, and/or between local governments and civic sectors in providing infrastructure and public service provision in their jurisdiction and/or across city boundary.
Engage in the joint policy making	Local governments frequently work with neighbouring cities, public, and private sectors to formulate strategic development plan for the regional and/or local infrastructure and public service provision policies.
Engage in joint policy implementation	Local governments together with neighbouring cities, public, and private sectors join forces in implementing strategic development plans for the regional and/or local infrastructure and public service provision policies.
Resources exchange	
Financial resources sharing	A joint financing scheme employed by local governments with their partners in funding the programs and projects related to local and/or regional infrastructure development and public service provision under a collaborative partnership, creating a common financial pool resource. Separate financing arrangement to fund the same projects is considered as a pooling financing scheme as well (separate but for the same purpose).
Personnel sharing	A personnel resources sharing scheme operated by local governments with their partners in arranging and running the programs and projects related to local and/or regional infrastructure development and public service provision under a collaborative partnership. Under this scheme, there will be specific personnels employed and/or designated by involved actors to manage the joint activities.
Exchange information/share ideas	Local governments employ an information exchange scheme with neighbouring cities, public, and private sectors to share ideas and plans regarding infrastructure development and public service provision. This scheme includes regular information sharing during the partnership to strengthen the collaborative arrangements between involved actors.
Project based works	
Partnership for particular project (planning)	Local governments engage in planning programs and projects with neighbouring cities, public, and private sectors concerning infrastructure development and public service provision. Contracted planning is considered under this scheme.
Partnership for particular project (implementation)	Local governments engage in implementing programs and projects with neighbouring cities, public, and private sectors concerning infrastructure development and public service provision. Contracted implementation is considered under this scheme.
Asset specificity and measurement (monitoring)	Local governments and other involved local actors regularly evaluate and monitor the partnership and collaborative arrangements.

Horizontal structures of institutions unfold through local governments and other local entities engaging in formal and informal partnerships. The horizontal interaction reflects the local capacity in handling certain functions on a multijurisdictional basis. A highly prevalent local activity involves cities engaging in shared decision making to enhance the arrangement of addressing problems that cannot be solved by single organizations. Joint policymaking, for example, demonstrate the ability of individual decision units that depends on other units as well as their own choices. Many policies and programs are carried through horizontal structures in which, while having a variety of individual goals and motives, most likely to operate non-hierarchically. On the non-hierarchical structures, nongovernmental actors are given chances to become partners in both policymaking and implementing policies and programmes (Agranoff and McGuire, 2003).

Resource exchange is a necessary component to measure the institutional structure of a city. It frames the resource dependency and independence across governments and organizations since it exhibits the interaction formed between actors that need the resources and how they work their willingness with actors that are accommodating to contribute resources. Local governments rationally will try and seek additional resources from their local partners in order to secure resources to achieve local objectives and pool them for the purpose of seeing their goals through. In addition, direct grants, loans, and transfers arranged by central and provincial governments are mostly conditional; requiring local governments to contribute certain participation, financially. Horizontal collaborative arrangement between government and nongovernmental sector generally includes benefit and leverage to bring financial resource from outside the government sector as part of private investment or public private partnership.

Project based activities are designed to gauge how the institutional structure accommodates specific horizontal efforts to implement local governments' programmes and projects. While engaging in collaboration with other neighbouring cities and cross-sectoral actors in projects, local government officers establish partnership with other actors in planning and/or implementing projects. The project time frame examined in this study is either short-term or long-term. Contracts are often forged with organizations to carry out project based activities for cities, especially between governments and private sectors. With non-profit or civic organizations, contacts are usually carried through the activity of seeking assistance in areas where the local government has no expertise. Just as long-term policy strategies demand strong institutional structure within which is development planning is formulated, implementation of programs and projects also require considerable efforts.

Data Collection and Method of Collecting

A structured survey was conducted during two periods, from October to November 2012 and from May to June 2013. The survey targeted chief officers from local governments (municipality/regency level) and the

provincial government (only for the Jakarta special province as the local governments in said province hold neither autonomous power for planning nor collaboration), working with the Local Development Planning Agency and City Planning/Public Works Agency/Collaboration bureau who responsible for planning and implementation of collaborative activities in their respective cities. The respondents were interviewed or asked to identify each activity their departments (or cities) currently engage with various organisations, including central and provincial government agencies, neighbouring city agencies, state owned enterprises as well as private and civic sector. The activities asked are generally elaborated from the measurement of the analysis of the institutional structure of collaborative metropolitan governance on Table 7.1. Respondent's experiences, accounts and opinions were documented through semi-structured interviews that were designed to encourage discussion about decision to collaborate with a certain actor. Table 7.4 lists the organizations and agencies of potential collaborative institutions asked to the respondent.

Table 7.4. Lists of organizations/agencies.

Central level	Provincial level	Local level
1. National Planning Coordination Board	1. Provincial Planning Coordination Board	1. Local Development Planning Agency
2. National Development Planning Agency	2. Provincial Development Planning Agency	2. City Planning Agency
3. Ministry of Public Works/Ministry of Home Affairs	3. Provincial Public Works agency	3. Department of Public Works
		4. District office
		5. State owned company
		6. Chamber of commerce
		7. Real estate consortia/Private sector association
		8. Private sector and developers
		9. University
		10. Non Governmental Organization

The primary institutional structure variable is the total number of interactions, measured as the sum of all vertical and horizontal linkages as reported by the survey respondents. Two questionnaires are designed, for the vertical and horizontal interaction respectively. The first questionnaire pertaining the vertical interaction focus on activities identified by respondent in the collaboration/interaction with the central and provincial government agencies provided had been contacted and which of 7 vertical activities was pursued with each contact. Since both central and provincial government has 3 agencies each, cities could have made up to 21 contacts for each level of governments (7 activities, 3 actors). The second questionnaire referring the horizontal interaction requested respondents to identify which local agencies they have been contacted for designated 10 activities. There are 10 agencies (governmental and non governmental) in local level as part of the selection. Since not all cities have the same exact operating agencies, it is impossible to have performed up to 100 horizontal activities (10 activities, 10 actors). Considering the situation that most cities have only either City Planning Agency or Department of Public Works, these two agencies are counted as one agency. Similar condition is appraised for Chamber of Commerce, private sector association and private sector; medium to small size cities usually do not have the local chamber of commerce or

private sector association as separate offices but rather under the regional offices. Hence it is more agreeable for the horizontal interaction if cities could have exercised up to 80 horizontal activities (10 activities, 8 actors).

The following Table 7.5 presents the overall situation of data collected from questionnaire survey. 12 cities were visited during October to November 2012 and 17 cities were interviewed during May to June 2013. Another remaining 4 cities were contacted through emails and phone interviews during May to June 2013. With one to two respondents in each city, there are 55 questionnaires collected in total.

Table 7.5. Data collection from questionnaire survey.

Metropolitan region	No. of local governments	Total respondent/ collected sample	% response rate	Period of survey
Jakarta	9	17	88.89	* **
Surabaya	7	10	85.72	*
Semarang	6	10	91.67	**
Yogyakarta	3	6	100.00	*
Makassar	4	5	67.50	**
Denpasar	4	5	67.50	**

Period of survey: *: October – November 2012, **: May – June 2013

7.1.2. Analysis Results

The measurements of vertical and horizontal interaction are not normally distributed (see Table 7.6). In this sense, the incidence of all activities varies significantly implying various typologies of collaborative arrangements employed by cities. All cities –33 cities– report both vertical and horizontal interaction, albeit in different intensity.

Table 7.6. Descriptive statistics for the institutional structure of collaborative metropolitan governance.

Measure	Total IA	Vertical dimension		Horizontal dimension	
		Central	Provincial	Local Government	Non Governmental
Mean	20.16	7.63	7.75	12.77	11.73
Median	18.00	7.00	7.00	13.00	11.00
Standard deviation	9.81	2.96	3.19	5.56	7.78
High	58.00	16.00	19.00	24.00	40.00
Low	5.00	3.00	2.00	1.00	1.00
Total for all cities (respondents)	2,037	366	372	677	622

Total IA (Interaction Activities): Total number of vertical interactions based on activities and counterparts.
($x_1 + x_2 + \dots + x_n$); x: total number of central/provincial counterparts the local agency interacts with in vertical/horizontal activity.

The Use of Collaborative Activities

(1) The Frequency of Cities Using Collaborative Activity

How common are these activities among the sample cities? The vast majority of the cities report a high number of information seeking activities to at least one of the central or provincial government agencies (see Table A.1 in the Appendix 2). All four activities for the information seeking are addressed by at least 90 percent of the cities; making for about 9 of every 10 cities asked appears to undertake them. In adjustment seeking activities cities, mostly pursue a change or relief or flexibility in policy, but request a much less involved in mediating disputes between neighbouring local governments; only 67 percent of the cities surveyed admits to ask for assistance from either the central or provincial government. In the horizontal dimension wise, most cities report all joint policy activities regardless the counterparts; about 10 percent more than resources exchange activities and about the same percentage of the project based works activities. More than 90 percent of the cities appears to consolidate their policy and collaborate in a joint policy making and strategy making with their neighbours and/or with other local actors. Around the same number of cities has a formal partnership with at least one counterpart in the local level. The interesting part is that while cities conduct joint policy makings not all of them automatically decide to engage in a joint policy implementation scheme.

The relative frequency of vertical and horizontal interaction activities varied among the sample cities. Concerning the financial issue, more than eighty percent of the cities exercise a sharing financial resource scheme with their counterpart and ninety percent of the cities submit or receive financial assistance from the higher level of governments. Few cities seek a joint personnel resource and a joint financial exchange for their collaborative activities. Despite an overwhelming number of cities engage in partnership in particular projects, including both planning and implementation, only 74 percent has a joint scheme for project monitoring. In a similar manner it shows that local government predominantly in charge of the asset specificity and measurement activities during the program and project-based work. However, it should be acknowledged that these numbers change when the activities are separated based on the origin of the counterpart actors.

Table 7.7 separates the origin of the respondent's counterpart actors. The separate results show striking differences compared to the combined results. By separating the origin of the respondent's counterparts, this study aims to gain a clearer understanding of the overall vertical and horizontal interaction activities. While 91 percent of the cities report vertical interaction activities, when the results are separated, it is found that roughly 77 percent of the cities undertake vertical interaction with central and provincial governments respectively. In information seeking activities, more than 90 percent of the cities (9 out of 10 cities) admits to seeking information to the central government agencies in term of new funding of programs and projects,

policy guidance, technical assistance, as well as plan review and/or plan approval. Compared to the central government, cities request less information seeking activities towards the provincial government. A wide gap of activity conducted towards the highest level of governments shown at the policy guidance and technical assistance seeking activities –most cities prefer to ask directly to the central government rather than the provincial government. Only 71 percent of the cities admitted a policy guidance request to their provincial government compare to the 94 percent to the central government. This perhaps due to the centralistic matter of policy issuance in Indonesia. Furthermore, it is interesting to see that around the same number of cities ask financial assistance to the central and provincial governments (75 in the central and 77 the provincial). In this sense, cities try to max their financial assistance, consequently, they request support from both higher levels of governments. Officers interviewed admitted that although there are not many funds available from the provincial compare to the central government, they must constantly pursue any available opportunities. They also must maintain regular contact with officials from both governments regarding a host of financial and non financial assistance programs.

Regarding the adjustment seeking activities, the difference between results cannot be more contrasting. In request resolution of conflict activity taking place in neighbouring cities, among 67 percent of the cities (from Table A.1), 63 percent of the cities ask assistance from the provincial government compare and only 15 percent inquire the same help from the central government (some local governments ask both central and provincial governments, some request central or provincial government only). This shows the significant role of the provincial government in the regional governance. Moreover, while 90 percent of the respondents pursue flexibility in policy and regulation, in detail, 75 percent of the cities pursue it to the central government compare to 69 percent that try it through the provincial government. In the horizontal interaction, the relative frequency of resources exchange activities among the respondents is lower when the counterparts are differentiated. From three activities related to resources, only information exchange between actors remains high regardless the status of the counterparts. Financial and personnel resource sharing are both mostly conducted intergovernmentally. Less than half of the respondents surveyed report activities on sharing financial and personnel resources to the nongovernmental sector.

In horizontal interaction wise, the study found that most cities prefer to conduct horizontal interaction activities in intergovernmental manner rather than cross-sectoral. The vast majority of the cities report a high number of joint policy effort activities to both governmental and nongovernmental sectors. With the nongovernmental actors, the popular activities chosen by cities are consolidating policy –most cities introduce beforehand their policies to all relevant local actors– and engaging in formal partnership. Worth noting that the number of cities established a formal partnership is higher with the nongovernmental actors compared to other neighbouring cities. In this sense, it can be translated that cross sectoral collaboration

usually undertake in the formal manner. However, cross sectoral collaboration in the joint policy making and implementation is much less than the intergovernmental collaboration.

The involvement of the nongovernmental sector is a regular prominence in the project based works activities. From the Table 7.7 it can be seen that although an extensive majority of the respondent prefers to establish a partnership for project in planning wise with their neighbouring local governments and less with the nongovernmental sector, the opposite result appears in term of building a partnership for the implementation part of the project (more respondents report to interact with the nongovernmental sector than with the governmental sector). Jurisdictions are mostly focusing on planning and following program rules through asset specificity and measurement activities. Hence, with this scheme, contracted planning and project implementation across the sector are mostly being conducted.

Table 7.7. The percentage of respondents using vertical and horizontal collaborative activities based on the origin of its counterparts.

Vertical activity	Percent		Percent		Horizontal activity
	CI	PI	LG	NG	
Information seeking					Joint policymaking
New funding of programs and projects	92	88	94	68	Consolidate policy effort
Financial assistance	75	77	75	79	Engage in formal partnership
Policy guidance	94	71	91	28	Engage in the joint policy making
Technical assistance	96	81	85	28	Engage in joint policy implementation
Review of plans/plan approval	94	94			
Adjustment seeking			70	45	Resources exchange
Request resolution of conflicts with other local government	15	63	53	49	Pool/share financial resources
Change in policy (flexibility)	75	69	91	79	Pool/share personnel resources
					Exchange information/share ideas
			87	70	Project based works
			75	91	Partnership for particular project (planning)
					Partnership for particular project (implementation)
			66	47	Asset specificity and measurement (monitoring)
Total	77	77	79	58	

CI: Central Institutions; PI: Provincial Institutions;

LG: Local Government Institutions; NG: Non Governmental Institutions.

Looking through city based result of the activity arrangements, the variation among respondents mostly takes place in the adjustment seeking for the vertical interaction while the horizontal interaction shows the variation of respondent's tendency in all types of activities (see Table A.2 in the Appendix 2). This display of results, however, is not sufficient enough to explain the structure of the institutions involved, nevertheless it remains intriguing to be presented in this study. Jakarta and Yogyakarta request the least adjustment seeking activities while Semarang and Denpasar are the opposite and Surabaya stays in between the two polar with 80 percent of respondents mentioned having asked for adjustment to either central or provincial government. Horizontally, Surabaya has the weakest level of institutional structure. Cities in this region

report the least in the joint policy effort and resource exchange compare to other regions. Jakarta and Surabaya show a consciousness in conducting resource exchange in their regions. Yogyakarta, Semarang and Denpasar, on the other hand, are the most active –the majority respondents surveyed in both regions admit interact vertically and horizontally with at least one counterpart actor.

(2) The Preferred Ratio of Collaborative Activity

Table 7.8 further elaborates the structure of local governments based on their core preferences on the collaborative activities. Vertical interaction wise, cities in all regions observed have similar ratios concerning vertical activities. Surabaya is the only anomaly in this, submitting almost half more of adjustment seeking activity towards the central government than other regions (19.2 out of average 14.4). The same tendency also observed in the vertical interaction with the provincial government, cities in Surabaya region admit one third of its vertical activities towards adjustment seeking. They also have more one third of its vertical interaction with the provincial government centred around adjustment seeking activities. Other regions that show a similar preference is Denpasar, implying that cities in these two regions see the continuing importance of working relationships between local and provincial government in term of seeking adjustment. Jakarta practices the least among six regions in adjustment seeking activities toward both central and provincial governments and prefers to focus on seeking information. Moreover, horizontal interaction wise, identifying the origin of counterpart is crucial to lessen the bias on the results as the survey targeted more than one agency. The result also indicates if there are differences in the preferred activity according to agencies. The result shows that in general, among local governments, cities prefer to devote its horizontal activities in the joint policy making, followed by resources exchange and project based work. However, with the nongovernmental actors, the majority of activities is joint policy making, followed by project based works and resources exchange as the last.

Table 7.8. The preferred ratio of collaborative interaction activity (region based).

Activity	Mean percentage of activity ratio						
	All	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>Vertical (Central)</i>							
Information seeking	85.6	87.9	80.8	86.2	86.1	86.1	N/A
Adjustment seeking	14.4	12.1	19.2	13.8	13.9	13.9	N/A
<i>Vertical (Provincial)</i>							
Information seeking	78.4	84.2	67.7	81.8	79.3	71.6	N/A
Adjustment seeking	21.6	15.8	32.3	18.2	20.3	28.4	N/A
<i>Horizontal (Local Government)</i>							
Joint policy effort	46.8	50.1	41.7	41.5	49.5	46.7	50.2
Resources exchange	28.9	26.8	34.8	28.6	27.0	29.0	13.1
Project-based works	24.3	23.1	23.5	30.0	23.6	24.3	36.7
<i>Horizontal (Non Governmental)</i>							
Joint policy effort	40.5	51.7	38.0	24.9	36.6	34.1	20.0
Resources exchange	25.1	19.3	22.5	44.0	24.3	28.5	53.3
Project-based works	34.4	29.0	39.5	31.1	39.0	37.5	26.7

Note: Some totals do not add up to 100 percent due to rounding.

(3) *The Frequency Allocation of Collaborative Activities*

The use of vertical and horizontal interaction activities (Table A.3 and A.4 in the Appendix 2 respectively) displays the average activities exercised by the local government towards its counterpart. It confirms the local government's preference shown by activity ratios. Whereas the vertical interaction between regions do not show significant differences from what we gathered on Table 7.8 above, the horizontal interaction indicates how cities fluctuates across regions. The use of horizontal interaction activities informs us that the majority of cities conducts their joint policy effort with other neighbouring local governments more than with the non governmental actors in their cities. For example, cities in Semarang and Denpasar regions admit to contacting their neighbouring cities in all joint policy effort activities and only 2 out of 4 for the same activities with the non governmental actors, suggesting the strategic importance of fellow local governments in defining local policies.

By the use, cities in Yogyakarta submit the most polarised results, implying that they rely mostly toward their neighbouring by devoting their horizontal activities twice as active compares to the non governmental actors. Cities in Surabaya submit the most balance in the lower side of the governmental sector (the most passive) and cities in Denpasar are the most active regardless the counterparts; ex. Cities in Surabaya in average admit only 2.2 out of 4 of joint policy effort activities with their neighbouring local governments while other cities admit at least 3 activities. They also only conduct mostly 1.3 resources exchange activities compares to the average 2.3 (Makassar also has a similar low score with 1.2 resource exchange activities). Surabaya conducts more activities with the non governmental sector than with their neighbouring governments indicating that the relations among local governments in this region are not as strong as the others and cities less actively pursue intergovernmental interaction as oppose to the non governmental interaction. With the non governmental actors, Makassar has the lowest frequency of activities, fares slightly more passive than Yogyakarta and Semarang but less than Jakarta or Denpasar.

The Structure of Collaborative Interaction

When there is a significant variance found in the percentage of respondents using vertical and horizontal activities (Table 7.7), the next analysis is intended to find significant difference in the institutional structural dimension to gather a procedural perspective of collaborative governance. This study assumes that meaningful differences between regions on their collaboration level are present due to the nature of Indonesian system, which will be demonstrated statistically different. Based on the earlier results on the vertical and horizontal activities, the average values of institutional structure in the observed regions are expected to be considerably varied. These variations are necessary in observing the impact of the institutional structure towards the collaborative tendency at the local level as well as the propensity to collaborate with certain actors.

Five variables were designated according to the possible relations pursued in the questionnaire, representing the levels of government as well. These variables, which are labelled Central Interaction, Provincial Interaction, and Horizontal Interaction were illustrated the levels of government. The Horizontal Interaction is further differentiated based on the origin of respondent's counterpart on the local level; Intergovernmental Interaction, and Cross-Sectoral Interaction. Both Central and Provincial Interaction were measured from the vertical collaborative activities while Intergovernmental and Cross-sectoral Interaction were derived from the horizontal collaborative activities. All variables are aimed to calculate the interaction intensity between cities (local governments) and the provincial government (regional based), the central government (national based), other neighbouring local government institutions, and nongovernmental institutions in the local jurisdiction, respectively.

Table 7.9. Mean of the institutional structure of collaborative metropolitan governance (unweighted).

	Max Score	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>Vertical dimension</i>							
Central interaction	21.00	7.06	7.30	9.17	7.70	8.20	N/A
Provincial interaction	21.00	7.00	6.30	11.67	6.90	10.20	N/A
<i>Horizontal dimension</i>							
Overall Horizontal interaction	80.00	25.94	22.90	24.67	23.50	31.60	17.60
Intergovernmental interaction	30.00	11.35	8.90	18.17	14.80	15.40	12.20
Cross-sectoral interaction	50.00	14.59	14.00	6.50	8.70	16.20	5.40

Table 7.10. Mean of the institutional structure of collaborative metropolitan governance (weighted).

	Max Score	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>Vertical dimension</i>							
Central interaction	27.00	8.12	8.90	10.67	8.70	9.60	N/A
Provincial interaction	27.00	8.17	8.10	14.00	8.30	13.00	N/A
<i>Horizontal dimension</i>							
Overall Horizontal interaction	112.00	32.70	28.80	31.17	30.90	39.80	22.40
Intergovernmental interaction	42.00	15.17	11.40	23.50	19.80	20.40	16.20
Cross-sectoral interaction	70.00	17.53	17.40	7.67	11.10	19.40	6.20

Table 7.11. Percentage of increase on the mean of the institutional structure of collaborative metropolitan governance from unweighted to weighted.

	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>Vertical dimension</i>						
Central interaction	15.01	21.92	16.36	12.99	17.07	N/A
Provincial interaction	16.71	28.57	19.97	20.29	27.45	N/A
<i>Horizontal dimension</i>						
Overall Horizontal interaction	26.06	25.76	26.35	31.49	25.95	27.27
Intergovernmental interaction	33.66	28.09	29.33	33.78	32.47	32.79
Cross-sectoral interaction	20.15	24.29	18.00	27.59	19.75	14.81

(1) Central Interaction

Table 7.9 shows the structural pattern of collaborative governance in six observed regions. The information given from the results demonstrated that the pattern of vertical interaction for both central and provincial is fairly diversified. One important aspect of this result is that it rejects the common belief which claim that Jakarta as a capital region has a historical legacy of closer relations with central government. This claim may have been correct during the pre-decentralization era when planning system and Indonesian government system as a whole are highly centralized and hierarchical at best where central government controlled all aspects of planning. At that time, as the capital region, Jakarta had been given development priority which resulted in the high level of primacy compared to other major cities across Indonesia. In the post decentralization era rather than closer proximity, proactive approach from local government to central government plays more important role in shaping local-central interaction. The city must constantly pursue opportunities that available in the central level, creating a competitive based relation with other cities for the central government programs and funds. Indeed, in this study, Jakarta demonstrates about the same level of activity with the Surabaya region and has less activity compared to the Yogyakarta and Denpasar region. Semarang region exhibits the Central Interaction in between the two polarising groups (7.70 out of 21.0).

(2) Provincial Interaction

The result of the statistical analysis of the Provincial Interaction follows a similar pattern as the central interaction where a significant score gap occurred between two regional groups. Yogyakarta and Denpasar are on one side and the other four regions are on another side. Yogyakarta maintains a high level of activities with its provincial government, almost doubled compared to Surabaya. Denpasar, although display slightly less score of provincial interaction compared to Yogyakarta but still much higher than the others. Looking into the detail of the provincial interaction, it is partially understandable that the Yogyakarta region enjoys a higher level of provincial interaction given it is also a special provincial region where the sultanate system still employs a strong influence upon the provincial governmental system. Unlike other provinces in Indonesia, the Yogyakarta special province is basically a sultanate government system where the head of the province is not directly elected by citizen but an inherited position given to the king. Historically, it has a strong Javanese tradition embedded in its social and political culture which is hierarchical in nature. Denpasar does not hold a special status like Yogyakarta, hence the closeness between the cities and the provincial government is much greater than we anticipated at the outset. Our hypothesis is that this relation is temporary rather than hereditary –as Yogyakarta– and regular contacts are offered through both sides of governments thus making the local government not the only part actively pursuing the relations. In this sense the provincial government plays its important part as the regional organization and is not just an agent of the central government.

(3) Horizontal Interaction

The horizontal dimension produces the most complex results of all the indices in both intergovernmental and cross-sectoral interaction, with Surabaya and Yogyakarta are located at the extreme ends of the spectrum and Jakarta, Semarang, and Makassar fall in the middle. Among all regions observed, Denpasar displays the highest overall level of horizontal interaction –both high levels of intergovernmental and cross-sectoral interaction–. Surabaya and Semarang express similar level of the Horizontal Interaction yet possess an opposite tendency of intergovernmental and cross-sectoral interaction.

On the intergovernmental interaction, the score from the Yogyakarta region is twice higher than Surabaya, showing that the extent of interaction and collaboration between local governments is significantly higher in Yogyakarta. With this result, it means that the local governments in the Yogyakarta region are more likely to interact, exchange information and collaborate with each other than its counterparts in Jakarta and Surabaya. Cities in Jakarta region fares better than Surabaya with Jakarta officials are at least 30% as likely to interact with its neighbouring local government compared to Surabaya. Meanwhile, cities in Denpasar region also display a relatively high intergovernmental interaction and Semarang manages to build a moderate level of interaction. On average, the relative frequency of horizontal activity among cities in Denpasar region is 17.00 from 10 activities and 3 identified intergovernmental counterparts while Yogyakarta scores 18.67 high.

The exact opposite result of intergovernmental interaction is found in the cross-sectoral interaction. Whereas cities in the Yogyakarta regions are the most frequent users of the intergovernmental interaction, they are the least frequent users of the cross-sectoral interaction. The score is strikingly different which lead to assume that the Yogyakarta region employs a limited cross-sectoral collaboration and more focused to develop their intergovernmental structural institutions. Semarang fares similar with Yogyakarta, making the two neighbouring regions appear behind in establishing relations with actors outside the governmental sector. In the other hand, instead of interacting with their neighbouring municipalities, the local governments in Surabaya tend to put more focus to form a collaboration with the non-governmental organizations. Jakarta and Denpasar also showcase a high cross-sectoral interaction. Cities in the Jakarta and Denpasar regions pursue about twice and half as many cross-sectoral interaction than cities in the Yogyakarta region (15.12 and 15.60 compared with 6.83).

(4) Weighted Results

When the extent of change from weighted to unweighted measures for the vertical dimension is compared (see Table 7.11), it is found that Surabaya shows the biggest change, which indicates that local governments in Surabaya are involved more in adjustment-seeking activities with the central and provincial

governments among other observed regions. This means that the region puts more consideration and emphasis towards activities to accommodate its interest to the higher-level governments. Between Jakarta and Yogyakarta, when the indexes are weighted, there are not many differences which means that both regions are much similar in their priority activities directed to the central and provincial governments. Among observed regions, Semarang displays the lowest changes in the Central Interaction which may reveal its acceptance and deviance towards whatever they can get from the central government. It can also mean that the contact established between government vertically in Semarang is lacking. This partially explained in the weighted result of provincial interaction where cities in Semarang region are more willing in negotiating with the provincial government, showing a 20.29 percent increase when the adjustment seeking activities are weighted.

Further looking into the percentage increase for the weighted result of the horizontal interaction (refer to Table 7.11), a closely similar value increase in the intergovernmental interaction shows that all three regions have a corresponding view on their priority in developing its intergovernmental collaborative environment (raises ranging from 26 to 33 percent). The change on the cross-sectoral interaction is more diverse with Semarang puts the most changes, followed by Surabaya, Denpasar, Jakarta and finally Yogyakarta. This further explains the collaborative preference of each region, whereas Surabaya is less likely to have interest to collaborate with its neighbouring municipalities than with the public or private sector and Yogyakarta employs the exact opposite preferences. It can be translated that the local governments in the Surabaya region are more open in accommodating non-governmental sectors in their planning and infrastructure provision, while the local governments in the Yogyakarta is more accommodating towards other governmental entities. Semarang also shows a different tendency than Yogyakarta, cities of the former region, although display, low interaction with the nongovernmental sector like cities from the latter region when the indexes are weighted with more than 30 percent increase demonstrate their eagerness to improve the dire situation of cross-sectoral interaction in the region.

Jakarta, Denpasar, Semarang shows similar preference among each other as the cities in three regions inclines to put the same amount of attention for both its intergovernmental and cross-sectoral interaction. In this sense, policies and regulations of local governments in the regions are more likely aim to accommodate all sectors, both governmental and non-governmental. With increases between 19 to 33.5 percent, suggesting the continuing importance of the working relationships between actors in the local level regardless the status of their origins. As the indexes of joint policy activities are weighted the result suggests that cities clearly rely on the guidance and knowledge found in other actors in the local level, in addition of programming. This makes policymaking and strategy making as the most commonly pursued horizontal activity, reconfirm the result shown in Table 7.7 regarding percentage of respondents using vertical and horizontal interaction activities based on the origin of its counterparts.

(5) Agency-based Results

Table A.5 and A.6 in the Appendix 2 separate the results of the institutional structure of collaborative metropolitan governance based on the origin of respondent contacted; officers from the Local Development Planning Agency or officers from the City Planning or Department of Public Works or Collaboration Bureau. The reason of this separation is to gauge whether there are differences in how the institutional structure is constructed based on the specific institution. It is also valuable in helping to explain the nature of interaction established by the local government, hence give a general overview of actor relations and all together to reduce the biases of the result.

The results by mean of the institutional structure of collaborative metropolitan governance displayed in Table 7.9 are more or less the in-between score gathered from Table A.5 and A.6. In this sense, there seems to be a polarisation of preference between the Local Development Planning Agencies and the City Planning Agency, Department of Public Works and/or the Collaboration Bureau that can be compared. In the vertical dimension, 4 out of 5 regions observed indicate that the Local Development Planning Agency is the dominant actor in establishing contact with agencies in the higher level of government. Surabaya is an exceptional example, as cities in its region imply that the Department of Public Works builds stronger interaction with both the central and provincial governments.

Apropos of the horizontal dimension, the differences between groups of respondents are quite varied. Cities in Jakarta region display similar results regardless the institution where respondents belong. Yogyakarta and Semarang reconfirm the importance of their Local Development Planning Agency –similar to their central and provincial interaction, the intergovernmental and cross-sectoral interactions are commanded by the same agency. Surabaya and Denpasar on the other hand, show their penchant in separating preferences. Cities in Denpasar seek intergovernmental and cross-sectoral interaction mostly through their Collaboration Bureau and Department of Public Works. The two agencies build more relations with their neighbouring cities' agencies implying a sectoral based collaboration. Cities in Surabaya, although seek intergovernmental interaction better through their Department of Public Works and Collaboration Bureau, they actively pursue cross-sectoral relations through their Local Development Planning Board indicating that the said agency has wider arrays of nongovernmental contacts. This effectively rejects the common belief stating that the Local Development Planning Board as the local coordinating agency is the single most prominent agent in coordinating plans and development as well as collaborating with the neighboring cities and other nongovernmental actors.

The Variation of the Institutional Structure of Collaborative Metropolitan Governance

As the analysis results of the institutional structure of collaborative metropolitan governance related to elaborate the procedural perspective of collaborative governance for this study has already shown, they hardly grasp the sophisticated nature hidden in the collaborative governance process. To explain structural variances in the extent of collaboration, other structural characteristics forming the city's structures should not be neglected in the model of collaborative governance. Table 7.12 summarises the basic statistics related to the strategic and structural collaboration attributes as well as spatial and economic attributes, arranged to display the regional differences more obvious. This study looks at three strategies that can be considered proxies for all strategic activity in the Indonesian planning system at the local level based on Spatial Planning Act 26/2007.

The segregation of cities into the spatial measure is made based on the size of the area occupied. There is no specific information on Indonesian regulation regarding the status of cities based on how big or small they are in area size or density except for metropolitan. In this study, metropolitan core cities are defined as the city located in the metropolitan's core, usually also act as the capital of the province. The large suburbs consist of cities located just next to core cities, usually act as the primary supporting city for residential, industrial, etc. purposes; these cities are predominantly urban. The small suburbs are actually served almost similar with large suburbs in term of function, urbanisation rate, and proximity to the core cities for commuting purpose, the differences are they are much smaller in area size and number of districts. The rural suburbs are described as cities that also act as the secondary supporting city for the core cities; it is located on the urban fringe with large area and predominantly rural outside the urbanised districts. In Indonesia, administratively, rural and urban area is generally differentiated from the status of the district; district in the rural area refers to a village (*desa*) and in the urban area as a district (*kecamatan*). The village has the right to elect the village head directly while the head of a district is directly chosen by the mayor.

Examining the determinants of activity variation in cities provides the best evidence of a specialised approach to a governing region management that bound by jurisdiction. For instance, jurisdiction based management exists in cities that exploit their complex governing environment strategically (Agranoff and McGuire, 2003). The following analyses are intended to test this assumption. There are possibilities that in Indonesia, binding strategies are not critical in determining their vertical and horizontal relations, although all city management is jurisdiction-based as they are much governed by informal interactions than formal.

Table 7.12. Strategic and structural collaboration, spatial, and economic characteristics of sample cities.

Characteristics	Total
Strategic (percentage of samples, total samples=53)	
Collaboration is written in the long term development plan (n=30)	56
Collaboration is written in the mid term development plan (n=30)	56
Collaboration is written in the master plan (n=44)	83
Institutional structure of metropolitan (percentage of samples, total samples=53)	
The Metropolitan Collaboration Board is active (n=38)	72
Full-time director is the lead manager (n=6)	11
Economic	
Poverty rate	10.07
Regional GDP per capita (in thousands IDRs)	19,793.68
Spatial structure (percentage of samples, total samples=53)	
Metropolitan core cities (n=8)	15
Large suburbs cities (n=20)	37
Small suburbs cities (n=8)	15
Rural suburbs cities (n=17)	33
Population and area	
Population (metropolitan core cities)	2,740,280
Population (large suburbs cities; area > 150 sqkm)	1,631,526
Population (small suburbs cities; area < 150 sqkm)	632,796
Population (rural suburbs cities)	1,146,061

Note: All statistical data for economic and spatial are from 2010 statistics.
Rural suburbs: cities which predominantly rural outside the suburbs.

(1) Ratio of Collaborative Activity according to Strategic Availability

(a) Vertical Interaction

As shown in Table A.7 and A.8 (in the Appendix 2), there are links between strategic preference and collaborative activities. In the vertical dimension, first, locally based long term development plan and master plan are both positively and negatively associated with vertical interaction activities. It positively relates to adjustment seeking activities with the central government agencies, but negatively associated with the provincial government as cities with no strategic plans have higher adjustment seeking ratio with the provincial agencies. It positively associates of information seeking activities with the provincial government agencies, but negatively related with the central government albeit relatively insignificant. These imply when collaborative strategies are defined in long term and master plan, cities will ask for an adjustment to the central government but less towards the provinces. Cities are more likely to negotiate the implementation and submit information seeking to the provincial government to help gaining control of the local activities through administrative means. Second, the midterm development plan set by local governments associate positively with information seeking activities established with central and provincial governments while negatively correlate with the adjustment seeking activities. It relates more to the provincial institutions rather than the central institutions as the gap between cities with and without the plan is larger in the former. At this point, this study assumes that the relationship between vertical interaction and strategies is not clearly

defined, but some differences exist as it associates both negative and positive at some activities when compared to the different vertical counterparts. Nonetheless, locally based strategies in general reveals the level of local implementation capacity and thus can allow a city to pursue vertical relations.

(b) Horizontal Interaction

In horizontal interaction, locally based strategies show how it affects the counterpart preferences for the resources exchange and project-based work activities. The effects are opposite for the governmental and non-governmental actors. Strategies, regardless the type, relate positively to the joint policy effort activities. It confirms the assumption that cities that undergo a planning process must necessarily consult with key local actors from all sectors. As the interaction between cities and these local actors commences, the further steps regarding financial, personnel resources, and project implementation. This is where variations are observed; cities with collaboration written in the long and medium term development plan and master plan the lower the resources exchange orientation while the greater their project based work activities with their neighbouring local governments. On the other hand, these same cities posit greater resources exchange activities and lower project based work with the non-governmental actors. Nonetheless, it is still worth to note that locally based strategic orientation greatly relates to the total interaction activities conducted by cities in the horizontal dimension and at a certain point, in the vertical dimension as well –positively associated with the total interaction for the long term development plan and master plan but not for the medium term plan. The causal relationship is unclear from the data from this point and need to be tested with other measures such as collaboration policies, but this study assumes that strategizing breeds a certain type of collaboration and in Indonesian case: locally based strategies breeds collaboration at the local level among local governments and between local government and non-governmental actors.

(2) The Institutional Structure of Collaborative Metropolitan Governance according to Strategic Availability

This study assumes that the institutional structure and its interaction within reflect the procedural perspective of the collaborative governance. The previous analysis section of the institutional structure of collaborative metropolitan governance found the variation among regions observed; the provincial interaction positively relates to the intergovernmental interaction while there is no clear causal relationship between the central interaction and the horizontal interaction. The results showcase how cities pursue their interests toward different actors at various levels; some cities emphasize building relations with central government, other interested with the cross sectoral actors, etc. Moreover, by segregating cities which employ collaborative strategies in their plans and those which are not, this study aims to further test the assumption. These strategies are part of the procedural activities exercised by the local government in the planning and implementation. Thus, if there is a significant variance found in the structural dimension of the

institutions according to their strategies, a procedural perspective of collaborative governance can be gathered.

Looking into the array of the results, the relationship between the institutional structure of collaborative metropolitan governance and the local strategic measurement when cities are grouped into their regions are unclear. In this sense this study shall treat the results as region based and need further investigation in social-cultural-political context to explain the variation. Cities with collaboration written in the long term development plan have positive relations to the central interaction in the case of Jakarta, Surabaya, and Semarang but not for Denpasar (see Table 7.13). It positively relates to the provincial and intergovernmental interaction in Surabaya and Semarang but not in Jakarta and Denpasar. However, it positively associates with the cross-sectoral interaction in all observed regions.

A similar tendency is found in the cities with collaboration written in the midterm development plan compared with cities without it (see Table 7.14). Surabaya is again grouped with Semarang. Cities, armed with the midterm development plan directing their collaborative strategies positively correspond to the central interaction, intergovernmental interaction, and cross-sectoral interaction in Surabaya and Semarang but not in Jakarta and Yogyakarta. Cities with collaboration written in the master plan is fairly incomparable when grouped into regions, except of Surabaya and Denpasar, all cities in other region have accommodated their collaborative strategies into their master plan.

Table 7.13. Mean of the institutional structure of collaborative metropolitan governance (unweighted), cities with collaboration written in the long term development plan compared with cities without (n = 30).

	Max Score	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>Vertical dimension</i>							
Central interaction*	21.00	7.23	9.00	9.17	9.60	7.33	N/A
Central interaction**	21.00	6.50	6.57	N/A	5.80	9.50	N/A
Provincial interaction*	21.00	6.85	7.33	11.67	7.60	8.33	N/A
Provincial interaction**	21.00	7.50	5.86	N/A	6.20	13.00	N/A
<i>Horizontal dimension</i>							
Overall Horizontal interaction*	80.00	25.31	26.33	24.67	27.40	36.33	N/A
Overall Horizontal interaction**	80.00	29.00	21.43	N/A	19.60	24.50	17.60
Intergovernmental interaction*	30.00	10.54	11.00	18.17	16.20	16.00	N/A
Intergovernmental interaction**	30.00	14.00	8.00	N/A	14.50	14.50	12.20
Cross-sectoral interaction*	50.00	14.77	15.33	6.50	11.20	20.33	N/A
Cross-sectoral interaction**	50.00	14.00	13.43	N/A	6.20	10.00	5.40

*: with strategic collaboration

**: without strategic collaboration

Total sample: 48; N/A: Incomparable, all cities in the region do/do not have collaboration advocated in their strategic plan.

Table 7.14. Mean of the institutional structure of collaborative metropolitan governance (unweighted), cities with collaboration written in the midterm development plan compared with cities without (n = 27).

	Max Score	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>Vertical dimension</i>							
Central interaction*	21.00	6.38	8.50	6.50	8.17	N/A	N/A
Central interaction**	21.00	9.25	6.50	14.50	7.00	8.20	N/A
Provincial interaction*	21.00	6.38	6.00	9.50	7.33	N/A	N/A
Provincial interaction**	21.00	9.00	6.50	16.00	6.25	10.20	N/A
<i>Horizontal dimension</i>							
Overall Horizontal interaction*	80.00	24.46	24.50	22.00	25.00	N/A	25.00
Overall Horizontal interaction**	80.00	30.75	20.50	35.00	19.75	32.20	6.50
Intergovernmental interaction*	30.00	11.08	8.83	16.50	16.00	N/A	17.67
Intergovernmental interaction**	30.00	12.25	9.00	21.50	13.00	17.00	4.00
Cross-sectoral interaction*	50.00	13.38	15.67	5.50	10.00	N/A	7.33
Cross-sectoral interaction**	50.00	18.50	11.50	8.50	6.75	16.20	2.50

*: with strategic collaboration

**: without strategic collaboration

Total sample: 48; N/A: Incomparable, all cities in the region do/do not have collaboration advocated in their strategic plan.

On the other hand, when cities are not grouped based on their region, the result is clearer in explaining the quantitative relations between strategies and the institutional structure of collaborative metropolitan governance (see Table 7.15). The reason is perhaps because when cities are grouped the number of samples in a region varies greatly; several regions have a big number of cities and others are not, thus the results are not distributed properly. Collaborative strategies in particular have positive associations with the horizontal interaction regardless the type of strategies and the origin of the local actors (governmental or cross sectoral). In the vertical interaction, collaborative strategies relate positively to the central and provincial institutions when it is written in the long term development plan but not in the midterm development plan. The majority of cities has incorporated collaborative strategies into their master plan and it relates positively with the central interaction but surprisingly not with provincial interaction.

Table 7.15. Mean of the institutional structure of collaborative metropolitan governance (unweighted), cities with/without strategies (n = 48).

	Vertical Interaction		Horizontal Interaction		
	Central	Provincial	All	Inter gov't	Cross-sectoral
Collaboration is written in the long term development plan (n=30)	8.20	8.13	26.73	13.60	13.13
Not written in the plan	6.67	7.11	21.61	11.70	9.92
Collaboration is written in the mid term development plan (n=27)	7.11	7.00	25.80	13.67	12.13
Not written in the plan	8.28	8.60	24.52	12.62	11.90
Collaboration is written in the master plan (n=41)	7.78	7.66	25.18	13.23	11.95
Not written in the plan	6.72	8.28	21.22	10.56	10.67

(3) Ratio of Collaborative Activity according to Spatial Structure

The next step of the analysis is to scrutinise the relationship between collaborative activities and the spatial structure of a city. Unlike regions, as cities grouped based on their typical spatial structure, the results of their quantitative variation in dimensional activity are segregated accordingly (see Table A.9, A.10, 7.16 and 7.17). Underlying these analyses, this study assumes that the spatial characteristics of a city are a statistically significant determinant of the institutional structure of collaborative metropolitan governance.

Table A.9 and A.10 in the Appendix 2 illustrate the result of difference of means tests in vertical and horizontal activities based on the spatial characteristics of cities. They substantively explain the variation across city types. Metropolitan core and large suburbs spend significantly more efforts on adjustment seeking activities with the central and provincial governments compared to the small-suburbs and predominantly rural cities. This study presumes that big cities have more bargaining power towards the higher levels of governments implying that they are more confident in pursuing flexibility for their own programs through changes and adjustments in policies as well as asking for assistances in resolving intergovernmental conflicts. On the contrary, smaller suburbs and predominantly rural cities focus their activities more towards information seeking, illustrating the importance of having information, guidance and assistance from the higher levels of government in gaining and implementing projects in a smaller resource-equipped city. In horizontal activities, the variability between cities is larger than in the vertical activities. In general, all cities regardless their spatial structure sees the joint policy effort activity as the major activity to conduct locally with both governmental and non-governmental actors, confirming the results from the procedural perspective. Cities with strategies despite their spatial characteristics relates positively to building a joint policy making system in their area. In this case, metropolitan core and large suburbs overwhelmingly devoted a half of their horizontal activity with neighbouring local government in the form of joint policy effort activities while other cities posit about 42 to 47 percent.

While the importance of the joint policy effort activities is positively related to the intergovernmental and cross sectoral relation across cities with different spatial structure, other activities are varied based on both the spatial characteristics and the origin of counterparts. When confronted with other local governments from neighbouring cities, smaller suburbs and rural suburbs devote more than one third of their horizontal activity towards resource exchange activities –more if compared to the metropolitan core and large suburbs– suggesting the continuing importance of the personnel and financial sharing in cities with smaller capacities (see Table A.10 in Appendix 2). Metropolitan core cities, unsurprisingly, have nearly one third to half as much activity as devoted to the resource sharing activities with non governmental institutions than other cities, implying its strong cross-sectoral relations. Moreover, as suspected, cities with smaller capacities (small and rural suburbs) rely on the non governmental institutions for their projects based works

compared to big cities, indicating that they outsource a lot of their programs and project implementation to nongovernmental actors.

(4) The Institutional Structure of Collaborative Metropolitan Governance according to the Spatial Structure

When the same segregation of spatial characteristics applied to the collaborative activity, this study found that the results are as varied as if the institutional structure is segregated based on regions but with more uniformed samples in each group. In this sense, it has potential in helping to explain the variation of region-based institutional structure as the majority of the regions is mostly not homogenous spatially –it consists of all types of city. From Table 7.16 this study observes that metropolitan core and large suburbs generally have a higher level of interaction with central and provincial institutions, and at average a higher overall horizontal interaction as well. This suggests that big cities interact and build relations in more frequent basis than smaller establishments. While the previous region-based result rejected the common belief claiming the capital metropolitan region has a closer relation to the central government, this result agrees with the assumption, suggesting when singled out from other cities in its region, there is great possibility that Jakarta city as the capital city enjoys a closer relation with the central government compare to smaller cities inside and outside the capital region. The closeness of other metropolitan core cities is best explained that it has a privilege as the major city therefore seen as the strategic establishment from the point of view of the central and provincial government which in turn reflects positively to their vertical interaction. Moreover, small suburbs are the most passive as it displays low vertical and horizontal interaction. These cities incline to be less involved in vertical and horizontal activities, implying that at some extent, they collaborate less than other spatially larger cities.

Large suburbs, in particular, display the strongest among other cities, suggesting that this type of cities actively pursues relations with all levels of governments as well as various local actors in their cities. Horizontal dimension wise, large suburbs establish a high level of interaction in both intergovernmental and cross-sectoral interaction the great extent of the relationship and collaboration these cities built with their local counterparts. It implies that large suburbs are the most competitive type of cities; exerting various types of collaboration to ensure their infrastructure and public provision programs and projects are secured. Its intergovernmental and cross-sectoral interaction level surpasses metropolitan core cities, implying that core cities are less competitive in establishing collaboration than large suburbs cities. Self sufficiency in providing urban service is assumed as one of the reasons for this variation. Furthermore, urbanised cities show the tendency of establishing cross-sectoral interaction than intergovernmental –metropolitan core, large and small suburbs display similar results. This particular tendency confirms the importance of the presence of nongovernmental actors in a city. Urbanised cities are mostly blessed with industrial, commercial and social activities, providing a large variety of non-governmental actors in the proximity while

predominantly rural cities with agriculture as the main driving industry usually have a less mixture of public private actors in their area. Thus, it is most likely that predominantly rural cities rely to their neighbours and tend to pursue intergovernmental interaction.

The weighted results (Table 7.17) and its subsequent percentage increase from unweighted to weighted (Table 7.18) elaborate the collaborative strategies exploited by cities based on their spatial structure. When the indexes are weighted, it is observed that the preferences of all cities generally are similar albeit varied in level of determination. Vertically, cities agree to put more considerate towards activities that accommodate their interests to the provincial government agencies rather than to the central level. This result reconfirms a similar finding produced by the region-based analysis on the institutional structure of collaborative metropolitan governance. The same results also found in the horizontal dimension. Regardless the spatial characteristics, cities see the importance of bridging intergovernmental interaction than cross sectoral interaction. This also corresponds to the results showing the importance of the joint policy effort in the local level. Moreover, when the percentage increase between unweighted and weighted indexes in the intergovernmental and cross-sectoral interaction is aggregated, this study identifies that predominantly rural cities have the smallest aggregate while small suburbs has the greatest. The greater the aggregate the more imposes a city put on one type of collaboration, and the smaller the aggregate the more balance a city try to push its horizontal interaction between different actors.

Table 7.16. Mean of the institutional structure of collaborative metropolitan governance (unweighted) based on spatial structures of cities.

	Max Score	Metropolitan core cities (n=7)	Large suburbs cities (n=18)	Small suburbs cities (n=8)	Rural suburbs cities (n=15)
<i>Vertical dimension</i>					
Central interaction	21.00	8.14	8.78	5.87	6.93
Provincial interaction	21.00	7.72	8.89	5.50	7.60
<i>Horizontal dimension</i>					
Overall Horizontal interaction	80.00	25.38	30.72	18.38	22.59
Intergovernmental interaction	30.00	12.75	14.94	8.37	13.59
Cross-sectoral interaction	50.00	12.63	15.78	10.00	9.00

Table 7.17. Mean of the institutional structure of collaborative metropolitan governance (weighted) based on spatial structures of cities.

	Max Score	Metropolitan core cities (n=7)	Large suburbs cities (n=18)	Small suburbs cities (n=8)	Rural suburbs cities (n=15)
<i>Vertical dimension</i>					
Central interaction	21.00	9.57	10.22	6.63	8.13
Provincial interaction	21.00	9.28	11.06	6.50	9.07
<i>Horizontal dimension</i>					
Overall Horizontal interaction	80.00	32.75	39.44	22.63	28.53
Intergovernmental interaction	30.00	17.00	20.06	10.88	17.59
Cross-sectoral interaction	50.00	15.75	19.39	11.75	10.94

Table 7.18. Percentage of increase on the mean of the institutional structure of collaborative metropolitan governance based on spatial structures of cities from unweighted to weighted.

	Metropolitan core cities (n=7)	Large suburbs cities (n=18)	Small suburbs cities (n=8)	Rural suburbs cities (n=15)
<i>Vertical dimension</i>				
Central interaction	17.57	16.40	12.95	17.32
Provincial interaction	20.21	24.41	18.18	19.34
<i>Horizontal dimension</i>				
Overall Horizontal interaction	29.04	28.39	23.12	26.29
Intergovernmental interaction	33.33	34.27	29.99	29.43
Cross-sectoral interaction	24.70	22.88	17.50	21.56

7.2. RESULTS SUMMARY: THE CHARACTERISTICS OF THE INSTITUTIONAL STRUCTURE OF COLLABORATIVE METROPOLITAN GOVERNANCE

Cities seek information, financial and technical supports while trying to comply with regulations. It manages their urban provision projects and programs through intergovernmental and cross sectoral relations through negotiations with local actors as well as pursuing adjustment with the central and provincial institutions. Managing at the boundaries of governments is more complicated than expected. How cities operate their vertical and horizontal interaction varies between region, spatial structure and procedural perspectives. These interactions represent the structure of institutions from the perspective of local government in pursuing multi level dimensional activities. As these activities directly imply the collaborative activity, this study assumes the dimensional structure of institution observed in this study at extent resemble a part of the institutional structure of the local collaborative governance. Table 7.19 summarises the findings to characterise the institutional structure of Indonesian collaborative metropolitan governance while the following summary offers the general findings in regard to the hypothesis raised earlier in the beginning of the chapter.

Concerning the contrasting results of the Central and Provincial Interaction, this study assumes that several conditions trigger these vertical actions: incompatibility of central – provincial expectations with local needs or interests, laws or regulations that impeded local development projects and programs, and less than desirable contacts between cities and its higher governments due to multiple reasons politically and personally (between officials). Given the difficulty of making the appropriate contacts and developing some understandings of the conditions under which the central or provincial government is more apt to grant discretion, these negotiations and bargaining activities between local government as both ‘the recipient and pursuer’ and the central or provincial government as ‘the regulated’ can use are important in the vertical structural relations.

General findings	The state of Indonesian collaborative metropolitan governance varies across regions and cities structured by the institutional relations seek by local governments. There is wide variation of the use of collaborative activities, including different ratio, frequency of activity, and preference in undertaking the collaborative activity with certain partner. The variation implies that institutional structure characterised how local government behave on collaborative governance in a particular way that is subjected to each city.
Sub findings	<ol style="list-style-type: none"> 1. The structure of the institutions is related to the extend of collaborative activities of cities, indicating the more activity local government pursue the more they incline to collaborate <ol style="list-style-type: none"> a. There is no immediate relation, at this point, between local-central interaction to the extent of intergovernmental and/or cross sectoral collaboration as it is pursued on competitive based with less local collaborative governance in mind. b. The local-provincial interaction is positively related to the extent of intergovernmental collaboration due to the cross-jurisdictional nature of the collaboration, but less related to the cross-sectoral collaboration which conducted inside the jurisdiction. c. The special status of a region (as a national capital or a special region) hold has no immediate relations to the vertical interaction in the process of decentralization. 2. The structure of the institution reflects the procedural perspective of the collaborative governance as explained by the variation of the structure towards the strategies. <ol style="list-style-type: none"> a. In general, cities with collaborative strategies written in their strategic plans the greater the possibility they pursue interaction with the central, provincial, and other local actors. 3. The spatial characteristics of a city are a significant determinant of the structure of the institutions and by some extent, the collaborative governance. <ol style="list-style-type: none"> a. The bigger and the more urbanised a city is, the more likely it is to engage in activities with mixture of actors than the smaller and less urbanised cities. The findings found that core cities and large suburbs have better intergovernmental and cross-collaboration than small suburbs and rural cities. b. In general, metropolitan core cities have not greater relation with the central and provincial governments compared to large suburbs. c. Among observed cities, large suburbs are the most active cities in term of establishing collaborative governance.

Table 7.19. Summary of results.

	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>The use of activities</i>						
1. Frequency of cities based on activity						
a. High	Information seeking, Joint policy making	Information seeking	Information seeking, joint policy making, Resource exchange	Cities actively pursue all activities	Cities actively pursue all activities	N/A
b. Moderate	Resource exchange, project-based work	Adjustment seeking, joint policy making, project- based work	Project-based work			Joint policy making, resource exchange, project-based work
c. Low	Adjustment seeking	Resource exchange	Adjustment seeking			
2. The frequency ratio of activity (2 highest activities out of 3)						
a. With central and provincial	Cities have higher preference to pursue information seeking activities to the central government and adjustment seeking activities to the provincial government					
b. With other local governments	Joint policy making, resource exchange	Joint policy making, resource exchange	Joint policy making, project-based work	Joint policy making, resource exchange	Joint policy making, resource exchange	Joint policy making, project-based work
c. With non governmental actors	Joint policy making, project-based work	Joint policy making, project-based work	Resource exchange, project-based work	Project-based work, Joint policy making	Project-based work, Joint policy making	Resource exchange, project-based work
<i>The structure of interaction</i>						
1. Central interaction	Moderate	Moderate	High	Moderate	Moderate	N/A
2. Provincial interaction	Moderate	Low	High	Low	High	N/A
3. Intergovernmental interaction	Moderate	Low	High	Moderate	Moderate	Moderate
4. Cross-sectoral interaction	Moderate	Moderate	Low	Low	Moderate	Low
5. Weighted results (priority/interest accommodating)	Intergovernmental interaction	Provincial interaction, intergovernmental and cross-sectoral interaction	Intergovernmental interaction	Intergovernmental and cross-sectoral interaction	Provincial interaction, Intergovernmental interaction	Intergovernmental interaction
6. Agency-based results	No anomaly, similar to general structure above	Higher cross-sectoral interaction through LDPA	No anomaly, similar to general structure above	No anomaly, similar to general structure above	Higher cross-sectoral interaction through DoPW/CB	LDPA as the most prominent agents

Note: LDPA (Local Development Planning Board), DoPW (Department of Public Works), CB (Collaboration Bureau).

Table 7.19. Summary of results (cont'd).

	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>The structural variation of interaction</i>						
1. Based on long-term development plan availability						
a. Central interaction	Cities <i>with</i> the plan has higher central interaction	Cities <i>with</i> the plan has higher central interaction	N/A	Cities <i>with</i> the plan has higher central interaction	Cities <i>without</i> the plan has higher central interaction	N/A
b. Provincial interaction	Cities <i>without</i> the plan has higher provincial interaction	Cities <i>with</i> the plan has higher provincial interaction	N/A	Cities <i>with</i> the plan has higher provincial interaction	Cities <i>without</i> the plan has higher provincial interaction	N/A
c. Intergovernmental interaction	Cities <i>without</i> the plan has higher intergovernmental interaction	Cities <i>with</i> the plan has higher intergovernmental interaction	N/A	Cities <i>with</i> the plan has higher intergovernmental interaction	Cities <i>with</i> the plan has higher intergovernmental interaction	N/A
d. Cross-sectoral interaction	Cities <i>with</i> collaboration advocated in the plan has higher cross-sectoral interaction					N/A
2. Based on midterm development plan availability						
a. Central interaction	Cities <i>without</i> the plan has higher central interaction	Cities <i>with</i> the plan has higher central interaction	Cities <i>without</i> the plan has higher central interaction	Cities <i>with</i> the plan has higher central interaction	N/A	N/A
b. Provincial interaction	Cities <i>without</i> collaboration advocated in the plan has higher provincial interaction			Cities <i>with</i> the plan has higher provincial interaction	N/A	N/A
c. Intergovernmental interaction	Cities <i>without</i> collaboration advocated in the plan has higher intergovernmental interaction			Cities <i>with</i> the plan has higher intergovernmental interaction	N/A	Cities <i>with</i> the plan has higher intergovernmental interaction
d. Cross-sectoral interaction	Cities <i>without</i> the plan has higher cross-sectoral interaction	Cities <i>without</i> the plan has higher cross-sectoral interaction	Cities <i>with</i> the plan has higher cross-sectoral interaction	Cities <i>with</i> the plan has higher cross-sectoral interaction	N/A	Cities <i>with</i> the plan has higher cross-sectoral interaction
3. Based on spatial structure of the city						
a. Metropolitan core	Moderate central and provincial interaction; Moderate intergovernmental interaction; Low cross-sectoral interaction					
b. Large-suburbs	Moderate central and provincial interaction; Moderate intergovernmental interaction; Moderate cross-sectoral interaction					
c. Small-suburbs	Low central and provincial interaction; Low intergovernmental interaction; Low cross-sectoral interaction					
d. Rural suburbs	Moderate central and provincial interaction; Moderate intergovernmental interaction; Low cross-sectoral interaction					

Note: N/A: Incomparable, all cities in the region do/do not have collaboration advocated in their strategic plan.

In the horizontal dimension, the assumption this study formed from the vast different results comparing the intergovernmental and cross-sectoral interaction is both interaction are affected by several circumstances such as, the potential cost or burden of regulations, restrictive eligibility rules or funding regulations for the financial and personnel sharing scheme, standards that local partners (both governmental and nongovernmental) in a collaboration effort could not meet, incompatibility of intended partners expectations with cost spent, the availability of counterparts and their resources, and good willing from all local actors. Negotiations and bargainings in building horizontal interaction regardless the counterparts are a vital part as the difficult process of creating a horizontal structure of institutions. The premise of potential cost in horizontal interaction can be partially explained as local governments more willing to meet and discuss ideas and approaches horizontally than vertically, but reluctant to part with finances or staff on programs or projects that involved resource commitment. This kind of reluctance is rarely found in the vertical interaction as the central and provincial government is the ones that possess a larger fund offered in the table.

Whereas the joint policymaking is the most common collaborative pursued by local governments to other governmental sectors, it is resource exchange and project-based activities that differentiate how cities and regions in Indonesia treat collaborative governance. Big and prominent regions with strong financial resource from industries and commercial are not shy in seeking resources exchange with their neighbouring cities, e.g. Jakarta, Denpasar. In the cross-sectoral collaboration, cities has their own preferred activities that differ from other cities and regions. Jakarta and Surabaya, for example, focus on the joint policymaking and project-based work with their partner from the nongovernmental sectors while Yogyakarta and Makassar prefer resource exchange as their main activity followed by project-based work. Cities in the Semarang and Denpasar regions are another case in which they rely more on the nongovernmental sectors for project-based work than for joint policymaking activities. The different preferences exerted by cities imply that collaborative activities rely on the situational condition of the institutional environment in each jurisdiction.

The considerable involvement of the non-governmental sector in the horizontal collaboration of Jakarta, Surabaya and Denpasar also might be explained by the economic situation of the regions. As two of the biggest metropolitan areas and as a trade and industrial regions, the Jakarta and Surabaya region generate more capital compare to Yogyakarta and Semarang. Denpasar, while not a commercial and heavy industrial region, has a prominent tourism industry. Moreover, regions with large and growing population create more opportunities for growth because they have more capital and in turn bring more economic revenue to the local government. It is unsurprising to find that local governments in both regions are more open and familiar with other stakeholders to collaborate. Yogyakarta, which is famous as a cultural region, but with less massive tourism industry than Denpasar, most likely retains less non-governmental organization located in

its area. Thus, making it is more challenging to form a cross-sectoral collaboration than an intergovernmental partnership.

Both Jakarta and Surabaya show a similar tendency on their vertical and horizontal interaction with other entities with respect to levels of intergovernmental collaboration, create a weak interaction with the central and provincial government and a strong relationship with other non-governmental organizations. It is also interesting to note that the Jakarta and Surabaya regions are statistically similar but with different reasons. Surabaya represents the example of an inward looking behaviour government system given the tendency to deliver their service provision by themselves and maximise their own interest through a top-down assistance from the higher government if needed. In a sense, the absence of a coordinating agency in the region, the municipalities tends to communicate less with their neighbours, adding to the almost non-present influence of provincial government in the region. Jakarta on the other hand, the lower score of intergovernmental collaboration might be explained by the physical location of the region. Since it covers 14 cities under three different provinces, inter-local or regional policy issues must be dealt within the context of two layers of government system and three different institutional arrangements, making negotiating with these issues are very challenging. Even though the Jakarta region has a coordinating agency, this result further clarifies that the agency is not functioning properly as it should be. In situations like this, building a strong regional institution as policy coordinator or facilitator with a strong power to implement the policy is a viable option for the local government if this institution does not threaten local authority.

7.3. REFERENCES

- Agranoff, Robert, and Michael McGuire. 2003. *Collaborative Public Management: New Strategies for Local Governments*. Washington, D.C.: Georgetown University Press.
- Alesina, Alberto, Reza Baqir, and William Easterly. 1999. Public Goods and Ethnic Divisions. *Quarterly Journal of Economics*, 114(4), pp. 1243-84.
- Easterly, William, and Ross Levine, 1997. Africa's Growth Tragedy: Policies and Ethnic Diversions. *Quarterly Journal of Economics*, 112(4), pp. 1203-50.
- Fischbacher, Urs, Simon Gächter, and Ernst Fehr. 2001. Are People Conditionally Cooperative? Evidence from a Public Goods Experiment. *Economics Letters*, 71(3), pp. 497-404.
- Fischbacher, Urs, and Simon Gächter. 2010. Social Preferences, Beliefs, and the Dynamics of Free Riding in Public Goods Experiments. *American Economic Review*, 100(1), pp. 541-56.
- Montalvo, Jose G., and Marta Reynal-Querol. 2005. Ethnic Diversity and Economic Development. *Journal of Development Economics*, 76, pp. 293-323.
- North, Douglass C. 1993. *The New Institutional Economics and Development*, Essay. St. Louis, MO: Washington University in St. Louis, pp. 1-7.
- Putnam, Robert. 1993. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press.
- Schündeln, Matthias. 2012. Ethnic Heterogeneity and the Private Provision of Public Goods. *Journal of Development Studies*, 48, pp. 1-20.
- Wanandi, Jusuf. 2002. Islam in Indonesia: Its History, Development and Future Challenges. *Asia-Pacific Review*, 9(2), pp. 104-12.

CHAPTER 8

REGIONAL INSTITUTIONAL ENVIRONMENT AND ITS INSFLUENCE TO THE EMERGENCE OF COLLABORATIVE METROPOLITAN GOVERNANCE

8.0. SUMMARY

The analysis of the external factors for the emergence of collaborative metropolitan governance is designed as an analysis to understand certain regional situations from the perspective of local governments that trigger collaborative governance in the metropolitan area. The measurement helps the analysis in observing external factors, by inflicting them upon the structure of institutions to draw hypothetical environment that is considered beneficial for local governments to pursue collaborative governance in their jurisdiction. The measurement is built based upon dimension to analyse the regional governing system and public governance. The dimensions are service delivery, quality of life, and democracy measures.

The hypothetical idea raised in the analysis is that better regional institutional environment in the form of weaker regional disparity on observed dimensions leads to higher possibility concerning the emergence of collaborative metropolitan governance. The findings, however, indicate that in Indonesian metropolitan regions, the influence of regional institutional environment to the emergence of collaborative metropolitan governance varies across regions. Declining regional disparity in the quality of life and economic measures positively influence collaborative governance. On the other hand, collaborative governance has not only emerged strongly in regions with low regional disparity on physical measures of service delivery or regions with strong political capacity but also in the regions with opposite characteristics. The variation implies that the regional institutional environment should be observed as a whole package rather than based on each dimension as one or another provide interconnected situational condition characterising the regional platform for local efforts to promote collaborative metropolitan governance.

8.1. ANALYSIS OF THE FACTORS LEADING TO THE EMERGENCE OF COLLABORATIVE METROPOLITAN GOVERNANCE

Collaborative governance was established in most regional governing system to meet the needs of communities that cannot be fulfilled solely by a single local governing entity. A major part of the research concerning the emergence of collaborative governance has been focusing on the regional governing challenges that lead to the establishment of collaboration, whether through analysis by which mechanism of collaboration is achieved (Feiock et al, 2004) or by focusing on the need for coercion (Olson, 1965) or by emphasizing on reciprocity (Ostrom, 1998). While these types of research are undoubtedly necessary, this dissertation considers that beside these researches on the internal environment that directly lead to the emergence of collaborative governance, there are research that take the external environment that indirectly

lead to collaboration. The indirect research to understand the working of external environment in nudging collaborative governance works well as complimentary analysis for the analysis to understand the pattern and the characteristics of the collaborative governance process.

In order to follow this way of thinking, the analysis of the factors for the emergence of collaborative metropolitan governance is designed as a part of the institutional analysis presented earlier in Chapter 8. Both analyses revolve around the external sphere surrounding collaborative governance, working to understand the working of collaborative governance from a system-wide perspective. However, while the institutional analysis in Chapter 8 focused on analysing external factors contributing to the mechanism and characterising of collaborative metropolitan governance, the analysis utilised in the chapter is aimed to understand external factors that setting up the environment that hypothetically create a collaborative platform for local governments to pursue collaborative governance in their jurisdiction.

This dissertation assumes that a certain external environmental setting produces higher possibilities of local governments actually pursuing collaboration. This external environmental setting is influenced by socio-cultural, political, and economic conditions of local governments, similar factors that also influencing the working of collaborative governance. The difference emphasized is that while the external factors used to understand the working of collaborative governance are focused on the process-oriented factors, the external factors used to understand the emergence of collaborative governance are focused on the outcome factors. According to this approach, collaborative governance is pursued when a certain outcome and cost is envisioned by its corresponding actors.

8.1.1. Methodology, Data, and Limitation

In order to know which external factors that contribute to higher possibilities of the emergence of collaborative governance from the process-outcome approach, this study utilised three pre-determined dimensions used to evaluate the regional governing system and good governance (please refer to Chapter 4 for further literature background) to represent factors we considered influential. The four external factors are economic, social, physical, and political factor which translated into three dimensions of service delivery, quality of life, and political capacity. Then, the dimension is translated into measurements and variables according to the ground situation in Indonesia and the data availability. In general, we decided upon four measurements, which are: economic measures, physical measures, human development index (social-economic factor), and democracy index. Table 8.1 below elaborates variables developed from the dimension as well as data source and availability for the analysis.

Table 8.1. Dimension and variables for analysing factors contributed to the emergence of collaborative metropolitan governance.

Dimension	Type of measurement	Variables	Data source and availability
Service delivery (Physical – Economic factors)	Economic measures	Local GDP per capita Regional GDP per capita	Local statistics on GDP (2000-2012)
	Physical measures	Infrastructure provision index 1. Household with electricity 2. Household with direct water supply 3. Household with access to public waste management 4. Road accessibility (share of road with asphalt compared to without)	Local reports on village level assessment of infrastructure provision (2008)
Quality of life (Economic – Social factors)	Human development index (UNDP Indicators)	1. Health index: Life expectancy at birth 2. Education index: Mean years of schooling and expected years of schooling 3. Economic index: Gross National Index (GNI) per capita (Purchasing Power Parity)	National and local reports on Municipality/Regency level of Human Development Index (1999-2012)
Political capacity (Political factor)	Democracy index	1. Civil liberties 2. Political rights 3. Democratic institutions	National report on provincial level assessment of democracy (2009-2011)

(1) Measuring the Infrastructure Provision Index

As this dissertation focuses on the collaborative metropolitan governance in providing public infrastructure, it is necessary to set a comparable infrastructure provision index. This study identified four public infrastructures that commonly pursued by local governments through collaborative governance, they are electricity, water supply, public waste management, and road accessibility. Indonesian statistics do not provide a collective index to assess the level of infrastructure provision in these four components. Hence, this dissertation utilises a similar methodology to calculate the human development index according to UNDP method. Before the infrastructure provision index can be calculated, separate index measures each component by following the formula below:

$$Index X_{(n,j)} = \frac{\text{number of sub – district/village with infrastructure}}{\text{Total number of sub – district/village}}$$

where $X_{(n,j)}$ is the index for component n from city j . After each component is indexed, the infrastructure provision index is calculated by following the formula below with n as the total number of components observed:

$$Infrastructure Provision Index = \frac{1}{n} \sum_{j=1}^n Index X_{(n,j)}$$

(2) Measuring Regional Disparity

This study denotes that measuring the regional disparity is a necessary tool to be applied in order to properly address the external setting in a comparable platform. The simpler comparison of value, although effective, is not sufficient when we need to measure differences across various units in different geographical locations. Regional inequality, on the other hand, is sensitive to geographical scale which is valuable to help interpreting the implication of the analysis. The geographical scale is most necessary for this study since it compares metropolitan regions with different number of cities.

The methods adopted to measure regional disparity affect the finding. There are various indexes for measuring regional inequality, especially for income distribution, yet not all of them is robustly equal to be employed toward all types of regions. Opposite results are often obtained from different quantitative measures which are meant to show the same trend. Certain characteristic of a region may affect inequality estimation, e.g. a small region is likely to have a smaller number of cities than a larger and more populous region. Another consideration is the varying population sizes of the cities where a certain region will have higher population concentration than others. Taking account of these peculiarities, this study measures regional disparity by using three different measurements as follows: (1) Coefficient of variation, (2) Hoover coefficient, and (3) Theil Index. All three measurements are population un-weighted and relative measures with the first two represents measures of dispersion and the last one represents measures of entropy.

In order to be able to choose the most appropriate measurement, this study compares the inequality result with the population share. The hypothetical assumption is that a robust index will indicate an increase in disparity when the population share dropped and vice versa (see Portnov and Felsenstein, 2005). Among all three indices, we found that the coefficient of variation is more sensitive to the other two measurements. The results from Hoover coefficient and the Theil Index often show a sharp increase in the income disparity despite the small drop of the population share (the results of all measurements are presented as a comparison in Appendix 3). The use of these two indices may thus lead to erroneous results.

In this dissertation, the coefficient of variation will also be utilised to measure the regional disparity of human development index and the infrastructure provision index. For these two measurement, weighted population is not needed since the index is largely based on quality measurement, calculated regardless the size of the population. The coefficient of variation is calculated according to the following formula:

$$\text{Coefficient of Variation (CV)} = \frac{1}{\bar{y}} \left[\frac{1}{n} \sum_{i=1}^n (y_i - \bar{y})^2 \right]^{1/2}$$

where \bar{y} is the regional average, y_i is parameters observed in the city i , and n is the number of cities in the region.

(3) Measuring Disparity Trend

Besides measuring the disparity index, this study calculates the trend of the regional disparity. By measuring the trend this study will be able to understand the disparity tendency in a certain period of time, which is valuable in interpreting a time series data. This method is commonly used for monitoring the climate, environment, or emission related variables. In the interest of measuring the disparity trend, the series of annual values of regional disparity are analysed for monotonous increasing or decreasing trends with the non-parametric Mann-Kendal test and Sen's method (often referred as Theil-Sen's slope) for slope estimates. One advantage of this test is that the data need not conform to any particular distribution and it has low sensitivity to abrupt breaks due to inhomogeneous time series (Tabari et al, 2011). Moreover, by utilising Mann-Kendall test, this study will be able to test the null hypothesis H_0 of no trend, i.e. the observation x_i is randomly ordered in time, against the alternative hypothesis H_1 , where there is an increasing or decreasing monotonic trend. The Mann-Kendall test statistic S is calculated using the formula:

$$\text{Mann - Kendall test } (S) = \sum_{k=1}^{n-1} \sum_{j=k+1}^n \text{sgn}(x_j - x_k)$$

where x_j and x_k are the annual values in years j and k , with $j > k$, respectively.

The Theil-Sen's slope follows a linear model of $f(t)$ developed by Sen (1968) whereas if a linear trend is present in a time series, then the true slope can be estimated by using a simple nonparametric procedure as follow:

$$f(t) = Qt + B$$

where Q is the slope and B is a constant. In order to derive an estimate of the slope Q , the slopes of all data pairs are calculated according to the following formula:

$$\text{Theil Sen's slope } (Q_i) = \frac{x_j - x_k}{j - k}, i = 1, 2, \dots, n, j > k$$

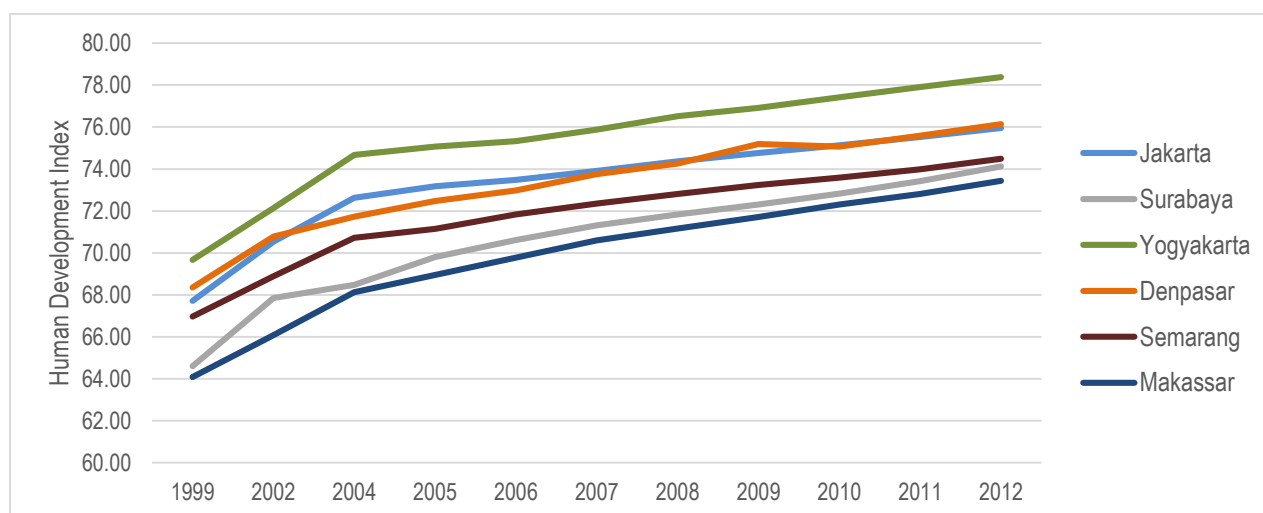
For this dissertation, to calculate the disparity trend of Mann-Kendall test and Sen's slope estimator (Theil Sen's slope), data were processed using an Excel macro named MAKESENS created by Salmi et al. (2002).

8.2. ANALYSIS IN THE QUALITY OF LIFE FACTORS

In general, human development index increases in all regions observed (see Figure 8.1). As the index is averaged according to the metropolitan region, among six regions observed, cities in the Yogyakarta metropolitan region have the highest human development index, followed by Denpasar and Jakarta. Cities in the Makassar metropolitan region have the lowest average score while Semarang and Surabaya also post in the bottom half of the observed regions. If we consider that –from the analysis of the institutional

structure of collaborative governance conducted earlier in Chapter 7– Yogyakarta and Denpasar have a relative high overall horizontal interaction, we can assume that cities with high quality of life tend to collaborate more than cities with low quality of life. The assumption behind the phenomenon is that the prospect of increasing the quality of life propels cities to collaborate with their neighbour and/or nongovernmental sectors.

Figure 8.1. Average score on regional Human Development Index.



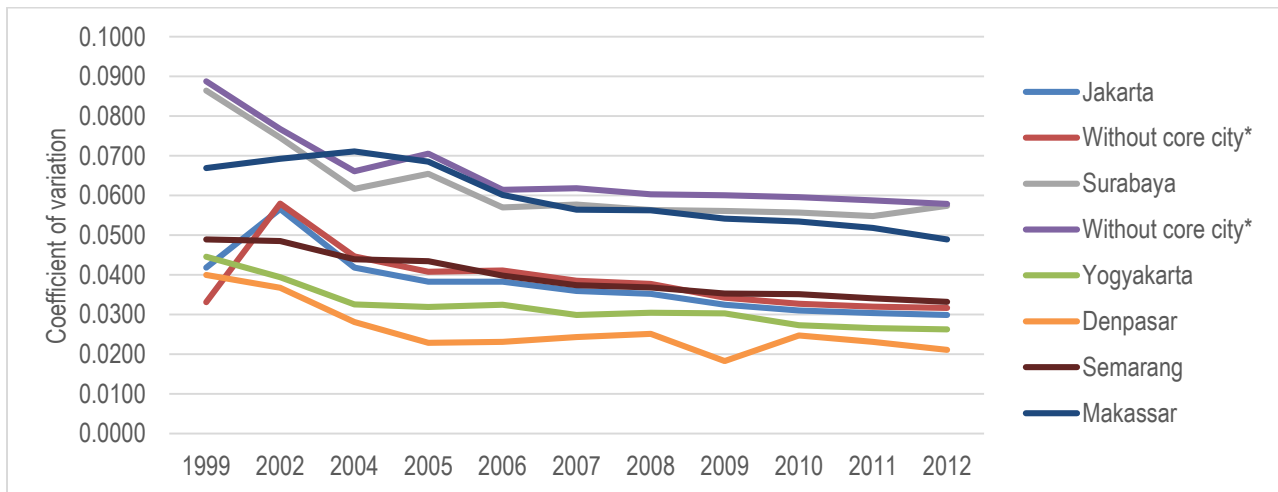
Prepositioning that better quality of life leads to the emergence of collaborative governance requires stronger arguments than the regional average score of human development index. Regional disparity index on the quality of life in each metropolitan region is calculated to reduce the bias provided that one city has a much higher score than its neighbour and deliberately increase the regional average number. Figure 8.2 below illustrates the regional disparity on the human development index in six observed metropolitan regions. Additional regional inequality is also calculated for two biggest metropolitan regions, Jakarta and Surabaya, by taking out their core cities. As the primacy level of these two core cities is relatively high, taking the core city out will reduce the bias of comparing other cities in their regions.

The result of regional disparity measurement in this study debunks the idea concerning quality of life, regions with a higher number of cities have higher disparity and vice versa. In this sense, the Indonesian metropolitan region demonstrated mixed results. Regions with a small number of cities are Yogyakarta, Denpasar, and Makassar. While the first two shows low disparity, Makassar displays higher inequality compared to Jakarta and Semarang, implying that the argument of regional disparity based on quality measurement is more homogenous regionally than the regional disparity based on economic measurement.

The result of regional disparity tells us a slightly different illustration than the measurement result of the average regional score. Although in average Yogyakarta has the highest average score, it is cities in the Denpasar metropolitan region that has the lowest disparity among them. Moreover, Jakarta with and without

its core city exhibit similar score of regional inequality implying that the human development index between cities and core city is more similar than expected. On the other hand, Surabaya shows a different tendency. When the core city is taken out of the calculation, the regional disparity increased, implying that in this region the core city has a lower quality of life compared to some other cities in the region. Nonetheless, the hypothetical assumption that higher quality of life leads to the emergence of collaborative governance remains. Regions with smaller regional disparity in their quality of life have a higher collaborative interaction as demonstrated by Yogyakarta and Denpasar.

Figure 8.2. Regional disparity in Human Development Index.



8.2.1. Correlation between the Regional Disparity Trend in Human Development Index and the Institutional Structure of Collaborative Metropolitan Governance

Hypotheses to be tested in this analysis are as follows:

Main hypothesis	Regional disparity in the quality of life positively and negatively influences the emergence of collaborative metropolitan governance.
Sub hypotheses	<ol style="list-style-type: none"> Intergovernmental collaboration emerges in regions with a strong tendency to reduce its regional disparity in the quality of life <ol style="list-style-type: none"> Higher interaction of intergovernmental collaboration is observed more in the region displayed a stronger trend toward a decrease of regional disparity. Less interaction of intergovernmental collaboration is observed more in the region displayed a weaker trend toward a decrease of regional disparity. Cross-sectoral collaboration emerges in regions with a weak tendency to reduce its regional disparity in the quality of life <ol style="list-style-type: none"> Higher interaction of cross-sectoral collaboration is observed more in the region displayed a weaker trend toward a decrease of regional disparity. Less interaction of cross-sectoral collaboration is observed more in the region displayed a stronger trend toward a decrease of regional disparity.

As can be seen from Figure 8.1, all observed regions move toward a better quality of life and also showing the general declining tendency of regional disparity in quality of life with various different slopes. Low inequality among cities in a region and the increase of the quality of life creates a presumptuous setting,

assuming that cities develop in a positive way. Provided this as an incentive to collaborate, this study presumes that cities in a region with declining regional inequality on its quality of life will have higher possibility to collaborate with each other. On the other hand, different assumption is applied in the cross-sectoral collaboration. The hypothetical assumption behind is that when the regional disparity grows, there are cities which grow faster than their neighbours. Cities with high and positive disparity are deliberately a lot more successful than their neighbour in improving their quality of life. In a negative theory, with profit oriented and inward looking behaviour applied, cities in this situation will deliberately prompt to collaborate more with the nongovernmental sector in their jurisdiction rather than to collaborate with their poorer neighbours. Hence, regions with a tendency to increase their regional disparity trend in human development index are most likely to prompt cities in their region to collaborate with nongovernmental sectors.

Figure 8.3 through Figure 8.5 illustrates the regional disparity trend and the collaborative interaction according to the counterpart contacted by the local government. The term of a weaker and stronger tendency to reduce regional disparity is used since all observed regions have the tendency to reduce the disparity (negative trend) yet with different level of intensity. The more the trend moves toward the negative, the stronger the tendency to reduce disparity becomes. Moreover, these figures conform to the initial hypothesis that intergovernmental collaboration emerges in regions with a strong tendency to reduce its regional disparity while cross-sectoral collaboration emerges in regions with a weaker tendency to reduce its regional disparity, except for Yogyakarta.

Figure 8.3. Regional disparity trend in human development index and the intergovernmental interaction.

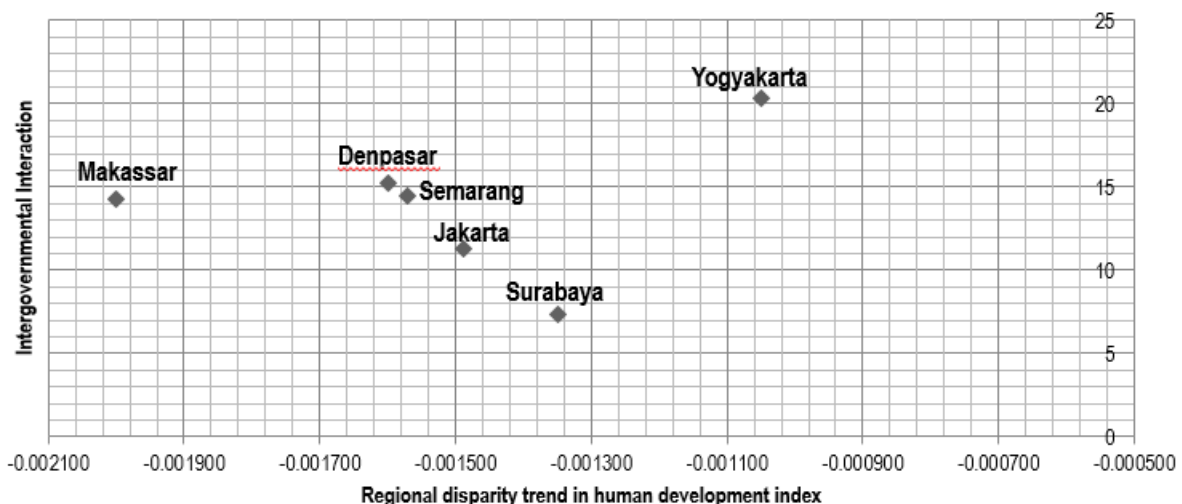


Figure 8.4. Regional disparity trend in human development index and the cross-sectoral interaction.

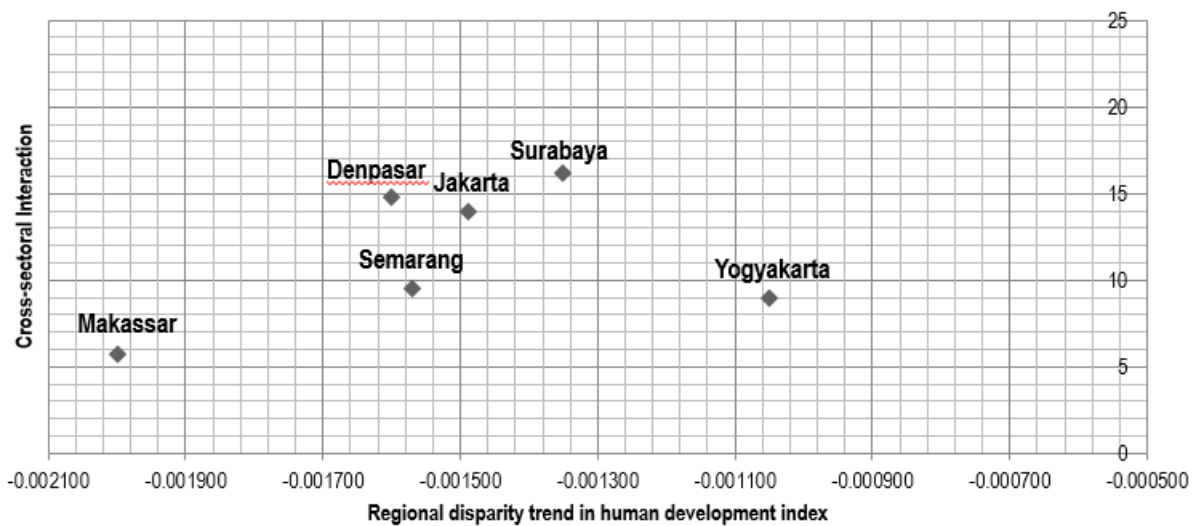
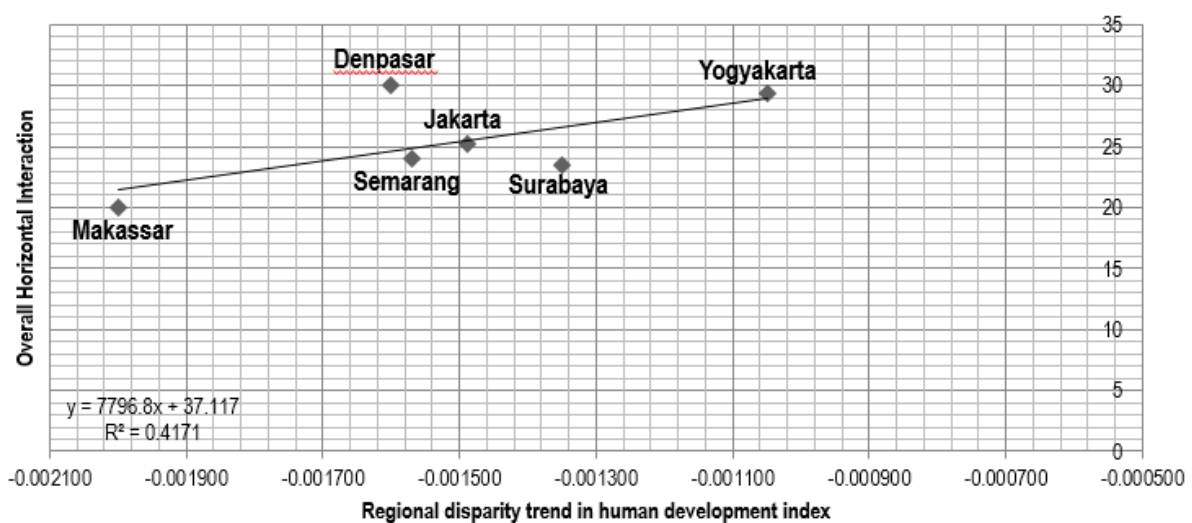


Figure 8.5. Regional disparity trend in human development index and the overall horizontal interaction.



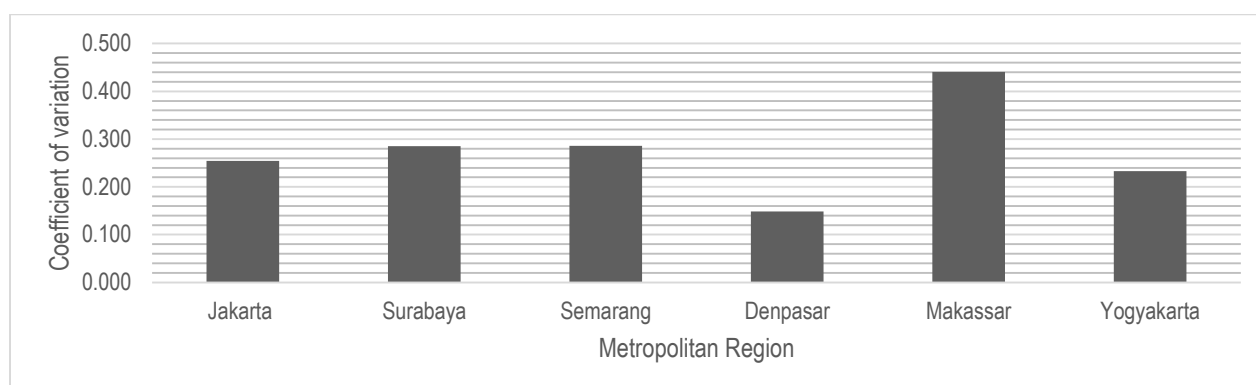
8.3. ANALYSIS IN THE SERVICE DELIVERY FACTORS

(1) Physical Measures and Infrastructure Provision

The theory stipulates that a good regional governance should provide the services desired by the residents and, although services do not need to be the same throughout the region, there should be minimum standards of maintenance-type and lifestyle services that all residents should receive (Hamilton, 2013). Regional governance essentially tries to reduce regional inequality and increase equity. Considering that this study examines the collaborative metropolitan governance in providing public infrastructure, for this study the aforementioned theory can be stipulated as: region with low disparity in public infrastructure pursues more collaborative interaction within their jurisdiction in a sense that a proposition toward a lower inequality leads to the emergence of collaborative governance. Hence, based on this hypothetical

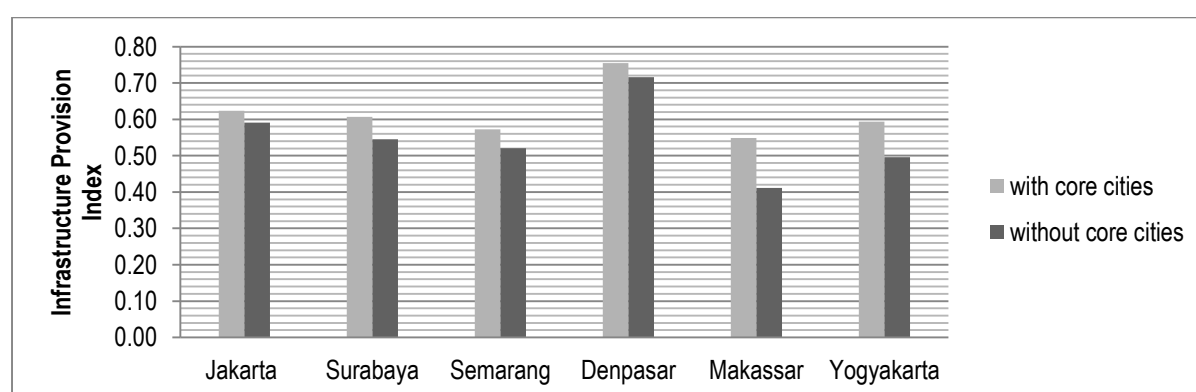
assumption, Yogyakarta and Denpasar will have a higher possibility of emerging collaborative governance than Surabaya or Makassar which has high regional inequality in infrastructure provision (see Figure 8.6 for regional disparity reference).

Figure 8.6. Regional disparity in infrastructure provision index (Data Y2008).



In several cases observed during the interview, collaborative governance is often pursued by core cities due to the disparity between core cities with their surrounding neighbours, e.g. case of Jakarta and Surabaya. Core cities in general are more successful in providing infrastructure in their jurisdiction, yet due to the nature of public infrastructure that needs to be connected and to work seamlessly they need to pursue collaboration with their neighbours since these neighbours are often lacking of infrastructure provision in their border areas. For example, in road and sewerage accessibility, road and sewerage across core cities are generally wide in dimension and well maintained. However, when it reaches the border of neighbouring cities the dimension and the quality of maintenance are sometimes reduced, which make the location prone to traffic and flood issues. Figure 8.7 below compares the average regional infrastructure index between each observed region with and without its core city. The average index is observed dropped when the core city is taken out of the equation yet in some region the difference is not too high. In Makassar and Yogyakarta the average index dropped more than in other observed regions.

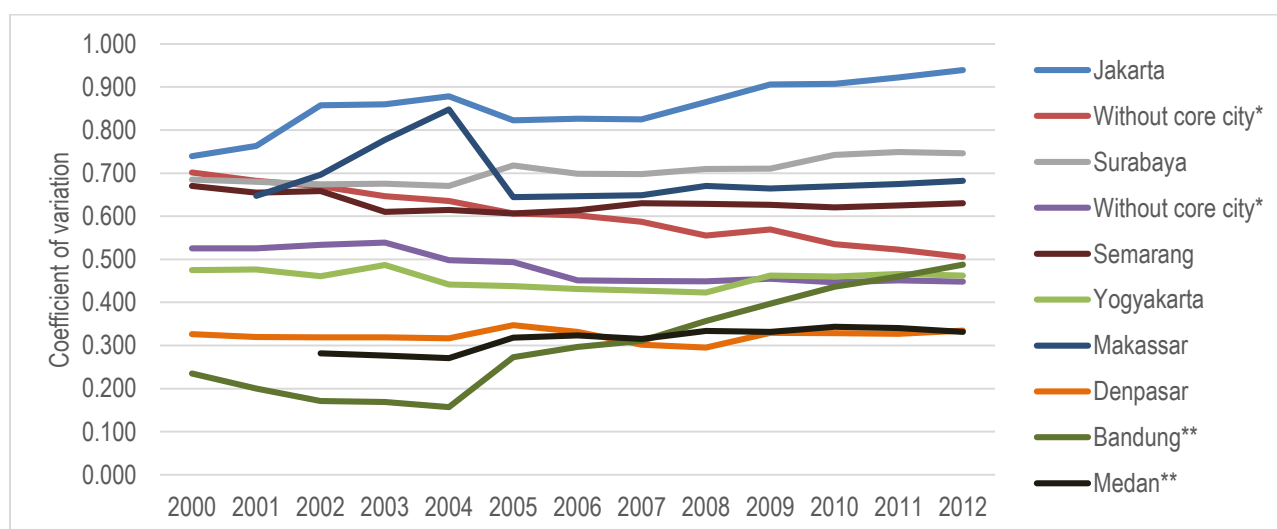
Figure 8.7. Average score on regional Infrastructure Provision Index.



(2) Economic Measures and GDP per capita

In terms of regional disparity, according to the local economy perspective, the economic inequality of Indonesian metropolitan regions can be segregated into two types: regions with inclining inequality and regions with declining inequality. Jakarta, Surabaya, Denpasar, Makassar, Medan, and Bandung can be categorised into the first group and the remaining regions into the latter group. Regional disparity which utilised GDP per capita as a parameter is tied closely to the population share of cities in the region. In all regions with increasing disparity, this study observes a declining share of the population and a sharp increase of the per capita income from the core city. In Bandung metropolitan region, for example, the population share of its core city dropped rapidly after the regional proliferation took place and the establishment of a new regency as part of the metropolitan region in 2005 (see Figure 8.8). Jakarta and Surabaya are another example of the declining of the population share in the core city. With the urbanisation, after a certain period of time, core cities become saturated and although the population remains increasing yet more people live in the suburbs, prompting a rapid population increase in the surrounding cities. When the core city is taken out of the equation, the regional disparity in both metropolitan regions decreased, implying there are increasing GDP per capita, which is in line with the increase of the population share of those satellite cities.

Figure 8.8. Regional disparity in GDP per capita.



Other observed metropolitan regions, e.g. Denpasar and Makassar, also demonstrate an increasing regional disparity yet the slope is much lower than Jakarta, Surabaya, and Bandung. In case of Denpasar, although an increase of the population share in its core city is observed, yet the regional inequality remains increasing on account of non-core-city has the highest per capita earner, effectively taking the role of core city as the major economic engine of the region. In the Denpasar metropolitan region, Badung regency is

wealthier than the metropolitan core city due to its tourism industry. The population share in Badung regency is observed decreasing, thus complying with the inequality-population share relations,

8.3.1. Correlation between the Regional Disparity Trend in GDP per Capita and the Institutional Structure of Collaborative Metropolitan Governance

Hypotheses to be tested in this analysis are as follows:

Main hypothesis	Regional disparity in the economic development positively and negatively influences the emergence of collaborative metropolitan governance.
Sub hypotheses	<ol style="list-style-type: none"> 1. Intergovernmental collaboration emerges in regions with a tendency to reduce its regional disparity than in regions with a tendency to increase its regional disparity in the economic development <ol style="list-style-type: none"> a. Higher interaction of intergovernmental collaboration is observed more in the region displaying trend toward a decrease of regional disparity in GDP per capita. b. Less interaction of intergovernmental collaboration is observed more in the region displayed a stronger trend toward an increase of regional disparity in GDP per capita. 2. Cross-sectoral collaboration emerges in regions with a tendency to increase its regional disparity than in regions with a tendency to reduce its regional disparity in the economic development <ol style="list-style-type: none"> a. Higher interaction of cross-sectoral collaboration is observed more in the region displaying a stronger trend toward an increase of regional disparity in GDP per capita. b. Less interaction of cross-sectoral collaboration is observed more in the region displaying a weaker trend toward an increase of regional disparity and in the region displayed a decreasing trend of regional disparity in GDP per capita.

A number of empirical literatures tend to support the possibility of a bell shaped relationship between regional inequality and economic development introduced by Williamson (1965). According to this theory, regional inequality increases in accordance to development stages with various externalities occurring through multiple pathways, such as migration, capital flows, government policy, and interregional trade. In terms of collaborative governance, its process cannot be separated from the economic development and the corresponding challenges due to development spill overs. After all, collaborative governance is largely aimed to tackle rapidly developed urban issues that a single entity found it difficult to do alone. Consequently, there are direct relations between collaborative governance and regional disparity.

In order to understand the linkage between the two variables, this analysis is done to find whether the empirical evidence that regional disparity positively or negatively influences the emergence of collaborative metropolitan governance in Indonesia. It is also to find whether regional disparity encourage or discourage certain type of collaborative arrangement, i.e. one type of collaboration may benefit from a certain state of regional inequality trend while other collaboration fails to develop in the same state of inequality trend.

In accordance with the hypotheses above, the first sub-hypothesis raised is that a region with a tendency to reduce its regional disparity has a higher chance for cities in its jurisdiction to develop an intergovernmental collaboration than if the same region has a tendency to increase its regional disparity. The fundamental assumption is that cities which closer to each other in term of economic development less hesitates to

collaborate compared to a setting where one city is much prosperous than its neighbours. Cities which closer to each other in general possess similar resource capabilities and similar governing capacity, which make the transaction cost lesser.

On the other hand, our second sub-hypothesis posits that a region with tendency to increase its regional disparity over the years has higher chance for cities in its jurisdiction to develop a cross-sectoral collaboration (with nongovernmental sectors) rather than if the same region has a tendency to decrease its regional inequality. The basic premise is that in a region which regional inequality is high, a transaction cost to develop collaborative governance is higher for the city since its counterpart most likely does not have a similar level of resource capability and governing capacity due to differences in their economic development. In a situation like this, the transaction cost to establish collaboration and to fulfil the infrastructure demand is lower if the local government decides to collaborate with the nongovernmental sector in its jurisdiction instead.

Figure 8.9 through Figure 8.11 in the following page demonstrates the regional disparity trend (calculated based on GDP per capita) and horizontal interaction (based on the institutional structure of collaborative metropolitan governance). The first figure (Figure 8.9) depicts the influence of regional disparity to the emergence of intergovernmental interaction. Regions with the declining trend of regional disparity (Yogyakarta and Semarang) have higher intergovernmental interaction than other region with inclining trend on regional disparity. Regions with a weak increasing trend of regional disparity (Denpasar and Makassar) have better intergovernmental interaction than region with a strong increasing trend toward higher regional inequality (Jakarta and Surabaya). The result conforms to the hypothetical assumption that the less regional disparity occurred in a region the more cities in the said region to collaborate with their neighbours.

On the contrary, the results illustrated in the Figure 8.10 demonstrate the opposite direction. Regions with a declining trend of regional disparity (Yogyakarta and Semarang) have lower cross-sectoral interaction than other region with a positive trend on regional disparity. Makassar as an exception can be explained from the perspective that the nongovernmental sector in the region is less developed than other private-sector and industrialised friendly region such as Jakarta, Surabaya, and Denpasar. This finding prompts additional addendum toward the working of regional disparity and cross-sectoral collaboration. The more regional disparity occurred in a region, the more cities in the said region to collaborate with the nongovernmental sector in their jurisdiction with an assumption that there is a strong presence of nongovernmental institutions.

Figure 8.9. Regional disparity trend in GDP per capita and the intergovernmental interaction.

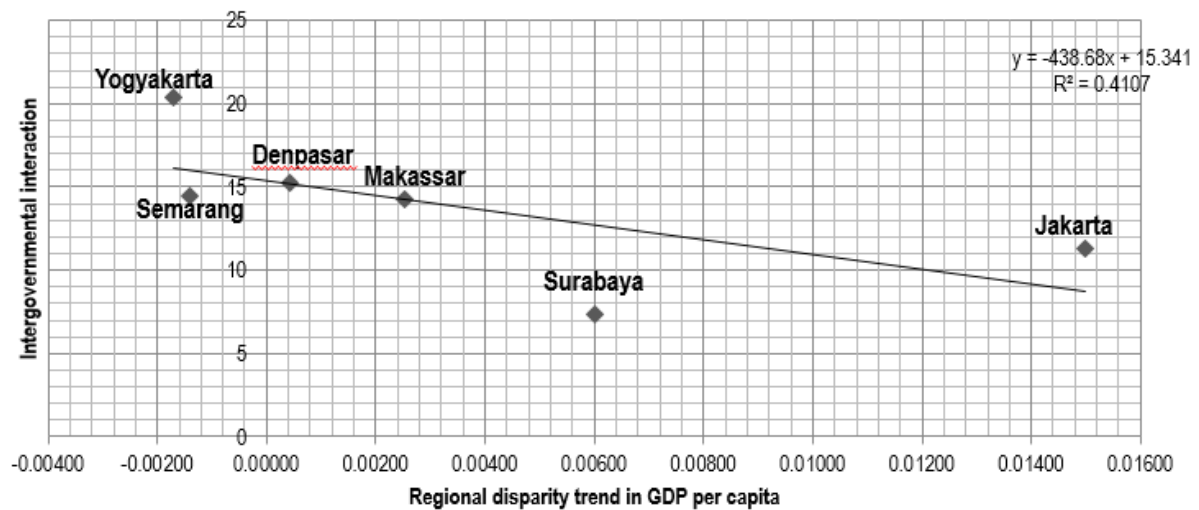


Figure 8.10. Regional disparity trend in GDP per capita and the cross-sectoral interaction.

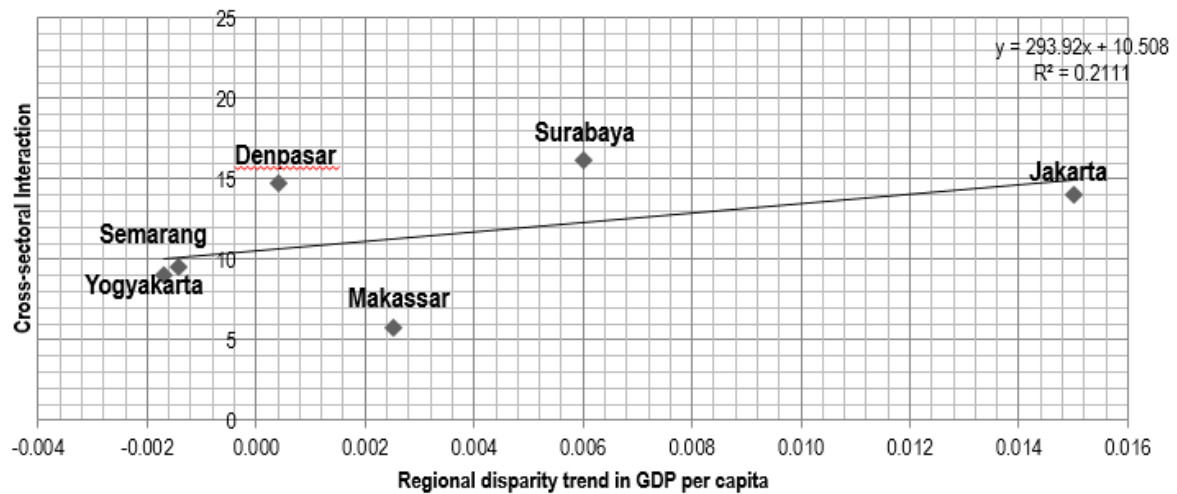
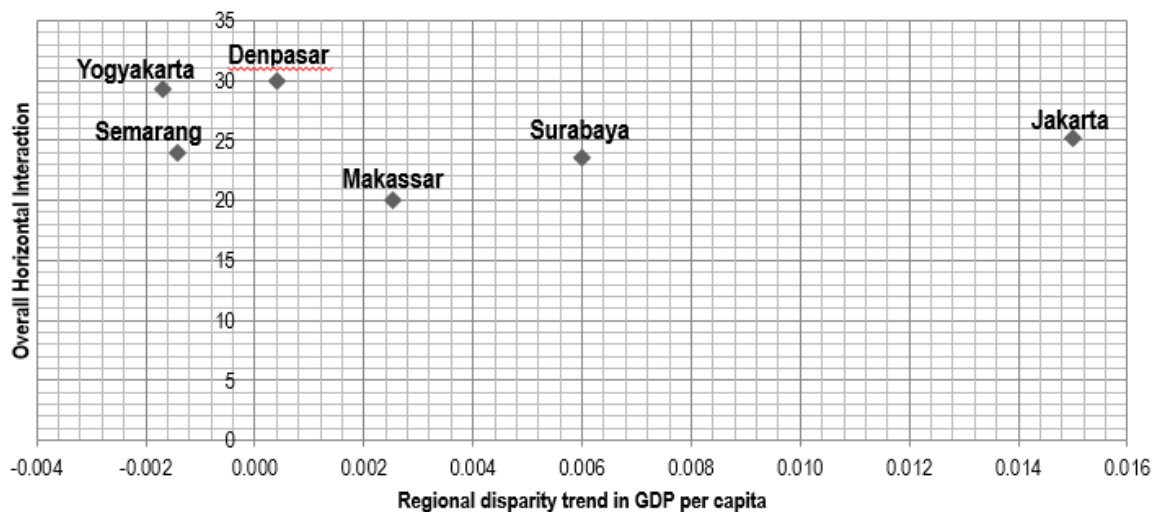


Figure 8.11. Regional disparity trend in GDP per capita and the overall horizontal interaction.



8.3.2. Correlation between the Regional Disparity Trend in Infrastructure Provision and the Institutional Structure of Collaborative Metropolitan Governance

Hypotheses to be tested in this analysis are as follows:

Main hypothesis	Regional disparity in the infrastructure provision positively and negatively influences the emergence of collaborative metropolitan governance.
Sub hypotheses	<ol style="list-style-type: none"> 1. Intergovernmental collaboration emerges more in regions with lower regional disparity than in regions with higher regional disparity on the infrastructure provision <ol style="list-style-type: none"> a. Higher interaction of intergovernmental collaboration is observed more in the region displayed a lower regional disparity in the infrastructure provision. b. Less interaction of intergovernmental collaboration is observed more in the region displayed a higher regional disparity in the infrastructure provision. 2. Cross-sectoral collaboration emerges in regions with higher regional disparity than in regions with lower regional disparity in the infrastructure provision <ol style="list-style-type: none"> a. Higher interaction of cross-sectoral collaboration is observed more in the region displayed a higher regional disparity in the infrastructure provision. b. Less interaction of cross-sectoral collaboration is observed more in the region displayed lower regional disparity in the infrastructure provision.

As denoted in the previous section, there are direct hypothetical relations between collaborative governance and the economic development. By some extent, infrastructure provision is directly related to, affected from and influenced the level of economic development as it is a physical manifestation of economic development. A better economic growth brings better infrastructure and in turn better infrastructure creates better economic growth. Moreover, referring to the aforementioned argument, in term of collaborative governance for public infrastructure provision the hypothesis this study presumed is in line with the hypothetical relation between collaborative governance and the regional inequality of the economic growth. This study hypothesises that negative growth of regional disparity in the infrastructure provision positively influences the emergence of intergovernmental collaboration, while positive growth of regional disparity in the infrastructure provision positively leads to the emergence of cross-sectoral collaboration. Nonetheless, the negative growth of regional disparity in the infrastructure provision should positively encourage the overall emergence of collaborative governance at the local level.

Figure 8.12 through Figure 8.14 in the following page demonstrates the regional disparity on infrastructure provision and horizontal interaction (based on the institutional structure of collaborative metropolitan governance). As can be seen in Figure 8.14, in general, weaker regional disparity growth in the infrastructure provision contributes more to the emergence of overall horizontal interaction at the local level. The overall horizontal interaction includes all types of collaboration, including intergovernmental interaction and cross-sectoral interaction. Considering the results this study can further argue that collaborative metropolitan governance on the provision of public infrastructure in Indonesia takes place in a situational environment where local entities will work together when they see opportunities to reduce regional disparity.

Figure 8.12. Regional disparity in infrastructure provision and the intergovernmental interaction.

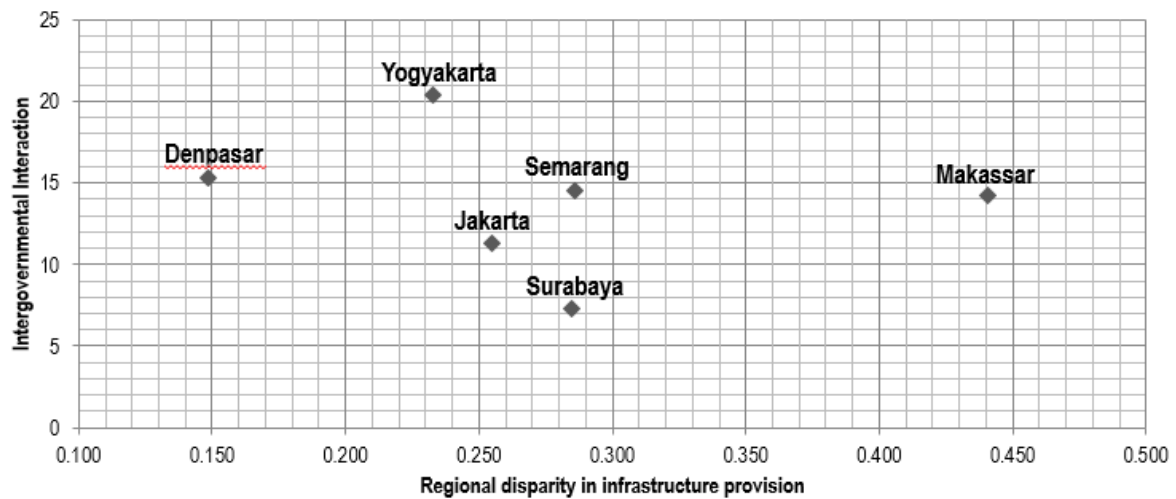


Figure 8.13. Regional disparity in infrastructure provision and the cross-sectoral interaction.

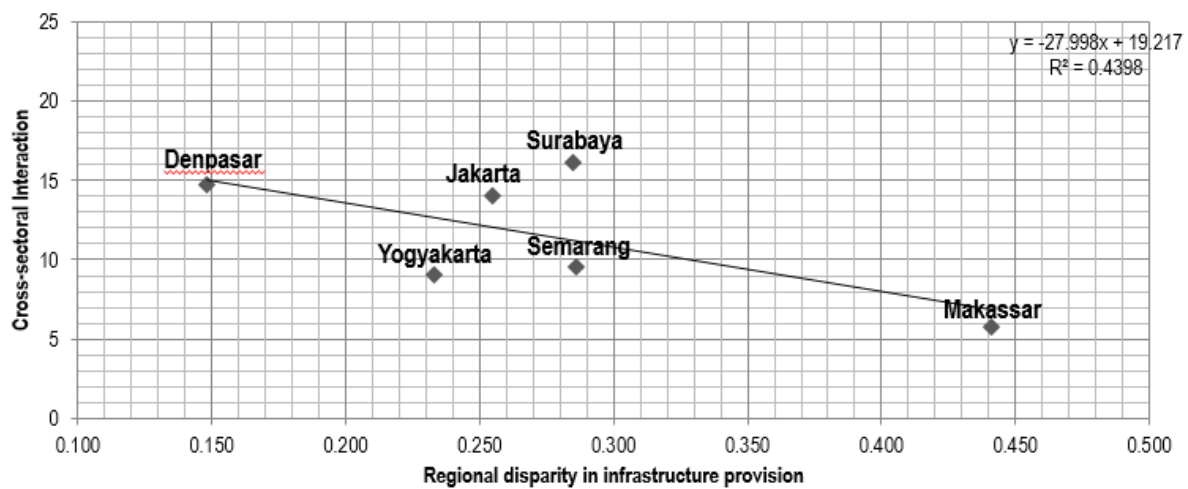
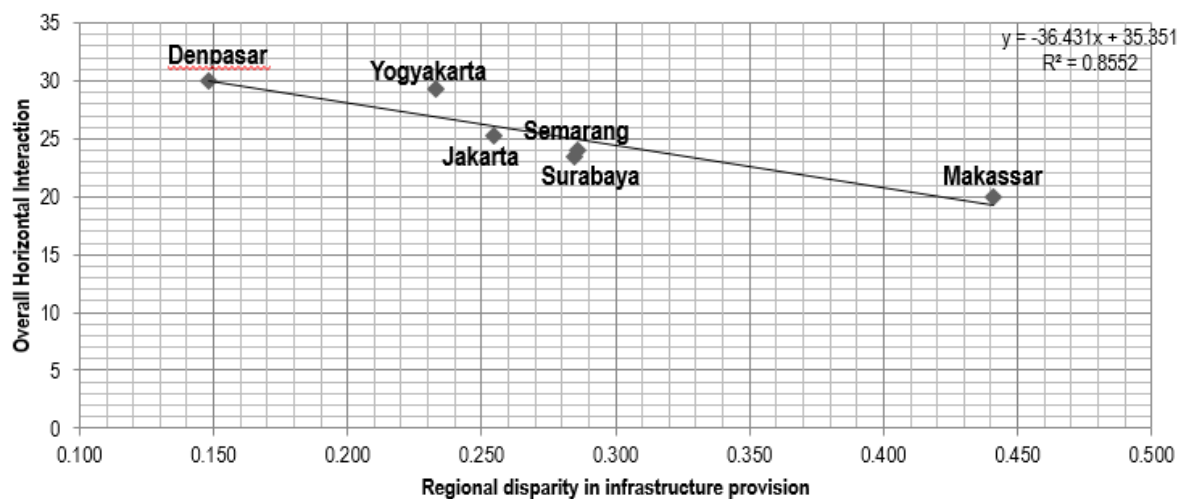


Figure 8.14. Regional disparity in infrastructure provision and the overall horizontal interaction.



Despite the apparent linkage between the regional disparity in infrastructure provision and overall horizontal interaction, there is no clear linkage on the collaborative interaction based on the specific counterpart. In both cases of intergovernmental and cross-sectoral collaboration, all observed regions shows a random trend. Looking at Figure 8.12, we observe that Yogyakarta which has higher disparity level commit to more intergovernmental interaction than Denpasar which has weaker disparity level. Yet the two metropolitan regions perform better than the rest of the observed metropolitan region which has wider regional inequality. Jakarta, for example, has a weaker disparity level than Surabaya, Semarang, and Makassar, but it has less intergovernmental interaction compared to Semarang and Makassar despite deliberately performs better than Surabaya.

The randomness of the result is most likely due to the availability of the counterpart in each metropolitan region. The first assumption is that the core city is the strongest collaborative initiator. In this condition, regardless the disparity level of the region, cities still pursue collaboration with their neighbours. The second assumption is that the lack of nongovernmental presence in the region, which lead cities to resort on intergovernmental collaboration. If most of the required cases of collaboration occurred around the core city border, topped with the inadequate presence of the nongovernmental sector in the region, core cities will pursue collaboration with their neighbouring cities and vice versa, hence the strong appearance of intergovernmental collaboration. Figure 8.13 further elaborates the argument in the presence of nongovernmental entities in Yogyakarta and Makassar.

The results shown in Figure 8.13 reject the hypothesis that there are more possibilities of emerging cross-sectoral collaborative governance in a region with higher regional disparity in the infrastructure provision than in regions with lower regional disparity. Denpasar, which has the weakest disparity growth in infrastructure provision among observed metropolitan regions, develops stronger cross-sectoral interaction than the rest of the region with Surabaya as an exception. Makassar which has the strongest disparity growth, on the contrary, has the weakest cross-sectoral interaction. According to this, the emergence of cross-sectoral collaboration in the Indonesian metropolitan region is assumed to be influenced by weaker disparity growth on infrastructure provision rather than stronger disparity growth as observed in the case of economic development.

The general idea of economic development and infrastructure provision is that the inequality in infrastructure provision increases in line with the economic development at the beginning of the development, creating a U shape, similar with regional disparity according to GDP per capita. In this sense, when the regional disparity in GDP per capita increase, the inequality in infrastructure provision also increases. However, this study observes several different phenomena in the Indonesian metropolitan region, e.g. high regional economic disparity yet low regional infrastructure disparity or vice versa. In order to understand the phenomena of the

regional disparity on infrastructure provision and the emergence collaborative metropolitan governance, we should look into the relation between the trend of regional disparity in economic development and infrastructure provision. Four phenomenon and their subsequent empirical assumptions are as follows:

- (1) Regions with a stronger trend toward wider regional economic disparity have a high disparity in infrastructure provision.

This phenomena can be observed in the case of Jakarta, Surabaya, and Makassar. It is the classic case of the more segregated economically a region is, the more it is also segregated in term of infrastructure due to different financial capacity to build infrastructure. In the first two cases, cities in those regions tend to collaborate with the nongovernmental sector, while the latter pursue intergovernmental collaboration due to the lack of nongovernmental sectors. Considering this, the presence of nongovernmental sectors plays important role in the emergence of collaborative governance for regions with a positive trend toward wider regional economic disparity.

- (2) Regions with a stronger trend toward a wider regional economic disparity have a lower disparity in infrastructure provision.

No case is observed yet in the Indonesian metropolitan region.

- (3) Regions with a weaker trend toward wider regional economic disparity have a high disparity in infrastructure provision.

These phenomena are observed in the Yogyakarta and Semarang metropolitan regions with both regions exhibit strong tendency to establish intergovernmental collaboration. According to this negative trend toward a wider regional economic disparity, having high infrastructure disparity prompt the cities to collaborate with their neighbours to reduce the disparity on their infrastructure. Similar resource capability and governing capacity between the corresponding cities provides the platform to the emerging intergovernmental collaboration.

- (4) Regions with a weaker trend toward wider regional economic disparity have a lower disparity in infrastructure provision.

These phenomena are observed in Denpasar where exhibit strong intergovernmental and cross-sectoral collaboration. This also follows the classic theory of the less segregated economically a region is, the less it has infrastructural segregation. The closest assumption this study comes in is that a negative trend toward wider regional economic disparity and low disparity in infrastructure provision creates an environment where cities in the region sit on the same platform of capacity and capability as well as similar situation of infrastructure provision, and in turn leads to the emerging collaborative governance in intergovernmental collaboration and –given the presence of nongovernmental sector– cross-sectoral collaboration.

Considering the results, we can conclude that while infrastructure provision closely related to the economic growth and the economic disparity, in term of Indonesian collaborative metropolitan governance, the influence of regional disparity in the economic and public infrastructure provision toward the emergence of collaborative governance is not akin and more likely related to the specific phenomenon taking place in the jurisdiction.

8.4. ANALYSIS IN THE REGIONAL POLITICAL CAPACITY FACTORS

The large and heterogeneous body of post-liberal democracy literature attempt to link governance network and democracy. These theorists of democracy do not denote democracy as a means confined to the decision making process within a given polity and they seek to draw a sharp demarcation between state and society while maintaining understanding the dynamic pattern of interaction between the two (see Hirst, 2000; Fung and Wright, 2003; Sørensen and Torfing, 2007). Accordingly the measure of the quality of democratic governance based on its ability to produce desired outcomes through various forms of coordination is seen as more important than trying to measure how decision makers are democratically legitimised. Fung and Wright (2003) further argue that democratic governance institutions must be geared to dealing with practical concerns and concrete situations, and that the capacity for effective problem solving is increased if the political process is organised in a manner ensuring bottom-up participation of the relevant stakeholders.

If this study is to take account the post-liberal democracy and governance network theories in the context of collaborative governance, the hypothetical assumption this study proposed is that democracy establishes procedures capable of producing an arena for negotiated deliberation between autonomous and mutually dependent actors. As such regions with better democracy create a better democratic platform that contribute to the emergence of regional collaborative governance and in turn, collaborative governance contributes to effective policy making and policy outcomes, deliberately enhancing democracy. On the other hand, this study also should open to possibilities for the emergence of selective collaborative governance. The underlying reason is based on post-liberal democracy theories stating that in a democratic scheme, governance network and –to some extent– collaborative governance might result in a systematic exclusion of specific groups of stakeholders and particular political identities while including others (Sørensen and Torfing, 2007). Consequently, there will be a situation where a certain sectors are excluded from participating in collaboration, e.g. the exclusion of civic sector or private sector, thus creating the selective collaborative governance. The exclusion has taken place when the overlaps and ties between stronger entities might turn out to be systematically structured in ways that tend to marginalise weaker communities and entities.

In order to be able to empirically test the hypothesis, this study first has to gather sound measurement of democracy. However, democracy is a broad concept, and any effort to measure democracy will inevitably involve debates concerning which aspects of democracy are the most significant and how to measure them. This study utilises Indonesian Democracy Index as the measurement of democracy at the metropolitan (regional level). The Indonesian Democracy Index uses three components to measure democracy which is civil liberties, political rights, and democratic institutions. Civil freedom is an aspect agreed upon across literatures as the most fundamental aspect of democracy as without freedom people cannot demand accountability from the government (UNDP, 2009). Political rights are indicators of political democracy, including participation and competition. Institutions of democracy is the supporter of the other two aspects.

Table 8.2 below illustrates Indonesian Democracy Index based on metropolitan regions. While there are yet individual data for the local level government to get more precise information, Indonesia Democracy Index used for this study is drawn from both the governments of the provinces and city level governments, thus considered enough to represent the political capacity at the metropolitan level. Looking at the result, in some cases, regions experience increase in all observed years, yet other regions have demonstrated fluctuated movement (see Figure 8.15). Nonetheless, as observed within 2009 and 2011, the regional democracy rank remains the same for all six metropolitan regions.

Among the observed regions, Denpasar has the highest general score of democracy index, followed by Yogyakarta, Jakarta, Semarang, Makassar, and Surabaya. The top three regions are especially advanced in term of democratic institutions, implying that the regions have sufficient state bodies and infrastructure tasked with supporting, the formation and maintenance of a democratic political system. According to this regional democracy index, Denpasar, Yogyakarta, and Jakarta –and by some extent Semarang as it also possess sufficient score on democratic institutions– are assumed to have an adequate democratic political environment that positively promotes the emergence of collaborative governance in their regions.

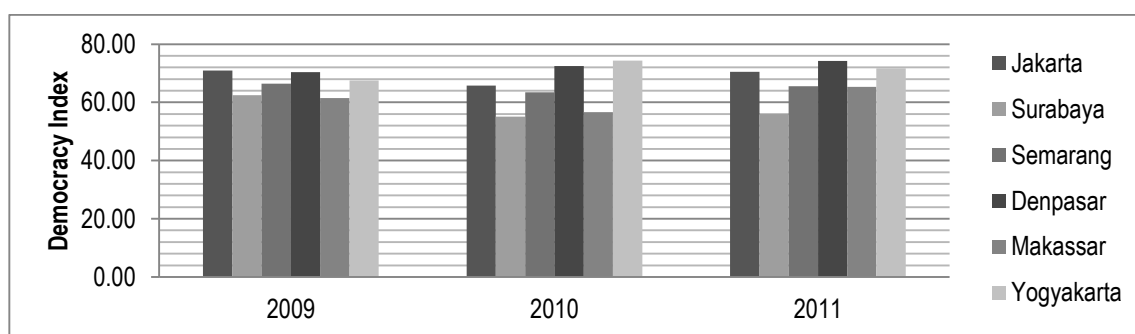
Table 8.2. Regional Democracy Index and its components (2009-2011).

	Democracy Index			Civil Liberties			Political Rights			Democratic Institutions		
	2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Jakarta	70.99	65.82	70.45	91.03	83.35	83.09	56.72	50.54	49.77	68.51	73.32	87.41
Surabaya	62.49	55.12	55.98	83.30	78.48	71.58	50.96	42.06	40.32	54.64	46.47	61.23
Semarang	66.45	63.42	65.59	86.48	84.83	84.05	51.85	46.29	46.29	64.43	63.70	73.04
Denpasar	70.35	72.44	74.20	93.97	94.10	95.44	49.82	51.52	50.08	73.24	78.43	85.79
Makassar	61.48	56.67	65.31	82.94	78.19	80.97	42.36	32.40	39.33	64.88	68.17	67.11
Yogyakarta	67.55	74.33	71.67	92.15	91.24	87.22	52.52	55.96	52.35	60.48	82.25	82.81

Note: the score for Jakarta is a mean score of three provinces (Jakarta the capital province, West Java and Banten) since the metropolitan region spans across three provincial jurisdictions.

Source: National report in provincial level assessment of democracy (2009-2011)

Figure 8.15. Regional Democracy Index (2009-2011).



8.4.1. Correlation between the Regional Political Capacity and the Institutional Structure of Collaborative Metropolitan Governance

Hypotheses to be tested in this analysis are as follows:

Main hypothesis	High regional political capacity possessed by a region positively influences the emergence of collaborative metropolitan governance in its jurisdiction.
Sub hypotheses	<ol style="list-style-type: none"> 1. Intergovernmental collaboration emerges more in regions with high regional political capacity than in regions with lower regional political capacity <ol style="list-style-type: none"> a. Higher interaction of intergovernmental collaboration is observed more in the region displayed high regional political capacity. b. Less interaction of intergovernmental collaboration is observed more in the region displayed low regional political capacity. 2. Cross-sectoral collaboration emerges in regions with high regional political capacity than in regions with lower regional political capacity <ol style="list-style-type: none"> a. Higher interaction of cross-sectoral collaboration is observed more in the region displayed high regional political capacity. b. Less interaction of cross-sectoral collaboration is observed more in the region displayed low regional political capacity.

In general, the hypothetical idea of the causal relation between the political capacity and the emergence of collaborative metropolitan governance is seen from the positive theory. High political capacity in a metropolitan region positively influences the emergence of collaborative metropolitan governance in its jurisdiction. The possibility of anomaly in the analysis results will be explained from the democratic perspective of selective collaborative governance due to the situational possibilities where a democratic platform will result on collaborative governance that exclude a certain actor from participating after being reconfirmed with the interview results.

Figure 8.16 through Figure 8.18 in the following page demonstrates the regional political level (based on the regional democracy index) and horizontal interaction (based on the institutional structure of collaborative metropolitan governance). In general, the result shows that high regional political capacity will promote the emergence of horizontal collaboration within the metropolitan region as demonstrated without reservation in the case of Semarang and Makassar. The high regional political capacity of a region positively influences the emergence of intergovernmental and cross-sectoral collaboration, while weak regional political capacity hampers the emergence of intergovernmental and cross-sectoral collaboration.

Figure 8.16. Regional political capacity and the intergovernmental interaction.

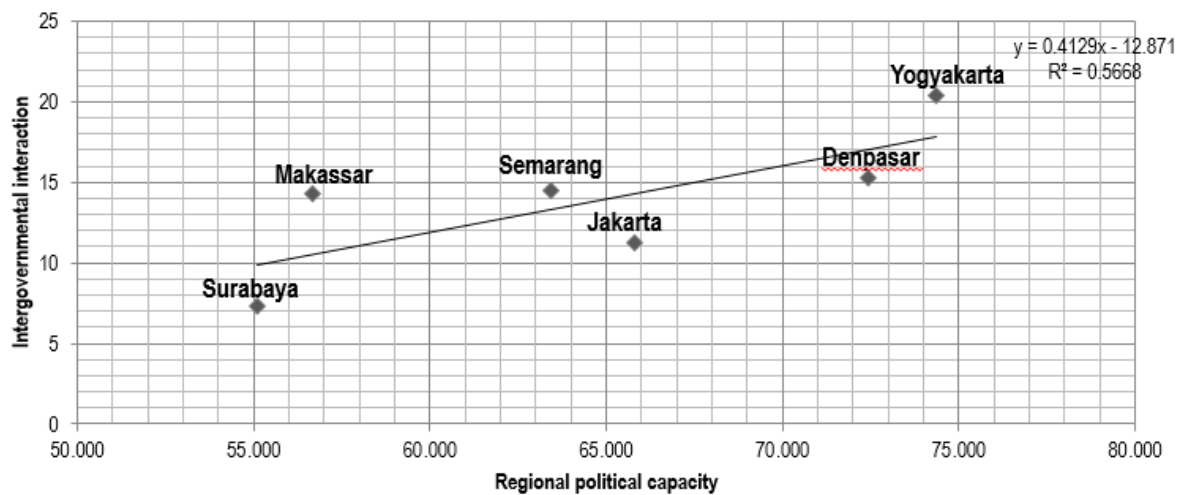
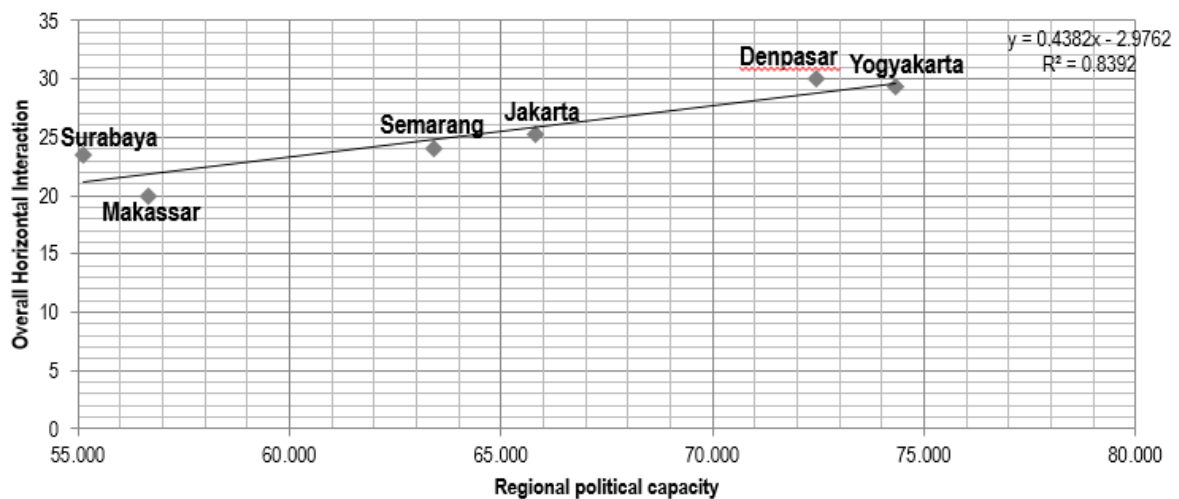


Figure 8.17. Regional political capacity and the cross-sectoral interaction.



Figure 8.18. Regional political capacity and the overall horizontal interaction.



Despite the positive correlation results with the overall horizontal collaboration, when the counterpart of collaborative activities pursued by local governments is segregated between neighbouring cities –in creating intergovernmental collaboration– and nongovernmental entities in the local jurisdiction –in creating cross-sectoral collaboration–, the result is slightly varied in some cases. As expected, Jakarta, Denpasar, and Yogyakarta, which each assumed to have an adequate democratic environment according to their sufficient score on democratic institutions, have high possibilities of establishing collaborative governance in their region. On the other hand, the high political capacity in Yogyakarta is exceptionally good to provide a platform for pursuing intergovernmental collaboration but not for cross-sectoral collaboration. Following the positive perspective of democratic theory, the high political capacity in Yogyakarta should also promote better cross-sectoral collaboration in the region as observed in the case of Denpasar.

In the Jakarta metropolitan region, the opposite situation of Yogyakarta takes place. Another situational result also can be observed in Surabaya. The region has the lowest democracy index among the observed regions and, as expected, performs less in encouraging the intergovernmental collaboration, yet it demonstrates one of the highest cross-sectoral collaboration. To conclude, the result in Jakarta creates anomaly in the causal relations between regional political capacity and the emergence of intergovernmental collaboration, while the result in Yogyakarta and Surabaya shows anomaly in the causal relations between regional political capacity and the emergence of cross-sectoral collaboration.

If this study is to take the situational possibilities where a democratic platform systematically creates a marginalised certain entities as potential partner to collaborate and is to consider the earlier results on the service delivery factors –economic disparity and infrastructure provision disparity–, there are several phenomena worth to note as follows:

- (1) Case of Surabaya: Regions with weak regional political capacity, stronger trend toward wider regional economic disparity, and high disparity in infrastructure provision.

In this case, the inequality of economic and infrastructure provision posit as dominant factors in creating the environment to pursue cross-sectoral collaboration than the lack of political capacity. Driven by the pragmatic imperative to find solutions that work and the opportunistic behaviour of local government as well as consideration that economic disparity most likely will create unbalance coordination and hamper effective problem solving, cities will pursue collaborative activities with the nongovernmental actors in their jurisdiction rather than with neighbouring cities. In short, Surabaya shows the situational collaborative governance where the lack of political capacity instead of strong democracy platform creates a marginalised other governmental entity in exchange of nongovernmental sector.

- (2) Case of Jakarta: Regions with strong regional political capacity, stronger trend toward wider regional economic disparity, and high disparity in infrastructure provision.

Strong regional political capacity hypothetically should bring multiple participating actors in the decision making process of collaboration, yet the case of Jakarta may have more similarity to what has taken place in Surabaya, the better preference of pursuing collaboration with the nongovernmental sectors. This is a clear example of what Fung and Wright (2003) argued that there is a risk that strong network actors dominate the network processes and when the situation comes with high tendency of regional economic disparity, the nongovernmental sectors offers less transaction cost. Hence, the low emergence of intergovernmental collaboration, but high cross-sectoral collaboration.

- (3) Case of Yogyakarta: Regions with strong regional political capacity, weaker trend toward wider regional economic disparity, and high disparity in infrastructure provision.

With the pre-conditional democratic setting in Yogyakarta, there should be no reason behind the lacking presence of cross-sectoral interaction in the region. One reason is that Yogyakarta is not a highly commercialised nor industrialised region compared to Surabaya and Jakarta hence the lacking presence of the nongovernmental sector. Another reason is that the negative trend toward wider regional economic disparity accompanied by a high infrastructure disparity prompt the cities to collaborate with their neighbours to reduce the disparity on their infrastructure. In turn, it creates a situation where, in opposite to Jakarta, the governmental entity is the more dominating part of the network than the nongovernmental sector. Despite this, should the region pursue cross-sectoral collaboration their democratic platform will provide strong background.

8.5. REGIONAL INSTITUTIONAL ENVIRONMENT AND ITS INSFLUENCE TO THE EMERGENCE OF COLLABORATIVE METROPOLITAN GOVERNANCE

In general, according to each factor, the influence of the regional institutional environment to the emergence of collaborative metropolitan governance vary across jurisdictions. Weaker regional disparity on social, economy, physical, and political factors does not always leading to better intergovernmental collaboration. On the other hand, a stronger tendency toward a wider regional disparity also is not always resulted on a higher possibility of the emergence of cross-sectoral collaboration. The variations imply that institutional environment should be observed as interconnected dimensions/factors rather than as individuals. Whereas each sub-chapter previously explained the possibility of why and how this variation took place, the following Table 8.3 summarises the findings in relation to the hypotheses raised preceded the analysis.

Table 8.3. Summary of the findings on the regional institutional environment and its influence to the emergence of collaborative metropolitan governance.

A. The Quality of Life factors (Economic-Social factors)	
General findings	Declining regional disparity in the quality of life positively influences the emergence of collaborative metropolitan governance.
Sub findings	<ol style="list-style-type: none"> 1. Intergovernmental collaboration emerges in regions with a strong tendency to reduce its regional disparity in the quality of life <ol style="list-style-type: none"> a. Higher interaction of intergovernmental collaboration is observed more in the region displayed a stronger trend toward a decrease of regional disparity. b. Less interaction of intergovernmental collaboration is observed more in the region displayed a weaker trend toward a decrease of regional disparity (with the exception of the Yogyakarta region). 2. Cross-sectoral collaboration emerges in regions with a weak tendency to reduce its regional disparity in the quality of life <ol style="list-style-type: none"> a. Higher interaction of cross-sectoral collaboration is observed more in the region displayed a weaker trend toward a decrease of regional disparity. b. Less interaction of cross-sectoral collaboration is observed more in the region displayed a stronger trend toward a decrease of regional disparity (with the exception of the Yogyakarta region).
B.1. Service delivery factors (Economic measures according to GDP per capita)	
General findings	Declining or weak regional disparity in the economic development positively influences the emergence of intergovernmental collaboration, but less influential to the development of cross-sectoral collaboration.
Sub findings	<ol style="list-style-type: none"> 1. Intergovernmental collaboration emerges in regions with a tendency to reduce its regional disparity than in regions with a tendency to increase its regional disparity in the economic development <ol style="list-style-type: none"> a. Higher interaction of intergovernmental collaboration is observed more in the region displayed a trend toward a decrease of regional disparity in GDP per capita. b. Less interaction of intergovernmental collaboration is observed more in the region displayed a stronger trend toward an increase of regional disparity in GDP per capita. 2. Cross-sectoral collaboration emerges in regions with a tendency to increase its regional disparity than in regions with a tendency to reduce its regional disparity in the economic development <ol style="list-style-type: none"> a. Higher interaction of cross-sectoral collaboration is observed more in the region displayed a stronger trend toward an increase of regional disparity in GDP per capita. b. Less interaction of cross-sectoral collaboration is observed more in the region displayed a weaker trend toward an increase of regional disparity or in the region displayed decreasing trend of regional disparity in GDP per capita (except for Makassar).
B.2. Service delivery factors (Physical measures according to Infrastructure provision)	
General findings	In general, weaker regional disparity in the infrastructure provision positively influences the emergence of collaborative metropolitan governance. There is no clear linkage between the trend of disparity in the infrastructure provision and the collaborative governance based on the specific counterpart. The results varied across regions.
Sub findings	<ol style="list-style-type: none"> 1. No clear tendency whether the Intergovernmental collaboration emerges more in regions with lower regional disparity than in regions with higher regional disparity in the infrastructure provision <ol style="list-style-type: none"> a. In Denpasar and Yogyakarta, a lower regional disparity in the infrastructure provision contributes positively to a higher intergovernmental collaboration. b. In contrast with Denpasar and Yogyakarta, the high regional disparity in Makassar leads to a strong intergovernmental collaboration. c. Jakarta and Surabaya particularly struggle to develop the intergovernmental collaboration within a strong regional disparity. 2. Cross-sectoral collaboration <i>has not only emerged</i> in regions with a higher regional disparity, but also observed in regions with a lower regional disparity in the infrastructure provision <ol style="list-style-type: none"> a. In Denpasar, the possibility of higher interaction on the cross-sectoral collaboration is observed despite the presence of a weaker regional disparity in the infrastructure provision. b. Semarang has a lower cross-sectoral interaction than Surabaya even though both regions have similar disparity trend. c. In Makassar, a high regional disparity in infrastructure provision may put hamper on the development of cross-sectoral collaboration

C. Political capacity (Political measures)

General findings	In general, high regional political capacity of a region positively influences the emergence of collaborative metropolitan governance in its jurisdiction although in some cases there are variations observed. The variations depend on other institutional environment pertaining to collaborative governance.
Sub findings	<ol style="list-style-type: none"> 1. Intergovernmental collaboration emerges more in regions with high regional political capacity than in regions with lower regional political capacity <ol style="list-style-type: none"> a. Higher interaction of intergovernmental collaboration is observed more in the region displayed a high regional political capacity. b. Less interaction of intergovernmental collaboration is observed more in the region displayed a weak regional political capacity. 2. Cross-sectoral collaboration <i>has not only</i> emerged in regions with a high regional political capacity, but also observed in regions with a lower regional political capacity. <ol style="list-style-type: none"> a. Surabaya and Jakarta show the situational example of collaborative governance where the lack of political capacity instead of strong political platform creates a marginalised governmental entity in exchange of nongovernmental sector.

8.6. REFERENCES

- Feiock, Richard C., Jill Tao, and Linda Johnson. 2004. Institutional Collective Action: Social Capital and the Formation of Regional Partnerships, in R. C. Feiock (ed.) *Metropolitan Governance: Conflict, Competition, and Cooperation*. Washington, D.C.: Georgetown University Press, pp. 148-58.
- Fung, Archon, and Erik Olin Wright (eds.). 2003. *Deepening Democracy: Institutional Innovations, Empowered Participatory Governance*. Real Utopias Project Series, IV. London: Verso.
- Hamilton, David K. 2013. *Measuring the Effectiveness of Regional Governing Systems: A Comparative Study of City Regions in North America*. New York, NY: Springer.
- Hirst, Paul. 2000. Democracy and Governance, in Jon Pierre (ed.), *Debating Governance*. Oxford: Oxford University Press.
- Olson, Mancur. 1965. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Cambridge, MA: Harvard University Press.
- Ostrom, Elinor. 1998. A Behavioral Approach to the Rational Choice Theory of Collective Action. *American Political Science Review*, 92 (1), pp. 1-22.
- Portnov, Boris A., and Daniel Felsenstein. 2005. Measures of Regional Inequality for Small Countries, in D. Felsenstein and B.A. Portnov (eds.), *Regional Disparities in Small Countries*. Berlin: Springer, pp. 47-62.
- Salmi, Timo, Anu Määttä, Pia Anttila, Tuija Ruoho-Airola, and Toni Amnell. 2002. *Detecting Trends of Annual Values of Atmospheric Pollutants by the Mann-Kendall Test and Sen's Slope Estimates: The Excel Template Application Makesens*. Helsinki: Finnish Meteorological Institute.
- Sen, Pranab Kumar. 1968. Estimates of the Regression Coefficient based on Kendall's Tau. *Journal of the American Statistical association*, 63, pp. 1379-89.
- Sørensen, Eva and Jacob Torfing. 2007. Theoretical Approaches to Democratic Network Governance, in E. Sørensen and J. Torfing (eds.), *Theories of Democratic Network Governance*. New York, NY: Palgrave MacMillan, pp. 233-46.
- Tabarim Hossein, Safar Marofi, and Mohammad Ahmadi. 2011. Long-term Variations of Water Quality Parameters in the Maroon River, Iran. *Environmental Monitoring and Assessment*, 177, pp. 273-87.
- United Nations Development Programme (UNDP). 2009. *Measuring Democracy in Indonesia: 2009 Indonesia Democracy Index*. Jakarta: UNDP.
- Williamson, Jeffrey G. 1965. Regional Inequality and the Process of National Development. *Economic Development and Cultural Change*, 14, pp. 3-45.

CHAPTER 9

LOCAL INSTITUTIONAL ENVIRONMENT AND ITS INFLUENCE TO COLLABORATIVE METROPOLITAN GOVERNANCE

9.0. SUMMARY

In this chapter this study provides an in-depth analysis of the external factor of collaborative metropolitan governance from the view point of local platform. It examines empirically the quantity and quality of factors that affect the structure of collaborative metropolitan governance, especially focusing on economic and socio-political situation. There are three main analysis related to the institutionalisation of collaborative governance; fiscal decentralization analysis to describe the general fiscal structures of observed cities which includes local fiscal dependency to higher levels of governments and local fiscal autonomy; financial share/pool resources analysis to clarify the financial sharing capacity of local governments for collaboration; and culture and political review to elaborate the social politics situation with hopeful intention helping to interpret how the institutions behave. Further analyses on the correlation between the economy, socio-cultural, and political aspects characterising the local institutional environment and the institutional structure of collaborative governance are presented in order to extract important factors affecting the process of Indonesian collaborative metropolitan governance.

From the analysis, this study found that local institutional environment shapes the collaborative metropolitan governance. Economically, the state of Indonesian collaborative metropolitan governance, particularly related to the local-central and intergovernmental interactions, is structured through the level of fiscal decentralization of the local government. The local-provincial interaction, on the other hand, is not structured through the fiscal transfer and the increase of the provincial fiscal transfer has not been significant enough to influence the collaborative metropolitan governance. Socio-culturally and politically, the socio-cultural and political characteristics of a city influence the state of its collaborative metropolitan governance differently between the intergovernmental and cross-sectoral collaboration.

9.1. FISCAL DECENTRALIZATION ANALYSIS

9.1.1. Methodology, Data, and Limitation

The fiscal power diffusion index (FPDI) used in this study is extracted, generated and developed from fiscal decentralization model (FDM) used by Uchimura and Suzuki (2009) to meet the availability of data while adequate enough to explain the Indonesian fiscal situation. The idea is derived from an acknowledgement that decentralized governments are those that have more governing bodies making decisions on public services and has enough fiscal autonomy to implement their plan, while more centralized governments have

fewer governing bodies making the same decisions and more fiscal dependency to higher-level government. Unlike the metropolitan power diffusion index (Miller, 2002) which employs a single score that measures the number of separate local level governments in the US metropolitan providing common public services and how much each of those governments spends on providing those services, the fiscal decentralization model (FDM) examines the intragovernmental fiscal relationship between higher and lower level of governments including the local expenditure responsibility and local fiscal capacity to show local governments' fiscal diffusion from higher-level government. The sole reason to use the fiscal decentralization model (FDM) as a basis for this study, is due to data constraint exposed by the fiscal power diffusion index (FPDI).

The data used in the fiscal power diffusion index (FPDI) addresses the present need for an adequate fiscal assessment in relation to local government fiscal dependency. Three major variables are used and all data are collected from 1998 to 2013 annual local government financial report issued by the Ministry of Finance to sufficiently cover the difference between before and after the decentralization era. The result is divided into four periods according to the year when a fiscal balancing budget policy was issued; first period covers 1997 to 2000, second period (2000-2006), third period (2007-2010) and last period (2011-2013). The first period will give an overview of fiscal balancing power before the decentralization, the second will represent the situation of local fiscal power in the wake of decentralization and the last two will show the result of fiscal balancing policy update post-decentralization issued in 2004 (new fiscal decentralization act) and 2005 (new budget balancing regulation).

Table 9.1. Indicator and measurement for fiscal decentralization analysis.

Indicator	Measurement	Output
Local dependency on fiscal transfer	Fiscal transfer from central government, local total revenue	Degree of dependency
Local fiscal autonomy	Local revenue, local total revenue	Degree of local autonomy
Scale of central fiscal transfer to Metropolitan region (control indicator)	Fiscal transfer from central government, total fiscal transfer from central government nationwide	Scale of central fiscal transfer for metropolitan region

9.1.2. Analysis Results

Fiscal decentralization is expected to have a net positive effect on collaborative initiative and performance. The growth of local fiscal autonomy affects the local dependency to the higher-level governments and is in turn affected by growth in the economy. Growth in the local autonomy means less centralized and hierarchical system of administering the plan. In assessing the result of the fiscal power diffusion analysis, it is found that each region observed displays similar tendency of fiscal decentralization experienced over the years, with movement inclines towards higher fiscal autonomy and less dependency albeit in different levels.

This study agrees that the transformation of the institutional structure of collaborative metropolitan governance happens due to certain situation experiencing by local government in certain given time period. As basically collaboration based on relations among its actors, it becomes necessary to understand the structural relationship taking place behind those collaborative arrangements. Thus, this study utilises the analysis on the institutional structure of the collaborative metropolitan governance approach to analyse the structural relationship and employs the fiscal power diffusion index to understand the fiscal-institutional structures of local government. The application of the fiscal power diffusion index makes it possible to explore collaborative policy questions and analyse the correlation between fiscal dependency and collaboration.

Table 9.2. Local dependency on fiscal transfer (percentage).

	Local dependency on fiscal transfer (Central government)				Local dependency on fiscal transfer (Provincial government)			
	1997-00	2001-06	2007-10	2011-13	1998-00	2001-06	2007-10	2011-13
Jakarta	66.05	70.16	63.36	56.71	N/A	7.89	13.21	13.80
Surabaya	76.34	80.95	75.79	70.10	N/A	4.80	7.77	8.79
Yogyakarta	77.90	79.44	74.04	69.87	N/A	5.42	6.35	6.98
Semarang	70.74	83.97	79.34	76.61	N/A	3.81	5.97	9.62
Denpasar	63.94	65.27	64.11	56.10	N/A	4.47	5.52	6.58
Makassar	84.40	89.17	84.46	80.57	N/A	2.83	5.66	6.42
Bandung*	76.64	76.62	73.59	73.71	N/A	7.40	11.17	9.20
Medan*	83.62	80.57	79.27	68.87	N/A	6.88	7.93	9.15

Note: *: Not surveyed for dimensional analysis.

Local dependency on fiscal transfer in the Jakarta metropolitan region excluded the Jakarta special capital province

Table 9.3. Local fiscal autonomy (percentage).

	1998-00	2001-06	2007-10	2011-13
Jakarta	27.37	20.39	21.43	29.50
Surabaya	17.95	13.03	14.55	21.45
Yogyakarta	18.37	13.41	15.16	18.24
Semarang	19.43	11.34	11.42	12.67
Denpasar	32.44	27.50	28.16	38.04
Makassar	9.82	7.78	7.47	11.07
Bandung*	19.73	15.47	10.67	16.29
Medan*	15.88	11.20	11.45	20.35

Note: *: Not surveyed for analysis of the institutional structure.

Figure 9.1. Local dependency on central fiscal transfer from the central government.

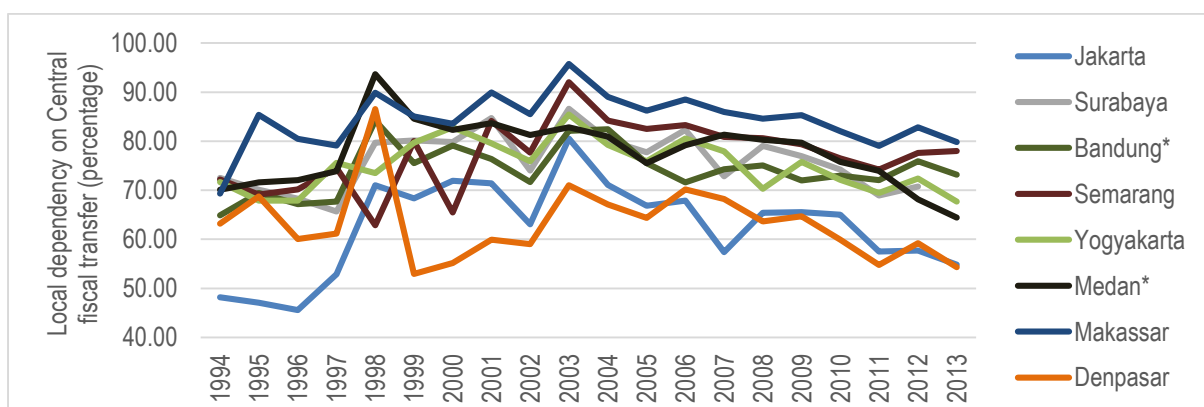


Figure 9.2. Local dependency on provincial fiscal transfer from the provincial government.

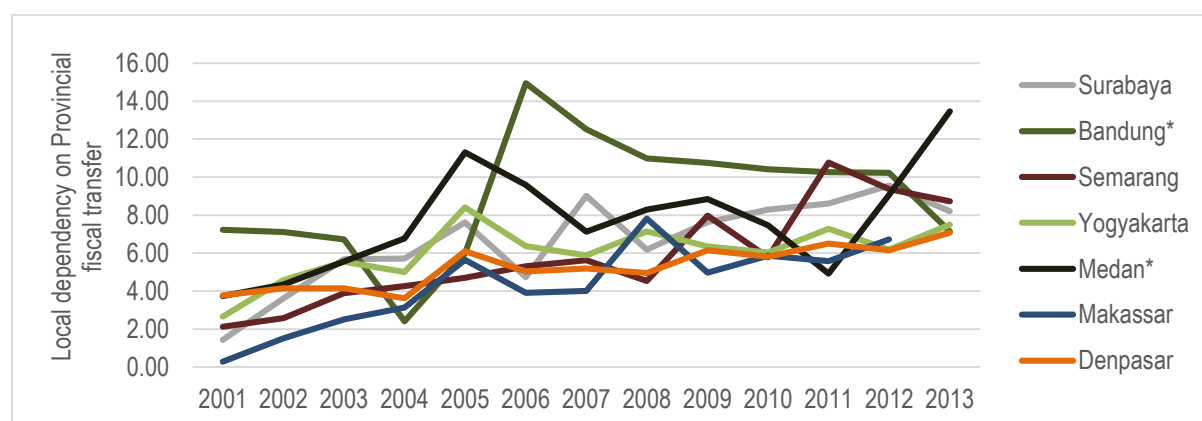
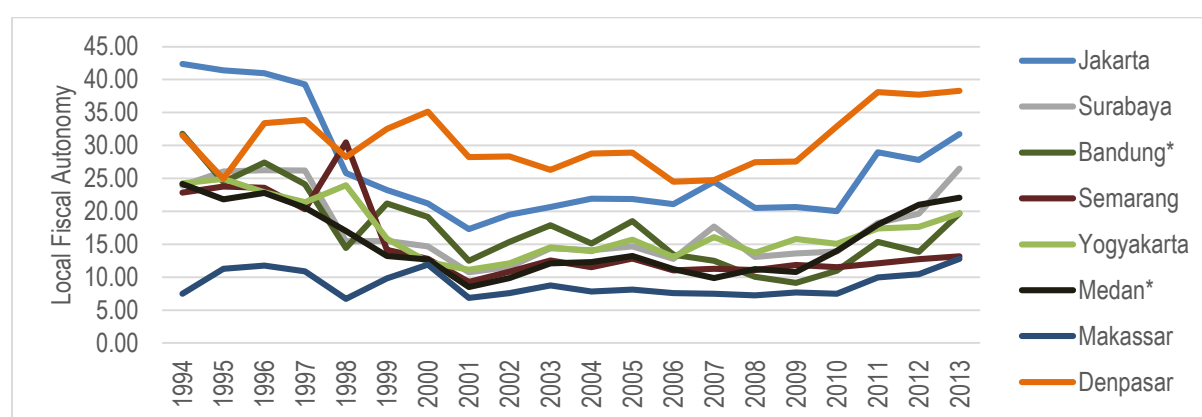


Figure 9.3. Local fiscal autonomy.



As can be seen in Table 9.2 and 9.3, among all eight metropolitan regions, the Denpasar region has the least local dependency and the most local fiscal autonomy throughout the years after the decentralization. This study expected that the Jakarta region as the capital region has the most local fiscal autonomy due to its status as the economic engine of the country and fact that for years before the decentralization urban development is mostly focused in and around the region. Hence the assumption is that Jakarta possesses more opportunity to gain local revenue compare to other regions, making it more independent in directing their development using local revenue. This assumption is correct for the period prior to the decentralization (year 1994 to 1996, please refer to Figure 9.1). In case of Denpasar, the effect of tourism industry is stronger than expected, implying that the region is more self sustained with the local revenue from said industry. On average, Denpasar also has a low dependency on fiscal transfer from the provincial government compared to other regions.

Looking more into details, all observed regions show similar increases in fiscal dependency from the higher-level governments and decrease on local fiscal autonomy in the wake of decentralization (1997-2000) compared to the previous period during 1994 to 1996 (see Figure 9.1). It is understandable considering during that time the central government poured the central balancing fund to the local government following

the enactment of first fiscal balancing law. The sharp increase in 1998 was a response to the Asian financial crisis where local governments highly depended on central fiscal transfer to fund their local expenditure. However, immediately at 1999, the average of local dependency on central fiscal transfer dropped, although remained higher compared to the period before the decentralization.

During 2001 to 2006, the local dependency on central fiscal transfer and the local fiscal autonomy were fluctuating as the central government introduced fiscal measurements following the fiscal balancing law (the second fiscal balancing law was enacted in 2004). The measurement includes the new aggregate of local shares toward natural resources (mineral, forestry, and fishery) where local governments are entitled to a higher percentage than addressed before the decentralization. It was also partially due to the introduction of the provincial fiscal transfer where some percentage of revenue collected by the provincial government shall be shared with the local government. Moreover, during the same period, for example, the local fiscal autonomy of the Yogyakarta region was less compared to the Bandung region even though the latter received less fiscal transfer from the central government. The difference in aggregate was due to the different percentage of the provincial fiscal transfer received by the Bandung region, which was higher compared to the one received by Yogyakarta. There is a strong incline that it happened due to high provincial fiscal transfer from the provincial government to the local municipalities in Yogyakarta to help improving the local governance capacity.

Among observed regions, in Java island, the Semarang metropolitan region in Central Java continuously has the highest dependency towards central fiscal transfer as well as the lowest local fiscal autonomy. Bandung is the second lowest on local fiscal autonomy followed by Yogyakarta, Surabaya, and Jakarta. The Jakarta region has the highest provincial fiscal transfer among all regions followed by Semarang, Bandung, and Medan. For the metropolitan regions located in the outer island (Denpasar, Medan and Makassar), Makassar has the highest dependency towards central and provincial fiscal transfer and by extend has the lowest local fiscal autonomy, followed by Medan and Denpasar. Moreover, the period of 2007 to 2010 and 2011 to 2013 shows the increase of local fiscal autonomy and the decline of local dependency on fiscal transfer in all regions observed. The increase saw the observed regions slowly returning to become more fiscally autonomous regions. The declining local dependency on fiscal transfer from central government in the last three years follows the central government's policy to reduce the local dependency. However, it means that we expect to see an increasing fiscal transfer from the provincial government in some regions as the central government policy aims to increase the role of the provincial government to the local level (see Table 9.2 and Figure 9.2). On average from 2007 to 2013, the provincial fiscal transfer increased, implying more source of revenue that the provincial government needs to share with its subordinates.

Table 9.4 elaborates the aggregate of local fiscal means acquired by local governments from neither fiscal transfer nor local revenue. The number represents the revenue received from other sources such as grants from public or private sectors, in-kind transfer from other local governments, selling of government bond, etc. While local autonomy reflects on the ability of local government to collect revenue, the aggregate of local fiscal means implies on other financial resource that the local government possesses

Table 9.5 and Figure 9.4 on the other hand shows the scale of central fiscal transfer from the central government to local governments in metropolitan regions. The Jakarta metropolitan region constantly receives the biggest portion of the central government's transfer signify the importance and urban primacy of the region. Although the local dependency on fiscal transfer of local government in the Jakarta regions is lower than the Surabaya region yet the amount of fiscal transfer they received is significantly remained higher. This study assumes that it is due to different amount of revenue accumulated in the Jakarta region where most of the cities has higher local budgets compared to other cities. The central fiscal transfer in the Jakarta region is four to eight times higher than the average transfer received from other regions although the difference is declining by years.

Table 9.4. Local fiscal means other than from fiscal transfer and local revenue (percentage).

	2001-06	2007-10	2011-13
Jakarta	1.56	2.00	0.01
Surabaya	1.22	1.89	0.34
Yogyakarta	1.73	4.45	4.91
Semarang	0.88	3.27	1.10
Denpasar	2.76	2.21	0.72
Makassar	0.22	2.41	1.94
Bandung*	0.51	4.57	0.80
Medan*	1.35	1.35	1.63

Calculated from the aggregate of total revenue and local revenue, fiscal transfer from higher levels of government (central and provincial)

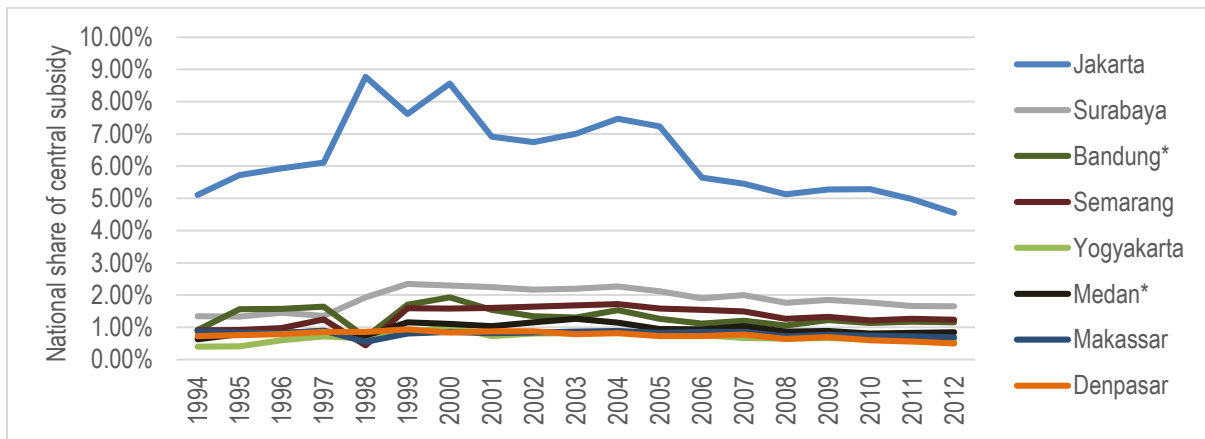
Note: *: Not surveyed for analysis of the institutional structure.

Table 9.5. Scale of central fiscal transfer from the central government to metropolitan regions (percentage).

	1998-00	2001-06	2007-10	2011-13
Jakarta	7.77	6.83	5.28	4.67
Surabaya	1.98	2.15	1.85	1.65
Yogyakarta	0.80	0.79	0.65	0.58
Semarang	1.22	1.63	1.33	1.24
Denpasar	0.87	0.80	0.68	0.54
Makassar	0.78	0.85	0.77	0.70
Bandung*	1.49	1.35	1.15	1.15
Medan*	0.97	1.08	0.90	0.84

Note: *: Not surveyed for analysis of the institutional structure.

Figure 9.4. Scale of central fiscal transfer from the central government to metropolitan region.



Note: *: Not surveyed for analysis of the institutional structure.

9.2. SHARE/POOL RESOURCES ANALYSIS

Aside from the fiscal decentralization, resource sharing is seen as another factor affecting collaborative arrangement at the local level. The financial sharing capacity is seen as measurement to analyse the resource sharing. The financial sharing capacity of local governments assesses the amount of budget allocated by the local government to fund a joint resource scheme for infrastructure development. This study also measures the infrastructure expenditure share of local governments in order to gauge the capacity of local government to fund infrastructure development in their jurisdiction.

Concerning Indonesian local government's inward looking behaviour, infrastructure expenditure capacity is expected to have a net negative effect on collaborative initiative and performance. Local governments with strong fiscal capacity to fund their infrastructure development will tend to collaborate less with their counterparts, assuming they are more than capable to handle the infrastructure demand in their jurisdiction. On the other hand, cities with less budgets available for infrastructure development will rely more on their neighbouring cities and nongovernmental sector to meet the infrastructure demand.

9.2.1. Methodology, Data, and Limitation

To measure the local financial sharing capacity for infrastructure investment, this study sums all financial investment for infrastructure development at the local level. Starting in 2007 the local government discloses report with their budget allocation for infrastructure development in the form of investment. This investment mostly will go to public private partnership or to fund the state owned enterprise for infrastructure expansion such as a public private partnership for water supply provision, transportation, etc. Local financial investment for infrastructure development differs from the budget allocation for local infrastructure expenditure. The latter refers to budget allocation for infrastructure development conducted by the local government without any partnerships with other sectors.

Table 9.6. Indicator and measurement for share/pool resource analysis.

Indicator	Measurement	Output
Local infrastructure expenditure share	Local infrastructure expenditure, total local expenditure	Share of local infrastructure expenditure
Local financial sharing capacity for infrastructure investment	Local financial investment for infrastructure development	Degree of sharing capacity

9.2.2. Analysis Results

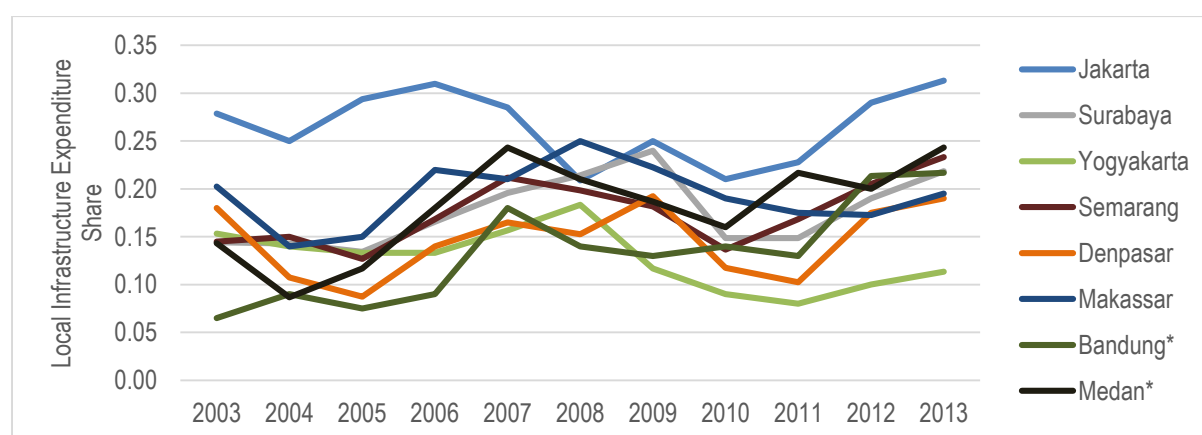
Between 2003 and 2013 the average of the local infrastructure expenditure share in the metropolitan region is 0.16 to 0.19 or about 16 to 19 percent of local expenditure (see Table 9.7). Among eight observed metropolitan regions, the Jakarta region has the highest share of local infrastructure expenditure while Yogyakarta and Bandung have the least shares implying that the bigger the size of metropolitan region the bigger the capacity to fund infrastructure development in its jurisdiction. The push and pull of infrastructure demand in the bigger metropolitan region are also higher contributing to the necessity of allocating more budget allocation. The trend also implies that local autonomy does not immediately account for the increase in share for local infrastructure expenditure. Figure 9.7 displays fluctuating nature of infrastructure expenditure shares over the years, although the orders among observed regions remain more or less similar.

Table 9.7. Local infrastructure expenditure share.

	2003-06	2007-10	2011-13
Jakarta	0.28	0.24	0.28
Surabaya	0.15	0.20	0.19
Yogyakarta	0.14	0.14	0.10
Semarang	0.15	0.18	0.20
Denpasar	0.13	0.16	0.16
Makassar	0.18	0.22	0.18
Bandung*	0.08	0.15	0.19
Medan*	0.13	0.20	0.22
Average	0.16	0.19	0.19

Note: *: Not surveyed for dimensional analysis.

Figure 9.5. Local infrastructure expenditure share of local government in metropolitan region.



Note: *: Not surveyed for analysis of the institutional structure.

While local financial sharing capacity for infrastructure investment is ruled by the amount of public projects in the cities it may also reflect the willingness of local government to conduct partnership for infrastructure provision. In big metropolitan regions such as Jakarta and Surabaya have bigger capacities to invest in infrastructure which is a similar case as their local infrastructure expenditure shares. However, it is interesting to notice that other metropolitan regions are more varied in nature (see Table 9.7 and Figure 9.5). Semarang has a higher share of local infrastructure expenditure than Denpasar and Yogyakarta but the latter two regions have bigger sharing capacity. The same thing can be said in Makassar and Medan (in comparison with Denpasar and Yogyakarta).

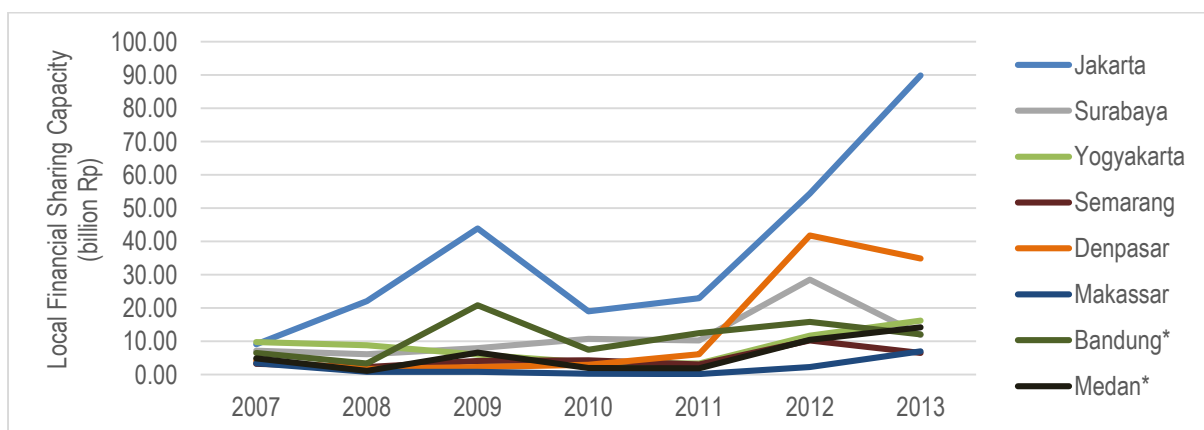
The trend of local financial sharing capacity for infrastructure investment is similar to the trend on local fiscal autonomy. Jakarta, Denpasar, Yogyakarta and Medan, for example, with the increase on the local fiscal autonomy they also see the increase in local financial sharing capacity. This raises possibility that local autonomy has a net positive effect on financial sharing capacity for infrastructure investment at the local level indicating that with the fiscal autonomy gained local governments are more inclined to invest for the infrastructure development.

Table 9.8. Local financial sharing capacity for infrastructure investment (in billion Rp.).

	2007	2008	2009	2010	2011	2012	2013
Jakarta	9.13	22.09	43.90	18.96	22.95	54.41	89.88
Surabaya	7.21	6.10	7.89	10.72	10.22	28.56	11.91
Yogyakarta	9.80	8.82	5.99	3.59	3.33	11.65	16.22
Semarang	3.24	2.26	4.11	4.25	3.05	10.25	6.50
Denpasar	4.09	1.64	2.30	2.96	6.09	41.79	34.86
Makassar	3.41	0.86	0.81	0.24	0.19	2.28	7.00
Bandung*	6.48	3.33	20.83	7.46	12.50	15.83	12.04
Medan*	4.82	1.07	6.62	2.00	1.90	10.43	14.14
Average	6.02	5.77	11.56	6.27	7.53	21.90	24.07

Note: *: Not surveyed for analysis of the institutional structure.

Figure 9.6. Local financial sharing capacity (2007-2013).



Note: *: Not surveyed for analysis of the institutional structure.

9.3. SOCIO-CULTURAL AND POLITICAL ANALYSIS

From the perspective of sociological institutionalism, the study of institutions cannot be separated from political behaviour, hypothesised through argument that “collective political and economic behaviour” represents “the aggregate consequence of individual and collective choice” (Powell and DiMaggio, 1991). Behind this interpretation, individual and organisational environment is composed of social-cultural elements, beliefs, and rules served as “templates” for organising (Powell and DiMaggio, 1991). Nonetheless, measuring socio-cultural and political characteristics to support the analysis of economic behaviour is not without challenges.

This study utilises an approach used by one strand of political science institutionalism (rational choice of positive theory) focuses on domestic political institutions as a measurement for characterising Indonesian political characteristics of the metropolitan region. Atomistic version of social-choice theory, to which the positive theory of institutions responds, assumed that much of the instability on decision inherent in pure majority voting systems is eliminated by legislative rules. Under this assumption, the institutional arrangements are viewed as responses to collective action which arise when the transaction cost of political exchange are high. In order to test this hypothesis on Indonesian collaborative metropolitan governance, local political institutions from the viewpoint of legislative rules should be characterised.

Concerning the characterisation of socio-cultural variables in institutions, this study will look into the ethnic, religious groups, and migration diversity. Ethnic is seen as a measurement to gauge the socio-cultural characteristics of a region since it has deep historical roots and while influencing political and economic situation, it also has been fuelled by political and economic interest (e.g. Montalvo and Reynal-Querol, 2005; Schündeln, 2012). Although heterogeneity in socio-cultural aspects is yet been associated with collaborative governance at the governmental level, many studies have associated heterogeneity, especially ethnic and religious preference, with cooperative behaviour at the community level (e.g. Fischbacher et al, 2001; Gächter et al., 2010; Fischbacher and Gächter, 2010), with economic development and economic growth (e.g. Easterly and Levine, 1997; Montalvo and Reynal-Querol, 2005), and with the public goods provision (e.g. Alesina et al, 1999; Schündeln, 2012).

9.3.1. Methodology, Data, and Limitation

To measure the fragmentation of religious, ethnic, political, and migrant groups in a city, this study uses the index of fractionalization. By calculating the fractionalization index, this study will be able to measure the heterogeneity of any necessary socio-cultural-political variables. Among index of fractionalization, the most famous and widely used is the index of ethnolinguistic fractionalization, also called ELF, introduced by Taylor and Hudson (1972).

A fractionalization index, *FRAC*, is defined as:

$$FRAC = 1 - \sum_{i=1}^N \pi_i^2$$

where, in considering diversity, π_i is the proportion of people who professes religion/ethnic or belong to political/migrant group i . Basically, the index of fractionalization represents the probability that two randomly selected individuals in a region or city will belong to different groups. Thus, *FRAC* increases when the number of groups increases. A list of indicators and measurement for socio-cultural and political analysis of this study is presented in Table 9.9 on the following page.

Table 9.9. Indicator and measurement of socio-cultural and political analysis.

Indicator	Measurement	Output
Socio-cultural characteristics	Fragmentation of religious groups in a city	Religion heterogeneity
	Integration of ethnic groups in a city	Ethnic heterogeneity
	Fragmentation of permanent migrant groups in a city	Permanent migration heterogeneity
	Fragmentation of recent migrant groups in a city	Recent migration heterogeneity
Political characteristics	Fragmentation of political groups in local legislatures	Political heterogeneity
	Changes between major political groups in a city	Political change

9.3.2. Analysis Results

(1) *Socio-cultural characteristics*

The analysis of local religious heterogeneity shows that, in general, religious diversity increases in big cities. Coastal cities are largely found homogenous, as can be observed in Surabaya and Makassar metropolitan region, and some of the cities in the Jakarta metropolitan region. On Java Island, coastal cities are mostly Islamic based cities¹ while the inland cities such as cities in Yogyakarta and several cities in the Semarang metropolitan region are more diverse in nature due to the stronghold of traditionalist view. Those inland cities have large populations of other religious groups. From the statistical results, we can see that Yogyakarta and Denpasar metropolitan region are particular in term of religious heterogeneity compared to other metropolitan regions. On average, cities in their region have higher fragmentation/fractionalization. The fractionalization in the Jakarta metropolitan region is hypothesised due to the large influx of migrant in all of its cities as the region develops as the largest metropolitan region in the country.

¹ The spread of Islam was initially driven by increasing trade links outside of the archipelago, reaching the coastal cities first before slowly spread into the inland. In view of the gradual and peaceful spread into a society that already highly cultured and civilized by Hinduism and Buddhism, Islam in Indonesia is a full acculturation with home-grown local religion that largely animism, Hinduism, and Buddhism (see Wanandi, 2002).

Indonesian newer statistics (census 2000 and 2010) do not specifically mention the population spread on a local jurisdiction based on the ethnicity. The census on ethnicity based population groups is done at the provincial level. Nonetheless, the statistics mention the number of sub-district and village reporting homogenous and heterogenous ethnicity dwellers. Figure 9.8 on the following page depicts the share of those sub-district and village reporting homogenous ethnicity dwellers. Homogenous ethnicity dwellers refer to sub-district or village reporting the majority of the population in its jurisdiction comes from one ethnicity with aggregate more than 80 percent. Heterogenous ethnicity dwellers, on the other hand, refer to sub-district or village which has no strong majority of one ethnic group but rather mixed. The more cities consist of sub-district with homogenous dwellers, the more they are ethnically segregated and fewer cities consist of sub-district with heterogenous dwellers, the more they are ethnically cohesive. High number of ethnically homogenous dwellers also can refer to low ethnicity fractionalization in a city, hence the low number of mixed ethnicity dwellers. From the results, four out of six metropolitan core cities report a high number of ethnically segregated dwellers. Six out of nine cities in the Jakarta metropolitan region have a high number of ethnically homogenous dwellers, much higher than Surabaya and Semarang.

In Indonesia, ethnicity and religious background are necessary variable to help explain the political characteristics of local government since, in Indonesia, religion and ethnic are both political. Most of the political parties in Indonesia are either nationalistic-based (across ethnicity and religion) or religious-based party. Ethnicity also has an influence toward political decision making process and governing process of a city or region. The link of ethnicity and governing process can be tracked back to the old kingdom in Indonesia that is found in many regions, i.e. Javanese kingdom is largely centralistic in their governing process compared to kingdoms from Bali, which based on smaller kingdoms or kingdoms in the coastal region of Sulawesi Island (Makassar).

Migration rate is an indicator of economic growth. Indonesian statistics differentiates migration in two types; permanent and recent migration. Permanent migration refers to migrant who were born in different cities and move to their current cities soon after, indicating that they get an education from the current cities. Recent migration refers to the number of migrants that moved to their current cities in the last five years. As expected, big cities and metropolitan core cities have a high number of both permanent and recent migrant compared to less prosperous and smaller cities (see Figure 9.9). The fractionalization/heterogeneity rate is calculated to see the comparison rate between migrant and local resident. On average, cities in the Yogyakarta metropolitan region have a higher average fractionalization of migrant than other regions yet their disparity of fractionalization is smaller, although it is still following the hypothesised, bigger cities have larger migrant. The disparity of migrant fractionalization is especially observed high in Surabaya and Semarang metropolitan region.

Figure 9.7. Local religious heterogeneity (2010).

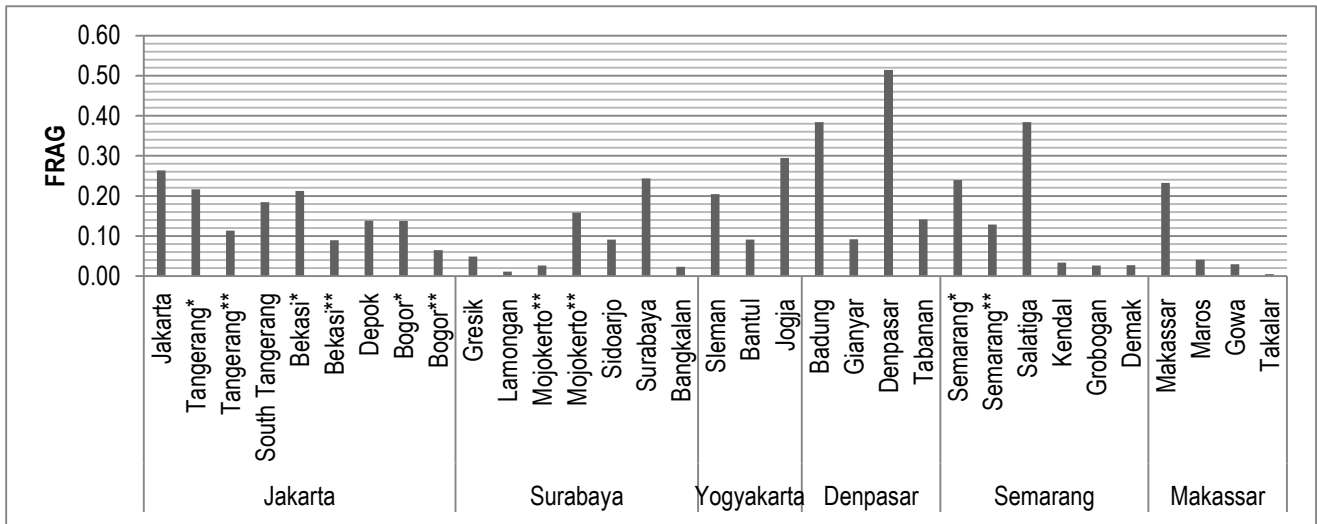


Figure 9.8. Share of sub-district and village reporting homogenous ethnicity dwellers (2008).

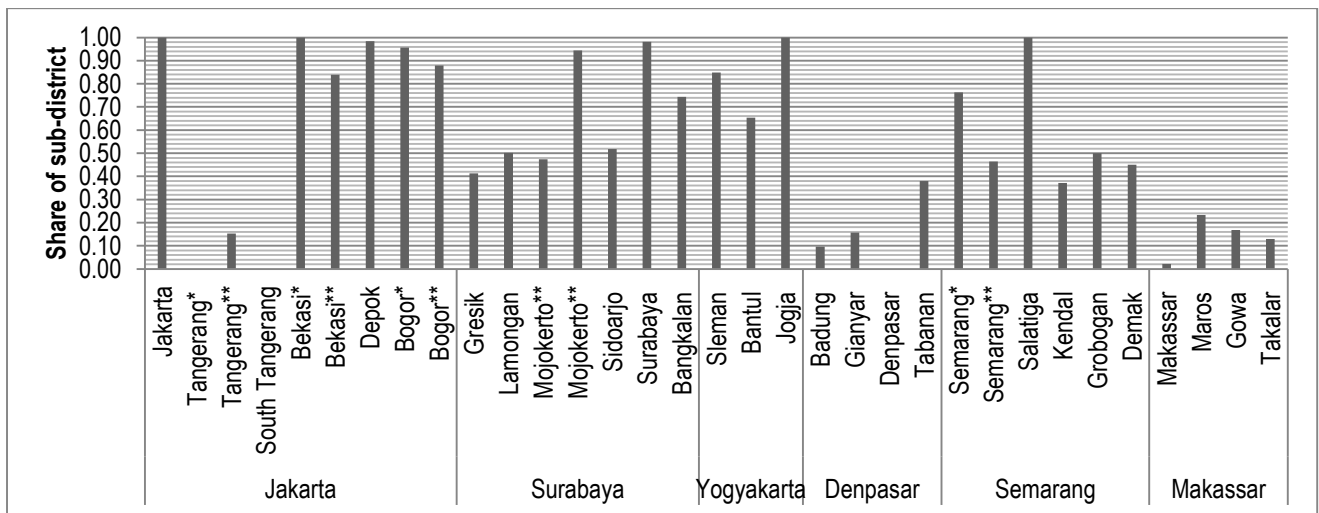
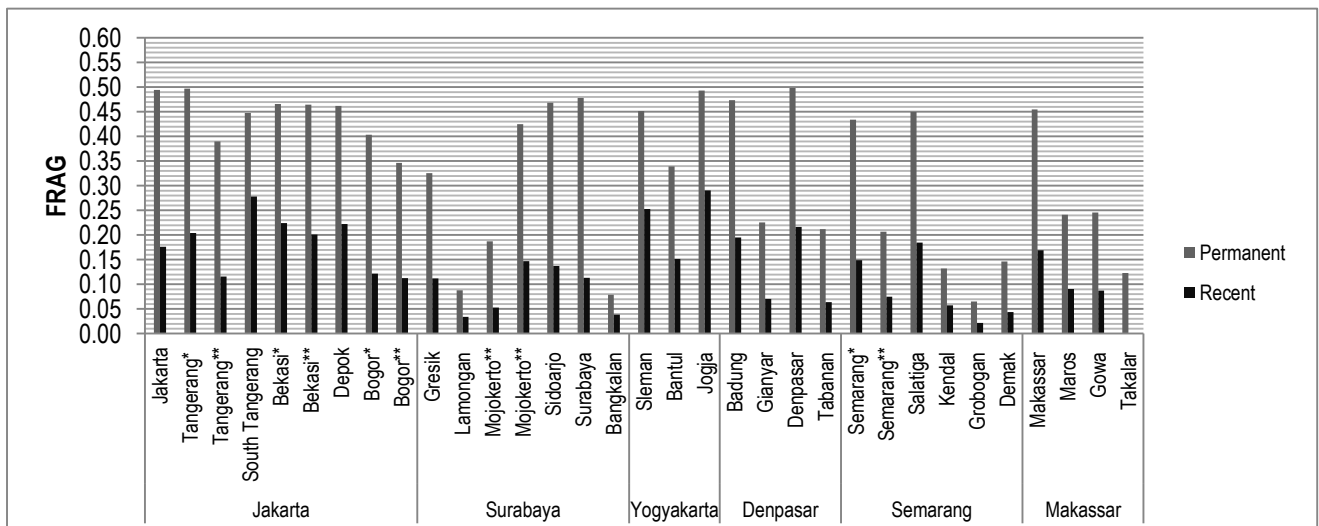


Figure 9.9. Local migration heterogeneity (2010).

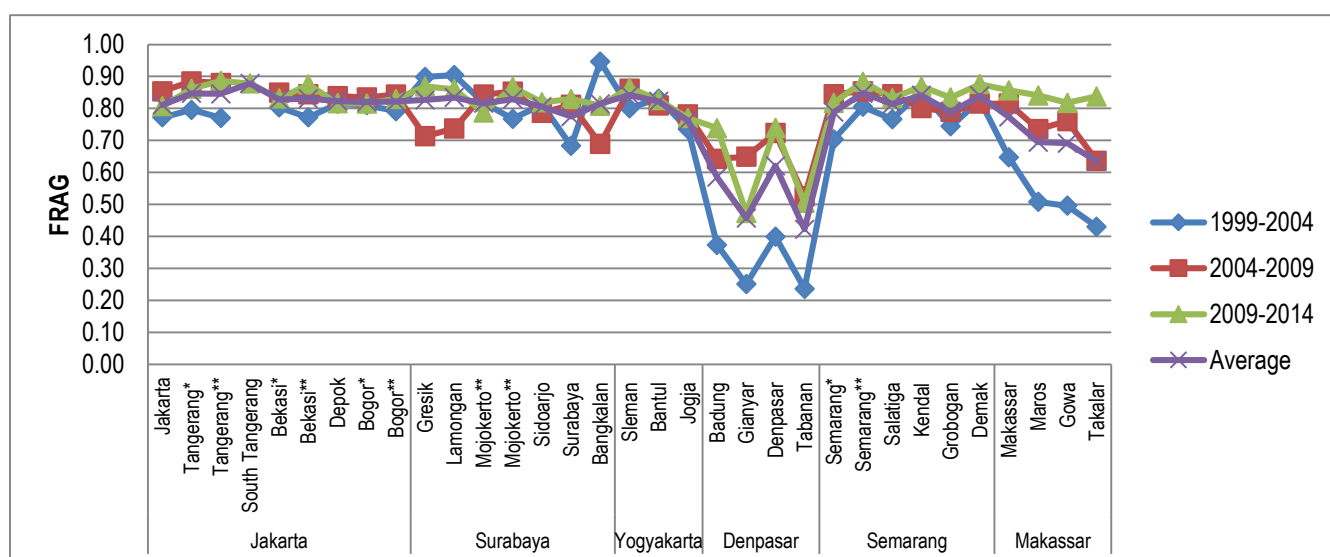


(2) Political characteristics

Hypothetically high fragmentation in socio-cultural aspects such as migration, religion, and ethnic will reflect on high political fragmentation of a city. Migration can be hypothesised related to the tendency of the swing voters of a city and religion is closely related to the tendency to pick a certain political party. Cities with high Islamic population, for example, tend to choose Islamic parties rather than nationalist or moderate-based parties. After the decentralization in 1999 Indonesia employs a high number of political parties, hence the result of local political heterogeneity is expected to be high regardless the status of the city. The first election after the decentralization saw lower political fractionalization in which steadily grows in the 2004 and 2009 election (see Figure 9.10).

On average, cities across metropolitan regions have high political fractionalization except for the Denpasar metropolitan region, implying that the some political parties hold a strong base in the region. The fractionalization index itself does not clearly mentioned whether certain party retains same stronghold over a region, but rather calculating the number of political parties holding local legislative seats. The idea behind calculating the political fractionalization of local legislative is a hypothesis that the higher the political fractionalization observed the more difficult a city deliver a collaborative arrangement since the political cost is too high in a politically segregated city. High fractionalization means no political party holds the strong majority over the other party in the local assembly, resulting the decision making process more challenging due to the burden of political bargain between political faction. This challenge is influential in deciding a local budget, in which collaborative activities, especially intergovernmental collaboration, need a budget approval from the assembly.

Figure 9.10. Local political heterogeneity (1999-2014).



Note: *: municipality, **: regency. The sign was given to differentiate two jurisdictions with similar name yet different administrative status.

Identifying the local political changes of the political majority in the legislative holds similar idea of measuring the political fractionalization. Multiple changes of the political majority imply higher political cost carried by a city to pursue collaborative governance compared to cities with a stable political situation. Multiple political changes will likely result in multiple changes in the local governmental program due to political push, pull, and bargain conducted between the executive and legislative. On the other hand, less changes of political majority also mean a stable collaborative governance in which local government can run continuous collaborative activities over the year. Cities with high number of swing voters are expected to experience changes, either one or more changes during three elections between 1999 and 2009.

Table 9.10 below illustrates local political changes of the political majority during three election periods. The table segregated cities into three groups; those which experience continuous changes, those which experience one change, and those which never change. Three out of six metropolitan regions, e.g. Yogyakarta, Denpasar, and Makassar, report to be steadfastly holding onto a certain political party with no changes on political majority over three elections. The three regions are expected to have more similarities than other regions observed and it can be either strong or very weak collaborative governance observed similarly in their cities. Cities in the Jakarta metropolitan regions have a high probability to be swinging cities due to the continuous changes of the political majority. In Surabaya and Semarang metropolitan region, different political changes are observed in all cities, implying that cities in the region most likely having different political party as a majority in their local legislative than their neighbouring cities. With this kind of condition observed, in Jakarta, Surabaya, and Semarang, it can be expected that some cities have strong collaborative programs while some cities have difficulties in maintaining their collaborative activities over the years. Moreover, all of these hypothetical arguments need to be observed further in this chapter.

Table 9.10. Local political changes of political majority during 3 election periods (1999, 2004, and 2009).

Type of political change	Jakarta									Surabaya						Yogya karta	Denpasar				Semarang					Makassar							
	Jakarta	Tangerang*	Tangerang**	South Tangerang	Bekasi*	Bekasi**	Depok	Bogor*	Bogor**	Gresik	Lamongan	Mojokerto**	Mojokerto*	Sidoarjo	Surabaya	Bandakalan	Sleman	Bantul	Yogyakarta	Badung	Gianvar	Denpasar	Tabanan	Semarang*	Semarang**	Salatiga	Kendal	Groboqan	Demak	Makassar	Maros	Gowa	Takalar
1	●	●	●		●	●	●	●	●				●	●		●										●							
2											●	●			●									●			●		●				
3				●						●							●	●	●	●	●	●	●		●			●		●	●	●	●

Note: South Tangerang held only one election due its status as a newly established province after the regional proliferation.

1: Continuous changes during 3 election periods.

2: One change during 3 election periods.

3: No changes during 3 election periods.

*: municipality, **: regency. Sign was given to differentiate two jurisdictions with similar name yet different administrative status.

9.4. CORRELATION BETWEEN FISCAL DECENTRALIZATION AND THE INSTITUTIONAL STRUCTURE OF COLLABORATIVE METROPOLITAN GOVERNANCE

The institutional transformation of long-term economic change can be examined through the change of initial conditions observed in various groups of individuals (North, 1993). The economic structure defines the way cities directing their development, yet we do not know how a certain economic structure affects the institutional structure of collaborative governance and by doing so affects the policy making process and other collaborative activities. According to this, we can assume that collaboration is a result of economic structure and its subsequent policy approaches. Local fiscal autonomy, for example, seems to produce more liberty to deliver development activities while financial sharing capacity requires contact and, to some extent, partnership with other actors before a new resource scheme can be secured. In order to seek and develop a new resource scheme, cities may be forced or encouraged to operate outside their local jurisdiction. Highly autonomous financial settings often affect cities to establish the financial capacity to conduct collaborative activities due to resource restraints. The rational consideration before establishing a new partnership revolves around the increase of local fiscal autonomy by conducting collaboration. Operating in the similar argument, in a competitive regional setting, cities with less dependency towards fiscal transfer from higher levels of governments will actively pursue collaboration or relations with higher levels of governments in terms of seeking more information and possibility to finance development in its jurisdiction. In order to prove this argument, this study examines the linkage between the economic structure of cities and their institutional structure of collaborative metropolitan governance.

Hypotheses to be tested using this analysis are as follows:

Main hypothesis	The state of Indonesian collaborative governance in the metropolitan region is closely related to the extent of the fiscal decentralization power, the financial sharing capacity, and the investment expenditure share of the local government.
Sub hypotheses	<ol style="list-style-type: none"> 1. Local fiscal autonomy can affect local collaborative activities positively or negatively according to collaboration types. <ol style="list-style-type: none"> a. The greater fiscal autonomy a city possesses, the more it is willing to collaborate with a great mixture of local actors. b. The lesser fiscal autonomy a city possesses, the more homogenous partners it has collaborated with. 2. Local dependency on fiscal transfer from the higher levels of government influence local-provincial/central interactions positively <ol style="list-style-type: none"> a. The more dependable a city is, the more it pursues relations with higher levels of government. 3. The wealthier a city is, the less likely it is to collaborate with its neighbours in resource sharing activity. 4. The financial sharing capacity the local government possesses is positively or negatively related to the institutional structure of collaborative metropolitan governance at the local level (intergovernmental and cross-sectoral interaction). <ol style="list-style-type: none"> a. The less fiscally capable a city is, the more it is willing to cooperate with its neighbours in resource sharing activity. 5. The investment expenditure share of the local government is positively or negatively related to the extent of local collaborative activities.

9.4.1. Correlation between the Level of Central and Provincial Dependency and the Institutional Structure of Central and Provincial Interaction

The data for the institutional structure of collaborative metropolitan governance were drawn from a study of 33 cities across Indonesia with a total of 52 samples collected. The general findings are presented in Chapter 7. The data for the economic structure were derived from the annual local budget reports. The first analysis in determining the linkage between level of central dependency and the institutional structure of collaborative metropolitan governance will use statistical data from the year 2012 to imply the current situation at the time the questionnaire survey on the institutional structure was conducted and mean of statistical data from 2008 to 2012 to indicate the effects of the local economic structure in a longer period and to reduce the bias. The mean data is also needed as the collaborative activities asked during the questionnaire refer to activities done in the last five years.

The results demonstrate that despite the hypothesis raised, we found no significant relations between the fiscal transfer dependency from the provincial government and the local-provincial interaction (please refer to Table A.1 and A.2 in the Appendix 4). Apparently the increase of provincial fiscal transfer during the period of 2007 to 2012 did not immediately reflect on the local-provincial interaction. On the other hand, there is a significant correlation between the central fiscal dependency and the local-central interaction. The results imply that in the process of decentralization, whereas local-central relations is steered around fiscal transfer, the same approach cannot be said about the local-provincial relations. The results on the correlation between central interaction and the central fiscal dependency are presented below.

Using Statistical Data Year 2012

The dependent variable of the analysis is the level of central interaction undertaken by city officials. The independent variable is the measures of central dependency –local government's dependency towards fiscal transfer from the central government. The regression formula follows the following equation:

$$\text{Central_Interaction} = \alpha + \beta(\text{Central_Dependency}_{2012})$$

Table 9.11. Regression results of central interaction using the statistics data from the year 2012.

Independent variable	Central Interaction as dependent variable
Constant	12.360***
Central dependency	-6.465**

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 30 cities, all statistical data from 2012.

The result of the simple linear regression demonstrates a statistically significant relation between the level of central dependency and the institutional structure of central interaction (see Table 9.11). The result shows that a reduction of 6.5 percent of local dependency toward the fiscal transfer from the central government

will increase local interaction with the central institutions by 1 interaction. The interaction can be resulted from information seeking or adjustment seeking activity.

Using Mean Statistical Data Year 2008-2012

The dependent variable of the analysis is the level of central interaction undertaken by city officials. The independent variable is the mean measurement of local government's dependency towards fiscal transfer from the central government from 2008 to 2012. The regression formula follows the following equation:

$$\text{Central_Interaction} = \alpha + \beta(\text{Mean_of_Central_Dependency})$$

Table 9.12. Regression results of central interaction using the mean statistical data of 2008-2012.

Independent variable	Central Interaction as dependent variable
Constant	15.064***
Mean of central dependency (2008-2012)	-10.011**

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 30 cities, all statistical data from 2008-2012.

The result of the simple linear regression confirms the similar finding from the annual statistical data in 2012. The result demonstrates a statistically significant relation between the level of central dependency and the institutional structure of central interaction during the period of 2008 and 2012 (see Table 9.12). The result shows that a reduction of an average 10 percent of local dependency toward the fiscal transfer from the central government will increase local interaction with the central institutions by 1 interaction.

9.4.2. Correlation between the Level of Fiscal Autonomy and the Institutional Structure of Collaborative Metropolitan Governance

Using Statistical Data Year 2012

The dependent variable of the analysis is the level of horizontal interaction undertaken by city officials. The horizontal interaction to be tested represents intergovernmental relations, cross-sectoral relations, and government-private relations. The primary independent variable is the measure of financial capacity at the local level. Three total variables are hypothesised to affect collaboration among horizontal actors: (1) level of fiscal autonomy the local government possessed, (2) local infrastructure expenditure, and (3) financial sharing capacity of the local government. Following similar step with analysis in Chapter 9.4.1., the data for the economic structure were derived from the local budget reports of 2012 for the first analysis and mean of statistical data from the local budget reports from 2008 to 2012. The regression formula follows the following equations:

$$\text{Intergovernmental_Interaction} = \beta_0 + \beta_1(\text{Local_Fiscal_Autonomy}) + \beta_2(\text{Local_Infrastructure_Expenditure} \\ 2012) + \beta_3(\text{Financial_Sharing_Capacity}2012) + \varepsilon$$

$$\text{Cross_Sectoral_Interaction} = \beta_0 + \beta_1(\text{Local_Fiscal_Autonomy}) + \beta_2(\text{Local_Infrastructure_Expenditure2012}) + \beta_3(\text{Financial_Sharing_Capacity2012}) + \varepsilon$$

$$\text{Government_Private_Interaction} = \beta_0 + \beta_1(\text{Local_Fiscal_Autonomy}) + \beta_2(\text{Local_Infrastructure_Expenditure 2012}) + \beta_3(\text{Financial_Sharing_Capacity2012}) + \varepsilon$$

Table 9.13. Regression results of horizontal interaction using the statistics data from the year 2012.

Independent variable	Horizontal Interaction as dependent variable		
	Intergovernmental Interaction	Cross-Sectoral Interaction	Government-Private Interaction
Constant	.439	10.017**	5.825**
Local Fiscal Autonomy (at local level)	2.412*	22.493**	18.359*
Local Infrastructure Expenditure (at local level)	-3.868*	-.540	-.283
Financial Sharing Capacity (at local level)	-.004**	-.026	-.021

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, all statistical data from 2012.

Cross-sectoral Interaction: Relations between Local Government and Civic sector as well as Private Sector.

The result of the simple linear regression reveals that the amount of intergovernmental and cross-sectoral interaction is affected by at least some of the measures of financial capacity at the local level (see Table 9.13). While the result demonstrates a statistically significant relation between the financial sharing capacity and the intergovernmental interaction it also indicates the local fiscal autonomy is positively and significantly related to the level of interaction between local governments and nongovernmental actors in their jurisdictions. The presence of financial sharing capacity demonstrated by local governments produced a negative correlation to intergovernmental interaction, implying that cities with higher financial capacity are expected to have lower intergovernmental interaction. This finding also implies that the less financially able local government to provide a financial sharing scheme will collaborate more with the neighbouring cities. This study assumes that this is due to the nature of infrastructure investment in Indonesian cities to lean towards public-private sector partnership. This is in line with the hypothesised relationship, local governments with more fiscal capability –includes strong financial sharing capacity– will most likely to collaborate less with their neighbouring cities.

The trend of local fiscal autonomy is in line with the rate of financial sharing capacity (see Chapter 9.3.2). The regression result shows while there is no significant relation between financial sharing capacity and the level of cross-sectoral interaction, there is indication that the existence of local fiscal autonomy boost interaction between government and nongovernmental actors. An increase of local fiscal autonomy by 22.5 percent will add additional interaction developed between government and nongovernmental actors.

Using Mean Statistical Data Year 2008-2012

The dependent variable of the analysis is the level of horizontal interaction undertaken by city officials. The independent variable is the three measurements of financial capacity at the local level from 2008 to 2012.

The regression formula follows the following equations:

$$\text{Intergovernmental_Interaction} = \beta_0 + \beta_1(\text{Mean_of_Local_Fiscal_Autonomy}) + \beta_2(\text{Mean_of_Local_Infrastructure_Expenditure}) + \beta_3(\text{Mean_of_Financial_Sharing_Capacity}) + \varepsilon$$

$$\text{Cross_Sectoral_Interaction} = \beta_0 + \beta_1(\text{Mean_of_Local_Fiscal_Autonomy}) + \beta_2(\text{Mean_of_Local_Infrastructure_Expenditure}) + \beta_3(\text{Mean_of_Financial_Sharing_Capacity}) + \varepsilon$$

$$\text{Government_Private_Interaction} = \beta_0 + \beta_1(\text{Mean_of_Local_Fiscal_Autonomy}) + \beta_2(\text{Mean_of_Local_Infrastructure_Expenditure}) + \beta_3(\text{Mean_of_Financial_Sharing_Capacity}) + \varepsilon$$

Table 9.14. Regression results of the horizontal interaction using the mean statistical data of 2008-2012.

Independent variable	Horizontal Interaction as dependent variable		
	Intergovernmental Interaction	Cross-Sectoral Interaction	Government-Private Interaction
Constant	-.292	10.058***	7.306***
Mean of Local Fiscal Autonomy (at local level)	2.546*	17.001	12.034
Mean of Local Infrastructure Expenditure (at local level)	-.338**	-.136	.200
Mean of Financial Sharing Capacity (at local level)	-.011**	-.050	-.035

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, all statistical data from 2008-2012 (mean data).

Cross-sectoral Interaction: Relations between Local Government and Civic sector as well as Private Sector.

When the mean statistical data from 2008 to 2012 is used, the results of the simple linear regression are slightly different. The results reject the hypothesised relationship that local fiscal autonomy does not contribute to the development of intergovernmental interaction implying that during the period of 2008-2012 there are some cities that increase their intergovernmental interaction. It reveals that when average of local fiscal autonomy in the last five years increased by 2 percent, there was a possibility of increase in intergovernmental interaction by one activity. Moreover the results reconfirm the negative relations between financial sharing capacity and intergovernmental interaction as well as the positive relations between local fiscal autonomy and cross-sectoral interaction. With regards to the local government's capacity to handle infrastructure development in its jurisdiction, the intergovernmental interaction is negatively and significantly related to the local infrastructure expenditure, indicating the assumption that the more a city is capable to finance its infrastructure development the less it forms partnership for infrastructure service provision with the neighbouring cities.

9.4.3. Correlation between the Level of Fiscal Autonomy and the Collaborative Metropolitan Activity

Using Statistical Data Year 2012

The dependent variable of the analysis is the number of activities undertaken by city officials for collaborative metropolitan governance in regards to the intergovernmental and cross-sectoral interaction. The activity to be tested represents three different activities: joint policymaking, resource exchange, and

project-based work activities. The primary independent variable is the measure of financial capacity at the local level (similar to the analysis in Chapter 9.4.2). Three total variables are hypothesised to affect collaboration among horizontal actors: (1) level of fiscal autonomy the local government possessed, (2) local infrastructure expenditure, and (3) financial sharing capacity of local governments. Again, following similar step with analysis in Chapter 9.4.1 and 9.4.2., the data for the economic structure were derived from the local budget reports of 2012 for the first analysis to capture the current situation when the questionnaire survey was conducted and mean of statistical data from the local budget reports of 2008 to 2012 to get wider possibilities of the local fiscal trend.

The regression formula follows the following equations:

$$\text{Joint_Policymaking_Activity} = \beta_0 + \beta_1(\text{Local_Fiscal_Autonomy}) + \beta_2(\text{Local_Infrastructure_Expenditure}) + \beta_3(\text{Financial_Sharing_Capacity}) + \varepsilon$$

$$\text{Resource_Exchange_Activity} = \beta_0 + \beta_1(\text{Local_Fiscal_Autonomy}) + \beta_2(\text{Local_Infrastructure_Expenditure}) + \beta_3(\text{Financial_Sharing_Capacity}) + \varepsilon$$

$$\text{Project-based_Work_Activity} = \beta_0 + \beta_1(\text{Local_Fiscal_Autonomy}) + \beta_2(\text{Local_Infrastructure_Expenditure}) + \beta_3(\text{Financial_Sharing_Capacity}) + \varepsilon$$

Table 9.15. Regression results of the activity between governmental institutions using the statistics data from the year 2012.

Independent variable	Collaborative activity among local government institutions as dependent variable		
	Joint policy making	Resource exchange	Project-based work
Constant	-.513*	.037	-.368
Local Fiscal Autonomy (at local level)	3.185**	.149	2.370*
Local Infrastructure Expenditure (at local level)	-.206	-.309*	-.296*
Financial Sharing Capacity (at local level)	-.005**	-.002	-.004*

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, all statistical data from 2012.

Table 9.15 reveals the results of simple linear regression analysis of the activity among governmental institutions and between local government and cross-sectoral institutions respectively. Local fiscal autonomy is positively related to all types of activities regardless the status of counterparts, but not all is significantly related. It is significantly related only to joint policy making among cities and their neighbours. Local government infrastructure expenditure and financial sharing capacity are both negative, and less significantly related to the resource exchange and project based work activities among neighbouring cities. Whereas there are several significant relations between the level of fiscal autonomy at the local level with intergovernmental collaborative activity, there are no significant relations found in the cross-sectoral collaborative activity (please refer to Table A.3 in Appendix 4, suggesting that public-private partnership is

less structured around the financial sharing capacity that the local government has. The results are found interesting, yet not surprising since most of public-private partnership in Indonesia uses less resource exchange scheme and mostly designed through BOT (Built-Operate-Transfer) system in which the investment comes from the private sector only unlike the joint venture type of partnership.

Using Mean Statistical Data Year 2008-2012

The regression formula for this analysis follows the following equations:

$$\text{Joint_Policymaking_Activity} = \beta_0 + \beta_1(\text{Mean_of_Local_Fiscal_Autonomy}) + \beta_2(\text{Mean_of_Local_Infrastructure_Expenditure}) + \beta_3(\text{Mean_of_Financial_Sharing_Capacity}) + \varepsilon$$

$$\text{Resource_Exchange_Activity} = \beta_0 + \beta_1(\text{Mean_of_Local_Fiscal_Autonomy}) + \beta_2(\text{Mean_of_Local_Infrastructure_Expenditure}) + \beta_3(\text{Mean_of_Financial_Sharing_Capacity}) + \varepsilon$$

$$\text{Project-based_Work_Activity} = \beta_0 + \beta_1(\text{Mean_of_Local_Fiscal_Autonomy}) + \beta_2(\text{Mean_of_Local_Infrastructure_Expenditure}) + \beta_3(\text{Mean_of_Financial_Sharing_Capacity}) + \varepsilon$$

Table 9.16. Regression results of the activity between governmental institutions using the mean statistical data of 2008-2012.

Independent variable	Collaborative activity among local government institutions as dependent variable		
	Joint policy making	Resource exchange	Project-based work
Constant	-.414	.030	-.289
Mean of Local Fiscal Autonomy (at local level)	3.269**	.288	2.518*
Mean of Local Infrastructure Expenditure (at local level)	-.216	-.492***	-.244
Mean of Financial Sharing Capacity (at local level)	-.012**	-.005	-.011**

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, all statistical data from 2008-2012.

When the mean of statistical data from 2008 to 2012 is used instead of the statistical data from the year 2012 only, it is found that the results are not much different (see Table 9.16). Local fiscal autonomy is positively and significantly related to the joint policy making activity among local government whole local infrastructure expenditure is negatively and significantly related to the resource exchange activity among neighbouring cities. Local governments' financial sharing capacity negatively related to both joint policy making and project-based work activities among participating local governments. While the results on the correlation between the local infrastructure expenditure and the collaborative activity using the statistics data from the 2012 reveals the negative mark it has no clear significance (see Table 9.15). A similar tendency is observed in the linkage between the financial sharing capacity and project-base activities. Hence, by using the mean of statistics of 2008-2012 we are able to further clarify the significance of the correlation between variables. It cements the hypotheses regarding the implication local government financial capacity and its

inward looking behaviour: the wealthier the city is, the more reluctant it becomes to develop a joint financial scheme with its neighbouring cities.

This study also found that concerning the collaborative activity between local governments and nongovernmental institutions, there has no a significant correlation (please refer to Table A.4 in Appendix 4). The less parallelism echoes the similar result gathered earlier on Chapter 9.4.2 in which we found that there is no significant correlation between the cross-sectoral interaction and the level of fiscal autonomy.

9.5. CORRELATION BETWEEN SOCIO-CULTURAL AND POLITICAL CHARACTERISTICS AND THE INSTITUTIONAL STRUCTURE OF COLLABORATIVE METROPOLITAN GOVERNANCE

Hypotheses to be tested using this analysis are as follows:

Main hypothesis	The state of Indonesian collaborative governance in the metropolitan region is closely related to the extent of the socio-cultural and the political characteristics of the city.
Sub hypotheses	<ol style="list-style-type: none"> 1. High fragmentation in socio-cultural aspects such as migration, religion, and ethnic will reflect on low or high Intergovernmental and Cross-sectoral interaction. <ol style="list-style-type: none"> a. High fractionalization in migration is positively related to the Cross-sectoral Interaction. b. High fractionalization in ethnic and religious preference is negatively related to the collaborative interaction, regardless the counterparts. 2. High political fractionalization in a city will negatively or positively relate to the horizontal interaction. <ol style="list-style-type: none"> a. High political fractionalization will positively relate to the intergovernmental interaction since interaction with neighbouring government requires low political cost. b. High political fractionalization will negatively relate to the cross-sectoral and government-private interaction since interaction with neighbouring government requires high political cost. 3. Continuous political changes in a city will negatively or positively relate to the horizontal interaction. <ol style="list-style-type: none"> a. Compared to a more stable political situation, continuous political change will produce a negative effect toward intergovernmental interaction. b. Compared to a more stable political situation, continuous political change will produce a negative effect toward cross-sectoral and government-private interaction.

The data for the institutional structure of collaborative metropolitan governance were drawn from a study of 33 cities across Indonesia with a total of 52 samples collected, similar with other basic regression analysis conducted in this study as presented in the earlier sections. The data for the socio-cultural characteristics are calculated and presented earlier in the Chapter 9.3. The first analysis in determining the linkage between the socio-cultural characteristics represented by fractionalization in migration, ethnic, and religious preference and the institutional structure of collaborative metropolitan governance. The second analysis is conducted to determine the linkage between the political characteristics depicted by political fractionalization and the local political changes and the institutional structure of collaborative metropolitan governance. Additional two analysis is done to observe the linkage between the socio-cultural and political characteristics with the collaborative activities to gather which activity is highly influenced by a certain socio-cultural and political characteristics.

9.5.1. Correlation between Socio-Cultural Characteristics and the Institutional Structure of Intergovernmental and Cross-Sectoral Interaction

The regression formula for this analysis follows the following equation:

$$\text{Horizontal_Interaction} = \beta_0 + \beta_1(\text{Recent_migration_heterogeneity}) + \beta_2(\text{Permanent_migration_heterogeneity}) + \beta_3(\text{Ethnic_homogeneity}) + \beta_4(\text{Religion_heterogeneity}) + \varepsilon$$

Table 9.17. Regression results on the horizontal interaction and socio-cultural characteristics.

Independent variable	Horizontal Interaction as dependent variable		
	Intergovernmental Interaction	Cross-Sectoral Interaction	Government-Private Interaction
Recent migration heterogeneity	14.392	-86.083**	-75.883**
Permanent migration heterogeneity	4.089	65.868***	50.029***
Ethnic heterogeneity	-4.954	-3.866	.835
Religion heterogeneity	2.186	-11.860	-7.001

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, all statistical data from 2010.

Cross-sectoral Interaction: Relations between Local Government and Civic sector as well as Private Sector.

As can be seen from Table 9.17 above, this study found that ethnic diversity and religious fractionalization have no effect on horizontal interaction. Ethnic fractionalization in which represented through homogenous and segregated dwellers based on their ethnicity has a negative relation to the intergovernmental and cross-sectoral interaction yet there is no significance observed. Similar finding is found in the ethnic fractionalization. While the basic regression in this study is used to find the correlation between ethnic heterogeneity and the horizontal interaction, the finding reconfirmed findings from previous research stating that it has no direct effect on economic growth and the quality of government, and in this study, on the horizontal interaction.

On the other hand, the basic regression analysis found that migration heterogeneity has an effect on the cross-sectoral and government-private interaction. However, this study finds no strong empirical justification to argue that migration brings a positive effect on the intergovernmental interaction. Permanent migration heterogeneity produces a significant and positive relation to cross-sectoral and government-private interaction while recent migration generates negative relations. The results suggest that an increase in permanent migration has a positive effect on local government in pursuing cross-sectoral and government-private interaction while an increase in recent migration will produce the opposite outcome. The reason why the fractionalization of recent migration brings negative effect on cross-sectoral interaction is perhaps that it is not a clear indication of economic growth or it is not significant enough compared to total population. The reason behind recent migration can be all together different reason than the economically driven purpose, for example educational purposes. Moreover, the hypothetical assumption is that the increase in social polarisation due to recent migration has a negative effect on cross-sectoral interaction because it reduces

the rate of investment and increases the incidence of conflicts while higher permanent migration heterogeneity means lower social polarisation when the migrant starts to acculturate into the city.

9.5.2. Correlation between Socio-Cultural Characteristics and the Collaborative Metropolitan Activity

The regression formula for this analysis follows the following equations:

$$\text{Joint_Polycymaking_Activity} = \beta_0 + \beta_1(\text{Recent_migration_heterogeneity}) + \beta_2(\text{Permanent_migration_heterogeneity}) + \beta_3(\text{Ethnic_homogeneity}) + \beta_4(\text{Religion_heterogeneity}) + \varepsilon$$

$$\text{Resource_Exchange_Activity} = \beta_0 + \beta_1(\text{Recent_migration_heterogeneity}) + \beta_2(\text{Permanent_migration_heterogeneity}) + \beta_3(\text{Ethnic_homogeneity}) + \beta_4(\text{Religion_heterogeneity}) + \varepsilon$$

$$\text{Project-based_Work_Activity} = \beta_0 + \beta_1(\text{Recent_migration_heterogeneity}) + \beta_2(\text{Permanent_migration_heterogeneity}) + \beta_3(\text{Ethnic_homogeneity}) + \beta_4(\text{Religion_heterogeneity}) + \varepsilon$$

Table 9.18. Regression results on the socio-cultural characteristics and the collaborative activity between local government and nongovernmental institutions.

Independent variable	Collaborative activity between local government and nongovernmental (private and civic) institutions as dependent variable		
	Joint policy making	Resource exchange	Project-based work
Recent migration heterogeneity	-32.450*	-23.972*	-29.661***
Permanent migration heterogeneity	30.970***	17.173**	17.725***
Ethnic homogeneity	-2.867	-.631	-.368
Religion heterogeneity	-7.309	-2.282	-2.269

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, all statistical data from 2010.

Table 9.19. Regression results on the socio-cultural characteristics and the activity between local government and private institutions.

Independent variable	Collaborative activity between local government and private institutions as dependent variable		
	Joint policy making	Resource exchange	Project-based work
Recent migration heterogeneity	-33.634**	-28.213**	-14.0.7
Permanent migration heterogeneity	24.741***	17.019**	8.269
Ethnic homogeneity	-.374	.906	.303
Religion heterogeneity	-3.608	-1.133	-2.260

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, all statistical data from 2010.

Table 9.18 and 9.19 reveal the results of the basic regression analysis of the activity between governmental institutions and nongovernmental institutions (including private and civic), and between local government and private institutions respectively. The results show that permanent migration heterogeneity has positive effects on all collaborative metropolitan activities between local government and nongovernmental institutions. It further suggests that permanent migration has significantly positive correlation with economic

growth, which in turn increases the rate of investments from the nongovernmental sector. By contrast, recent migration has negative correlation with the activity between the local government and nongovernmental institutions in its jurisdiction. However, we find no strong empirical correlation between recent migration heterogeneity with joint policymaking and resource exchange activities. A strong significant correlation is found in the project-based work activities which cover activities such as joint planning and implementation as well as asset monitoring between the corresponding actors during the project implementation.

When the dependent variable is changed from the collaborative activity between local government and nongovernmental institutions to between local government and private institutions (i.e. taking out the results gathered from government-civic sector interaction), the result indicates slight changes. While in the previous analysis, this study could not find strong empirical correlation between recent migration heterogeneity with collaborative activity between local government and nongovernmental institutions, the second analysis shows the opposite. Recent migration heterogeneity has a negatively significant effect toward joint policymaking and resource exchange.

On the other hand, diversity on permanent migration has a significantly positive effect on joint policymaking and resource exchange between government and private sector but not significantly related to project-based work activities. Since the civic sector is deliberately taken out from the measurement in this analysis, by comparing two results (between government-nongovernmental and government-private) this study could stipulate that heterogeneity in permanent migration is significant and positively related to the project based work between government-civic sector but not between government-private sector. Similar finding is found with the diversity on recent migration. This finding further clarifies that given a particular degree of polarisation, increase in recent migrant reduces the investment rate from the private sector but not for increase on permanent migrant. In principle, an increase in fractionalization in permanent migration implies less difficulties of coordination and, conditional increase on recent migration may imply a lower probability of coordination, hence, less investment from the private sector.

9.5.3. Correlation between Political Characteristics and the Institutional Structure of Intergovernmental and Cross-Sectoral Interaction

The regression formula for this analysis follows the following equation:

$$\text{Horizontal_Interaction} = \beta_0 + \beta_1(\text{Political_heterogeneity}) + \delta_1(\text{Local_Political_Change_dummies}) + \varepsilon$$

Table 9.20 shows that by using the basic regression analysis on horizontal interaction and several independent variables characterising the local political situation, this study found that local political change in particular has effect on all governmental interaction, regardless the status of its counterparts (whether it is

government or nongovernmental institutions). As hypothesised earlier, stability of the local political situation will bring about more intergovernmental interaction and vice versa. The results indicate that compared to cities which change once during three periods of election, cities which experience continuous change affect the level of intergovernmental interaction in a negative and significant manner while cities which has the same political party as the majority have significantly positive relation with the increase on intergovernmental interaction. This study argues that the reason for that negative effect is that intergovernmental interaction most likely demand a medium to long term agreement in which did not sit well with the changing of the political majority in cities. When the majority of political party changes, there are possibilities that the new party does not carry the same aspiration with the previous party and reaching agreement on budget for collaborative activities may need higher political cost in which the local government wants to avoid.

From the results, political heterogeneity surprisingly has no strong empirical relation to the horizontal interaction. The result shows mixed responses in which political heterogeneity documents positive relations with intergovernmental interaction, but negative relations with cross-sectoral and government-private interaction. The hypothesis first assume that political heterogeneity corresponds to political cost; the more political fractionalization taken place in the local assembly, the higher political cost in the decision making process. Referring to the results, the study further assumes that the political cost of the decision making process while pursuing intergovernmental interaction and cross-sectoral interaction is different. Collaborating with governmental institutions will not negatively affected by diverse political fraction compared to with nongovernmental sector.

Table 9.20. Regression results on the political characteristics and the horizontal interaction.

Independent variable	Horizontal Interaction as dependent variable		
	Intergovernmental Interaction	Cross-Sectoral Interaction	Government-Private Interaction
Political heterogeneity	18.035	-20.612	-27.841*
Local Political change_dummy1	-6.382**	-4.745	-4.250
Local Political change_dummy3	7.175***	-7.661*	-10.700***

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, political statistics 1999-2009.

Local political change in 3 periods: dummy 1: change every period, dummy 2: change once, dummy 3: no change at all.

Cross-sectoral Interaction: Relations between Local Government and Civic sector as well as Private Sector.

9.5.4. Correlation between Political Characteristics and the Collaborative Metropolitan Activity

The regression formula for this analysis follows the following equations:

$$\text{Joint_Policymaking_Activity} = \beta_0 + \beta_1(\text{Political_heterogeneity}) + \delta_1(\text{Local_Political_Change_dummies}) + \varepsilon$$

$$\text{Resource_Exchange_Activity} = \beta_0 + \beta_1(\text{Political_heterogeneity}) + \delta_1(\text{Local_Political_Change_dummies}) + \varepsilon$$

$$\text{Project-based_Work_Activity} = \beta_0 + \beta_1(\text{Political_heterogeneity}) + \delta_1(\text{Local_Political_Change_dummies}) + \varepsilon$$

Table 9.21. Regression results on the political characteristics and the activity among local governments.

Independent variable	Collaborative activity among local government institutions as dependent variable		
	Joint policy making	Resource exchange	Project-based work
Political heterogeneity	4.443	4.652	8.940**
Local Political change_dummy1	-3.756**	-1.171	-1.455*
Local Political change_dummy3	1.720	1.996**	3.459***

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, political statistics 1999-2009.

Local political change in 3 periods: dummy 1: change every period, dummy 2: change once, dummy 3: no change at all.

Table 9.22. Regression results on the political characteristics and the activity between local government and nongovernmental institutions.

Independent variable	Collaborative activity between local government and nongovernmental (private and civic) institutions as dependent variable		
	Joint policy making	Resource exchange	Project-based work
Political heterogeneity	-6.432	-5.737	-8.443
Local Political change_dummy1	-2.060	-1.279	-1.403
Local Political change_dummy3	-3.691	-1.254	-2.716***

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, political statistics 1999-2009

Local political change in 3 periods: dummy 1: change every period, dummy 2: change once, dummy 3: no change at all.

Table 9.23. Regression results on the political characteristics and the activity between local government and private institutions.

Independent variable	Collaborative activity between local government and private institutions as dependent variable		
	Joint policy making	Resource exchange	Project-based work
Political heterogeneity	-7.932	-11.808**	-8.100*
Local Political change_dummy1	-1.956	-1.615	-.679
Local Political change_dummy3	-4.052**	-3.528***	-3.120***

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, political statistics 1999-2009.

Local political change in 3 periods: dummy 1: change every period, dummy 2: change once, dummy 3: no change at all.

The basic regression between collaborative activity and political variables is conducted to further clarify in which activity is affected by certain political issue. While this study gathered from the previous analysis that cities which retain similar political party as the majority over three elections has positive effect for intergovernmental interaction, the results do not particularly explain which activity affects the most. From Table 9.21, this study found that when compared to cities which change the majority of its political party once in three elections, cities which constantly vote for the same political party as their majority bring about significant and positive relations toward higher levels of resource exchange and project-based work with their neighbouring cities. On the other hand, with similar cities as a comparison, cities with continuous changes over three elections has a significant and negative outcome of joint policymaking activities and less significant but negative relations with resource exchange and project-based activities. Moreover, the result of regression with the political heterogeneity further explain the lower cost of political heterogeneity in the

decision making of pursuing intergovernmental interaction since the result indicate strong and positive relations between political heterogeneity and the level of project-based work activities.

The basic regression shows different results when the dependent variable is changed according to the status of the counterparts. Political heterogeneity, for example, does not show strong empirical relations to project-based work activity between local government and nongovernmental institutions or between local government and private sector compared to project-based work activity among local government institutions (see Table 9.21, 9.22, and 9.23 for comparison). Moreover, local political stability also produces different results in the sphere of cross-sectoral and government-private interaction. When compared to cities with once change in their political majority, cities with no change over three elections is found to have negative relations with all collaborative activities between government and nongovernmental institutions. However, no strong empirical justification is found expect on project-based work activity. By contrast, similar results with strong empirical justification are found in the government-private interaction. The findings imply that changes in political majority do not always bring negative effects toward collaborative activities leading to an assumption that conditional change in the local political situation may produce better interaction between government and nongovernmental institutions. Nonetheless the results suggest that continuous changes bring about negative collaborative interaction for local government, regardless the counterpart, confirming the hypothesis stated earlier in this sub-chapter.

Our results also confirm that while political heterogeneity produces less political cost for decision making concerning intergovernmental interaction it has higher political cost when confronted with decision making for interaction with nongovernmental institutions. While not all of the results indicate strong empirical justification on that issue, this study found that political heterogeneity is significantly and negatively related to higher resource exchange activity between government and private sector. Resource exchange and, in particular, public investment from the government for the government-private projects requires approval from the local legislative at the beginning of the fiscal year more likely than not. In this sense, political fractionalization inside the assembly will create higher bargaining cost between the government and the legislative, leading to negative effects on resource exchange activity.

9.6. LOCAL INSTITUTIONAL ENVIRONMENT AND ITS INFLUENCE TO COLLABORATIVE METROPOLITAN GOVERNANCE

In general, the local institutional environment shapes the structure of Indonesian collaborative metropolitan governance at the local level. It echoes the earlier findings on how regional institutional environment influences the emergence of collaborative metropolitan governance. The findings also imply that collaborative governance is affected by the exogenous factors outside its institutional structure that the collaborative network almost has no power to control over but directly and indirectly getting influence from.

Moreover, on the context of institutionalism, these findings prove that the structure of the institution is characterised and influenced by the wider institutional environment surrounding the organisational network and not only due to the rational behaviour of the actors inside the institutions as suggested by the rational choice institutionalism. Collaborative governance, therefore, is not only geographically bounded but also embedded in the socio-cultural and political characteristics shaping the local institutions. The following Table 9.24 summarises the findings in relation to the hypotheses raised preceded the analysis.

Table 9.24. Summary of the findings on the local institutional environment and its influence to collaborative metropolitan governance.

A. Fiscal decentralization at the local level	
General finding	The state of Indonesian collaborative metropolitan governance, particularly related to the local-central and intergovernmental interactions, is structured through the level of fiscal decentralization of the local government.
Sub findings	<ol style="list-style-type: none"> 1. Local fiscal autonomy is positively related to the extent of local collaborative activities. <ol style="list-style-type: none"> a. The greater fiscal autonomy a city possesses, the more it is willing to collaborate with a great mixture of local actors. 2. Local dependency on fiscal transfer from the central government is negatively related to the extent of local-central interactions while there is no significant correlation between the local dependency on fiscal transfer from the provincial government and the local-provincial interaction <ol style="list-style-type: none"> a. The more dependable a city to the central government is, the less it pursues relations with the central government. b. The less dependable a city to the central government is, the more active it tries to interact with the central government through the information seeking and adjustment seeking activities c. The local-provincial interaction is not structured through the fiscal transfer and the increase of the provincial fiscal transfer has not been significant enough to influence the collaborative metropolitan governance. 3. The wealthier a city is, the less likely it is to collaborate with its neighbours, particularly in resource sharing activity. 4. The financial sharing capacity the local government possesses is negatively related to the institutional structure of collaborative metropolitan governance at the local level. <ol style="list-style-type: none"> a. The more fiscally capable a city is, the less it is willing to cooperate with its neighbours. 5. The investment expenditure share of the local government is negatively related to the extent of local collaborative activities such as resource exchange and project-based work.
B. Socio-cultural and political characteristics at the local level	
General finding	The socio-cultural and political characteristics of a city influence the state of its collaborative metropolitan governance.
Sub findings	<ol style="list-style-type: none"> 1. High fragmentation in socio-cultural aspects such as migration, religion, and ethnic reflect on a low cross-sectoral interaction while has no significant influence on the intergovernmental interaction. <ol style="list-style-type: none"> a. High fractionalization in the recent migration is negatively related to the cross-sectoral interaction as it increases the investment risk from the private sector due to the conflict potential. b. Fractionalization in ethnic and religious preference in a city is not significantly influence the collaborative interaction, regardless the counterparts. 2. High political fractionalization in a city influences the collaborative interaction in its jurisdiction. <ol style="list-style-type: none"> a. Intergovernmental collaboration is not affected by a high political fractionalization as long as the majority of the party keeps stable over the years. b. High political fractionalization negatively relates to the cross-sectoral and government-private interaction in the resource change activity due to the high political transaction cost during the decision making process.

Table 9.24. Summary of the findings on the local institutional environment and its influence to collaborative metropolitan governance (cont'd).

B. Socio-cultural and political characteristics at the local level	
Sub findings	<p>3. Continuous political changes in a city influence greatly on its collaborative metropolitan governance.</p> <p>a. Cities with no change in their majority of political party collaborates more with their neighbouring cities.</p> <p>b. A too stable political situation and continuous political change during three elections influence cross-sectoral collaboration negatively compared to one change.</p>

9.7. REFERENCES

- Agranoff, Robert, and Michael McGuire. 2003. *Collaborative Public Management: New Strategies for Local Governments*. Washington, D.C.: Georgetown University Press.
- Alesina, Alberto, Reza Baqir, and William Easterly. 1999. Public Goods and Ethnic Divisions. *Quarterly Journal of Economics*, 114(4), pp. 1243-84.
- Easterly, William, and Ross Levine. 1997. Africa's Growth Tragedy: Policies and Ethnic Diversions. *Quarterly Journal of Economics*, 112(4), pp. 1203-50.
- Fischbacher, Urs, Simon Gächter, and Ernst Fehr. 2001. Are People Conditionally Cooperative? Evidence from a Public Goods Experiment. *Economics Letters*, 71(3), pp. 497-404.
- Fischbacher, Urs, and Simon Gächter. 2010. Social Preferences, Beliefs, and the Dynamics of Free Riding in Public Goods Experiments. *American Economic Review*, 100(1), pp. 541-56.
- Gächter, Simon, Benedikt Herrmann, and Christian Thöni. 2010. Culture and Cooperation. *Philosophical Transactions of the Royal Society B: Biological Sciences*, 365(1553), pp. 2651-61.
- Montalvo, Jose G., and Marta Reynal-Querol. 2005. Ethnic Diversity and Economic Development. *Journal of Development Economics*, 76, pp. 293-323.
- North, Douglass C. 1993. *The New Institutional Economics and Development*, Essay. St. Louis, MO: Washington University in St. Louis, pp. 1-7.
- Putnam, R. 1993. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton, NJ: Princeton University Press.
- Schündeln, Matthias. 2012. Ethnic Heterogeneity and the Private Provision of Public Goods. *Journal of Development Studies*, 48, pp. 1-20.
- Wanandi, Jusuf. 2002. Islam in Indonesia: Its History, Development and Future Challenges. *Asia-Pacific Review*, 9(2), pp. 104-12.

CHAPTER 10

INTERNAL SITUATION OF LOCAL GOVERNMENTS AND ITS INFLUENCE TO COLLABORATIVE METROPOLITAN GOVERNANCE

10.0. SUMMARY

This chapter provides empirical analysis of the internal factor of collaborative metropolitan governance. Its examination is built upon hypothesis indicating that the process of designing and administering collaborative governance may vary according to the types of policies and institutions adopted in the jurisdiction. The research on policy making and administration is important as much of its intent as for its findings. The first part of the analysis focuses on cataloguing the related policies, according to the classification of the differences in institutional structures across each instrument type. The six general categories of instruments are exhortation, direct provision, fiscal, contract, regulation, and authority. The second part of the analysis examines the influence of the internal institutional design to the working of collaborative metropolitan governance by explaining the linkage observed between the institutional structure and the internal institutional design. The correlation is necessary to gather a clearer idea of the internal work of collaborative metropolitan governance at the local level and to expose how local governments promote their collaborative activities through a certain policy instruments.

Through the examination of policy instruments in the first part of this chapter, this study found that the variation of policy selection is quite large among cities and across regions. The wide variation characterised the internal institutional design of Indonesian collaborative metropolitan can be segregated according to several variables such as the collaborative strategy and fiscal orientation, level of coherence, type of city, and level of advocacy. These variations can be explained through the understanding of power dynamics and social relations that underlie the selection of instruments. In particular, this chapter looks at the political sociology approach to policy instruments in which the inter-region internal institutional design variation can be explained through the power relations surrounding policy instruments and the institutionalisation of policy instruments. From the correlation analysis on the institutionalisation of policy instrument, the findings point out that the internal institutional design through the delivery of collaboration-supportive policy instrument greatly affects the state of the intergovernmental collaboration in a city. The cross-sectoral collaboration, on the other hand, is affected in a lesser degree.

10.1. THE INTERNAL INSTITUTIONAL DESIGN OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE

Research on collaborative metropolitan governance in Indonesia has yet developed a real tradition in administration, but the value of building knowledge in this area is increasing. The research on gauging the

causal effect of local policies to the working of collaboration is a new arena of research as the implication remains unknown. In order to cover this challenge, this study undertakes an analysis of the internal institutional design of collaborative metropolitan governance in Indonesian metropolitan regions. The internal institutional design represents the institutional setting set by local governments that is directly and indirectly affect the working of collaborative activities at the local level.

The analysis on the internal institutional design starts with the assumption that the process of collaborative metropolitan governance can or should always be improved, it follows that development research must, at minimum, examine those internal factors that provide the direct impact on a city aside the external factors such as fiscal, political, and culture shaping the institutional structure. Knowledge building of internal situation contributing to collaborative metropolitan governance is enhanced by recognising the shortcomings of this research. Because the collaborative activity has become a more critical and consequential factor in a city's public service and infrastructure provision effort, research into the adoption of collaborative approaches should include a concern for the activities and policies on this subject.

This dissertation assumes that the internal institutional design of the local governing system shape and is shaped by the policy selection of local government. This policy selection in turn affect and is influenced by the institutional structure of local governments –an interaction between local actors– exist in the institutional environment set through local and regional political, social, and cultural characteristics. Institutions and policies create a local platform for local governments to conduct and direct their activities. Local policies affects and get affected by the interaction between involved actors –in other word, policies produce and are the byproduct of interaction between actors. This assumption is built upon understanding that policy designs –statutes, guidelines, programs– have consequences for the allocation of values for society, and at the same time reflect the culture and values of society itself (Schneider and Ingram, 1990).

The purpose of this sub-chapter is to present an overview of a conceptual internal institutional design of collaborative metropolitan governance in Indonesia. In order to do so, interlinkages between the structure of institutions and the policy initiatives adopted by local governments are analysed. The results, this dissertation believed, will enable further understanding of the internal work of collaborative metropolitan governance at the local level, particularly in addressing the causal effect of local policy design on collaborative interaction between actors.

10.1.1. Methodology, Data, and Limitation

The primary data used in this research is the variation of policy instruments adopted at the local level. This study used 24 policy instruments considered directly and indirectly related to the collaborative activities at the local level. The array of policy instruments is identified after cataloguing policies issued by local

governments in their websites, annual reports and development plans in the last 15 years following the decentralization. All of the policy instruments considered are sponsored or provided solely by local governments to encourage collaborative arrangements in their jurisdictions. This study refers to those policies as an emergent collaboration-supportive policies.

The collaboration-supportive policy instruments used in this research are referred as an emergent policy approach due to several arguments. First, it is difficult to justify whether local governments have actually implement all adopted approaches leading to the necessity of cataloguing the policy based on cities. Second, there is unclarity to justify the implication of policy design on the operation of collaborative governance toward the administrative process of collaboration at the local level. Third, it is necessary to examine the type of institutional structure, whether it is intragovernmental, intergovernmental, or cross-sectoral interaction, which respond the best to certain collaboration-supportive policy approaches.

The classification of policy instruments used in this analysis is derived from the sample of the instruments of public policy by Linder and Peters (1989; 1990). The instruments from Linder and Peters were chosen because they are well accounted for variation in instrument appraisal and use while give space to understand the role of institutional factors which this study seen as one of the important factors to grasp clear perspective on collaborative metropolitan governance. Linder and Peters' instruments were built upon and compiled a defensible list of basic policy instruments from previous studies (e.g. Lowi, 1972; Hood, 1984; Dahl and Lindblom, 1953; Spitzer, 1987) by synthesizing published instruments, eliminating repetition but preserving the enumeration of the population's assignment into general classes. The idea was to avoid biasing selection that ignores other's priorities and perspectives in order to retain inclusiveness. Hence, according to Linder and Peters (1990), the sample used in their instruments is intentionally not an exclusive and exhaustive.

Linder and Peters's sample of the instruments of public policy is divided into seven instruments to accommodate disparities of basic public policy serves as sampling frames for drawing a stratified sample of instruments. The instruments are: (1) direct provision, (2) regulation, (3) authority, (4) contract, (5) tax, (6) subsidy, and (7) exhortation (see Table 10.1). The sample list defined additional three to four instruments for each of seven groups in order to ensure guarantee balance across groups and representativeness with a total of 23 (Linder and Peters, 1990). Previous studies that had utilised these instruments for analysis among others are McGuire (2000) for local economic development and Holmes (2010) for environmental management. Yet there are no imminent precedent studies for the present collaborative metropolitan governance on providing urban infrastructure.

Table 10.1. A sample of the instruments of public policy.

Exhortation	Direct provision	Subsidy
Jawboning Public promotion Information/demonstration	Public investment Government provision Government sponsored enterprise	Cash grant In-kind transfer Loan guarantee Loan
Tax	Contract	Regulation
Tax break Fee/charge Fine	Administered contract Franchise Insurance	Quota Quality standard Price control Prohibition
Authority		
Certification/screening License/permit Procedural guideline		

Source: Linder and Peters (1990).

Research on typologising policy instruments through analytical efforts has largely directed to understand policymaking through the establishment of instrument choice. In order to utilise the instruments introduced by Linder and Peters for this study, first a list of available policies including local law and regulations, is collected. 24 policies used in the last 10 years or is currently using are catalogued. Second, the list of 24 policies then is classified into six major instruments. Only six out of seven classes provided by Linder and Peters are adopted for this study by annexing subsidy and tax into one fiscal related class in which this study refers as fiscal/subsidy/tax (see Table 10.2). The underlying reason is that after looking at the list of collaborative-supportive policy in Indonesian cities, there was not enough fiscal instruments available at the moment and segregating them into different is simply unnecessary.

Table 10.2. Instruments of collaboration-supportive policies in Indonesian cities.

Exhortation	Direct provision	Fiscal/Subsidy/Tax
1. Advocated in Master Plan 2. Advocated in the midterm Development Plan 3. Advocated in the long-term Development Plan 4. Advocated in the Program	1. Shared local funding to state enterprise 2. Shared local funding to third parties (private sector/ other local government) 3. Local budgeting authority 4. Infrastructure transfer 5. Management of local asset	1. Grants 2. Incentive 3. In-kind transfer
Contract	Regulation (for Collaboration)	Authority
1. Consolidated contract issuance 2. Evaluation scheme 3. Conflict solving	1. Regulation covering all sectors 2. Regulating nongovernmental sector only 3. Regulating local enterprise only	1. Procedural guideline in collaboration 2. Sub-district and village collaboration guidelines

Source: Author (2014).

Exhortation, financial, and contract related instruments are generally based on the political situation and tend to be short-lived. Other instruments are more long lasting as they aimed to promote policies at the local level. Exhortation tends to be short lived since it is mostly directed through local government's plans and program. The connection between policy instruments and collaboration is divided into two types: direct and indirect. Indirect instruments implies a situation in which there is no clear assurance local governments will follow through although they issue said policies. Direct instruments are policies that directly imply the immediate or distant collaborative process at the local level, promoting both short and long-term relationships between local officials and other actors.

Table 10.3. Instruments of collaboration-supportive policies.

Instruments	Descriptive checking method	Connection to collaboration	Data source
Exhortation			
1. Advocated in Master Plan	Collaboration initiative/programs are mentioned/not mentioned in the document.	Indirect	Master Plan
2. Advocated in the midterm Development Plan	Collaboration initiative/programs are mentioned/not mentioned in the document.	Indirect	Midterm Development Plan
3. Advocated in the long-term Development Plan	Collaboration initiative/programs are mentioned/not mentioned in the document.	Indirect	Long-term Development Plan
4. Advocated in the Program	Collaboration initiative/programs are mentioned/not mentioned in the document.	Direct	Working Program (2004-2013)
Direct Provision			
1. Shared local budget to state enterprise	Scheme and regulation for budget sharing with state enterprise are available/unavailable.	Direct	Local regulations
2. Shared local budget to third parties (private sector/other local government)	Scheme and regulation for budget sharing with third parties are available/unavailable.	Direct	Local regulations
3. The budget allocation for managing regional collaboration	The budget allocated for managing regional collaboration programs (for management not shared resources) is available/unavailable.	Direct	Budget reports (2004-2013)
4. Infrastructure transfer	Scheme and regulation to transfer infrastructure built by private sectors to local government as public asset are available/unavailable.	Direct	Local regulations
5. Management of local assets	Government provision scheme and regulation for third parties to manage local assets are available/unavailable.	Direct	Local regulations
Fiscal/Subsidy/Tax			
1. Grants	Grants scheme for third parties concerning the collaborative arrangement is available/unavailable.	Direct	Local regulations
2. Incentive	Incentive scheme for private sector concerning the collaborative arrangement is available/unavailable.	Direct	Local regulations
3. In-kind transfer	In-kind transfer scheme from other local government is available/unavailable.	Direct	Budget reports/ Government Report (2004-2013)

Table 10.3. Instruments of collaboration-supportive policies (cont'd).

Instruments	Descriptive checking method	Connection to collaboration	Data source
Fiscal/Subsidy/Tax (cont'd)			
4. Private finance initiatives	Private funding initiative scheme through public private partnership is available/unavailable (Government gives some fiscal relief, tax break, etc.)	Direct	Government Report (2004-2013), Interview
Contract			
1. Consolidated contract issuance	The consolidated collaborative contract scheme is available/unavailable.	Direct	Local regulations
2. Evaluation scheme	The evaluation scheme for collaborative arrangements is available/unavailable.	Direct	Local regulations
3. Conflict solving	The conflict solving scheme for collaborative arrangements is available/unavailable.	Direct	Local regulations
4. Procedural guidelines	The procedural guidelines (step by step method) for collaborative arrangements is available/unavailable.	Direct	Local regulations
Regulation			
1. Regulation covering all sectors	Regulation for collaborative arrangements covers collaboration with government entities, non governmental sectors, foreign entities available/unavailable.	Direct	Local regulations
2. Regulating non-governmental sector only	Regulation for collaborative arrangements only covers collaboration with non-governmental sectors are available/unavailable.	Direct	Local regulations
3. Adopted from the higher level of governments (central/provincial)	No regulation for collaborative arrangements is enacted by local governments; they opt for adopting the regulation issued by central/provincial.	Direct	Local regulations, collaborative contracts,
Authority			
1. Sub-district and village collaboration	The scheme and regulation of sub-district and village collaboration is available/unavailable; sub-district/village has been given authority to pursue collaborative arrangements	Direct	Local regulations
2. The transfer of authority to state enterprise for collaboration with third parties	The local state enterprise is allowed/not allowed to pursue collaborative arrangements with third parties.	Direct	Local regulations
3. Joint management	Local government creates joint management with other local government for public service provision.	Direct	Government Report (2004-2013), Interview
4. Contracted planning/implementation	Planning/implementation of public service provision is contracted to the third parties.	Direct	Government Report (2004-2013), Interview

Exhortation instruments are selected as part of local government promotions and advocating movement. Local governments policies are seen from the way they uphold collaborative activities in four different local planning document (e.g. Master Plan, the midterm development plan, the long-term development plan, and the working program). Five instruments in the direct provision are single-sponsored or provided by the government, e.g. direct investment in the state owned company and private sector, and allowing third parties to manage local assets as part of the partnership. Four types of fiscal/tax/subsidy instruments in promoting or supporting the process of collaboration are identified, particularly in relation to the local

budgeting, resource –including local assets–sharing, and resource transfer. Contract related policies are classified into four instruments which includes contract issuance (administered contract), evaluation and conflict scheme (insurance), as well as procedural regulation (franchise). Four authority instruments is categorised based on government policies to restrict or allow a particular activity (e.g. joint management, contracted planning/implementation), or to distribute the right to conduct certain activities (e.g. inter sub-district/village collaboration, transfer of authority to state enterprise for collaboration with third parties). Finally, three types of different regulation guidelining the range of collaborative activities that local governments allowed to pursue are labelled.

In selecting policy instruments as the parameters, this study limits policy instruments that used less than 5 percent of the sample, in order to avoid extreme low correlations with the other types during the analysis, whereas other instruments were linearly dependent on several other instruments. The 5 percent margin is considerably higher than 2 percent margin used by McGuire for similar policy instrument analysis on local economic development (see McGuire, 2000).

10.1.2. The Internal Institutional Design Characteristics of Indonesian Collaborative Metropolitan Governance

General Characteristics

Table 10.4 reveals the classification of collaboration-supportive policy instruments in all eight Indonesian metropolitan regions and six observed metropolitan regions. In six metropolitan regions, six policy instruments are observed in more than 75 percent of cities while the rest 18 policy instruments range from 16 to 70 percent. This number indicates common initiatives established by local governments are only a quarter of the suggested instruments. The most common policy instrument reported by local government is in-kind transfer, a regulation allowing local government to fund intergovernmental projects through intergovernmental transfer. On average, the six observed regions have more collaborative-supportive policy instruments applied in their region than the other two regions.

Further grouping on sample cities were conducted according to the reliance level to instruments and the presence of procedural guidelines and regulation of a collaborative arrangement in order to identify further policy characterisation. Cities with high reliance (above 75%) are grouped into one and remaining cities in another group. The means of total interactions –in total and according to major collaborative activities– were measured to grasp the interaction level of cities according to their reliance to a specific policy instrument (please refer to Table A.1 and A.2 in the Appendix 5). The results show that the higher instrument reliance on exhortation prompt cities to collaborate more with average of 40 percent. These cities also produce higher interaction on all types of collaborative activities. While it is considerably higher in all collaborative

activities, it is especially higher on the joint policy making activities. Cities with a higher reliance on fiscal/subsidy/tax and contract instruments also pursue more interaction than cities with lower reliance. The exception comes with direct provision policy instruments. Cities with lower reliance on direct provision policies have higher horizontal interaction than cities with higher reliance. Although cities with a higher reliance on direct provision develop more interaction on joint policy making activities, it has considerably lower interaction on resource exchange and project-based work activities.

Table 10.4. Classification of collaboration-supportive policy instruments.

Instruments	All metropolitan regions (8 regions, n = 39)		Observed regions (6 regions, n = 33)	
	Yes	Percentage	Yes	Percentage
Exhortation				
<i>Advocated in Master Plan</i>	30	76.9	27	81.8
Advocated in the midterm Development Plan	25	64.1	23	69.7
Advocated in the long-term Development Plan	19	48.7	17	51.5
<i>Advocated in the Program</i>	29	74.4	27	81.8
Direct provision				
<i>Shared local budget to state enterprise</i>	32	82.1	29	87.9
Shared local budget to third parties (private sector/other local government)	22	56.4	19	57.6
<i>The budget allocation for managing regional collaboration</i>	28	71.8	25	75.8
Infrastructure transfer	15	38.5	12	36.4
<i>Management of local assets</i>	31	79.5	27	81.8
Fiscal/Subsidy/Tax				
Grants	23	59.0	20	60.6
Incentives	10	25.6	9	27.3
<i>In-kind transfer</i>	35	89.7	32	97.0
Private funding initiatives	14	35.9	12	36.4
Contract				
Consolidated contract issuance	21	53.8	20	60.6
Evaluation scheme	17	43.6	16	48.5
Conflict solving	10	25.6	10	30.3
Procedural guideline in collaboration	18	46.2	16	48.5
Regulation (for collaboration)				
Regulation covering all sectors	10	25.6	9	27.3
Regulating non governmental sector only	6	15.4	5	15.2
Adopted from higher level (no local regulation)	23	59.0	19	57.6
Authority				
Sub-district and village collaboration	18	46.2	14	42.4
The transfer of authority to state enterprise for collaboration with third parties	22	56.4	20	60.6
Joint management	23	59.0	20	60.6
Contracted planning/implementation	24	61.5	20	60.6
Mean	12.95		13.57	

Note: results with percentage > 75% in the observed regions are marked in italic bold.

The observed cities report interesting tendency concerning the availability of regulation and procedural guidelines that primarily directing and limiting collaborative partnership at the local level. Overall, cities with

procedural guidelines have higher collaborative interaction in the joint policy making and project-based work activity, but collaborate slightly less in resource exchange activities. On the other hand, while having procedural guidelines resulted in higher collaboration, enacting regulation for specifically governing collaboration does not ensure high collaborative interaction at the local level. Cities that enacted specific regulation which covers all sectors including intergovernmental and cross-sectoral collaboration performs less active than cities without local regulation. Cities that have more than one regulation to govern their collaborative activities –some cities have enacted separate regulation for intergovernmental, cross-sectoral, government-state owned enterprise collaboration– even develop lesser interaction. These cities without regulation refers to cities that prefer not to enact regulation for collaboration, but instead only adopt similar regulation enacted by either central or provincial government. Cities without regulation perform better in developing resource exchange activities, echoing the similar finding from cities without procedural guidelines. This finding implies that regulation hamper local government to conduct collaborative arrangement which includes resource sharing regardless the counterparts.

Characterising Inter-Region Internal Institutional Design Variation

What explains why certain instruments are chosen? What to say about a region with a certain selection of policy instruments? What does this choice of instruments reveal about power relations in the Indonesian metropolitan governance? Why have collaboration-supportive policies progressed further in some cities and regions than in other? Why have some cities incline to focus on providing fiscal related instruments while others incline to elaborate their contract and regulation instruments? What is the source of demand for certain policy instruments? Are the sources mainly political or economic? Are these variation reflect on the local governments actor preference in establishing collaboration? What are the implications of the internal institutional design to the intergovernmental and/or cross-sectoral collaboration? In the reminding of this sub-chapter, this study aims to suggest some tentative answers to these questions through characterising inter-region internal institutional design based on observations from cities. By characterising regions based on their member cities, a more generalisable knowledge that holds with high probability across metropolitan regions can be generated together with certain localised situational characters. This characterisation posits as the base of the analysis on the influence of internal institutional design to collaborative governance.

Looking at the array of the internal institutional design across metropolitan regions, a wide variation is observed between regions (see Table 10.5 and Table 10.6). Generally, metropolitan regions can be divided into two groups, one that has large similarity in their policy instruments and another that has less similarity. Some regions are characterised through strong and active large suburbs pursuing collaboration through the enactment of comprehensive collaboration-supportive policy instruments. On the other hand, there were also regions with active rural cities yet passive large suburbs. Moreover, the variation on how regions

perceive the importance of collaboration-supportive policies also differ across instruments. In this case, some regions see the importance of advocating and jawboning collaborative activities through their plans while other regions placed their collaborative concern through government provision and public investment related policies or providing comprehensive scheme on fiscal instruments. Thus, by looking at the variation of the internal institutional design, the insight on how to understand the working of intergovernmental and cross-sectoral collaboration can be gathered as well as the way this internal situation reflect at the wider metropolitan collaboration.

Some of this variation can be explained through the understanding of power dynamics and social relations that underlie the selection of instruments. In general, within a local government in a metropolitan region, there can be great differences in public services needs and related instruments, such that a single type of collaborative activity or a single collaborative agreement standard across region would not be appropriate. In a country like Indonesia, which has relatively few local governments for the size of the country and its population, the metropolitan regions can consist of large and extremely diverse local governments. If we look at the political sociology approach to policy instruments, several point of analysis to examine the the inter-region internal institutional design variation can be done through: (1) the power relations surrounding policy instruments, (2) the institutionalisation of policy instruments (administrative infrastructure and institutional structure), and (3) policy instruments and actor behaviour. This sub-chapter will elaborate the power relations surrounding the choice of policy instruments based on the general characteristics of the inter-region internal institutional design and the next sub-chapter (Chapter 10.2) will examine the institutionalisation of policy instruments. The latter will look into the influence of internal institutional design to the institutional structure of the collaborative metropolitan governance. The analysis on the policy instruments and actor behaviour will be examined in the next chapter (Chapter 11).

Cities in the Yogyakarta and Denpasar region, in particular, share a great deal of similarity in selecting and deciding the policy instruments. Surabaya and Makassar, on the other hand, have lack of coherence in all policy instruments. The tendency that we found is that the more coherent local policy instruments observed, the more active cities advocate collaborative activities in their plans. On the other hand, lack of coherence in policy instruments often means passive cities and by some extent reflecting their inward looking behavior (point no. 1 and 2 on Table 10.6). From the perspective of power relations and policy instruments, in a realm that power relations tied to how local governments conduct their intergovernmental, intragovernmental, and cross-sectoral relations as well as internal political relations –hypothetically– cities with strong coherence will have higher probability of stronger intergovernmental relations and closer local political interaction and vice versa.

In term of collaborative policy orientation, metropolitan region in Indonesia can be segregated into two types: regions with a regional oriented collaborative strategy, e.g. Yogyakarta, Denpasar, Semarang, and Makassar, and regions with a localised collaborative strategy, e.g. Jakarta and Surabaya. Regional oriented refers to collaborative strategy that vision collaboration from metropolitan-wide perspective. In case of Jakarta and Surabaya, some cities projected metropolitan-wide development strategies in their long and midterm development plan (e.g. Surabaya, Gresik, and Sidoarjo) yet, in general, for the collaborative policies they resort on localised strategy. Taking into account power relations among actors, regions with a regional oriented collaborative strategy are generated from strong inter-jurisdiction interaction and, by some extent, closer relations with the higher levels of government. Closer relations with the provincial or central government, either through fiscal or programme, can result on higher probability of the higher levels of government projecting their national or provincial plan to the local level. Regions like Yogyakarta, for example, enjoy a tight relation with the provincial government in a way that the province can ensure the smooth adoption of provincial spatial plan to local master plan. On the other hand, policy instrument and power relation also work on reverse, i.e. policy instruments affect the power relations, projecting region-wide collaborative strategy may lead to closer local-provincial or local-central interaction.

The way cities projected their policy instruments from the perspective of fiscal strategies falls into three groups: regions with intergovernmental orientation, regions with cross-sectoral (public private) orientation, and regions which try to accommodate both intergovernmental and cross-sectoral collaboration. Cities with fiscal orientation leaning toward intergovernmental orientation provide fiscal transfer and/or intergovernmental resource sharing scheme through grants and in-kind transfer. The cross-sectoral oriented cities, however, have policy instruments covering private initiatives, incentive for private sector for joint partnership, providing infrastructure transfer scheme, regulation guidelining transfer management of local assets, etc. Surabaya and Denpasar, in particular the core city and large suburbs, issues expansive policies accommodating public private partnership. Cities in Jakarta providing cross-sectoral friendly policies, however, are not limited to large suburbs only but almost all cities in the region. Whereas cities in Surabaya –other than the core city and large suburbs– are not familiar with cross-jurisdictional fiscal policies, cities in Yogyakarta and Semarang are the opposite. Fiscal policy preferences, from this point, reflect the cities capacity in conducting a certain type of collaboration. The core cities and large suburbs often have close relations and geographical proximity with the private resource compared to smaller cities, thus more accommodating in providing cross-sectoral oriented policies.

Table 10.6 summarised the characteristics of the inter-region internal institutional design based on the general summary of policy instruments selection observed in each region presented in Table 10.5.

Table 10.5 Summary of the policy instruments selection based on regions.

Policy Instruments	Jakarta	Surabaya	Yogyakarta	Denpasar	Semarang	Makassar
Exhortation	<p>Cities are actively provide advocacy on collaborative activities</p> <ul style="list-style-type: none"> - All cities prioritised collaborative activities through their working program and master plan without exception - The majority of cities promoted collaboration in their long and midterm development plan - Most advocacy: large suburbs 	<p>Only a few cities advocate collaboration actively in their plans</p> <ul style="list-style-type: none"> - The majority of cities prioritised collaborative activities in their master plan and advocated collaboration in the midterm development plan. - Only a few cities stated collaborative plan in the working program and set collaboration as their priority in the long term development plan - Most advocacy: core city, large suburbs - Lack advocacy: small suburbs, rural cities 	<p>Cities are actively provide advocacy on collaborative activities</p> <ul style="list-style-type: none"> - All cities prioritised collaborative activities in the master plan and working plan and advocated in the long term development plan - 2 out of 3 cities advocated collaboration in the midterm development plan - Most advocacy: all cities is actively promoting collaboration 	<p>Cities are actively provide advocacy on collaborative activities through working plans (implementation) than development plans</p> <ul style="list-style-type: none"> - 2 out of 4 cities advocated collaboration in their long term development plan - Only core city prioritised collaborative activities in the master plan - Only rural cities advocated collaboration in the midterm development plan - Most advocacy: core city, rural cities - Lack advocacy: large suburbs 	<p>Cities are actively promote collaboration through the working plan and the master plan but not in the development plan</p> <ul style="list-style-type: none"> - 3 out of 6 cities advocated collaboration in their long term development plan - 4 out of 7 advocated collaboration in the midterm development plan - Most advocacy: core city, large suburbs - Lack advocacy: rural 	<p>Most cities have not considered collaboration as a strategy</p> <ul style="list-style-type: none"> - 2 out of 4 cities prioritised collaborative activities in the working plan and the master plan - 3 out of 4 cities advocated collaboration in their mid term development plan - None of the cities advocated collaboration in the long term development plan - Most advocacy: large suburbs - Lack advocacy: rural
Direct provision	<p>All ciities are familiar user of direct provision instruments (except for South Tangerang)</p> <ul style="list-style-type: none"> - Most cities have scheme and regulation for infrastructure transfer, budget sharing with third party and state enterprise, allocating budget to manage regional collaboration program, scheme to co-manage local assets. 	<p>The majority of cities are familiar user of direct provision instruments, in particular the core city and large suburbs.</p> <ul style="list-style-type: none"> - Rural cities yet to develop scheme and regulation for infrastructure stransfer, budget sharing with third party and allocate funding for regional collaboration 	<p>The core city and rural regency cities employs various direct provision instruments except for infrastructure transfer</p> <ul style="list-style-type: none"> - The large suburb is less developed in providing direct provision instrument compared to the core city and rthe rural regency - All city developed scheme and provided funding for managing regional collaboration 	<p>Cities have similar direct provision instruments implemented, with large suburbs as exception</p> <ul style="list-style-type: none"> - The core city and rural cities are the most active cities - The majority developed scheme and regulation for budget sharing through investment in state enterprises 	<p>Wide variation among cities in employing direct provision instruments</p> <ul style="list-style-type: none"> - large suburbs are the most advanced - all cities allocated funding and create scheme for managing regional collaboration - None of the cities regulate and provide scheme for infrastructure transfer 	<p>The policy instruments disparity between cities are wide</p> <ul style="list-style-type: none"> - only the core city has actively provided all of the direct provision instruments - after the core city, the large suburbs are the next most accommodating cities for direct provision

Table 10.5. Summary of the policy instruments selection based on regions (cont'd).

Policy Instruments	Jakarta	Surabaya	Yogyakarta	Denpasar	Semarang	Makassar
Fiscal/Subsidy/ Tax	<p>Cities are generally accommodating in fiscal instruments</p> <ul style="list-style-type: none"> - Except in rural cities, grant scheme and regulation are available - Majority of cities has incentive scheme for private sector to invest on public sector - All cities provide scheme for in-kind transfer - The core city and its surrounding large suburbs developed scheme for private initiatives 	<p>Fiscal instruments are limited to the core city and large suburbs.</p> <ul style="list-style-type: none"> - Rural cities at least has provide grant scheme for fiscal transfer and in-kind transfer - Small suburbs (Mojokerto) is the least advanced in providing fiscal instruments - Private initiatives instruments are limited to core city and large suburbs only 	<p>Cities have similar approach on fiscal instruments</p> <ul style="list-style-type: none"> - All cities provided scheme and regulation for grants and in-kind transfer - Incentives scheme are available - No private initiatives are found 	<p>Wide variation of fiscal instruments. Non-uniformed instruments observed across region</p> <ul style="list-style-type: none"> - The core city and rural cities are more comprehensive than large suburbs in providing fiscal instruments - No incentives scheme are found - All cities has scheme and regulation for in-kind transfer 	<p>Fiscal instruments are limited to the core city and large suburbs, except for in kind transfer</p> <ul style="list-style-type: none"> - All cities have scheme and regulation for in-kind transfer - Only the core city provided scheme and regulation for grants and private initiatives 	<p>Fiscal instruments are limited to the large suburbs</p> <ul style="list-style-type: none"> - None of the cities has incentive scheme - All cities provided scheme and regulation for in-kind transfer
Contract	<p>Wide variation of contract instruments observed across the region</p> <ul style="list-style-type: none"> - Majority of cities has consolidated contract issuance scheme - Only the core city and large suburbs have provided evaluation scheme - Half of the cities have lined guidelines for conflict solving in intergovernmental and cross-sectoral collaboration 	<p>Contract instruments are limited to the core city and large suburbs surrounding the core</p> <ul style="list-style-type: none"> - Rural cities have yet issues contract instruments 	<p>Cities share similarities in contract instruments</p> <ul style="list-style-type: none"> - Only Yogyakarta provided guideline for conflict solving in ithe intergovernmental and cross-sectoral collaboration 	<p>Cities share similarities in contract instruments</p> <ul style="list-style-type: none"> - None of cities provided guideline for conflict solving in ithe intergovernmental and cross-sectoral collaboration 	<p>Wide variation of contract instruments observed across the region</p> <ul style="list-style-type: none"> - Only the core city and large suburbs have consolidated contract issuance - Semarang regency is the only city that has the most comprehensive contract instruments 	<p>None of the cities has issued contract instruments</p>

Table 10.5. Summary of the policy instruments selection based on regions (cont'd).

Policy Instruments	Jakarta	Surabaya	Yogyakarta	Denpasar	Semarang	Makassar
Regulation (for collaboration)	<p>Majority of cities enacted regulation covering all sectors</p> <ul style="list-style-type: none"> - Half of cities enacted additional regulation for state enterprises or private sectors - Only South Tangerang adopted regulation from the central and provincial government 	<p>Majority of cities does not enact their own regulation but prefer to adopt from the central and provincial government instead</p> <ul style="list-style-type: none"> - Only Gresik has regulation covering all sectors - Only Sidoarjo has regulation specifically for private sectors 	<p>Majority of cities enacted regulation covering all sectors</p> <ul style="list-style-type: none"> - Large suburbs have additional regulation for the private sector 	<p>All cities do not enact their own regulation but prefer to adopt from the central and provincial government instead</p>	<p>Majority of cities do not enact their own regulation but prefer to adopt from the central and provincial government instead</p> <ul style="list-style-type: none"> - Only Semarang regency enacted the local regulation 	<p>All cities do not enact their own regulation but prefer to adopt from the central and provincial government instead</p>
Authority	<ul style="list-style-type: none"> - All cities, except South Tangerang, has issued procedural guidelines for collaborative activities - Only rural cities has regulated inter sub-district and village collaboration 	<ul style="list-style-type: none"> - Only the core city and large suburbs have issued procedural guidelines for collaborative activities - Large suburbs and rural cities have regulated inter sub-district and village collaboration 	<ul style="list-style-type: none"> - All cities has issued procedural guidelines for collaborative activities - Only rural cities has regulated inter sub-district and village collaboration 	<ul style="list-style-type: none"> - None of the cities has issued procedural guidelines for collaborative activities - All cities has regulated inter sub-district and village collaboration 	<ul style="list-style-type: none"> - Only the core city and large suburbs have issued procedural guidelines for collaborative activities - Large suburbs and rural cities have regulated inter sub-district and village collaboration 	<p>None of the cities has issued authority instruments</p>

Table 10.6. Characteristics of the inter-region internal institutional design based on the policy instruments selection.

Variable	Jakarta	Surabaya	Yogyakarta	Denpasar	Semarang	Makassar
1. Policy coherence (lack – great)	Greatly coherent in exhortation, direct provision, regulation, and authority Lack in fiscal, contract	Lack of coherence in all policy instruments	Greatly coherent in all policy instruments	Greatly coherent in the majority of policy instrument Lack in the fiscal instrument	Greatly coherent in exhortation and regulation instrument Lack in direct provision, fiscal, contract instruments	Lack of coherence in all policy instrument (collaborative policies are largely under developed)
2. General advocacy on collaboration (passive – active)	Active	Passive	Active	Active	Active	Passive
3. Collaborative policy orientation (region wide – localised)	Localised	Localised	Region-wide	Region-wide in strategy, Localised in implementation	Region-wide	Region-wide
4. Collaborative policy (Long term – short term)	All cities. Both long (through plans) and short term (implementation through working plan)	Few cities. Limited to agenda (most cities strategised collaboration for mid term particularly intergovernmental collaboration)	All cities. Both long (through plans) and short term (implementation through working plan)	All cities. Both long (through plans) and short term (implementation through working plan)	All cities. Both long (through plans) and short term (implementation through working plan)	Few cities. Limited to agenda (most cities strategised collaboration for mid term particularly intergovernmental collaboration)
5. Fiscal policy orientation (intergovernmental – cross-sectoral)	Both intergovernmental and cross-sectoral	Cross-sectoral (core city and large suburbs)	Intergovernmental	Intergovernmental (all), Cross-sectoral (core city and large suburbs)	Intergovernmental	Intergovernmental
6. Regulation on collaborative partnership (enacted – adopted)	Mostly enacted	Mostly adopted	All enacted	All adopted	Mostly adopted	All adopted
7. Most comprehensive city (core city/suburbs /rural)	Large suburbs	Core city and large suburbs	All	Core city, rural cities	Core city and large suburbs	Large suburbs

10.2. THE INFLUENCE OF INTERNAL INSTITUTIONAL DESIGN TO THE INSTITUTIONAL STRUCTURE OF COLLABORATIVE METROPOLITAN GOVERNANCE

It is established in the previous chapter that the work of the local government in developing collaborative metropolitan governance is increasingly influenced by external factor such as fiscal structure. Yet collaborations is a concept that describes the process of facilitating and operating multiorganisational arrangements for solving problems that cannot be achieved, or achieved easily, by single organizations (McGuire, 2000). This implies that other than the esternal factors, internal design created by local governments to facilitate collaboration has direct influence toward the making of collaborative activities. Whereas the previous subchapter characterised the internal institutional design of collaborative governance through the selection of local policy instruments across cities and region, this subchapter presents the results of an examination on the institutionalisation of local governments' policies toward the institutional structure in their jurisdictions.

The analysis is based upon an hypothetical idea that Institutions and policies create a local platform for local governments to conduct and direct their activities. Local policies affects and get affected by the interaction between involved actors –or as we mentioned earlier, policies produce and byproduct of local interaction. In coherence with this perspective, hypotheses about the linkage between specific collaboration-supportive policy approaches and the extent of collaboration that their adoption entails are tested. The test will effectively address the implication of policy design on the operation of collaborative governance, answering whether the adoption of certain policy approaches affects the policy making and administrative process of collaboration at the local level or not. Moreover, if emergent collaboration-supportive policy approaches are indeed associated with greater levels of collaboration, what kind of institutional structure, it responds the best, whether it is intergovernmental, intergovernmental, or cross-sectoral interaction. Hypotheses to be tested using this analysis are as follows:

Main hypothesis	The state of Indonesian collaborative governance in the metropolitan region is closely related to specific collaboration-supportive policy approaches.
Sub hypotheses	<ol style="list-style-type: none"> 1. The choice of policy instruments at the local level affects the institutional structure of collaborative metropolitan governance <ol style="list-style-type: none"> a. The greater the use of certain policy instruments in a city, the greater the extent of intergovernmental and cross-sectoral collaboration b. The greater the use of certain policy instruments in a city, the less the extent of intergovernmental and cross-sectroal collaboration 2. The choice of policy instruments at the local level influences the actors' pereference the local government contacted for a certain collaborative activity. <ol style="list-style-type: none"> a. The greater the use of policy instruments in a city, the greater the extent of intergovernmental and cross-sectoral collaborative policymaking. b. The greater the use of policy instruments in a city, the greater the extent of intergovernmental and cross-sectoral collaborative resource exchange. c. The greater the use of exhortation instruments in a city, the greater the extent of intergovernmental and cross-sectoral collaborative project-based work.

10.2.1. Correlation between Policy Instruments and the Institutional Structure of Collaborative Metropolitan Governance

The dependent variable of the analysis is the number of interaction developed by city officials at the horizontal level according to the collaboration counterparts. The primary independent variable is the number of policy instruments at the local level. Five policy instruments as total variables are hypothesised to affect collaboration among horizontal actors. The five independent variables are: (1) number of exhortation policies the local government employed, (2) direct provision policies, (3) subsidy policies, (4) contract policies, and (5) authority instruments. Circumstantial of regulative instruments will be carried by dummy: (1) dummy variable for regulation covering all types of collaborative arrangements, (2) dummy variable for local government that regulates cross-sectoral collaboration, and (3) dummy variable for local governments adopting from higher levels of governments instead of enacting their own regulation.

The regression formula follows the following equation:

$$\text{Horizontal_Interaction} = \beta_0 + \beta_1(\text{Exhortation}) + \beta_2(\text{Direct_Provision}) + \beta_3(\text{Subsidy}) + \beta_4(\text{Contract}) + \delta_1(\text{Regulation_dummies}) + \varepsilon$$

The results of the ordinary regression analysis demonstrate that policy instruments affect the variation of collaboration depends on specific policy instruments. Policy instrument concerning exhortation is positively and significantly related to the intergovernmental collaboration while negatively affect the cross-sectoral interaction. The greater the use of exhortation policies, the greater the extent of intergovernmental collaboration in a city. On the other hand, the use of subsidy instruments is negatively and significantly influence the level of intergovernmental collaboration. The greater the use of subsidy policies concerning collaboration, the less the extent of intergovernmental collaboration. If we look at the commonly used instruments (see Table 10.4), the instrument of subsidy is mostly aimed to the development of cross-sectoral collaboration. Thus, most of cities utilising subsidy instruments in their jurisdiction focuses to collaboration with nongovernmental entities rather than with their neighboring cities.

Local governments' choice on choosing the flagship regulation that specifically enacted to address collaboration procedures plays important factor on collaborative metropolitan governance. The results on dummy variables indicate that the enactment of collaborative regulation covering all sectors is less supportive toward the extent of collaborative governance compared to if cities enact specific regulation for specific actors or adopting regulations from higher levels of governments.

The results also reveal that the extent of cross-sectoral and government-private collaborative interaction are not dictacted by certain policy instruments. Policy instruments concerning contract is positively relates to the

government-private sector collaboration yet empirically not strong enough to be proven significant. A large number of the variation in the level of collaboration by officials in the sample cities is explained by the independent variables (high adjusted R-squares in all models) indicating cities are taking different policy measures in regard to collaborative governance with nongovernmental actors.

Table 10.7. Regression results between policy instruments and horizontal interaction.

	Horizontal interaction as the dependent variable		
	Intergovernmental	Cross-sectoral (civic and private)	Cross-sectoral (State Enterprise and Private)
Exhortation	.380(.192)*	-.091(1.248)	.676(1.158)
Direct Provision	-.097(.163)	1.751(1.060)	1.265(.984)
Subsidy	-.500(.208)**	-.354(1.355)	.791(1.257)
Contract	.311(.199)	1.427(1.294)	2.257(1.201)*
Authority	.170(.187)	2.248(1.215)*	.561(1.128)
Dummy variable for regulating non-governmental sectors only	1.360(.541)**	15.043(3.517)***	10.891(3.264)***
Dummy variable for adopting from higher levels of governments	1.083(.617)*	10.092(4.011)**	11.121(3.722)***
Significant F	.086	.001	.005
Constant	-1.421(.912)	-8.585(5.931)	-12.580(5.504)**
R-Square	.366	.594	.521
Adjusted R-Square	.189	.480	.387

*p < .10, ** p < .05, *** p < .01; Total sample: 33 cities.

Dummy variable for regulation covering all sectors.

Correlation between Policy Instruments and the Collaborative Joint Policymaking Activity

The dependent variable of the analysis is the number of interaction developed by city officials concerning joint policymaking activities. The horizontal interaction in joint policymaking to be tested represents intergovernmental relations, cross-sectoral relations, and government-private relations. The primary independent variable is the number of policy instruments at the local level, similar with the previous analysis.

The regression formula follows the following equation:

$$\text{Joint_Policymaking_Activity} = \beta_0 + \beta_1(\text{Exhortation}) + \beta_2(\text{Direct_Provision}) + \beta_3(\text{Subsidy}) + \beta_4(\text{Contract}) + \delta_1(\text{Regulation_dummies}) + \varepsilon$$

The results of the ordinary least squares regression analysis reveal that the amount of intergovernmental and cross-sectoral interaction for joint policy making activity is a function of adopting at least some of the collaboration-supportive policy approaches (see Table 10.8). About 43 to 47 percent of the variation in the level of interaction by officials in the sample cities is explained by the six independent variables (including dummy, adjusted R-square is between .430 and .478). Subsidy instruments are negatively and significantly related to the level of intergovernmental interaction by city. Boosterism through subsidy instruments do not result on more intergovernmental interaction but will positively yet not significantly increase the number of cross-sectoral interaction with private sector and state enterprise. The dummy variable indicating the

existence of regulation that only govern collaboration between cities and nongovernmental sector is positively and significantly related to the level of interaction pursued by local governments in joint policy making activities regardless the status of counterparts (governmental or nongovernmental) compared to cities with regulation covering all sectors. The dummy variable indicating the local government preference to not enact local regulation for collaboration also reveal positive and significant relations compared to local governments with regulation covering all sectors.

Campaigning and promoting collaboration in the local policies and the presences of clear guidelines, evaluation scheme, conflict solving, and consolidating contract issuance (contract instruments) have positive and significant linkage with the number of interaction pursued by local governments in the joint policy making effort. The greater the number of these instruments adopted by the local government the greater intergovernmental interaction pursued by local government. Although there is positive relevance, there are no significant linkage with exhortation and contract policy instruments with the increase of interaction between local government and the nongovernmental sectors. Joint policy making in cross-sectoral interaction (including with both civic and private sector, and between local government and private, state enterprise only) is positively related to the presence of direct provision and authority policy instruments although less significant statistically ($p < .10$).

Table 10.8. Regression results between policy instruments and joint policy making activities.

	Intergovernmental	Joint policy making as the dependent variable	
		Cross-sectoral (civic and private)	Cross-sectoral (State Enterprise and Private)
Exhortation	.400(.161)**	-.100(.650)	.427(.478)
Direct Provision	.176(.137)	.967(.552)*	.641(.406)
Subsidy	-.543(.175)***	-.001(.705)	.503(.519)
Contract	.419(.167)**	.190(.674)	.951(.496)*
Authority	.160(.157)	1.239(.633)*	.177(.465)
Dummy variable for regulating non- governmental sectors only	1.694(.453)***	7.763(1.831)***	5.203(1.347)***
Dummy variable for adopting from higher levels of governments	1.664(.517)***	3.826(2.089)*	5.284(1.536)***
Significant F	.002	.001	.001
Constant	-2.538(.764)***	-4.508(3.089)	-6.998(2.271)***
R-Square	.555	.592	.589
Adjusted R-Square	.430	.478	.474

* $p < .10$, ** $p < .05$, *** $p < .01$; Total sample: 33 cities.
Dummy variable for regulation covering all sectors.

Correlation between Policy Instruments and Collaborative Resource Exchange Activity

The dependent variable of the analysis is the number of interaction developed by city officials concerning resource exchange activities in intergovernmental, cross-sectoral, and government-private interaction. The primary independent variable is the number of policy instruments at the local level, similar with the previous analysis.

The regression formula follows the following equation:

$$\text{Resource_Exchange_Activity} = \beta_0 + \beta_1(\text{Exhortation}) + \beta_2(\text{Direct_Provision}) + \beta_3(\text{Subsidy}) + \beta_4(\text{Contract}) + \delta_1(\text{Regulation_dummies}) + \varepsilon$$

The results of ordinary least squares regression analysis reveal that, again, the adoption of vigorous subsidy measurements by the local government at the local level contributes negatively towards intergovernmental interaction but positively towards cross-sectoral interaction between cities and state enterprises, and private sectors in their jurisdictions (see Table 10.9). One of the reasons is due to the nature of subsidy measurements which leaning towards promoting cross-sectoral interaction rather than intergovernmental. The presence of contract instruments brings positive linkage with resource exchange activity between local government and private sector, and state enterprises. Seeking, acquiring, combining, or leveraging resources with nongovernmental sector demands a great deal of government financial support; the subsidy instruments variable slope indicates that the greater adoption cities employ, the greater the resource exchange interaction pursued with the nongovernmental sectors, especially private sector and state enterprises.

Table 10.9. Regression results between policy instruments and resource exchange activities.

	Intergovernmental	Resource exchange as the dependent variable	
		Cross-sectoral (civic and private)	Cross-sectoral (State Enterprise and Private)
Exhortation	.403(.202)*	-.050(.408)	.142(.438)
Direct Provision	-.172(.171)	.459(.347)	.457(.372)
Subsidy	-.450(.219)**	-.160(.443)	.319(.475)
Contract	.068(.209)	.775(.423)*	1.022(.454)**
Authority	.170(.196)	.475(.397)	.076(.427)
Dummy variable for regulating non-governmental sectors only	1.009(.568)	5.452(1.150)***	4.295(1.234)***
Dummy variable for adopting from higher levels of governments	.272(.568)*	4.030(1.312)***	4.746(1.408)***
Significant F	.200	.001	.006
Constant	-.360(.958)***	-3.551(1.940)*	-5.810(2.082)***
R-Square	.301	.587	.518
Adjusted R-Square	.106	.471	.384

*p < .10, ** p < .05, *** p < .01; Total sample: 33 cities.

Dummy variable for regulation covering all sectors.

The dummy variables both display positive and significant relations between the status of regulation a city enacted or adopted with the proportion of collaborative activity devoted to resource exchange between local governments and the nongovernmental sectors. Cities which enacted collaborative regulation to govern their partnership with nongovernmental sectors expect positive increase on their resource exchange activities with the nongovernmental sectors compared to cities that employ regulation covering all type of partnerships. Compared to cities with regulation covering partnerships with all type of sectors, cities that prefer to adopt collaborative regulation from higher levels of governments have positive and significant effect towards their

cross-sectoral interaction to pursue resource exchange activity. Although also positive there is no significant relation in intergovernmental interaction of resource exchange implying that use of specific regulation to govern collaborative activity at the local level is unnecessary for local governments to pursue cross-sectoral interaction.

Correlation between Policy Instruments and Collaborative Project-based Work Activity

The dependent variable of the analysis is the number of interaction developed by city officials concerning project-based work activities in intergovernmental, cross-sectoral, and government-private interaction. The primary independent variable is the number of policy instruments at the local level, similar with the previous analysis.

The regression formula follows the following equation:

$$\text{Project_based_Work_Activity} = \beta_0 + \beta_1(\text{Exhortation}) + \beta_2(\text{Direct_Provision}) + \beta_3(\text{Subsidy}) + \beta_4(\text{Contract}) + \delta_1(\text{Regulation_dummies}) + \varepsilon$$

The results of ordinary least squares regression analysis between project-based work activities and the number of policy instruments adopted by cities reveal insignificant relations. With regard to the use of particular types of collaboration-supportive policy instruments, the application of any instruments does not produce higher interaction neither between cities and its neighboring local governments nor between cities and nongovernmental sectors in their jurisdiction (please refer to Table A.3 in the Appendix 5 for detailed results). A very low number of the variation in the level of collaboration in the sample cities is observed.

10.2.2. Summary of the Influence of the Internal Institutional Design to the Institutional Structure of Collaborative Metropolitan Governance

In general, according to the analysis on the institutionalisation of policy instruments through administrative infrastructure and institutional structure, the internal institutional design through the effects of instruments selection and policy choice –or policy instrumentation– affect the state of the intergovernmental collaboration in a city. On the other hand, correlation between the internal institutional design and the cross-sectoral collaboration is observed less significant. The variation between sampling cities in the cross-sectoral collaboration is wider than the intergovernmental collaboration. Policy instruments in Indonesian collaborative governance, thus, offer a means of structuring a space of selective cooperation and a space for exchange –negotiations and agreements–, setting aside an expansive platform with multiple actors, and thereby allow for a sectoral and case by case cooperation rather than ambiguous and metropolitan-wide consensus. Policy instrumentation for cross-sectoral collaboration is built upon a short-term exchanges and the state of power relation between government and nongovernmental actors through the use of authority

and regulative instruments. The extent of intergovernmental collaboration, however, is influenced greatly through advocacy and subsidy instruments. Table 10.10 below summarises the findings based on the hypotheses raised at the beginning of the analysis.

Table 10.10. Summary of the influence of the internal institutional design to the institutional structure of collaborative metropolitan governance.

General findings	The internal institutional design through the delivery of collaboration-supportive policy instrument greatly affects the state of the intergovernmental collaboration in a city. The cross-sectoral collaboration, on the other hand, is affected in a lesser degree.
Sub findings	<ol style="list-style-type: none"> 1. The choice of policy instruments both positively or negatively influence the institutional structure of collaborative metropolitan governance depending on the nature of the instruments. <ol style="list-style-type: none"> a. The greater the use of exhortation and the regulation preference of a city, the more the extent of intergovernmental collaboration it pursues. b. The greater the use of subsidy instruments, the less the extent of intergovernmental collaboration in a city. c. The greater the use of authority and the regulation preference of a city, the more the extent of cross-sectoral collaboration it pursues. d. The extent of public private partnership is affected by the use of contract instruments a city employs. 2. The choice of policy instruments both positively or negatively affects the actors' preference the local government contacted for joint policymaking and resource exchange activities. <ol style="list-style-type: none"> a. The greater the use of exhortation and contract instruments in a city, the greater the extent of the cross-jurisdictional joint policymaking. b. The greater the use of direct provision and authority instruments in a city, the greater the extent of the joint policymaking between governments and nongovernmental sector. c. The extent of joint policymaking and resource exchange between governments and private sector is influenced by the use of contract instruments. d. The greater the use of subsidy instruments in a city, the less inclined a city to pursue resource exchange activity with its neighbouring governments. e. The cross-sectoral collaboration is influenced by the availability of local government regulation designated to specifically address collaboration with the nongovernmental entities.

10.3. REFERENCES

- Agranoff, Robert. 2007. *Managing within Network: Adding Value to Public Organizations*. Washington, D.C.: Georgetown University Press.
- Agranoff, Robert, and Michael McGuire. 2003. *Collaborative Public Management: New Strategies for Local Governments*. Washington, D.C.: Georgetown University Press.
- DiMaggio, Paul J., and Walter W. Powell. 1991. Introduction. In W. W. Powell and P. J. DiMaggio (eds.), *The New Institutionalism in Organizational Analysis*. Chicago, I.L.: The University of Chicago Press, pp. 1-40.
- Frederickson, David G., and H. George Frederickson. 2006. *Measuring the Performance of the Hollow State*. Washington, D.C.: Georgetown University Press.
- Holmes, Erin. 2010. The Biofuel Policy in the American Southeast: How Will the Southern States Manage the Potential? In G. A. Emison and J. C. Morris (eds.), *Speaking Green with a Southern Accent: Environmental Management and Innovation in the South*. Plymouth, U.K.: Lexington Books, pp. 149-70.
- Knoke, David. 1990. *Organizing for Collective Action: The Political Economics of Associations*. New York, N.Y.: Aldine de Gruyter.
- Linder, Stephen H., and B. Guy Peters. 1989. Instruments of government: Perceptions and Contexts. *Journal of Public Policy*, 9, pp. 35-58.

- Linder, Stephen H., and B. Guy Peters. 1990. The Design of Instruments for Public Policy. In S. S. Nagel (ed.), *Policy Theory and Policy Evaluation: Concepts, Knowledge, Causes, and Norms*. New York: Greenwood Press, pp. 103-19.
- Mandell, Myrna P., and Toddi A. Steelman. 2003. Understanding What can be Accomplished through Interorganizational Innovations. *Public Management Review*, 5(2), pp. 197-224.
- McGuire, Michael. 1990. Collaborative Policy Making and Administration: The Operational Demands of Local Economic Development. *Economic Development Quarterly*, 14(3), pp. 278-91.
- McGuire, Michael. 2000. Collaborative Policy Making and Administration: The Operational Demands of Local Economic Development. *Economic Development Quarterly*, 14(3), pp. 278-91.
- Milward, H. Brinton, and Keith G. Provan. 2006. *A Manager's Guide to Choosing and Using Collaborative Networks*. Washington, D.C.: IBM Center for the Business of Governments.
- O'Toole, Larry, Jr. 1990. Multiorganizational Implementation: Comparative Analysis for Waste-Water Treatment. In R. W. Gage and M. P. Mandell (eds.), *Strategies for Managing Policies and Networks*. New York, N.Y.: Praeger Publishers.
- Provan, Keith G., Amy Fish, and Joerg Sydow. 2007. Interorganizational Network at the Network Level: A Review of the Empirical Literature on the Whole Networks. *Journal of Management*, 33(3), pp. 479-516.
- Provan, Keith G., and Patrick Kenis. 2007. Modes of Network Governance: Structure, Management and Effectiveness. *Journal of Public Administration Research and Theory*, 19, pp. 229-52.
- Provan, Keith G., and H. Brinton Milward. 1995. A Preliminary Theory of Interorganizational Effectiveness: A Comparative Study of Four Community Mental Health Systems. *Administrative Science Quarterly*, 40(1), pp. 1-33.
- Rhodes, R.A.W. 1997. *Understanding Governance: Policy Network, Governance, Reflexivity and Accountability*. Buckingham: Open University Press.
- Schaap, Linze, and Mark J. W. van Twist. 1997. The Dynamics of Closedness in Networks. In W. J. M. Kickert, E. H. Klijn, and J. F. M. Koppenjan (eds.), *Managing Complex Networks: Strategies for the Public Sector*. London: Sage Publications, pp. 62-76.
- Schneider, Anne L., and Helen Ingram. 1990. Policy Design: Elements, Premises, and Strategies. In S. S. Nagel (ed.), *Policy Theory and Policy Evaluation: Concepts, Knowledge, Causes, and Norms*. New York: Greenwood Press, pp. 77-101.
- Wasserman, Stanley, and Katherine Faust. 1994. *Social Network Analysis: Methods and Applications*. Cambridge: Cambridge University Press.

CHAPTER 11

ACTORS' INTERACTION IN SHAPING COLLABORATIVE METROPOLITAN GOVERNANCE

11.0. SUMMARY

This chapter provides a continuation of empirical analysis on the internal factor of collaborative metropolitan governance examined in Chapter 10. It aims to present the complex internal work of action arena in the collaborative governance where internal situation and participants interact. Whereas the examination on the internal institutional design is built upon the concern regarding the selection of policy instruments and the characterisation of the institutional design, the examination on actor interaction in this chapter based on the interest on the interplay between policy instrumentation and the actor behaviour. In the realm of policy instrumentation, the variation of policy instruments is seen as a tool which have fostered selective mechanisms for the directive control of actor behaviour in conducting and pursuing collaborative activities. The previous findings indicated that the process of designing and administering collaborative governance may vary according to the types of policies and institutions adopted in the jurisdiction. Therefore, in response to that analysis results as well as to analyse the complex situation of the action arena as per the institutional analysis, the first part of the analysis in this chapter will focus on examining the actor interaction at the local level through dyadic relations, actor and activity centrality. It aspires to further explain the linkage produced by the institutional structure of collaborative metropolitan governance.

According to the examination of actors' interaction, this study found that actor centrality in various collaborative activities at the local level gives fairly consistent results. The presence of neighbouring local governments is prominent in all observed regions and the involvement of nongovernmental sectors, especially the private sector, is dominating in some regions, particularly ones with industrialised structure and high economic zone such as big metropolitan regions. In the activity centrality, the linkage between governmental and nongovernmental sector for resource exchange and project-based activities are observed while governmental interaction is largely visible in joint policymaking activities. Further into the interaction between actors and the internal situation, this study identified that the status of policy instruments influence the behaviour of local governments in different ways according to the counterparts.

Whereas the analysis in Chapter 10 reveals in which way a certain policy instrument affecting a specific collaborative activity, the analysis in this chapter generates results from the general characteristics of local internal institutional design without targeting specific policy instrument. The findings indicate that the joint policymaking between cities does not require strong regional policy coherence yet it performs better when cities actively advocate collaboration and orientate their collaborative policy toward a region-wide approach. Resource exchange on the other hand need strong policy coherence, advocacy, and region-wide orientation, thus conceding that fiscal institutional situation holds critical influence towards local actors' behaviour.

11.1. CHARACTERISTICS OF ACTORS' INTERACTION IN INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE

The variation in collaborative metropolitan governance across cities is explained by external and internal design of the institutional structure of participating local governments. The external factors affecting collaborative activity through the financial structure, political and cultural characteristics while policies and actor interaction shape the internal factor. Actors' interaction in the collaborative metropolitan governance is like a complex system where local governments are the hub connecting many actors each representing a different strategic position, scope of collaboration and its size. This multidimensional aspect of actor networks involves an ever increasing game of engaging multiple players; bargaining and negotiating.

The preceding chapters had shown that when a city develops certain internal institutional design by adopting strategic policies and measures focuses on achieving its development goals, high levels of a certain type of collaborative activities ensue. Moreover, local governments' approach to collaborative metropolitan governance can also be defined in terms of the actors with whom they decided to collaborate. In coherence with these findings, referring to Agranoff and McGuire (2003), we can assume that the importance of managing across governments and organizations is evident in the scale and type of collaborative linkages and in the way it influences the institutional setting (Agranoff and McGuire, 2003).

The focus of this chapter is on the depth and extent of the collaborative network, depicting local governments' behaviour in pursuing the collaborative metropolitan governance. The basic unit of analysis is the collaborative linkages through which collaboration-supportive policies is designed and executed. The use of collaborative linkage is based on understanding that networks are made and constructed through linkages between organisations (Provan and Milward, 1995). While collaborative linkage is used as basis of the analysis, yet this study does not follow the flow of analysis using networks as an analytical unit. Instead, this study's analysis looks into an individual member characteristics and consider whole networks as additional factors. Previously Agranoff and McGuire (2003), and Mandell and Steelman (2003) used a similar approach in their framework for network structure analysis. At the core of this nested configuration is the characteristics of the network of local governments and the orientation that they bring to their networked activities. Nonetheless, although the research reported in this study does not address network per se –as it is only seen from the viewpoint of local government instead of cataloguing interaction from each participating actor–, the principle of linkage is still applicable.

11.1.1. Methodology, Data, and Limitation

The data source used for the analysis on the actors' interaction is the same data used for the analysis on the institutional structure of collaborative metropolitan governance. Since the data were collected from

questionnaire responses and interview with local government officials, the collaborative linkages aimed in this analysis are mapped as they exist according to those actually involved and subjective in nature. By examining how frequently cities –local government– interact with other actors in certain collaborative activities, this analysis aims to identify whether some linkages occur more frequently than others with specific actors or whether such linkages occur in a pattern.

The analysis used in this study will be able to track a number of different collaborative linkages occur in metropolitan regions yet it understates the true complexity of a city's governing environment as it only gathers data from the local government's side. The linkage solely represents a collaboration on public service provision, focusing on infrastructure, and there is high possibility that additional collaborative linkages created for different issues –social, education, housing, etc.– have different patterns. Nonetheless, the sheer extent and complexity of interorganisational linkages offered by collaborative activities represents the complex nature of linkages at the local level.

While analysis on the institutional structure of collaborative metropolitan governance mapped the structural pattern according to collaborative activities, the actors interaction analysis takes an extensive look at the linkages inside the institutional structure within. Together as a comprehensive approach, both analyses are jurisdiction-based and in the end aim to examine who, what, why, and how a certain institutional structure takes place. The analysis on the actors interaction, however, addresses first who is contacted by local governments for certain purposes before moves to focus on why and how such linkages occur.

11.1.2. Analysis Results

Linkage: Dyadic Relations

The analysis of collaborative linkage in this study is dyadic. It examines how many linkages between local governments that involved other neighbouring cities, how many state owned companies are involved, etc. In order to measure this, the number of occurred linkages is counted. The linkage is based on reported horizontal activities through questionnaire. Cities seldom develop their plans in isolation and various stakeholders are involved in the planning process, undoubtedly trying to ensure the plan is written in their favour. In the same manner, cities tend to cooperate with actors who are important to the implementation of their plans. However, referring to the sociological institutionalism (see DiMaggio and Powell, 1991), this study assumes that as much as relations are guided by a rational calculation of benefits, they also greatly influenced by shared rules among actors. These rules constraint capacity of actors and groups ' interest through reward and sanction (DiMaggio and Powell, 1991). In this case, there are possibilities that cities with a similar internal institutional situation have more tendency to pursue intergovernmental collaboration. By calculating the frequency of the dyadic relations, we can identify the active organization participating in

the collaborative process in various metropolitan regions, thus by some extent determining cities and regions exhibited higher intergovernmental relations within similar internal institutional condition. Consequently, further down the road with the measurement of the relative significance of these relations, diversion on collaboration-supportive policies as rules, norms, and standard procedures in which way the differently arranged modes of collaborative governance influence the pattern of interaction regarding the collaborative activities can be established.

Table 11.1 presents the core information regarding frequency distribution of dyadic relations between actors with respect to the collaborative activities. The numbers are the summation of all relations reported by observed local governments in all metropolitan regions. In overall there are 1,277 linkages identified. The first line in the table depicts eight pre-defined organizations provided in the actors dimension. The last row displays which actors the local government has the most linkages with. According to the results, most cities have their neighbouring cities (other cities/OC) as their most active partner regardless the activity. State owned companies and private sectors also form strong linkages with cities, placed in second and third respectively. Relations with civic sectors such as universities and non governmental organizations are important as well, scoring between 7 to 9 percent of the overall linkages observed.

Table 11.1. Frequency distribution of dyadic relations between actors: Overall.

	OC	D	SOC	CC	REC	PCD	U	NGO	Total
Consolidate policy effort	50	4	32	11	25	19	21	19	181
Engage in formal partnership	41	2	29	1	2	23	15	8	121
Engage in the joint policy making	45	3	9	4	4	2	6	1	74
Engage in the joint policy implementation	43	5	11	2	3	3	4	3	74
Pool/Share financial resources	90	5	48	13	20	33	19	18	246
Pool/Share personnel resources	35	4	10	0	1	12	13	4	79
Exchange information/share ideas	36	3	20	0	6	12	14	11	102
Partnership for particular project (planning)	46	6	27	1	6	24	12	10	132
Partnership for particular project (implementation)	61	8	37	1	7	36	10	15	175
Asset specificity and measurement (monitoring)	38	5	18	0	2	20	5	5	93
Total	485	45	241	33	76	184	119	94	1277
OC: Other Cities SOC: State Owned Company/Enterprise PCD: Private Sector and Developers D: District REC: Real Estate Consortia/ NGO: Non Governmental Organization CC: Chamber of Commerce Private Sector Association U: University									

Financial resource sharing activity produces the most linkages implying that local governments generally maximise their various ranges of actors to gain financial support for their programs. Other activities that attract involvement from all designated actors are consolidating policy and partnerships for planning and implementation. The rest of the activities are mostly segregated between remaining actors. Moreover, while

linkages are fairly distributed in all collaborative activities between cities and their neighbouring local governments, dyadic linkages with other actors are quite polarised.

Linkage: Density of Dyadic Relations

Density in network analysis refers to the ratio of the number of observed relations to the potential number (see Knooke, 1990). Density measures the degree to which the local government as the city's representative links with each of the involved actors (see Agranoff and McGuire, 2003). In this study, instead of measuring density of multidimensional linkage, density is calculated as the linkage per city, measuring the number of actors local governments contacted. As a consequence, density according to linkages per city in this study are measured by dividing the number of linkages reported by local governments divided by the number of respondents in that region.

$$\text{Linkage per city in the metropolitan region} = \frac{\sum \text{Number of linkages}}{\sum \text{Number of samples}}$$

Table 11.2. Frequency distribution of dyadic relations between actors based on regions.

		OC	D	SOC	CC	REC	PCD	U	NGO	Total
Jakarta (n=17)	Total of Linkages	135	0	74	12	23	75	20	26	365
	Linkage per city	7.94	0.00	4.35	0.71	1.35	4.41	1.18	1.53	21.47
Surabaya (n=10)	Total of Linkages	51	3	49	3	27	29	21	10	193
	Linkage per city	5.10	0.30	4.90	0.30	2.70	2.90	2.10	1.00	19.30
Yogyakarta (n=6)	Total of Linkages	56	11	13	0	1	2	12	13	108
	Linkage per city	9.33	1.83	2.17	0.00	0.17	0.33	2.00	2.17	18.00
Semarang (n=10)	Total of Linkages	68	6	41	2	2	19	15	9	162
	Linkage per city	6.80	0.60	4.10	0.20	0.20	1.90	1.50	0.90	16.20
Denpasar (n=5)	Total of Linkages	47	6	16	0	3	29	22	4	127
	Linkage per city	9.40	1.20	3.20	0.00	0.60	5.80	4.40	0.80	25.40
Makassar (n=5)	Total of Linkages	34	15	6	2	0	2	7	8	74
	Linkage per city	6.80	3.00	1.20	0.40	0.00	0.40	1.40	1.60	14.80
Average linkage		7.56	1.16	3.32	0.27	0.84	2.62	2.10	1.33	19.20
OC: Other Cities		SOC: State Owned Company/Enterprise				PCD: Private Sector and Developers				
D: District		REC: Real Estate Consortia/				NGO: Non Governmental Organization				
CC: Chamber of Commerce		Private Sector Association				U: University				

Note: n: total number of samples.

Among six observed metropolitan regions, Denpasar reported the highest overall linkages per municipality/regency (see Table 11.2). It posted a 10.60 overall margin difference compared to Makassar where the lowest of linkages are reported. On average, cities in the metropolitan region have a total of 19.20 linkages regardless the actors involved. Yogyakarta which reported a strong intergovernmental interaction has formed less average linkages than expected, indicating the less variety of actors involved in their

collaborative activities. The result reveals the average linkages between cities and their neighbouring local governments is 7.56 linkages or roughly they conduct 7 collaborative activities out of 10. Most cities report poor linkages with their district office and chamber of commerce in their region, posting zero linkages in some of the regions. As can be seen by the numbers of linkage per city, big metropolitan regions such as Jakarta and Surabaya have considerably better linkages with the chamber of commerce offices than other regions. However, these big metropolitan regions report poor linkage with their district offices, opening an implication that collaborative activities in big regions have less involvement of districts.

Activity Centrality by the Type of Participating Actors

The analysis of activity centrality captures the relative importance of collaborative activity between cities and the participating actors at the local level. Its main aim is to address the extent of the involvement of an actor into certain activity. Local governments have many ties with different actors and in those ties they create relation with a particular actor through one or many types of activities. There are possibilities that local governments do not create ties with any actors on a certain activity as much as there are chances that they develop ties with a counterpart on all activities. The activity centrality is measured by aggregating relative involvement of actors in activities through percentage conversion of linkages. The following formula is used to measure activity centrality in this study:

$$\text{Activity centrality} = \frac{\sum \text{number of linkages of Actor } x \text{ in Activity } a}{\sum \text{number of linkages of Actor } x \text{ in All Activities}}$$

Table 11.3 reveals the overall activity centrality in the observed metropolitan regions by the type of participating actors. The results presented demonstrates the relative importance of the activities according to the actors contacted by the local governments. Two major partners of cities as shown from its frequency of dyadic relations –other cities and state owned companies– mostly collaborate on sharing financial resources and followed by consolidating policy effort activities. The activity of sharing financial resources is placed as the utmost relative importance than other activities among the observed actors due to its sheer occurrence. The overall findings gathered from the analysis are:

- (1) Cities contact civic sectors and chamber of commerce offices mostly to consolidate their policy.
- (2) Formal partnership, joint policy making, sharing of personnel, and information exchange are not one of the most central activities conducted between local governments and other horizontal actors.
- (3) Most of the linkages occurred at the local level between local governments and the private sector is for implementing the project through a partnership.

Table 11.3. The overall activity centrality by the type of participating actors (percentage).

	OC	D	SOC	CC	REC	PCD	U	NGO	Overall
Consolidate policy effort	10.31 (3)	8.89	13.28 (3)	33.33 (2)	32.89 (1)	10.33	17.65 (1)	20.21 (1)	14.17 (2)
Engage in formal partnership	8.45	4.44	12.03	3.03	2.63	12.50	12.61 (3)	8.51	9.48
Engage in the joint policy making	9.28	6.67	3.73	12.12 (3)	5.26	1.09	5.04	1.06	5.79
Engage in the joint policy implementation	8.87	11.11	4.56	6.06	3.95	1.63	3.36	3.19	5.79
Pool/Share financial resources	18.56 (1)	11.11	19.92 (1)	39.39 (1)	26.32 (2)	17.93 (2)	15.97 (2)	19.15 (2)	19.26 (1)
Pool/Share personnel resources	7.22	8.89	4.15	0.00	1.32	6.52	10.92	4.26	6.19
Exchange information/share ideas	7.42	6.67	8.30	0.00	7.89	6.52	11.76	11.70	7.99
Partnership for particular project (planning)	9.48	13.33 (2)	11.20	3.03	7.89	13.04 (3)	10.08	10.64	10.34
Partnership for particular project (implementation)	12.58 (2)	17.78 (1)	15.35 (2)	3.03	9.21 (3)	19.57 (1)	8.40	15.96 (3)	13.70 (3)
Asset specificity and measurement (monitoring)	7.84	11.11 (4)	7.47	0.00	2.63	10.87	4.20	5.32	7.28
OC: Other Cities SOC: State Owned Company/Enterprise PCD: Private Sector and Developers D: District REC: Real Estate Consortia/ NGO: Non Governmental Organization CC: Chamber of Commerce Private Sector Association U: University									

Number in the bracket is ranking;

When the results are segregated into three major collaborative activities, the differences between observed regions can be observed in more detailed manner (see Table 11.4). Despite the results that the largest share of overall relations with other cities are for sharing of financial resource activity, yet when the activity centrality is accumulated into three major collaborative activities –joint policy making, resource exchange, and project-based work–, joint policy making has the biggest share of activities conducted between local governments and their neighbouring cities.

From the examination, there are two types of activity centrality conducted between local governments and their neighbouring cities; those who put the importance of conducting resource exchange over project-based work with their neighbours and those who do the opposite. Jakarta, Yogyakarta, and Semarang are on one side while Surabaya joins Denpasar and Makassar on another. The activity centrality placing upon private sectors is also interesting to see. Jakarta, Surabaya, and Denpasar reveal a quite balanced activity practiced with the private sector, reporting non polarised numbers on all activities, although more focused on executing their project-based work. Makassar and Yogyakarta held no joint policy making with the private sector, although their share of activity in the civic sector are better. The latter findings further indicate the reluctance of some cities to cooperate in policy making with a specific type of actors, particularly the private sector.

Table 11.4. Activity centrality by the type of participating actors based on the joint policy making activities
(percentage, region based).

	OC	D	SOC	CC	REC	PCD	U	NGO	Overall
Jakarta									
Joint policy making	44.44	0.00	50.00	0.00	78.26	33.33	80.00	57.69	49.86
Resource exchange	28.15	0.00	20.27	0.00	13.04	26.67	5.00	23.08	23.01
Project-based work	27.41	0.00	29.73	0.00	8.70	40.00	15.00	19.23	27.12
Surabaya									
Joint policy making	43.14	33.33	38.78	0.00	40.74	31.03	47.62	40.00	40.93
Resource exchange	23.53	33.33	26.53	0.00	29.63	31.03	28.57	20.00	26.42
Project-based work	33.33	33.33	34.69	0.00	29.63	37.93	23.81	40.00	32.64
Yogyakarta									
Joint policy making	41.07	54.55	38.46	0.00	100.00	0.00	25.00	23.08	37.96
Resource exchange	30.36	0.00	15.38	0.00	0.00	50.00	58.33	38.46	29.63
Project-based work	28.57	45.45	46.15	0.00	0.00	50.00	16.67	38.46	32.41
Semarang									
Joint policy making	52.94	50.00	39.02	100.00	100.00	31.58	40.00	33.33	45.68
Resource exchange	26.47	33.33	26.83	0.00	0.00	15.79	33.33	22.22	25.31
Project-based work	20.59	16.67	34.15	0.00	0.00	52.63	26.67	44.44	29.01
Denpasar									
Joint policy making	42.55	33.33	25.00	0.00	66.67	24.14	36.36	75.00	36.22
Resource exchange	27.66	33.33	25.00	0.00	33.33	34.48	27.27	25.00	29.13
Project-based work	29.79	33.33	50.00	0.00	0.00	41.38	36.36	0.00	34.65
Makassar									
Joint policy making	47.06	0.00	0.00	100.00	0.00	0.00	28.57	25.00	36.49
Resource exchange	17.65	0.00	50.00	0.00	0.00	50.00	57.14	37.50	28.38
Project-based work	35.29	0.00	50.00	0.00	0.00	50.00	14.29	37.50	35.14
OC: Other Cities SOC: State Owned Company/Enterprise PCD: Private Sector and Developers D: District REC: Real Estate Consortia/ NGO: Non Governmental Organization CC: Chamber of Commerce Private Sector Association U: University									

Actor Centrality

Actor centrality in network of governance refers to the prominence of actors in a network. While in a complex network analysis centrality is specified as being based on degree, closeness, betweenness, and information (e.g. Wasserman and Faust, 1994, for example), it can also be measured by the differential status or rank of the actors. Moreover, whereas the previous part depicted the activity centrality according to the participating actors, the following actor centrality analysis is essentially the continuation of it. In this part of analysis, this study tries to capture the relative importance of certain actors, according to each collaborative activity in the collaborative metropolitan governance process. Actor centrality represents the percentage of activity that involves each horizontal actors. It explains the aggregate of preferred actors chosen by local governments in a particular activity. Hence, to determine actor centrality, the total number of linkages for each player is converted into a percentage to measure the aggregate relative involvement of each actor within a specific activity.

Actor centrality is measured according to the following formula:

$$\text{Actor centrality} = \frac{\sum \text{number of linkages conducted with Actor A in Activity X}}{\sum \text{number of linkages in All Actors in Activity X}}$$

Table 11.5 demonstrates the overall actor centrality based on the collaborative activities. All actors are not equally involved in all activities and the level of importance as a network partner varies with the objectives of the activity as portrayed by the changes in rank for each contacted actor. Nonetheless, it reveals that although each collaborative activity possesses its own operating dynamic which can only be executed with a particular organization or combinations of actor network, in Indonesian metropolitan regions neighbouring cities remain the local government's first preference.

Table 11.5. Overall actor centrality based on the collaborative activities (percentage).

	OC	D	SOC	CC	REC	PCD	U	NGO
Consolidate policy effort	27.62 (1)	2.21	17.68 (2)	6.08	13.81 (3)	10.50	11.60 (4)	10.50
Engage in formal partnership	33.88 (1)	1.65	23.97 (2)	0.83	1.65	19.01 (3)	12.40 (4)	6.61
Engage in the joint policy making	60.81 (1)	4.05	12.16 (2)	5.41 (4)	5.41 (4)	2.70	8.11 (3)	1.35
Engage in the joint policy implementation	58.11 (1)	6.76 (3)	14.86 (2)	2.70	4.05	4.05	5.41 (4)	4.05
Pool/Share financial resources	36.59 (1)	2.03	19.51 (2)	5.28	8.13 (4)	13.41 (3)	7.72	7.32
Pool/Share personnel resources	44.30 (1)	5.06	12.66 (4)	0.00	1.27	15.19 (3)	16.46 (2)	5.06
Exchange information/share ideas	35.29 (1)	2.94	19.61 (2)	0.00	5.88	11.76 (4)	13.73 (3)	10.78
Partnership for particular project (planning)	34.85 (1)	4.55	20.45 (2)	0.76	4.55	18.18 (3)	9.09 (4)	7.58
Partnership for particular project (implementation)	34.86 (1)	4.57	21.14 (2)	0.57	4.00	20.57 (3)	5.71	8.57 (4)
Asset specificity and measurement (monitoring)	40.86 (1)	5.38	19.35 (3)	0.00	2.15	21.51 (2)	5.38	5.38
Total	37.98 (1)	3.52	18.87 (2)	2.58	5.95	14.41 (3)	9.32 (4)	7.36
OC: Other Cities SOC: State Owned Company/Enterprise PCD: Private Sector and Developers D: District REC: Real Estate Consortia/ NGO: Non Governmental Organization CC: Chamber of Commerce Private Sector Association U: University								

Note: Number in brackets indicates rank.

The participation of state owned companies and private sectors can be systemically comprehended as well. Their importance lies in the policy making related activities and activities required partnership for planning and implementation. While three major actors are relatively same in most activities, local government's fourth major partner for collaboration is dynamic by nature. It can be any particular actor depends on the region. On the overall collaborative activities (see Table 11.6) we can possibly label Jakarta, Surabaya, and Semarang metropolitan regions build their collaborative network on government-private sector type of

collaboration (public-private). The Yogyakarta metropolitan region is a public-civic sector oriented with private involvement through state owned companies. Makassar is mostly an exclusive public oriented network while Denpasar has the most complex network with public-private-civic involvement as its major collaborators. The actor centrality based on categorised activities in each region is presented in the Appendix 6 (Table A.7 to A.9).

Table 11.6. Inter-region actor centrality based on the overall collaborative activities (percentage).

	OC	D	SOC	CC	REC	PCD	U	NGO
Jakarta	36.99 (1)	0.00	20.27 (3)	3.29	6.30	20.55 (2)	5.48	7.12
Surabaya	26.42 (1)	1.55	25.39 (2)	1.55	13.99	15.03 (3)	10.88	5.18
Yogyakarta	51.85 (1)	10.19	12.04 (2)	0.00	0.93	1.85	11.11 (3)	12.04 (2)
Semarang	41.98 (1)	3.70	25.31 (2)	1.23	1.23	11.73 (3)	9.26	5.56
Denpasar	37.01 (1)	4.72	12.60	0.00	2.36	22.83 (2)	17.32 (3)	3.15
Makassar	45.95 (1)	20.27 (2)	8.11	2.70	0.00	2.70	9.46	10.81 (3)
OC: Other Cities		SOC: State Owned Company/Enterprise			PCD: Private Sector and Developers			
D: District		REC: Real Estate Consortia/ Private Sector Association			NGO: Non Governmental Organization			
CC: Chamber of Commerce					U: University			

Note: Number in brackets indicate rank.

The nature of the collaborative network of each region as briefly argued on previous paragraph is echoed on the network for collaborative joint policy making while networks for resource exchanges and project-based work activities are not exactly similar especially on their lead partners (see more detailed result on the Appendix 6). Cities in all observed regions depend on their neighbouring cities in dealing with inter-jurisdictional policy issues, citing neighbouring local government agencies as their most important collaborative partner. In resource exchange activities, local governments in Surabaya are likely to be dependent to the private sector more than with their neighbours while cities in Jakarta are equally dependable on both private sectors and their neighbouring cities. Resource exchange activities in the Yogyakarta and Makassar region are government-led activities and posit civic sector as their back-up plan. Semarang and Denpasar reveal some similarities, sharing public-private-civic network as their partners for resource exchanges. Yet, Denpasar is more private-oriented network compared to Semarang with more variation on their counterparts from the private sectors (including state owned companies and real estate consortia).

Networks concerning resource exchange and project-based activities are more closed in nature compared to network for joint policy making. The variations of the actor involved are deliberately less, with some regions reported only develop networks with five and six actors compared to seven and eight actors in the joint policy making network. On average, cities in Jakarta, Surabaya, and Denpasar have more variety of

actors than the other three regions, particularly in the involvement of private sectors. These results demonstrate the possibility of cross-sectoral collaboration alongside the intergovernmental collaboration.

The collaborative network for project-based work is observed as a private sector-led in most regions. Cities in Jakarta, Surabaya, Semarang, and Denpasar commit to various private actors in conducting project-based work activities in their jurisdictions. The neighbouring local governments remain their main partner for conducting partnership for project's planning and implementation, yet the occurrence of partnership with actors from the private sector is higher and more frequent. On the other hand, cities in Yogyakarta and Makassar establish different types of network. Cities in Yogyakarta depend more on their governmental counterparts to form their collaborative network for project-based work than from private and civic sectors combined. The relative involvement of private and civic sectors in Yogyakarta is equal to demonstrating the reluctance of cities to collaborate with nongovernmental sector over the governmental sector. The collaborative network in Makassar is not much different than Yogyakarta but with more steep disparity between the governmental and nongovernmental sector (private and civic sectors) indicating the lacking involvement of nongovernmental sectors in the region. Given the nature of government-led network, the involvement of district offices in Yogyakarta and Makassar is expected to be well connected to local governments in project-based work activities as much as in other activities. With the missing nongovernmental sectors, it is possible to assume that cities are more dependable on their district offices deliberately decentralized their activities to the lower levels of governments.

In summary, from this analysis this study can safely say that actor centrality in various activities gives us fairly consistent results. The presence of neighbouring local governments is prominent in all observed regions and the involvement of nongovernmental sectors, especially the private sector, is dominating in some regions, particularly ones with industrialised structure and high economic zone such as big metropolitan regions. The results support further the previous analysis of the external and internal factors. The following figures illustrate the actor centrality into graphic charts and the numerical value can be found in Table A.7 to A.9 in the Appendix 5. The summary of actors interaction on collaborative metropolitan governance is elaborated in Table 11.7.

Figure 11.1. Actor centrality of the overall collaborative activities at the local level.

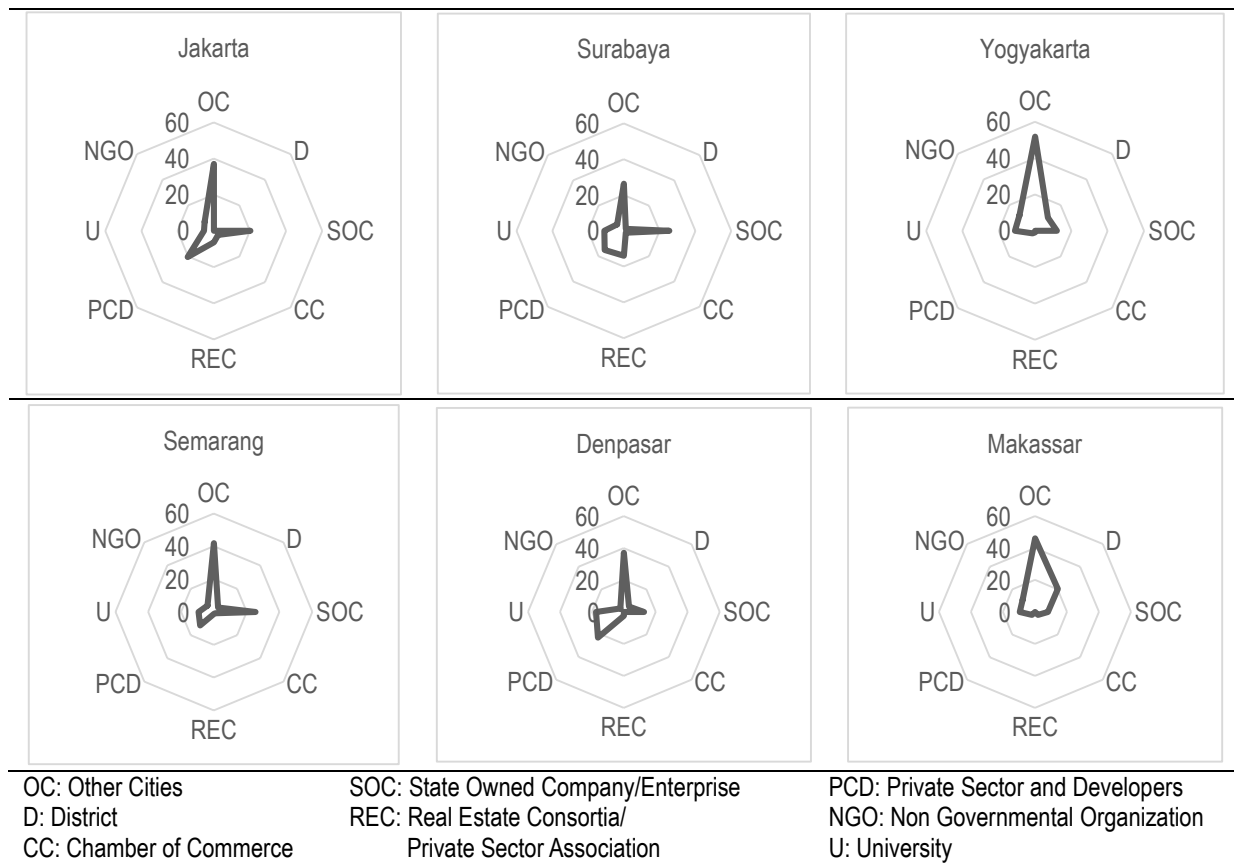


Figure 11.2. Actor centrality of the collaborative joint policymaking activities at the local level.

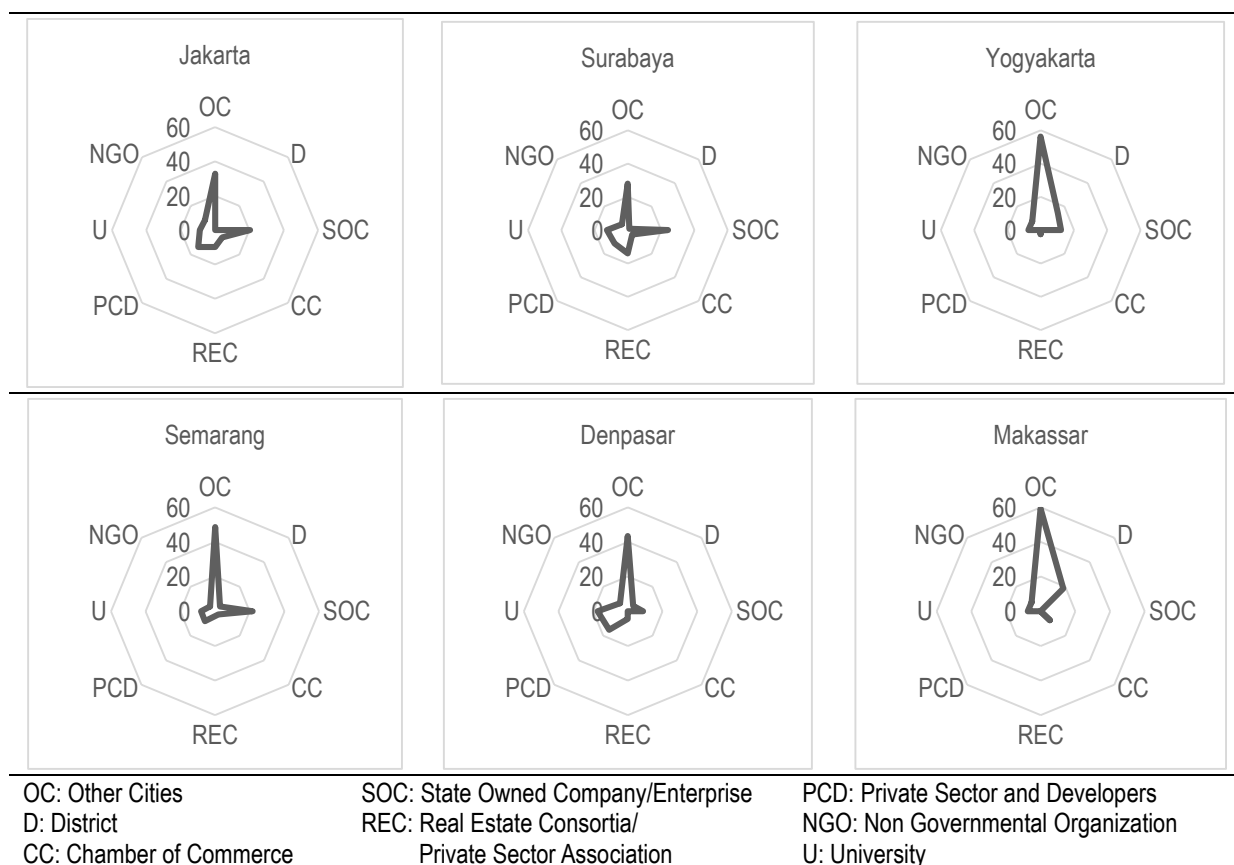


Figure 11.3. Actor centrality of the collaborative resource exchange activities at the local level.

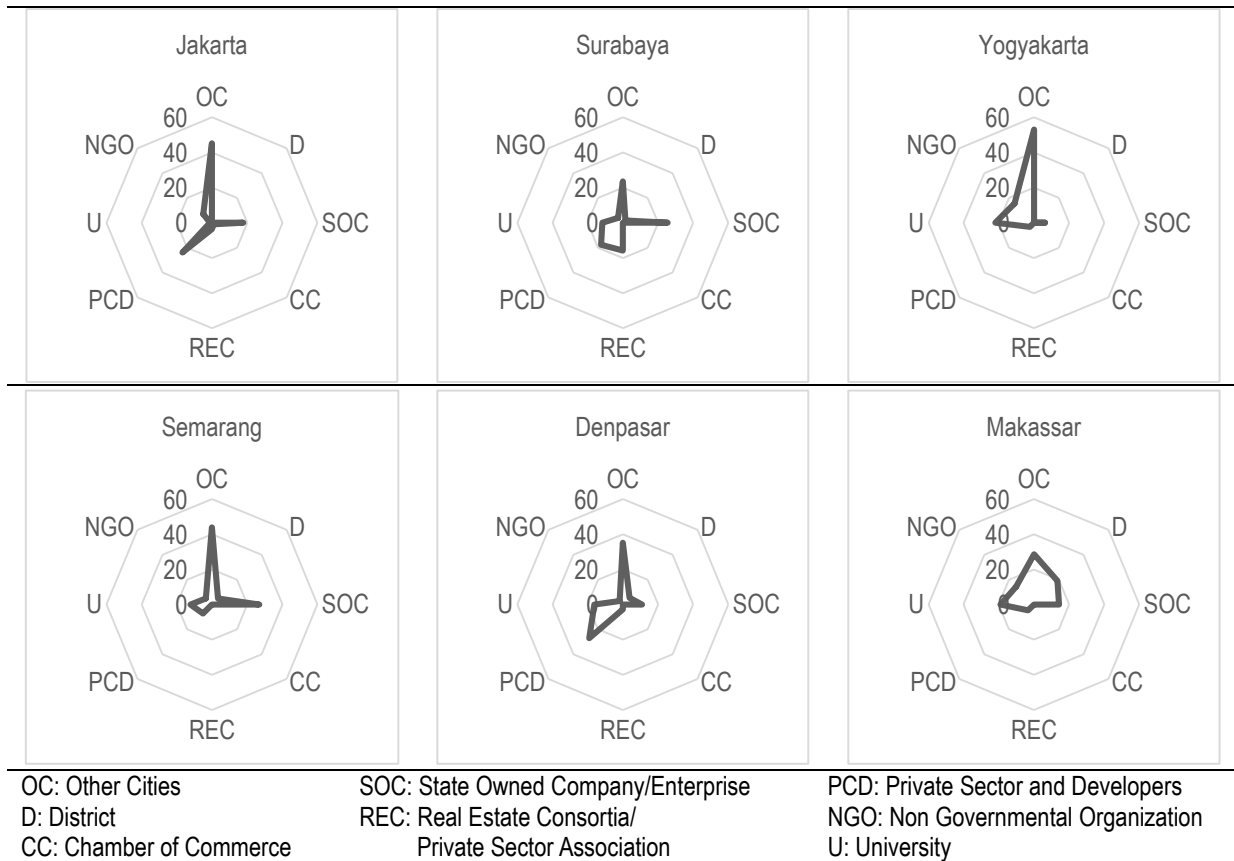


Figure 11.4. Actor centrality of the collaborative project-based work activities at the local level.

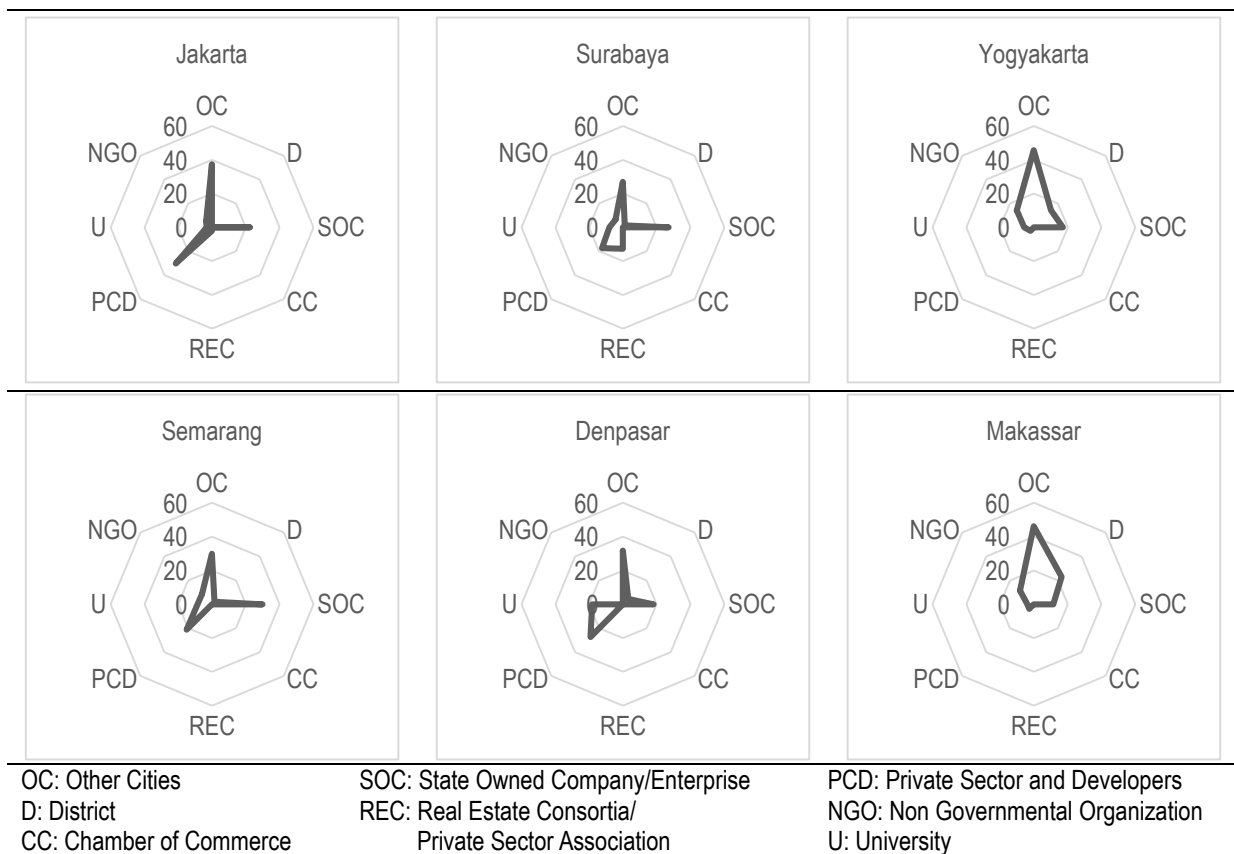


Table 11.7. Summary of actor interaction on collaborative metropolitan governance.

	Jakarta	Surabaya	Yogyakarta	Denpasar	Semarang	Makassar
<i>Dyadic relations</i>						
Frequency distribution and Linkage	<ul style="list-style-type: none"> - Most linkages are between city and private sectors - Higher than average on linkage with private sectors 	<ul style="list-style-type: none"> - Most linkages are between city and private sectors - Highest private sectors involvement in all regions 	<ul style="list-style-type: none"> - Most linkages are between city and neighbouring cities - Lowest linkage between city and private sectors in all regions 	<ul style="list-style-type: none"> - Most linkages are between city and neighbouring cities - High linkage with private sectors (#2 after Surabaya) 	<ul style="list-style-type: none"> - Most linkages are between city and neighbouring cities - Lower than average on linkage between city and private sectors 	<ul style="list-style-type: none"> - Most linkages are between city and neighbouring cities - All types of linkages are lower than average
<i>Activity centrality</i>						
Neighbouring Cities	Focus on joint policy making. Balance between resource exchange and project-based work	Mostly on joint policymaking but also a lot of involvement in the project-based work	Balanced activities. Strong involvement in all types of collaborative activities, esp. joint policymaking	Balanced activities. Strong involvement in all types of collaborative activities, esp. joint policymaking	Lean heavily on joint policymaking	Devided between joint policymaking and project-based work
Private sectors and State Enterprise	Joint policymaking (state enterprise, private sector association. Project-based work (private sector)	Balanced activities. Private sectors and state enterprise put balanced focus on all types of collaborative activities	Lean heavily on project-based work	Strong involvement in project-based work, followed by resource sharing	State enterprise is more join policymaking oriented, Private sector focus on project-based work	No involvement of private sectors and state enterprise on the joint policymaking
Civic sectors	Lean heavily on joint policymaking	Joint policymaking as the main focus University has large preference to conduct resource sharing	Balanced activities for NGO University focus is on resource sharing (information)	Balanced activities for University NGOs are more focus on the joint policymaking	University focuses on the joint policymaking, NGOs on project-based work	Balanced activities for NGO University focus is on resource sharing (information)
<i>Actor centrality</i>						
Joint policy making	1. Neighbouring cities 2. Private sectors	1. Private sectors 2. Neighbouring cities	1. Neighbouring cities 2. Civic sectors	1. Neighbouring cities 2. Private and civic sectors	1. Neighbouring cities 2. Private sectors	1. Neighbouring cities 2. Civic sectors
Resource exchange	1. Neighbouring cities 2. Private sectors	1. Private sectors 2. Neighbouring cities	1. Neighbouring cities 2. Civic sectors	1. Neighbouring cities 2. Private sectors	1. Neighbouring cities 2. Private sectors	1. Neighbouring cities 2. Civic sectors
Project-based work	1. Private sectors 2. Neighbouring cities	1. Private sectors 2. Neighbouring cities	1. Neighbouring cities 2. Civic sectors	1. Private sectors 2. Neighbouring cities	1. Private sectors 2. Neighbouring cities	1. Neighbouring cities 2. Private and civic sectors

Note: Private sectors in actor and activity centrality in this table include state enterprises.

11.2. INTERACTION BETWEEN ACTOR RELATIONS AND THE INTERNAL INSTITUTIONAL DESIGN IN COLLABORATIVE METROPOLITAN GOVERNANCE

In the rational choice institutionalism, the action situation influences participant in which way information is accessible (Ostrom, 1990). Consequently, “the action situations” vary according to the autonomous degree of participant in controlling their decision. During a decision process, participants assigned to a situation must choose from possible actions that can affect the desired outcome (Ostrom, 2005). In this dissertation, “the action situation” is referred as “the internal institutional design” and follow similar characteristics from the rational choice perspective, i.e. it varies according to the set of policy instruments applied by the local entities. A city with a certain internal institutional design choose to conduct a selective collaborative activity with a specific actor in which affect the overall institutional collaborative structure of the city.

In Chapter 10 this study examined the variation of the inter-region internal institutional design based on the selection of policy instruments according to the power relations surrounding policy instruments and the institutionalization of policy instruments –its influence toward the institutional structure of collaborative metropolitan governance–. In this chapter this study is particularly keen to analyse the variation of the inter-region internal institutional design from the viewpoint of policy instruments and actors' behaviour. The actor behaviour in this case is the behaviour of local government through its relations with other local actors.

Given the importance of institutions in affecting the structure of a situation and the types of actors who are most likely to come to prominence in a particular type of situation, this study tries to fashion the internal institutional design local governments engage in repeatedly. Following the characterisation of actors' interaction analysed in the previous section, this section tries to understand the interaction between this actor interaction (or relations or behaviour) with the internal institutional design by gauging the general tendency occurred on a certain condition. In Chapter 10, we listed several major characteristics of the inter-region internal institutional design based on the policy instruments selection (see Table 10.6). The variables of policy instruments status are again utilised in this section as the conditions of the action situation to examine the behaviour of local government in conducting collaborative activities. Table 11.8 in the following page summarised the findings through the importance of the status of policy instruments toward the occurrence of collaborative activities. The summary is based on the examination between the status of policy instruments with major dyadic relations and the actor and activity centrality (subsequently presented in Table A.10 and A.11 in the Appendix 6). The examination is conducted on inter-region observation and follow a cross-check analysis flow, e.g. from Chapter 10 we gathered that Yogyakarta has a strong policy coherence and from the actors interaction analysis, we found that the same region has neighbouring cities as their major counterpart in the dyadic relations (Table A.10, Appendix 6). A similar way of examining is conducted on the actor and activity centrality, subsequently listed inter-region preferences based on the

status of their policy instruments, e.g. Regions consist of cities with strong coherence on their local policy instruments prioritise resource exchange activities with their neighbouring cities (Table A.11, Appendix 6).

According to the characterisation of the internal institutional design based on two major variables of actors' interaction (dyadic relations, actor and activity centrality), this study further investigates the interaction based on the multiple occurrences observed among regions. From the analysis, we found that the joint policymaking activities between cities sharing jurisdictional borders and between cities and nongovernmental actors does not require a strong policy coherence among cities in a region. This finding was gathered based on multiple occurrences of joint policymaking as the major collaborative activities among neighbouring cities regardless the status of their policy coherence (e.g. Yogyakarta and Surabaya both see the importance of conducting joint policymaking with neighbouring cities, although the first region has strong policy coherence and the latter has a weaker condition). Resource exchange activities between cities, on the other hand, need a strong regional policy coherence (e.g. Surabaya with the lack of policy coherence opted to pursue resource exchange with nongovernmental actors more than with their neighbouring cities). Fiscal policy is seen as a crucial factor in structuring actors' behaviour in collaborative governance. It directs all types of collaborative activities among local governments and between governments and nongovernmental actors. More detailed results are presented in Table 11.8 below.

Table 11.8. Interaction between internal institutional design and actors relations in the collaborative metropolitan governance.

	Governmental (neighbouring cities)			Nongovernmental (private and civic sectors)		
Status of policy instruments	Joint policymaking	Resource exchange	Project-based work	Joint policymaking	Resource exchange	Project-based work
Need of strong policy coherence	Not related	Related	Related	Not related	Not related	Not related
Need of active advocacy on collaboration	Related *	Related	Related*	Not related	Related	Not related
Need of region-wide collaborative policy orientation	Not related	Related	Not related	Not related	Not related	Not related
Targeting model of collaborative policy	Short term	Long-term and short term	Long-term and short term	Short term	Short term	Short term
Fiscal policy orientation (Intergovernmental-cross sectoral)	Intergovernmental fiscal policy orientation			Any	Cross-sectoral fiscal policy orientation	
Status of regulation collaborative partnership (Enacted – adopted)	Enactment of independent regulation is not crucial, except in case of Jakarta and Yogyakarta			Enactment of independent regulation is not crucial, yet in some regions (e.g. Jakarta, Surabaya, Yogyakarta) cities with private regulation have higher cross-sectoral interaction		

Note: *except for Makassar, due to the lacking presence of private sectors.

In general, the findings in this section echo the results in Chapter 10 in which the variation of internal institutional design is examined through the institutionalization of policy instruments. The internal institutional design influences the state of intergovernmental collaboration more than it structured the cross-sectoral collaboration. From the analysis in this section, the condition of the internal institutional design directs the local government's behaviour in a way that loose or weak internal situation in term of advocacy and regional orientation will lead local actors to choose nongovernmental actors as a counterpart in conducting collaborative activities than pursuing intergovernmental interaction. Among other collaborative activities, resource exchange activities which require sharing information, personnel, and financial means are structured greatly through the internal institutional design. Resource exchange through the intergovernmental relation, in particular, requires strong policy coherence, active advocacy, regional-wide collaborative policy orientation and intergovernmental fiscal policy orientation. Thus, it is not surprising to observe that only cities with advanced intergovernmental collaboration will conduct an extensive resource exchange with their neighbours, e.g. observed in cities in the Yogyakarta and Denpasar regions.

Cross-sectoral relations between a city and nongovernmental actors in its jurisdiction are found not particularly dependable on the type of targeting model of local collaborative policies. Cities in the Surabaya regions which in general remodeling their collaborative programmes through the short term plan (working plan or medium-term development plans) pursue collaboration with nongovernmental actors as actively as cities in the Jakarta region which largely structured their collaborative programmes through both long and short term planning. While long term planning is not a decisive factor in the cross-sectoral collaboration, However, advocating collaboration through long term planning is critical in pursuing resource exchange and project-based collaborative activities with other governmental actors. The corollary is that intergovernmental collaboration generally require long-term assurance and long process in building norm of trustworthiness and reciprocity compared to the public private partnership which demand clear programming through the short term planning.

Status of regulations are observed to have a variation of effects towards actors relations. It is predominantly structured according to each region. Enactment of individual regulation specifying code of conduct in collaboration, for example, is not necessary in Denpasar as the region has strong intergovernmental and cross-sectoral collaboration. On the other hand, cities in the Jakarta region which perform more intergovernmental collaboration are observed to enact separate regulation specifying collaboration rather than adopting from the provincial or central governments.

The artisanship of working with rules through instruments is important so as to improve how internal institutional situations operate over time. The institutions where actors operate differently reward or prevent them over time, so that intrinsic and extrinsic motivations are learned and developed. Instruments, from the

analysis, we found as a tool to try and change situations to achieve better outcomes. To improve joint policymaking collaboration with neighbouring cities, as a start, a city needs to actively advocate collaboration in its local plans, to set their collaborative programme through both long and short term plans, and to align its collaborative policies toward a region-wide perspective from its localised orientation. These three rules that structure the internal situation largely require and expect reciprocity and trustworthiness from the regional perspective which is partial to conduct intergovernmental collaboration. Cross-sectoral collaboration, on the other hand, needs different type of rules in which localised perspective on collaboration is acceptable. Nongovernmental actors demand assurance in the form of financial commitment, hence the importance of fiscal policy with public, private orientation and the issuance of collaborative regulation specifying a public private partnership. To conclude, referring to variation on how internal institutional design shapes local governments' behaviour in conducting collaborative governance, learning to craft rules that attract and encourage actors who share norms as a fundamental requirement needed in the collaborative society.

11.3. REFERENCES

- Agranoff, Robert. 2007. *Managing within Network: Adding Value to Public Organizations*. Washington, D.C.: Georgetown University Press.
- Agranoff, Robert, and Michael McGuire. 2003. *Collaborative Public Management: New Strategies for Local Governments*. Washington, D.C.: Georgetown University Press.
- DiMaggio, Paul J., and Walter W. Powell. 1991. Introduction. In W. W. Powell and P. J. DiMaggio (eds.), *The New Institutionalism in Organizational Analysis*. Chicago, I.L.: The University of Chicago Press, pp. 1-40.
- Frederickson, David G., and H. George Frederickson. 2006. *Measuring the Performance of the Hollow State*. Washington, D.C.: Georgetown University Press.
- Holmes, Erin. 2010. The Biofuel Policy in the American Southeast: How Will the Southern States Manage the Potential? In G. A. Emison and J. C. Morris (eds.), *Speaking Green with a Southern Accent: Environmental Management and Innovation in the South*. Plymouth, U.K.: Lexington Books, pp. 149-70.
- Knoke, David. 1990. *Organizing for Collective Action: The Political Economics of Associations*. New York, N.Y.: Aldine de Gruyter.
- Linder, Stephen H., and B. Guy Peters. 1989. Instruments of government: Perceptions and Contexts. *Journal of Public Policy*, 9, pp. 35-58.
- Linder, Stephen H., and B. Guy Peters. 1990. The Design of Instruments for Public Policy. In S. S. Nagel (ed.), *Policy Theory and Policy Evaluation: Concepts, Knowledge, Causes, and Norms*. New York: Greenwood Press, pp. 103-19.
- Mandell, Myrna P., and Toddi A. Steelman. 2003. Understanding What can be Accomplished through Interorganizational Innovations. *Publid Management Review*, 5(2), pp. 197-224.
- McGuire, Michael. 1990. Collaborative Policy Making and Administration: The Operational Demands of Local Economic Development. *Economic Development Quarterly*, 14(3), pp. 278-91.
- McGuire, Michael. 2000. Collaborative Policy Making and Administration: The Operational Demands of Local Economic Development. *Economic Development Quarterly*, 14(3), pp. 278-91.
- Milward, H. Brinton, and Keith G. Provan. 2006. *A Manager's Guide to Choosing and Using Collaborative Networks*. Washington, D.C.: IBM Center for the Business of Governments.
- O'Toole, Larry, Jr. 1990. Multiorganizational Implementation: Comparative Analysis for Waste-Water Treatment. In R. W. Gage and M. P. Mandell (eds.), *Strategies for Managing Policies and Networks*. New York, N.Y.: Praeger Publishers.

- Ostrom, Elinor. 2005. *Understanding Institutional Diversity*. Princeton, N.J.: Princeton University Press.
- Provan, Keith G., Amy Fish, and Joerg Sydow. 2007. Interorganizational Network at the Network Level: A Review of the Empirical Literature on the Whole Networks. *Journal of Management*, 33(3), pp. 479-516.
- Provan, Keith G., and Patrick Kenis. 2007. Modes of Network Governance: Structure, Management and Effectiveness. *Journal of Public Administration Research and Theory*, 19, pp. 229-52.
- Provan, Keith G., and H. Brinton Milward. 1995. A Preliminary Theory of Interorganizational Effectiveness: A Comparative Study of Four Community Mental Health Systems. *Administrative Science Quarterly*, 40(1), pp. 1-33.
- Rhodes, R.A.W. 1997. *Understanding Governance: Policy Network, Governance, Reflexivity and Accountability*. Buckingham: Open University Press.
- Schaap, Linze, and Mark J. W. van Twist. 1997. The Dynamics of Closedness in Networks. In W. J. M. Kickert, E. H. Klijn, and J. F. M. Koppenjan (eds.), *Managing Complex Networks: Strategies for the Public Sector*. London: Sage Publications, pp. 62-76.
- Schneider, Anne L., and Helen Ingram. 1990. Policy Design: Elements, Premises, and Strategies. In S. S. Nagel (ed.), *Policy Theory and Policy Evaluation: Concepts, Knowledge, Causes, and Norms*. New York: Greenwood Press, pp. 77-101.
- Wasserman, Stanley, and Katherine Faust. 1994. *Social Network Analysis: Methods and Applications*. Cambridge: Cambridge University Press.

CHAPTER 12

COLLABORATION AND GOVERNANCE IN METROPOLITAN REGIONS: IN DEPTH CASE STUDIES ANALYSIS

12.0. SUMMARY

Summing-up from chapter 5, this study denotes that since the Indonesian system does not recognise a supra-local level government there is no formal and rigid structure of collaborative governance in the metropolitan region to frame how, why, and when local governments engage in their rational action with each other. With all of these fragmented attributes between distinctive and often opposing urban system, it is difficult if not impossible to put one single type of collaboration to provide the basis for lasting regional partnership, resurgence of planning, planning effectiveness and relationship. The quantitative analysis presented in the Chapter 7 to Chapter 12 demonstrates the complex characteristics of collaborative metropolitan governance from the perspective of the institutional structure, the institutional environment (external factors), and the internal institutional design (internal factors) of collaborative governance. The quantitative analysis examines the how, why, and when questions yet while sufficient results are cultivated, for a phenomenon-based study such as collaborative governance, a qualitative analysis of case studies is needed. To further engage in this topic and to synthesize what we gather from the qualitative analysis, this chapter specifically discusses in detail the transformation of Indonesian collaborative metropolitan governance at the metropolitan level and give in depth analysis of the emergence of collaborative governance at the city level.

This chapter is divided into two main parts and both are case study based qualitative analyses. The first part discusses the institutional transformation of collaborating body at the metropolitan level and the second part elaborates the emergence of collaborative metropolitan governance from the city-level perspective. The second part in particular is based on the result of the interview. The selected case studies are Jakarta, Surabaya, Denpasar, and Yogyakarta. From the analysis, this study found that each case provides a different example on institutional situation affect collaborative governance through the transaction cost and organisational characteristics. Civic capital also illustrates the complexity of collaborative institutions and local actors' preferences.

12.1. INSTITUTIONAL TRANSFORMATION OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE: CASE STUDIES

Given the complexity of regional problems as explained in chapter 6, the functions of the Indonesian collaborative metropolitan governance are unsurprisingly interchangeable. Through the years all levels of governments from central to local have been trying to restructure the collaborative metropolitan governance

framework including the restructuring of its collaborating body. In the early years following decentralization the immediate restructuring was needed to adjust to the changing central government policy preference and after that the gradual changes is mainly to cope with the fast pace of policy changing following the new governmental system, both to act in accordance with central, provincial, and local policies.

Sustainability and effectiveness in managing collaboration have been a constant issue in finding collaborative governance framework in Indonesian cities (Ministry of Public Works, 2006; Hudalah et al, 2013b). With new regulations in planning, local government and fiscal continuously introduced every few years by the central government, restructuring is unavoidable. While the building takes years to flourish, most of cities observed usually have two to five year period of the collaborative agreement which give them a window to readjust and restructure their collaborative arrangement when new regulation is introduced.

An important part of the analysis on the extent of Indonesian collaborative metropolitan governance is the explanation of the interactive process of the collaboration. First, in relation to the coordination, information exchange and resource sharing are essential activities to be conducted during the collaboration. In order to examine this issue, this study refers back to the functions of the collaborating body. Second, examining characteristics of local governance is necessary to understand the cooperation building although identifying the mobilisation process is not sufficient to evaluate the success of a collaboration (Hudalah et al, 2013a). Finally, this study examines the typology that characterises the metropolitan governance in the observed regions by identifying the important collective activities and process influenced said activities which in turn will give understanding factors to collaborate.

12.1.1. Case 1: Jakarta

Mechanism and typology of collaboration

The mechanism and typology of metropolitan collaboration in Jakarta are characterised by the complex actor relations in its governance network, owing to multi layers of governmental and nongovernmental actors involved. The span of governmental actors engaged in the metropolitan governance preceding decentralization ranged from central government, two different provinces, and multiple local governments. The numbers of participating governmental actors increase after the decentralization due to regional proliferation, adding more challenges in governing the region.

The mobilisation of the collaborative metropolitan governance in Jakarta has been repeatedly changing each time major policy implemented by central government, e.g. spatial planning (1992 and 2007), and decentralization (1999 and 2004). Yet the challenges to develop a strong collaborative network remains similar, e.g. finding a formal form of participatory management and authority sharing among autonomous

local and provincial governments (Ministry of Public Works, 2006). The strategic issues driving the needs to collaborate also persist around growth management and sustainable development issues.

Prior to the decentralization, according to the observation, nongovernmental actors played less significant roles in the collaboration. Both civic and private sectors functioned as temporary partners in the sectoral field. Local governments also only involved in the bottom line of the collaborative arrangement rather than actively involved in the collective decision making. Higher levels of government bodies played roles as political and financial provider and as an ad hoc agent with structural involvement. Hence, the mobilisation of collaborative metropolitan governance in Jakarta before the decentralization was top-down based control and command with higher levels of government decided upon their subordinates. The mechanism followed this mobilisation was a hierarchical partnership with limited authority exercised by the local government.

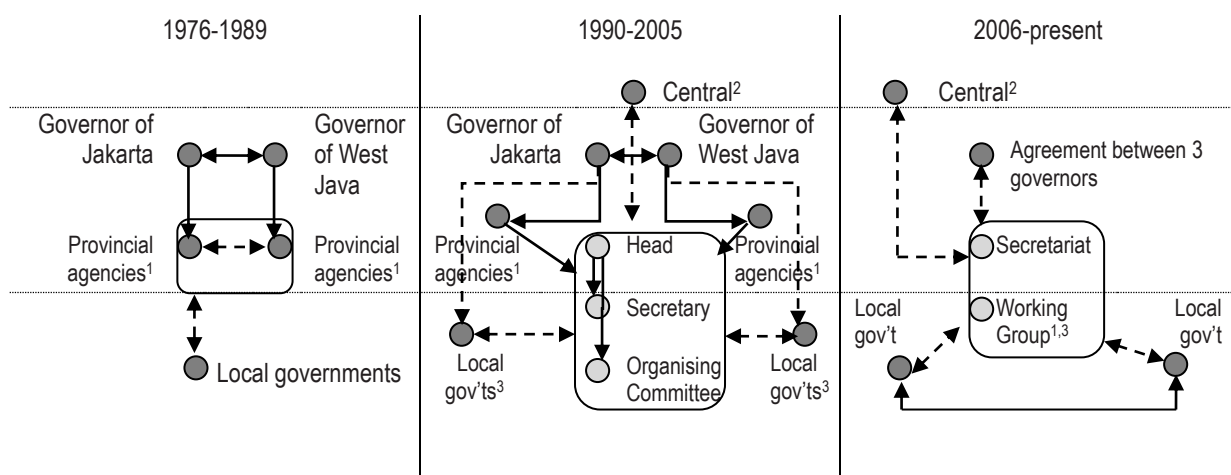
After the decentralization, aside the collaborating body and the quest of finding metropolitan wide participatory management, the collaborative local governance in present Jakarta characterised by a variety of governmental and nongovernmental actors playing significant roles in the collaboration. With the autonomous position gained, local governments are entitled to develop partnership with other local government and other sectors. At regional level, higher levels of government bodies continue playing roles on an ad hoc basis and provide financial support in developing collaborative metropolitan governance where all members can engage. Nonetheless, gone the hierarchical mechanism of collaboration that was prominent prior to the decentralization replaced by a hybrid mechanism where both higher levels of governments and their subordinate engage in collective decision making process. Although the collaboration engaging all members in the Jakarta metropolitan region is developing slower than expected (Ministry of Public Works, 2006), sectoral based collaborative activities between neighbouring local government or between local government and other sectors are growing faster indicating that local governments are more willing to collaborate in activities that immediately affect its jurisdiction (micro) rather than collaborating for long term regional development (macro).

Collaborating body

The collaboration body and governmental actor relationship in the Jakarta metropolitan region are observed to have undertaken three major changes. This study observed that the collaboration body and the primary domain of governmental actor relationship in collaborative metropolitan governance subsequently moved from the provincial domain to the provincial-local domain over the course of three decades. The collaborative metropolitan governance in Jakarta is unique due to the unavoidable involvement of higher level of governments as the associating local governments span across multiple provincial jurisdictions –the special capital province of Jakarta, three municipalities/regencies in Banten province and five municipalities/regencies in West Java province.

During the initiative period of collaborative metropolitan governance in 1976-1989, the coordinating function of the collaborative activities was jointly managed by the provincial agencies in Jakarta and West Java province (Banten province was established after the decentralization). With local government was administratively under the provincial government, the involvement of the local government was governed through a top-down command from the province. As much as administratively managed by the provincial government, the financial resource relied on the provincial budget. Local governments were mostly involved in term of information sharing regarding the regional plan and implementation as it has no fiscal resource for project implementation nor authority.

Figure 12.1. Transformation of actor mapping in the collaborating body of collaborative metropolitan governance in Jakarta metropolitan region.



Note: ¹Provincial Development Planning Agency, Public Works Agency, other related sectoral agencies.

²National Development Planning Board, Ministry of Public Works.

³Local Development Planning Board, Public Works Agency, other related sectoral agencies.

—→ Direct command

← - - -> Coordinating – Communicating

↔ Direct collaborative agreement

□ Collaborating body

Source: Author (2014)

The year 1990 saw the first restructuring of collaborating body in the Jakarta metropolitan region. Following the first spatial plan law (Law 24/1992), the local government was given higher autonomous role in spatial planning although limited and administratively continued under the provincial government. Nevertheless, the role of the local government in the collaborating body remained only in information sharing and making subsequent plans based on the spatial plan made by higher levels of government. The collaborating body was headed by the governor (the governor of Jakarta and West Java took turns every five years) and managed administratively through provincial agencies. In this scheme, local governments were part of the organising committee where technical matters were discussed. This format of collaborating body continued after the decentralization until 2005 and went through regional proliferation with the additional establishment of provinces and municipalities/ regencies into the group. Due to the change of autonomous position of local government as well as the abolishment of top-down planning system, the collaborating body was mostly

ineffective in addressing collaborative metropolitan governance –with the autonomous position of local government, the provincial government holds no commanding power of local governments under its jurisdiction. It also saw the shift of financial resource for planning and implementation of the program from the provincial to the local government.

Deemed incompatible with the decentralized system, three involved governor in the Jakarta metropolitan region renewed their collaborative agreement and in turn restructured the collaborating body for the second time. The body remained led by the governor, but the involvement of the local government is significantly increased with the establishment of the working group where local agencies hold the same level as the provincial agencies. With the autonomous position, local government is encouraged by higher level of governments (central and provincial) to established collaboration agreement within themselves as well as with the provincial government. Moreover, this study observed that in the Jakarta metropolitan region, the central government maintains relations and involvement with the collaborating body over the years, mostly as facilitating or moderating agent.

12.1.2. Case 2: Surabaya

Mechanism and typology of collaboration

In the initial and development stage of the collaborative metropolitan governance in Surabaya before the decentralization, the provincial government was the principal agent while the local governments in the region acted as subordinate. The management and the process of collaboration followed a top-down command where all plans and implementation were decided at the provincial level. With this scheme, the collective action was limited to the information sharing, but not the decision making, implying that the collaborative arrangement prior to the decentralization was not the collaboration in term of collective decision making process.

With the mobilisation process managed and directed by the province, the provincial government also acted as mediator and facilitator to the participating local governments. The initiatives of participating local governments in collaboration building played less significant roles than their superior partner. The local government was mostly involved during the implementation process where the budget was already allocated by the provincial government. In this top-down process, the amount of bargaining and negotiation among local government and between different levels of government were limited. It can be concluded that the collaborative arrangement prior to the decentralization was aimed at reminding local government about their commitment to implement regional planning as a basis for translating agreements into concrete actions.

When decentralization changes the intragovernmental and intergovernmental relations, it also changes the nature of collaborative mechanism and its typology at both provincial and local levels. As the local government gains autonomous power, the influence of the provincial government to local decision making process reduced significantly through the separation of power regulated in the decentralization law (Situmeang, 2011). The declining influence of the provincial government is not particular to the Surabaya metropolitan region but in other regions, e.g. Yogyakarta and Denpasar, the provincial government is deemed successful in maintaining relations with its subordinates.

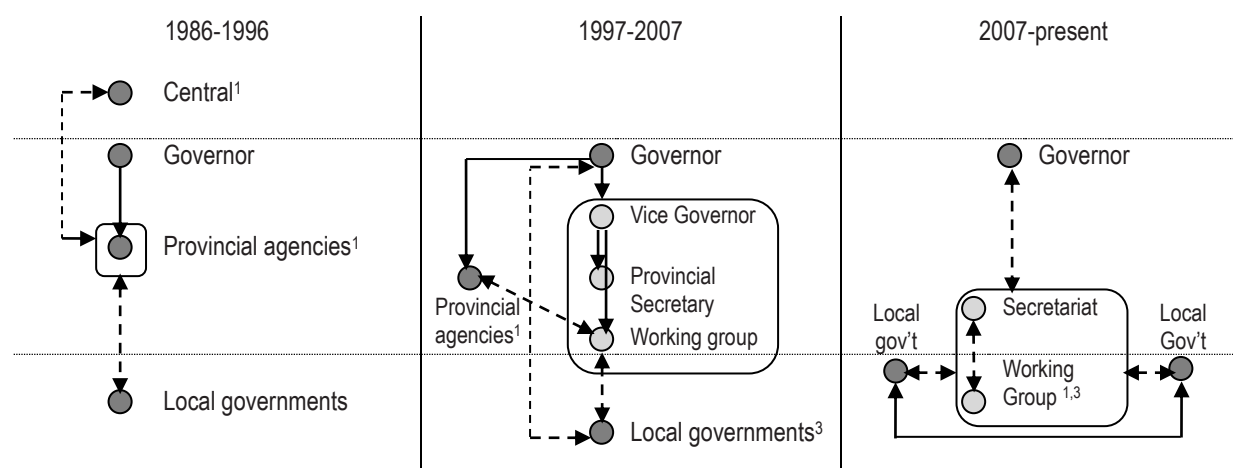
With changes in the governing system, the typology that characterises the current metropolitan collaboration in Surabaya mainly is a hybrid partnership ruled by sectoral collaboration as the mechanism to develop the common vision is missing. The collaborating body is lack of ability to initiate development of common needs and building of agreements upon that. After the decentralization the collaborating body has only acted to promote better communication and information sharing among the participating parties in irregular basis while direct collaboration is handled through sectoral connection between the local governments involved. The sectoral collaboration is also limited, based on the projects and priorities of the participating local governments, especially for projects and programs around the border area, e.g. road development in the border area, a partnership between two neighbouring local governments for water supply facility and infrastructure, sharing of transportation facilities, etc. So far, according to the interview there is the region has yet established a common collaborative program that covers all municipalities and regencies in the region.

Collaborating body

The restructuring of actor mapping in coordinating body of collaborative metropolitan governance in Surabaya is not much different than Jakarta but with less multi levels and multi-jurisdictional actors involved as the metropolitan region is part of single provincial government (East Java province), thus less complicated in nature of administrative and management. After the decentralization, the region experienced no regional proliferation in their jurisdiction compared to Jakarta, which has both a new province and several newly established municipality/regency between 1999 and 2010.

During the period of 1986-1996, collaborating body of metropolitan Surabaya is a part of the provincial agency and directly under the instruction of the governor. There was no separate agency established for collaborating the regional development, but only a sub department under the provincial public works agency. This sub department managed the administrative procedures while the technical aspect was handled through a group of sectoral agencies such as the provincial development planning agency, transport agency, etc.

Figure 12.2. Transformation of actor mapping in coordinating body of collaborative metropolitan governance in Surabaya metropolitan region.



Note: ¹Provincial Development Planning Agency, Public Works Agency, other related sectoral agencies.

²National Development Planning Board, Ministry of Public Works.

³Local Development Planning Board, Public Works Agency, other related sectoral agencies.

—→ Direct command

←-→ Coordinating – Communicating

↔ Direct collaborative agreement

□ Collaborating body

Source: Author (2014)

The first restructuring of collaborating body in Surabaya took place just before the decentralization law was enacted. The restructuring initially was planned to follow the policies ruled by the first spatial planning law (Law 24/1992) in order to delegate some part of local planning responsibilities to the local level. Following the idea to partially decentralize some of planning authorities, the provincial government decided to create a separate entity as the collaborating body for the metropolitan region. The collaborating body still located under the authority of the provincial government, but was separated from provincial agencies. It consisted of the vice governor as the head of the body, a secretariat and a working group. The members of the working group were from the provincial agencies and local agencies to encourage more participation from the local level. The province advocated individual intergovernmental collaboration under the platform of metropolitan collaboration. Thus, the involvement of the provincial government remained as strong as any collaborative arrangement between its subordinate local governments needs approval from the governor.

The provincial structural based collaborating body stayed well after the decentralization with the exception that with the regional autonomy the local government needs no approval from the governor to form a collaborative agreement with either governmental or nongovernmental sectors. Nonetheless, the collaborating body has been mostly inactive in advocating metropolitan governance other than coordinating regional spatial planning. With the enactment of the spatial planning law in 2007 (Law 26/2007), the provincial government tried to reactivate the metropolitan collaborating body by restructuring it again to fit the governing system. The top-down system where the vice governor acted as the head of the body was abolished to create a metropolitan secretariat. In this scheme, the format of working group where provincial

and local agencies communicate and share information is remained. Although the financial resource for the management of the collaborating body is allocated solely from the provincial government, the restructuring saw a movement of the coordinating level from the provincial level to the local level, establishing a hybrid system where higher level of government and its subordinate works together.

12.1.3. Case 3: Yogyakarta

Mechanism and typology of collaboration

Local governments are the major actor in Yogyakarta's metropolitan collaboration. Other actors play less significant roles, i.e. civic and private sectors function as temporary partners on sectoral implementation. The provincial government is especially consequential in providing political and financial support in the beginning of the collaborative development. The support that has been given by the provincial government is also crucial in setting up the stable political situation. As much as local governments hold autonomous position, as a special sultanate province, the role of the provincial government and its support shape the success of collaborative metropolitan governance in Yogyakarta. Therefore, the relations between local and provincial government and the relations among participating local governments characterised the network of governance in Yogyakarta as a shared partnership with local governments as the centre of the networks. This shared partnership in Yogyakarta is limited to the governmental sector in nature since other cross sectoral actors play insignificant roles.

The establishment of joint secretariat as the metropolitan collaborating body is an essential medium to support the information exchange, knowledge, and personnel resource sharing –financial sharing to fund the implementation is sectoral based, planned and allocated according to sectoral agencies– at the local level. In this joint secretariat, the main actor is participating local governments as there is no involvement of provincial agencies during the regular meeting. Hudalah et al (2013a) mentioned that by functioning as a mediator and facilitator, the joint secretariat gives the local governments the opportunity to share information and interact with and meet each other frequently, building social cohesion among themselves. The regular meeting among sectoral agencies gives the local government opportunities to understand each other and increase the willingness to proactively involve as well as the support system in the face of conflicts that potentially emerges during the process. In the implementation stage, information is shared through the circulation of the minutes of meetings among levels of officers in various sectoral agencies which helps the related agencies to follow up on the information and agreements outside of their sectoral scope. Principally, knowledge management and information sharing are aimed at reminding each party about their commitments to translate agreements into concrete implementation (Hudalah et al, 2013a). In the end, this collective activity creates bigger possibilities to sacrifice local egoism in order to integrate differences and create a common vision for effective implementation.

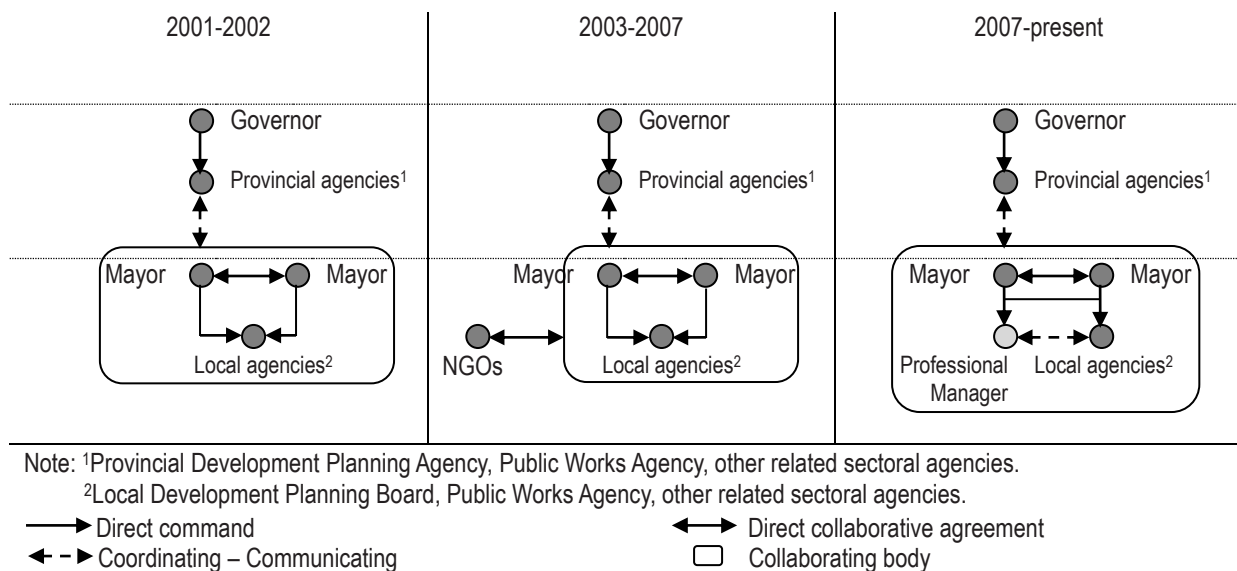
As we conclude, the joint secretariat as collaborating body plays an essential role in the building of collective agreements and their implementation, empowering local governments and advocating voluntary based partnership developed from common needs and understanding. With the collective action is influenced by the information and vision sharing process, the participating local governments are able to expand their collaboration from one sectoral collaboration to a wider spatial collaboration such as regional infrastructure planning. Although still limited to certain governmental actor, nonetheless, the joint secretariat possesses a strong basis for intergovernmental collaboration.

Collaborating body

Yogyakarta's coordinating body was established shortly after the two regencies and the municipality agreed to build metropolitan collaboration. At the beginning the coordinating body was jointly managed by local agencies, forming a Joint Secretariat. At the top level, there was a mayoral forum followed by working group formed by local agencies. Through this platform, the local agencies managed to improve coordination in planning, implementing, monitoring, and evaluating cross-border infrastructure development across the region (Hudalah et al, 2013b). The collaborating body was managed without strong involvement of provincial government in the implementation other than as supporting role, and even less involvement from the central government. Yogyakarta as metropolitan region is not a part of the national priority area unlike other designated metropolitan region, hence less associated with the central government and less intervention in its regional planning.

In 2003, the joint secretariat signed collaborative agreement with GTZ (German Technical Cooperation) for an urban quality program to improve local decision making. Following this agreement and study conducted by GTZ, the involved local governments agreed to restructure their collaboration body in order to improve the efficiency as well as the overall performance quality of the collaborative metropolitan governance. In overall, the partnership was deemed successful in improving the collaboration process, i.e. strengthening the functions of the collaborating body, facilitating the legal and organisational formation, improving the implementation process and its effectiveness, enhancing the quality of decision-making processes and in turn improving the stakeholder involvement (Hudalah et al, 2013a). The major restructuring aimed to reform the managerial structure into a professional management that is independent from the governmental structure. With the separation of management and technical operation within the collaborating body, the involved local governments agreed to install a professional manager from a nongovernmental institution that held no governmental position to manage day to day activities of the collaborating body, including administrative task and coordinating regular meeting. The managerial structure remained until present after the collaborating partnership with GTZ ended at the end of the urban quality program in 2006/2007.

Figure 12.3. Transformation of actor mapping in coordinating body of collaborative metropolitan governance in Yogyakarta metropolitan region.



Source: Author (2014)

12.1.4. Case 4: Semarang

Mechanism and typology of collaboration

The collaborative arrangement in the Semarang metropolitan region keeps a close communicating and coordinating process with the provincial government, although the province has no authority towards its decision making process. Other than acting as advocacy agent, especially for legal issues and capacity building, the provincial government does not interfere the collaborative activities in the local level. The projects and the management resulted from the collaborative agreement are funded by the local government. Nonetheless, the support from the provincial government is necessary for the development of collaborative metropolitan governance as it provides stable political support for local governments.

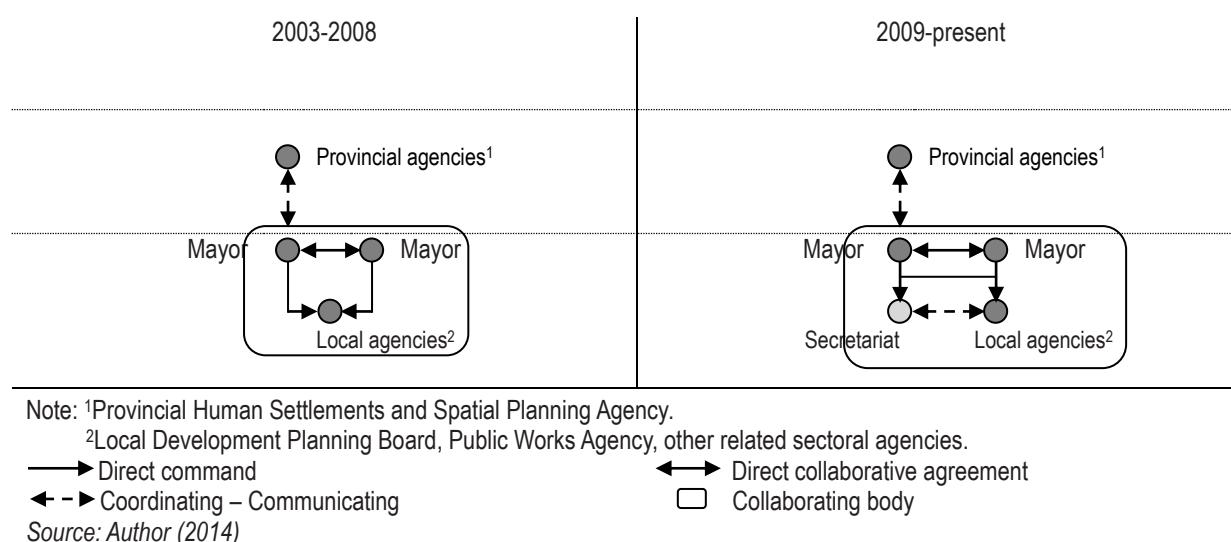
The mechanism of collaboration in Semarang reflects voluntary initiatives of participating local governments in cooperation building. The collaborating body and the scope of collaboration that the local governments currently handled are not as comprehensive as a collaborative process in Yogyakarta or Denpasar, but in regional aspect it is more improved than collaborative metropolitan initiatives in Surabaya. Other than collective initiatives for all participating local governments, cities in the Semarang region also conduct sectoral based collaboration with their neighbouring cities. Utilising the platform of collaborating body, sectoral agreements and their implementations are developed between two or more neighbouring cities, although the involvement of other nongovernmental sector remains less significant. With the collaborative metropolitan agreements, the collaborating body has the ability to promote good communication among the participating local governments and to develop common issues. The metropolitan wide collaborative

platform itself is still developing and from the observation, as the system is yet fixed the continuation in promoting collective action depends on good leadership of the local government officers to manage the knowledge accumulation and stimulating common awareness to collaborate.

Collaborating body

The collaboration for regional development in the Semarang metropolitan region started in 1998, initiated by the six neighbouring local governments sharing borders. It started through a forum intended to share information regarding spatial planning and to coordinate development in border areas. The collaborating body itself was formed in 2003 after the neighbouring local governments signed a collaborative agreement. The agreement targeted partnership in various sectors related to urban development, including spatial planning, environmental preservation, industry and commerce, public service and infrastructure, transportation, tourism, health, agriculture, education, labour, social, etc. The provincial government through its agencies acted as advocacy agents but the agreement was signed without the involvement of the provincial government on the contract.

Figure 12.4. Transformation of actor mapping in coordinating body of collaborative metropolitan governance in Semarang metropolitan region.



Between 2003 and 2008 the collaborating body was managed together between the participating local governments through sporadic sectoral meetings among local agencies. These local agencies also coordinated their plans with the provincial agencies. In 2009 the local governments renewed their collaborative agreement since the previous agreement expired in 2008 after 5 years. In addition to the renewal the participating local governments agreed to strengthen their collaborating body by establishing a structural management body. The local governments would take turns managing the Secretariat every two years and in order to do this each of them would establish a bureau or agency under their administration. The local governments also agreed to allocate annual budget for the Secretariat, which will fund the day to

day operational and arranged collaborating meetings. The budget for the project implementation, e.g. joint partnership for water supply management or road development, etc., remains under the prerogative of the sectoral agencies/local agencies such as public works agency.

12.1.5. Case 5: Denpasar

Mechanism and typology of collaboration

Collaboration initiative in Denpasar is essentially a bottom-up partnership with intergovernmental and cross-sectoral collaboration. The collaboration developed from voluntary agreement between the participating local governments as a measurement to alleviate interrelated regional problems. The collaboration itself has been a gradual process evolving from informal, irregular information exchange among local governments that stimulates common awareness to collaborate. Owing to the study facilitated by the World Bank in 1999, the collaborative initiatives moved from informal information exchange to formal collaborative agreement in 2002. The involvement of higher levels of governments continues less significantly during the development and the implementation periods while civic and private sectors played essential role as partners, both through temporary and long term agreement. Hence, the mobilisation process indicated a strong voluntary bottom-up approach set by the local actors.

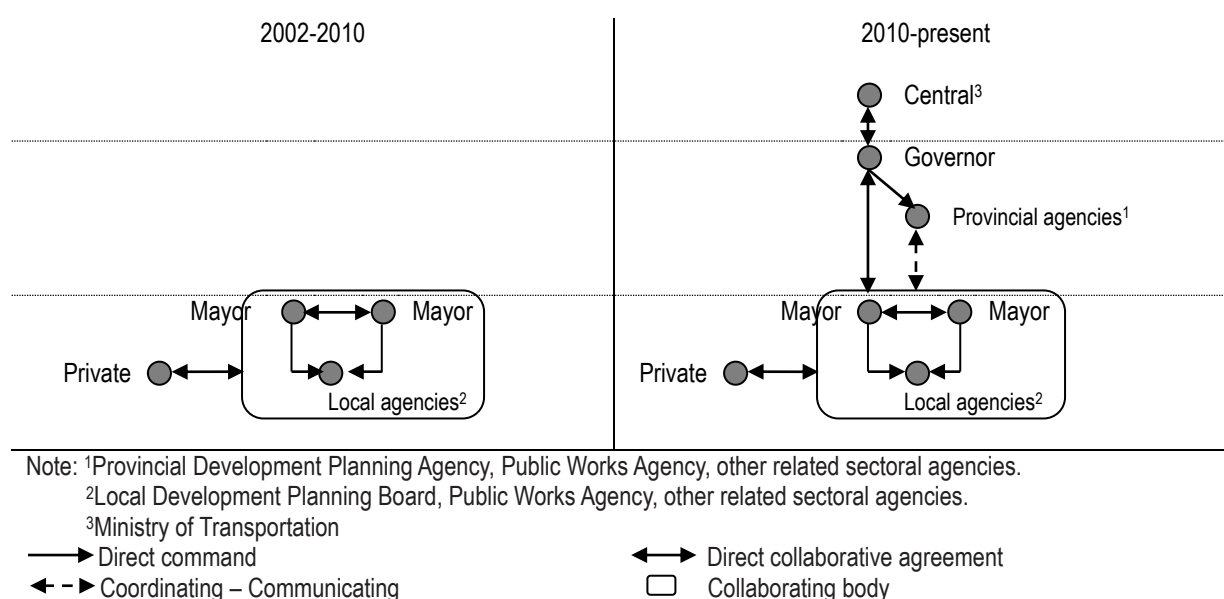
The collaborating agreement in the Denpasar metropolitan region was initiated around the same time with collaboration initiative in Yogyakarta. Spurred with agreement to manage regional waste management, one neighbouring municipality and three regencies agreed to form a coordinating body. The collaborative initiative was strived as problem solving based management, thus it focused more on implementation and the outcome rather than starting off with coordinating regional planning and policy. The uniqueness of collaborative metropolitan governance in Denpasar is that the coordinating body on behalf of the involved local governments contracted the implementation of project –started with solid waste management– to a private company. This type of public-private contracted partnership between collective governments to the private sector is first in Indonesian collaborative metropolitan governance.

Collaborating body

The collaborating body itself is managed jointly by the participating local government. It has no formal management structure like the joint secretariat in Yogyakarta but rather managed through regular meeting between involved local agencies, e.g. meetings among the participating Local Development Planning Agencies or Public Works agencies, depends on which sectoral problems needed to be addressed in time. Each local government also deployed its personnel to work together with personnel from the different city, establishing a personnel-sharing scheme for managing the implementation. No fiscal resource sharing is

designated for the management of collaborating body, but fiscal sharing in the form of grants and in-kind services are available for the collaborative program implementation. Any decision making process was also handled in sectoral based and each agency then reported back to the mayor –the collaborating body held no mayoral forum. The collaborating body only managed collective action involving all four participating local governments but not individual collaborative activities, e.g. intergovernmental collaboration between its two members, cross-sectoral collaboration between one of its members and private sector. Each local government involved directly managed the individual collaborative activities. Nonetheless, the collaborative body is a valuable platform to discuss cross-border issues and the meetings are regularly utilised to coordinate planning and policymaking among the four local governments (confidential interview, June 2013).

Figure 12.5. Transformation of actor mapping in coordinating body of collaborative metropolitan governance in Denpasar metropolitan region.



Source: Author (2014)

Following the success of collective action between collaborating local governments and the private sector for solid waste management, in 2010 the provincial government initiated a regional transportation scheme connecting Denpasar metropolitan region. This regional transportation scheme is a joint partnership between three levels of government –central, provincial, and local government. Each local government signed an agreement with the provincial government, establishing an intergovernmental collaboration. The central government through the ministry of transportation provided the means of transportation (in this case, buses), the provincial government provided the infrastructure, e.g. building the bus way and other related facilities, and the local governments were responsible for the sub-provider and transportation permits since the network generally passing through their jurisdictions. In this scheme, the provincial government established an operational body to implement the project and manage the operation consisted of personnel from related provincial agencies.

12.1.6. Case 6: Makassar

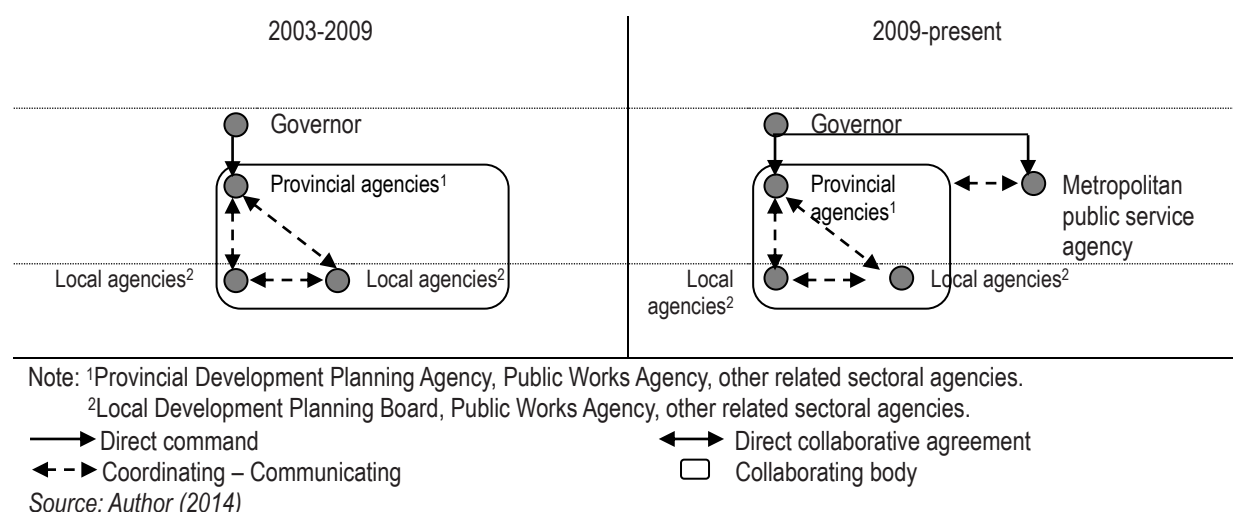
Mechanism and typology of collaboration

The collaborative metropolitan governance in Makassar is essentially a provincial-controlled system as observed that any cross-jurisdictional development in the region needs approval from the provincial government through the issuance of development permits by the metropolitan public service agency. In this scheme, the provincial government controls any infrastructure projects and urban development project that takes place across jurisdiction or affect more than one municipality/regency, not only collaborative projects for the infrastructure development but also private development. Most of big scale cross-jurisdictional infrastructure project is funded by the provincial government or funded by the central government and managed by the province, e.g. road development and satellite cities. The role of local government in the development of the metropolitan region is generally to assist the provincial government, which was commonly observed in Jakarta and Surabaya metropolitan region prior to the decentralization. Moreover, collaboration among local governments in the Makassar metropolitan region are especially needed for consolidating land acquisition for the infrastructure development. Observing from this phenomena, although the main idea of the collaborating body in Makassar is to promote communication among the participating parties and to respond to common needs and issues, the involvement of the provincial government is very strong in the decision making process as well as directing the regional and cross jurisdictional development. Hence, this study concludes the typology that characterises the collaboration in Makassar as a top-down process.

Collaborating body

As the collaborative metropolitan governance in Makassar is practically ineffective over the years, according to the local government interviewed, both local and provincial governments are still trying to find an appropriate collaborating body that works for their region. The collaborating body was authorised through the Governor Decree after the provincial government published the metropolitan spatial plan (Provincial Regulation 10/2003). It was managed by the provincial agencies with priority to coordinate planning at the local level, information sharing, building the capacity of local government and after 2009, supporting the metropolitan public service agency (UPTD Mamminasata). The metropolitan public service agency is a unique feature observed in Makassar, it is a provincial agency established in 2009 solely to oversee the development of the metropolitan region and to accelerate the infrastructure development. Its responsibilities include managing any agreement forged between local governments, making the metropolitan development plan and public service infrastructure plan and advocating collaboration among local governments. The differences between the collaborating body and the metropolitan agency is that the former tackles the coordinating function and the later manage the implementation.

Figure 12.6. Transformation of actor mapping in coordinating body of collaborative metropolitan governance in Makassar metropolitan region.



12.1.7. Summary

As can be seen from Table 12.1 in the next page, three metropolitan regions (Jakarta, Surabaya, and Denpasar) are observed to have transformed their collaborative arrangements at least once during the time from its mobilisation to present time, albeit in various levels of changes. The table also shows the tendency of local governments to shift away from the authority-based hierarchical type of partnership, especially regions that started their collaborative arrangement before the decentralization. With the local government gaining more power financially and administratively in developing their planning and infrastructure provision, the change is expected. While in the past planning is rather subjected to central government control, at present it becomes local affairs.

On the other hand, the summary also displays that in some regions (Yogyakarta, Semarang, and Makassar), the provincial government retained its position as the coordinating or mobilising agency even after the decentralization. In Makassar case, we observed that the region conducts top-down collaboration initiative, which is uncommon compared to other region after the decentralization law was enacted. Even though, according to the spatial planning law in 2007 the planning process and public service provision no longer subjected to higher levels of government, but rather local affairs, in some regions the provincial government manages to adjust to the new system and in the end maintain their influence to the local level. It may occur due to the institutional capacity of provincial government in responding to the decentralization policy. Whereas precedent studies pointed out that the ability of provincial and local governments to respond to the decentralization has been considerably variable, depending on their capacity (see Firman, 2010), this study denotes that the local-provincial relationship also plays significant role in responding to the change in the local and provincial governance in the process of decentralization. Voluntary mechanism requires a very deep and close degree of cooperation among actors involved. In Yogyakarta case, the reason why the close

relationship successfully maintained is because their collaborative arrangement does not involve various different actors outside the governmental sector. The main partner for collaborative governance in Yogyakarta is the local government with less involvement from public and private sectors.

The transformation does not stop on the mobilisation of collaborative governance only, but also geared towards mechanism, network of actors and main partner for collaboration. Denpasar and Surabaya both change their mechanism from its previous form established at the beginning of the collaboration. In Denpasar, the change from voluntary to hybrid is more about the increasing role of higher levels of government, in this case the provincial government. When the mobilisation change from bottom-up to top-down, the mechanism is no longer governed by mutual interest only but also regional interest. The local government is still the main actor, but there is growing influence of higher levels of government in coordinating the collaborative activities. Hybrid partnership requires higher network competencies than both voluntary and hierarchical partnerships to manage the governance system that consists of various levels of government as well as other actors from private and public sectors.

Table 12.1. Transformation of Indonesian metropolitan collaboration.

Metropolitan region	Initial	Present
<i>Mobilisation of the collaborative arrangement</i>		
Jakarta	Top-down (provincial) – top-down (central) – top-down (provincial)	
Surabaya	Top-down (provincial)	Top-down (provincial)
Yogyakarta	Bottom up (local)	Bottom-up (local)
Semarang	Bottom-up (local)	Bottom-up (local)
Denpasar	Bottom-up (local)	Mixed (some bottom-up, some top-down)
Makassar	Top-down (provincial)	
<i>Mechanism of the collaborative arrangement</i>		
Jakarta	Hierarchical partnership	Hybrid partnership
Surabaya	Hierarchical partnership	Hybrid partnership
Yogyakarta	Voluntary partnership	Voluntary partnership
Semarang	Voluntary partnership	Voluntary partnership
Denpasar	Voluntary partnership	Hybrid partnership
Makassar	Hierarchical partnership	Hierarchical partnership
<i>Type of network governance structure</i>		
Jakarta	Lead organization	Sectoral partnership
Surabaya	Lead organization	Sectoral partnership
Yogyakarta	Shared partnership	Shared partnership
Semarang	Shared partnership	Shared partnership
Denpasar	Shared partnership	Shared partnership
Makassar	Lead organization	Lead organization
<i>Main partners for collaboration</i>		
Jakarta	Provincial government	Other local government, public and private sector
Surabaya	Provincial government	Other local government, public and private sector
Yogyakarta	Other local government	Other local government
Semarang	Other local government	Other local government
Denpasar	Other local government, private sector	Provincial government, other local government, private sector
Makassar	Provincial government	Provincial government, private sector

12.2. THE WORKING OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE: IN DEPTH CASE STUDIES ON CITY LEVEL COLLABORATION

Whereas the earlier sub-chapter discussed the collaborative metropolitan governance from the perspective of the regional governing system and the pre-existing metropolitan collaborating structure, this part will elaborate the working of Indonesian collaborative metropolitan governance from the city (local) level perspectives. This part in particular is aimed to cross-examine the results of the quantitative analyses presented in the earlier chapters in order to provide a well round empirical analysis.

12.2.1. Methodology and Case Studies Selection

The data for this analysis is done as a part of the structured survey, which also conducted to gather the data for qualitative analysis presented earlier. By using structured survey methods, both qualitative and quantitative data can be acquired. While the data for qualitative analysis is based on the questionnaire survey, the data for this analysis is collected through discussion and interviews. Both questionnaire and interviews were aimed at the same respondent. As mentioned in Chapter 5 regarding Research Design, the survey targeted chief officers from local government who are primarily responsible for collaborative activities and who are familiar with collaborative arrangements involving various actors their cities conduct in the last ten years. The survey was done in six metropolitan regions, covering 33 cities in total.

For this in depth analysis, this study selected four cases out of six metropolitan regions examined in quantitative analysis with selection based on its analytical results. As the variation of the collaborative governance across sample cities and regions are wide, this study only selects regions with member cities that are considered performing specific collaborative governance, either successful or less. The consideration is based upon findings that the direction of external and internal influence, either positive or negative, on collaboration cannot be easily predicted and fluctuated across cities. The wide variation implies that collaborative governance is essentially a geographical bound in which the same variables can have different effects in different context. Choosing regions from multiple spectrum of performance help diverse the sample for in depth analysis as well as bring about interesting cases to the forefront of this study. By doing so, this study aims to use in depth case studies as a means to support the hypotheses tested in the quantitative analyses in a contextual and geographical based evaluation.

Performance assessments for case study selection are based on the variables examined in the quantitative analysis, including the institutional structure, institutional environment (fiscal, socio-cultural, and political factors), as well as their internal institutional design, and other additional variable such as pre-existing metropolitan structure. These variables and a brief description of their potential effects on collaboration – developed from the results of the quantitative analysis– are summarised in Table 12.2.

Table 12.2. Variables for case studies selection.

Type	Variable	Description
Institutional context	1. Overall institutional structure	The more similar cities in a region to each other in their institutional structure, the easier for them to establish collaborative governance.
	a. Central Interaction	Regular and strong relations with the central government may give cities more access to financial resource, depending on coercion it can bring potential for collaboration.
	b. Provincial Interaction	Stronger linkage with the provincial government as the regional representative may bring local actors together to address collective issues, especially through intergovernmental collaboration.
	c. Intergovernmental Interaction	The stronger the linkage between cities, the more collaborative activity can be pursued.
	d. Cross-sectoral Interaction	Stronger interaction between various actors in a city brings more collaboration, depending on possibilities to reduce transaction costs it may affect the intergovernmental collaboration.
	2. Number of actors (Actors interaction)	The more actors involved in the horizontal level, the more complex it may become to develop intergovernmental collaboration, but it may benefit for cross-sectoral collaboration.
	3. Pre-existing metropolitan structure	The presence of pre-existing metropolitan structure that works effectively may encourage cities to collaborate.
	4. Policy instruments	The intervention of local government in setting up an internal institutional design of a city can create a collaboration-supportive platform at the local level. The platform can be specific according to preferred partners.
Institutional environment	1. Fiscal autonomy	The more access to financial autonomy, the more active local actors pursue external resources to fund their infrastructure. Needs for financial supports may develop local willingness to collaborate.
	2. Political heterogeneity (Partisan election)	The broader party structure of local legislative may hinder the development of collaboration as more fraction can drive up transaction cost.
	3. Political stability	A stable political situation may encourage local actors to collaborate as the transaction cost due to political change is lessened.
	4. Institutional asymmetry	The less asymmetrical situation in a region can drive up collaborative governance as the more willing local actors to collaborate. The more similar cities in their governing capacity and capability may bring cities to collaborate.
	a. Disparity on fiscal	Asymmetrical fiscal power may create chances or externalities on collaboration, depending on the internal situation and preferred partners.
	b. Disparity on QoL	A similar challenge in improving quality of life may bring local governments together to collaborate. This aspect also depends on the resource availability and local capacity.
	c. Disparity in infrastructure provision	Asymmetrical capacity of self-providing infrastructure in a region may lead cities to look inward or outward depending on their and their neighbours' capacity. Self-provided cities may tend to collaborate with actors inside their jurisdiction.

In this chapter, this dissertation particularly argues that metropolitan regions having higher degrees of institutional context and institutional environment –with the exception of the institutional asymmetry– are more likely to have stronger collaborative governance, regardless the selection of partners. In accordance with this argument, to evaluate the performance of collaborative governance, the relative quality of institutional context and institutional environment must be established for each of the case regions. Hence, to assess the collaborative governance effectiveness within each region, the quality of the variety of variables will be evaluated.

Quality assessment in this qualitative analysis is evaluated in terms of local governments' attitudes toward collaborative governance and the orientation of cities relative to the region considering the results of quantitative analysis. Thus, quality of regionally oriented networks shall be examined by analysing the institutional presence and diversity. The detailed case from the interview and discussion can reveal the actual quality of collaborative governance. Whereas from the quantitative analysis this study determined the institutional factors that prevent or encourage the creation of strong and issue-spanning networks, in which way these factors are significant? Table 12.3 displays the general assessment of observed case studies based on the variables for case study selected. Figure 12.7 to 12.10 depicts the variation of the institutional structure of central, provincial, intergovernmental, and cross-sectoral interaction based on each observed city and grouped by region.

Based on the case study selection we decided upon four metropolitan regions to be observed further. Each was selected due to the differences they demonstrate compared to each other. Among the four cases, Yogyakarta and Denpasar are hailed as the national flagship for collaborative governance yet as can be observed from Table 12.3 they display significant differences to each other. On the other hand, Jakarta and Surabaya are often referred as the main reason why collaboration is needed in the metropolitan region due to the complexity of their inter-jurisdictional challenges and the tantamount urban pressure that they have to endure, yet building collaborative governance is challenging in both regions as elaborated earlier in Chapter 12.1 when we discussed about the institutional transformation of collaborative metropolitan governance. Both regions also have differences in typology, mechanism, and collaboration body besides different results on the above quantitative analysis based assessment. Moreover, these four selected cases tell very different stories about how collaborative metropolitan governance has emerged, evolved, and managed. In each case, institutions and environment have played an important role in shaping the cooperative preferences of local governments in different ways. By examining these four cases in depth this study aims to cover a wide range of different collaborative approach which can further explain the vast differences of Indonesian collaborative governance in the decentralization process as indicated by the quantitative analysis.

Evaluating the collaborative governance can be challenging as the reasoning behind why and how each variable is important or less important to a city may vary vastly. In order to be able to examine the intangible nature of the institutional structure and institutional environment and their influence towards collaborative governance, this study utilises the perspectives from rational choice and sociological institutionalism. Each region will be examined based on variables in Table 12.2 and elaborated according to the interview. The perspective from the rational choice institutionalism will discuss about the transaction cost while the approach from sociological institutionalism will address the organisational isomorphism and civic capital. The transaction cost is generally generated from the transaction cost of the institutional collective action

which covers rules, transaction characteristics of goods, characteristics of communities and regions, and political structure as variables (please refer to Table 2.7 for further details of the variables). Organisational isomorphism is commonly used in the collaborative governance to explain the relations between involved actors (please refer to Chapter 2.4.2). Civic capital used for this assessment is mainly based on Nelles (2012) in which conceptualised civic capital as the product of networks, leadership, and scale.

Table 12.3. General assessment for case studies selection based on the results of quantitative analysis.

Variable	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
1. Overall institutional structure (between cities in a region)	Less similar	Less similar	Similar	Similar	Similar	Less similar
a. Central Interaction ¹	Moderate	Moderate	High	Moderate	Moderate	N/A
b. Provincial Interaction ¹	Moderate	Low	High	Low	High	N/A
c. Intergovernmental Interaction ¹	Moderate	Low	High	Moderate	Moderate	Moderate
d. Cross-sectoral Interaction ¹	Moderate	Moderate	Low	Low	Moderate	Low
2. Number of actors (Actors interaction) ²	Complex	Complex	Limited	Limited	Complex	Limited
3. Pre-existing metropolitan structure ³	Sectoral partnership	Sectoral partnership	Shared partnership	Shared partnership	Shared partnership	Lead organization
4. Policy instruments ² (number of instruments)	Similar (high)	Less similar (varied)	Similar (moderate)	Less similar (varied)	Similar (moderate)	Less similar (small)
5. Fiscal autonomy ⁴ (variation between cities)	Moderate** (varied)	Moderate** (varied)	Moderate (similar)	Weak** (similar)	Strongest (varied)	Weakest (similar)
6. Political heterogeneity ⁴ (Partisan election)	High	High	High	High	Low	Low
7. Political stability ⁴ (in most cities)	Continuous change	Varies	No changes	Varies	No changes	No changes
8. Institutional asymmetry ⁵						
a. Disparity on fiscal*	High Strong incline	High Moderate incline	Low Weak decline	Moderate Weak decline	Low Weak incline	High Weak incline
b. Disparity on QoL*	Average decline	Average decline	Weak decline	Average decline	Average decline	Strong decline
c. Disparity on infrastructure provision*	Average	Average	Average	Average	Lowest	Highest
Selected case studies	●	●	●		●	

Note: ¹Assessment for the overall institutional structure is based on Table 7.39 (summary of results on Institutional analysis, see Figure 12.7 to 12.10 for additional examination).

²Assessment for the number of actors (actors' interaction) is based on analysis results presented in Chapter 11.

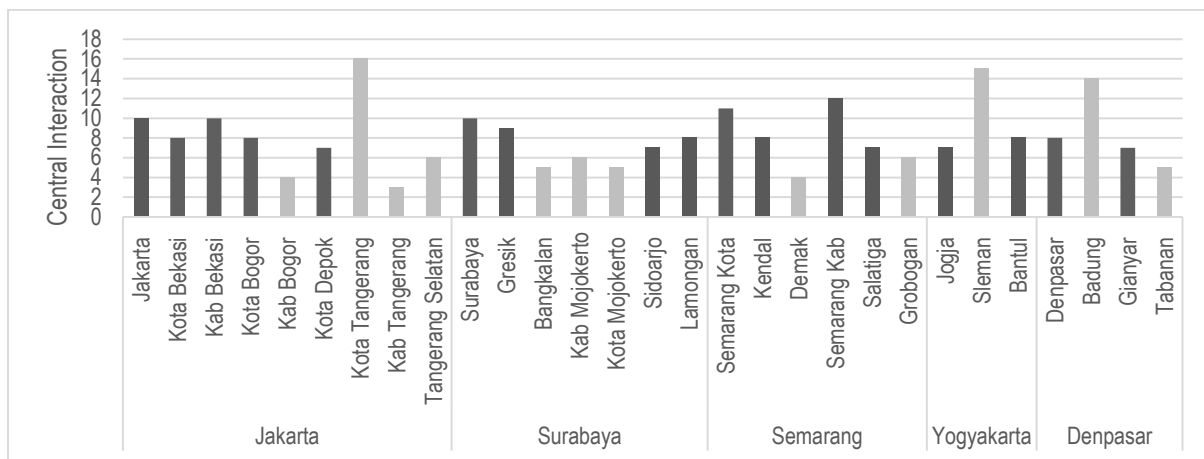
³Assessment for the pre-existing metropolitan structure is based on Table 6.10 and Table 12.1.

⁴Assessment for the political stability is based on analysis results presented in Chapter 9.

⁵Assessment for the institutional asymmetry is based on analysis results presented in Chapter 8.

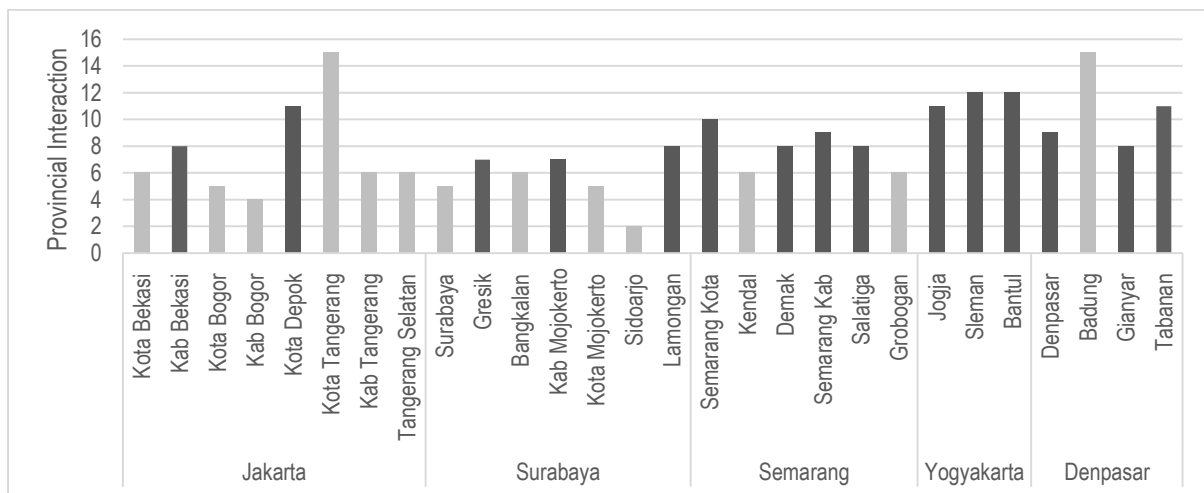
*compared to other observed regions. **core cities are exception due to a high disparity between core and other cities.

Figure 12.7. The variation of the institutional structure of central-local governance.



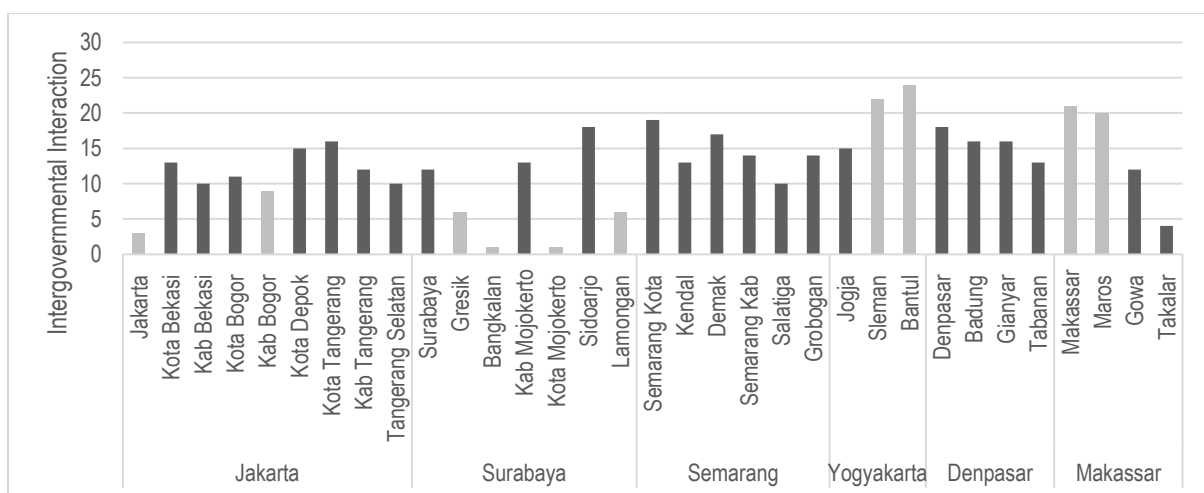
Note: grey coloured bar represents cities with low/high interaction, while black represent moderate interaction.

Figure 12.8. The variation of the institutional structure of provincial-local governance.



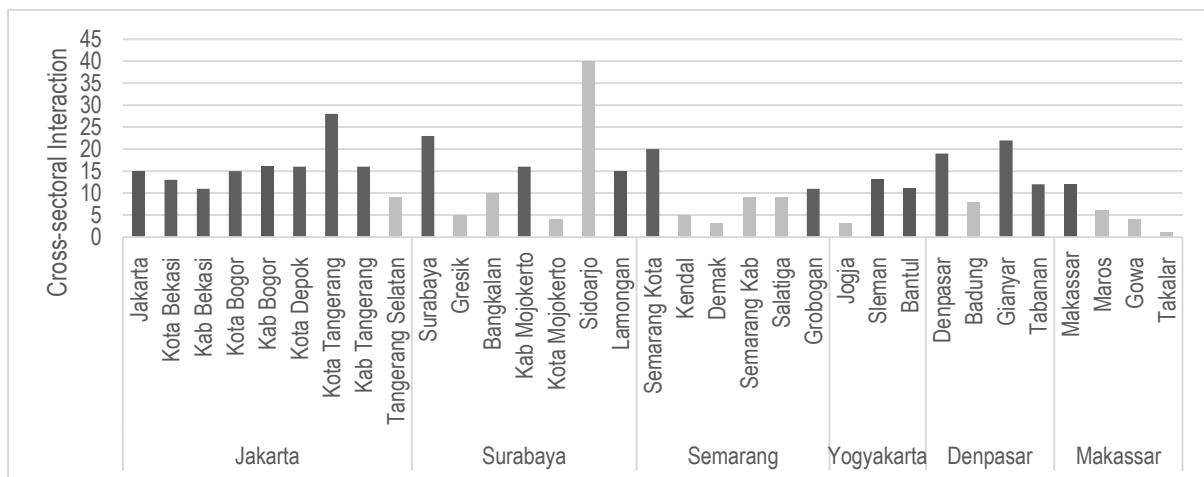
Note: grey coloured bar represents cities with low/high interaction, while black represent moderate interaction.

Figure 12.9. The variation of the institutional structure of intergovernmental collaborative governance.



Note: grey coloured bar represents cities with low/high interaction, while black represent moderate interaction.

Figure 12.10. The variation of the institutional structure of cross-sectoral collaborative governance.



Note: grey coloured bar represents cities with low/high interaction, while black represent moderate interaction.

12.2.2. Case 1: Jakarta

The Jakarta metropolitan region is located in West Java and with Jakarta, the capital province and the nation's most populous province as a part of the region, it is the largest metropolitan region in Indonesia in term of population and economic size. The Jakarta region boasts the most complex institutional structure due to its proximity with the central government and subsequently the central influence, and its size of involved actors. From size, economic function, and history of contentious governance system of fragmented metropolitan coordination, the Jakarta region shares many similar characteristics with the Surabaya region, despite their difference in the institutional structure. One of the differences between the two is their collaborating body with Jakarta involved more matters governmental actors than Surabaya as best explained earlier in sub-chapter 12.1. The number of involved actors and the scale of its influence to each other, however, affect the local decision making process in a different way and in this regard the two regions may become divergent.

As a powerful economic region, the Jakarta region has constantly struggled with issues of governance and coordination. The inability to set up a supra local-level metropolitan government is always blamed by many as the reason why region-wide collaborative governance failed. In this case, local autonomy is found front and central in the debate of collaborative metropolitan governance in the Jakarta region. Because of the difficulties associated with creating a collaborative governance that is formal yet unbinding, flexible intergovernmental and cross-sectoral collaboration provides an alternative platform without overstepping the autonomous boundary of local government. The sectoral and thematic collaboration are seen as an alternative to address existing and emerging cross jurisdictional urban issues while providing the critical mass and legitimacy to empower the collaborated actors, relative to the higher levels of government. On the other hand, the increment and smaller scale effect that sectoral and thematic collaboration imprint on

region-wide are often seen as insufficient to create a greater impact especially dealing with a larger set of infrastructure deficiency such as flood control.

The issue of local autonomy is observed more prominently in the fragmented region with a large number of multilayer governmental actors and nongovernmental actors involved as we found in the Jakarta region. Almost all local government officers interviewed anonymously agreed that curbing autonomy is not an option for regional collaboration. Despite this they also agreed that flexible, even single-purpose, intergovernmental collaboration may help to dispel some of the tensions between neighbouring cities sharing borders by allowing for progress in areas where agreements can be reached. Beside the push and pull of power between multilayer governmental actors, variables such as fiscal autonomy, financial capacity, political characteristics, and policy and regulatory issues often mentioned in contributing to the cross jurisdictional tensions and reduced the incentive for city managers to think and act out of their city borders.

Institutional Context: Horizontal Collaboration, Actor Interaction and Pre-existing Metropolitan Structure

The Jakarta metropolitan region is the most dense with 14 local governments –6 of them are part of the Jakarta special capital territory– and 3 provinces. It is significant, however, that in the intergovernmental collaboration, the partnership is rather intra-governmental due to the special status of Jakarta, e.g. between Jakarta province and Tangerang municipality. Outside the platform of metropolitan wide collaborative agreement signed by three governors (Jakarta, West Java, and Banten province), some cities have chosen to collaborate independently and formed a collaborative agreement separately. Typically, these are for limited and sectoral type of collaboration, which has yet been covered by the metropolitan agreement. The metropolitan agreement is policy wide collaborative governance, focusing on syncing the regional development plan and large scale infrastructure development. The reason given for this independent, collaborative arrangement are that, on these issues, the collaborative metropolitan agreement does not represent the interests of local government and that due to its large scale arrangement difficult to accommodate fast pace planning and implementation that local governments seek (confidential interview, June 2013). Another implication that local government has been trying to avoid is the bureaucratic and hierarchical nature of the metropolitan governance, a remnant of pre-decentralized establishment product (confidential interview, November 2012). The consensus among local policymakers is that the number of governmental actors involved and more multilevel of government involved appeared to have more bearing on the intergovernmental collaborative governance. Although neighbouring cities with similar resource capacity and similar governing capability have tended to be conflict-potential and competitive, when both needed to cooperate the decision making process is much faster than if it is under the metropolitan platform and is more likely to benefit to a large degree from collaboration.

One of the examples of intergovernmental collaboration outside of the core city in the Jakarta region is the partnership between Bogor municipality and its more largely rural counterpart, Bogor regency. Both local governments agreed to collaborate in waste management. In this collaborative arrangement, Bogor regency designated land for the landfill while Bogor municipality is responsible for securing the land, building the facility, and providing the waste management. The municipality also provides financial transfer to the regency for the annual incentive. Other than Bogor, between the municipality and regency, intergovernmental collaboration also reported by Bekasi as well as between Depok and Bogor regency. The intergovernmental collaboration between Depok and Bogor was established due to regional proliferation. Depok was once part of Bogor before the central government enacted the regional proliferation and designated Depok as a separate jurisdiction in 1999, shortly after the decentralization process has started. Consequently, many of local assets in the border area between the two cities are yet settled and the dependency of Depok to Bogor in the public service provision, e.g. water supply management. Due to this complication, two cities signed a partnership in managing public service and other local assets related partnership.

In the metropolitan scale of regional collaboration, the working of intergovernmental collaboration which require a contribution of three or more cities is less successful than the sectoral based collaboration which involved two cities. Regional transportation, one of the major development plan for the Jakarta region, has been largely politicised and, because it was originally a joint initiative at the metropolitan level and proposed by the governors, there was little opportunity or incentive for local government to lead or oppose the collaboration. This type of collaboration is usually led by the central government or provincial government and local governments only act as local regulator and resource provider. In some cases with potential conflict, e.g. providing land for infrastructure, local governments have tended to leave the regional plan on the status quo at the local level since confronting central and provincial government most of the time will lead to high transaction cost that they cannot afford (confidential interview, June 2013). This kind of action exhibited by local actors indicates a relatively weak collaborative commitment to the metropolitan association. Despite this challenge, when the interviews for this study were conducted (2012-2013), the local government actors almost unanimously recognised the need for integrated infrastructure and public service provision, including better coordinating in infrastructure planning and coordinated transit coordination. Municipalities are willing to participate in a collaborative body that ensures local autonomy and local aspiration.

The pre-existed metropolitan governance structures, when they are not working effectively and efficiently, are barriers to collaboration to the extent that they have tended to formalise the divisions between core city, suburban, and rural cities as well as to ignore smaller scale collaboration initiative, which less profitable outside the direct collaborative actors. This has been especially evident in the formation of collaborative

arrangement for smaller infrastructure project that does not directly affect the working development of metropolitan planning. Rural, less urbanised and, sometimes too, suburban cities often fail to see the benefit of the region-wide collaboration and are extremely wary that their interests will be subsumed by those of the central cities or the higher level of governments. The wariness toward higher levels of governments are largely due to the reason that the metropolitan collaborative platform in the Jakarta region is essentially top-down in its establishment and current management (confidential interview, June 2013).

Different cases are observed on the intergovernmental relation between core city and suburbs on the smaller infrastructure issues. Most of the cities in the Jakarta region interviewed that considered closely related to or sharing borders with the core city are willing to form a formal collaborative partnership with the core city separated from the metropolitan collaborative platform. The reasoning of avoiding the bureaucratic problem with metropolitan platform remains, but they also offer another perspective. The agreeable attitude of suburban cities to form one on one collaborative partnership with the core city roots on their belief that infrastructure challenges that they are facing is rooted from the problem issued by the core city. Hence, they should collaborate to ameliorate those challenges. On the other hand, core city maintains understanding that challenges in its jurisdiction are due to insufficient public infrastructure in the suburban cities. This kind of case particularly can be observed in the provision of road infrastructure and wastewater infrastructure. So far this attitude is working on developing a sector-based collaborative arrangement between core city and the suburbs. However, the attitude of blaming each other may produce unsustainable and short-life collaborative arrangement.

Whereas collaboration in road infrastructure is based on problem generator issue, collaboration between core city and suburb in the solid waste management is largely based on the core city's need. In this certain sectoral aspects, core city is willing to provide incentives to the suburbs. The example is the collaboration between Jakarta province and Bekasi municipality in the waste management which is part of a larger scope of the collaborative agreement covering seven urban issues: spatial planning, waste management, road infrastructure, migration, environment, transportation, and regional income. In this waste management collaboration, Jakarta develop two types of collaboration which is an intergovernmental collaboration with Bekasi for the landfill provision and cross-sectoral collaboration with the private sector for the operational part of waste management, including operating the facility and waste transportation. For the intergovernmental collaboration, Jakarta has to provide incentives for Bekasi while for the cross-sectoral collaboration they utilised a BOT (Built-Operation-Transfer) system. In this system, the facilities are built and belong to the private sector where Jakarta is responsible to provide waste and pay the operational process (tipping fee) to the private sector. The contract with the private sector is for 15 years with adjustment in the operational payment for every two years.

Although formal collaboration on project implementation is largely limited, collaborative arrangement in the policy making process in the Jakarta region is, at least, observed working. This department-based relations are also a sectoral type of collaboration yet the relationship between involved actors are more based on mutual need in which each of them realise the importance of communicating and adjusting their development policy with each other. The mutual need is largely spurred from maximising the benefits and reducing development impact in their jurisdiction. Regularly cities in the Jakarta region consult with their neighbouring cities for development planning in the border areas. In these cases, negotiation is increasing when dealing with public infrastructure in border areas with industrial or residential activities due to their economic benefit and environmental burden. Nonetheless, the communication between cities is more direct in the decentralization process compared when under the pre-decentralization period when most of the collaborative policymaking is done through the provincial government. One local official commented that joint policymaking and policy consolidation between cities are more functional these days with greater engagement with the nongovernmental sectors. While this intergovernmental collaboration was no more institutionalised than it was before, it was certainly more frequent and intensifying in many aspects of communication. This would be an asset to curb future policy impositions and building positive influence to metropolitan policies in which so far has been under the central and provincial governments.

In the intergovernmental collaboration issue, the Jakarta case is more intense than other metropolitan regions in Indonesia. This is certainly a product of the institutional structure, particularly, the relatively unique context of a high level of provincial and central involvement in regional issues and one with greater fragmentation –a large number of governmental and nongovernmental actors involved– in which may have encouraged the emergence of, and an increase of, intensity in cross-sectoral partnership. Whereas we observed that greater fragmentation brings challenges to intergovernmental relation in regional wide collaborative framework, it is likely that, where interest coincided, partnership between cities and nongovernmental sector in their jurisdiction would have emerged more readily. The presence of abundant nongovernmental actors, especially from the private sectors, cannot be separated from the benefit that the Jakarta region is highly industrialised and commercialised as well as its proximity with the central authority. Among other cities in the region, the core city, has the most advanced and complex cross-sectoral collaborative network.

The cross-sectoral collaborative arrangement between the provincial government of Jakarta and private and civic sector varies across multiple public policy sectors. On the infrastructure related issues, the major cross-sectoral collaboration is present in the transportation –including transport infrastructure–, water supply provision, and waste management. The most talk on recent public private partnership in the transportation sector in Jakarta is the negotiation to start the construction of Jakarta Monorail. The project was launched in 2013 and the consortium already secured the construction permit yet the administration has been

suspended signing the collaborative agreement with many argued that the partnership has been politicised greater than before and in turn complicating the collaborative arrangement (confidential interview, June 2013). Another cross-sectoral collaboration in the transportation sector is the operational of busway system in Jakarta where local government contracted out the operational and management of several bus lines to private companies. The government of Jakarta retains its position as a regulator and provider in the collaborative arrangement. Similar positioning of the local government also can be observed in other cross-sectoral collaboration in the waste management. As regulator, local government is entitled to decide the pricing and regulation related to operational and management and as provider. In the waste management, government is responsible to provide the necessary amount of waste for the private operator to reach certain profitable threshold. In water supply provision, Jakarta city together with the state enterprise in water provision collaborated with the private sector to provide the citywide water supply. The collaboration started in 1997 with 25 year contract signed.

While it seems that in certain cases, cross-sectoral collaboration has been functioning seamlessly, it is also not without challenges. Aside the problematic case of Jakarta Monorail collaborative arrangement, recently the collaboration in water supply provision also received complaints. Briefly, the government requires to readjust the agreement since they feel that the private sector fails to comply on certain aspect of the agreement, e.g. service quality. At the extreme, local governments feel they have the limited formal ability to regulate the collaborative arrangement to their liking while private sectors argue that they complied all requirements stated in the contract (confidential interview, November 2012). What we denote from the several cases of cross-sectoral collaboration in Jakarta is that the problematic cases were often pointed out by the ruling government as the remnant of the previous government. Both Jakarta Monorail and water supply provision projects started before the decentralization was enacted, with the long-term agreement signed without an adjustment period in between. For local government to adjust collaborative contract they require permission from the local assembly since the partnership involves local resources or affects the local revenue. The complex relations between private sector, government, and legislative creates another dynamic on public private partnership and the power balance between the head of the cities and the local assembly to ensure the cities end up with the best possible outcome from the collaborative decision making process.

Outside the core city, cross-sectoral collaboration thrives especially in large suburban, in particular suburb adjacent to the core city. In these cases different dynamics have been observed since these large suburban, although financially capable are not as strong as the core city in maintaining their development and management and more dependent to the nongovernmental sector for resource providing. One of the project showcasing cross-governmental collaboration in the Jakarta region currently demonstrated outside the core city is between Tangerang regency and a private sector for a water supply provision project. The project

aimed to provide water supply for 5 districts in the residential and industrial zone. Due to the large intake of ground water for industrial purpose, the ground water quality had been deteriorated prompting local government to push forward water supply provision and to limit illegal groundwater extraction in those districts. Lack of available resource for immediate implementation encourages local government of Tangerang to seek other alternatives to provide water supply on their behalf. In this collaborative agreement, the local government utilised BOT system with 25 year contract. Under this contract, local government posts as main regulator while the private sector is responsible to build the infrastructure and to manage the public service for 25 years before has to transfer the built infrastructure and operational management to the local government (confidential interview, June 2013). This kind of cross-governmental collaboration with BOT system –also observed in the core city– is getting popular in the city-regions following the enactment of Presidential Regulation concerning infrastructure provision through public private partnership in 2008.

While cross-sectoral collaboration is growing in the Jakarta region, the partnership is largely regulated through contractual based partnership rather than consensus based. This contractual based partnership often observed problematic, as largely complained by the local officers interviewed. This difficulty in establishing less problematic collaboration has often been related to the differences in organisational culture between government and its nongovernmental counterpart as well as the lack of familiarity. Nonetheless, cross-sectoral collaboration remains as a potential alternative for local government at present.

Institutional Context: Policy Instruments

In the realm of intergovernmental collaboration in the Jakarta region generally it is one which have tended between limited to loose coordination regionally and tight coordination between shared-border cities. The sectoral based collaboration with smaller number of actors involved is mostly stimulated by a small group of regionally minded individuals, those who realise the importance of having a supportive neighbour. Nonetheless the initiatives that have emerged have tended to remain case-by-case situational arrangement and have often proved difficult to sustain. This difficulty in establishing meaningful partnerships has often been related to the inconsistent local priority for the regional development program. This inconsistency is, coincidentally, one of the polarising issues that has confronted local managers (from the department offices) and has had the effect of concentrating attention inside the boundary of local jurisdictions, often at the expense of broader collaborative and regional agenda. As one observer remarked: “the intergovernmental collaboration seems to work for now, but we are questioning its continuation in the next (administration) term. It can be terminated from our side or their side that remains unknown to us. It depends on our and their priority” (confidential interview, June 2013). This is in line with the correlation-based results between intergovernmental collaboration and policy instruments concerning exhortation obtained from the

quantitative analysis in which the more cities employ exhortation instruments the more they tend to form intergovernmental collaboration.

This concern about the long-term continuation of the intergovernmental collaboration stems from conflict over strategy within the collaborated cities are also mirrored in the local government's tendency to collaborate. Cities in the Jakarta region more often than not have a different set of policy instruments implemented in their jurisdiction. One city may have a very complete policy instrument regulating their intergovernmental and cross-sectoral collaboration, including consolidated contract issuance, evaluation scheme as well as other procedural guidelines while its neighbour may only have one or two of those it has. This sometimes creates a barrier when the collaboration has to take longer time to establish while waiting for their counterpart to issue some regulations concerning the collaborative arrangement. This challenge complies with what offered by organisational isomorphism from the sociological institutionalism which point out that organization having similarities with its counterpart has more successful rate in forming collaboration.

The availability of policy instruments becomes more crucial when related to the resource sharing or resource transfer. The complicatedness of the Indonesian system of fiscal transfer between governments often resulted in cities shying away from creating a consensus of resource sharing with their neighbours. Rather than putting themselves in a difficult situation during the audit process, they prefer to avoid it as often remarked during the interview. Despite this, we believe that the reluctance mostly stem from the unfamiliarity of regulation within the local actors who then blamed the unclear regulation concerning resource sharing from the central government. Consensus based collaboration jointly funded by cities through financial contributions are for example worked to a certain extent in some regions such as Yogyakarta and Semarang.

Although differences in the availability of policy instruments in cities within the Jakarta region, for the most part, it is difficult to discuss collaboration without reference to some form of minimum direct and indirect government involvement through policy instrument. From the interview, for example, those cities which established intergovernmental collaboration have stressed the importance of intergovernmental partnership in their medium-term development plan and strategy as well as include it into their yearly working program. Compared to the intergovernmental collaboration, cross-sectoral collaboration is mentioned less in the midterm local development strategy. Despite this, cross-sectoral collaboration is closely linked to the presence of policy instruments concerning financial issues. Establishing cross-sectoral collaboration needs a strong policy platform for local government, especially those related to incentives and subsidy. These tendencies can be observed in the case of core city and large suburban such as Bekasi, Bogor, Tangerang, and Depok as well as Jakarta which each of them issues regulation concerning cross-sectoral collaboration.

Even further, all cities in the Jakarta region except for South Tangerang enacted collaborative regulation either an all-around regulation of any type of collaboration or specifically addressing certain type of collaboration.

Institutional Environment

The Jakarta region case reveals that the degree of jurisdictional autonomy affects collaboration in areas that consist of a greater number of multitier actors. Local governments try to retain their autonomy while higher levels of government, especially provincial governments, often persist their presence in coordinating regional affairs. Collaboration was more contentious from a functional point of view in areas requiring wider regional based collaboration such as transportation and flood control, but less in the sectoral and thematic based collaboration such as water supply and waste management. The degree of jurisdictional autonomy could be insinuated from the degree of fiscal autonomy and financial capacity of cities. The tendency is that the more autonomous cities are fiscally and the more they are capable financially, the more they buttress their jurisdictional autonomy. Cities with strong local fiscal autonomy in the Jakarta region typically more focal in voicing and negotiating their regional aspiration on the metropolitan platform. Aside than Jakarta, the typical fiscally autonomous cities are the large suburban with big industrial estates and commercial as their major economic activities. Evidence from the Jakarta region suggests that, on some issues, there has been a reluctance to cede control completely to the collaborative arrangement.

Cities in the Jakarta region have a relatively high degree of financial capacity and, at some cities, strong local fiscal autonomy, in particular cities in the suburbs. Cities with strong financial capacity, aside of their states of local fiscal autonomy, are the type of cities which ready to invest in their infrastructure development. In most cases that this study observed, strong industrialised and commercialised cities in the Jakarta region established cross-sectoral collaboration and/or have strong relations with the nongovernmental actors, e.g. Tangerang municipality, Bekasi municipality. The strong relations stem from the dominant presence of private sector in their local revenue and their scale of investment. In many ways, the private sector is included in the local government policymaking process, including regular presence in their urban development planning meeting. These cities reported to include the private sector in the process of information exchange during the hearing in the district level planning.

In building collaborative governance, the difference in political aspiration is as crucial as the presence of mayors from the same political party between neighbouring cities. The difference in these two key issues may block the participation of a city. While local managers interviewed may not politically related to the local legislative or the mayors of their cities and unanimously agreed that their political stand point has no influence on the outcome of their decision making, they admitted that when the decision making process is brought to the mayor and legislative level it may become politicised. The difference in politics characteristic

of a city can be minimised on the limited and largely informal collaborative activities between department offices. Conflict resolution, by contrast, has been widely politicised. The political stand point of conflict resolution between neighbouring cities lead to a stalemate of potential collaborative arrangement between them (confidential interview, November 2012). The case of cross-jurisdictional conflict between cities in the Jakarta region is an example of how political differences between the head of cities stalling the collaborative development to the point that they have to wait for the change of mayors. The conflict between Tangerang municipality and the regency rooted in the separation of local assets between cities after the regional proliferation –similar to what took place in Depok and Bogor–, and just after the change of a mayoral position that the two cities agrees to sign collaborative arrangement in flood prevention which include wastewater infrastructure partnership. Both cities have a different political majority for local legislative and mayors from different political party after the election in the 2009. Finally, it took the presence of mayors with strong aspiration for cooperation that has made an impact on intergovernmental collaboration regardless the conflict in late 2013. The case of Tangerang municipality and regency is an example of how city leaders have been able to come together to deal with common problems and put aside other sectoral conflicts.

12.2.3. Case 2: Surabaya

The Surabaya metropolitan region is located in the East Java province and economically central to both nation and east Indonesia. It is Indonesia's second biggest economic power engine and the centre of the eastern part of the country's trading and commercial activities. It often times referred as Gerbangkertasusila region, an abbreviation built on its member cities' names (Gresik-Bangkalan-Mojokerto-Surabaya-Sidoarjo-Lamongan). As already mentioned earlier, the establishment of collaborative metropolitan governance in Surabaya was mobilised by the provincial government and, at present, its coordinating body is limited to coordinating purposes without any authority to implement. Like Jakarta, the Surabaya region is no stranger to debates over issues of governance. Several attempts had been launched over the years including regional planning collaboration and the continuous trial to build the metropolitan institutions under the provincial management. Each of these has attempted to bring together a variety of relevant actors to formulate action plans for regional policy and promotion. None of them has been successful in sustaining long term or meaningful collaboration.

Bottom-up initiatives for regional policy coordination between cities and foresight have been scattered, depending on program priorities of each city. The region has been vastly different to each other in characteristics in term of economic, socio-cultural, and politics as can be examined from the results of the local institutional structure (Chapter 7) and regional and local institutional environment (Chapter 8 and 9). This legacy of fragmentation stems from a combination of the current institutional structure with the unique

geographical and historical configuration of the region. Despite sharing the same provincial jurisdiction, the metropolitan region can be divided into three parts. The first part is the northern line of the region, consists of three regencies Gresik-Lamongan-Bangkalan which occupy the coastal part, largely dominated by Islamic culture than the rest of the region. The second group is what we refer as the inland, the region's access to the inner land of the province and also consists of three cities Sidoarjo-Mojokerto municipality-Mojokerto regency. Although Islamic belief remains the majority, these cities are more plural than those located in the north. The third is Surabaya the core city where the agglomeration starts and the most heterogeneous socio-culturally. Economically, the region is divided by rings with core city as the central of the economic ring followed by Gresik-Sidoarjo as its main suburbs and the rest of the city in another ring. Their economic and development plan is varied according to the local potential. Politically, the region cannot be more divided. Due to its large political votes, Surabaya region –and East Java province- is always on the political party's best interest to gain a majority in the national assembly. Political policentricity is characterised the region in which during three periods of election after the decentralization, the region is segregated into different political camps. Not only cities had vote different party as their local majority, cities in the Surabaya region mostly hold swinging votes as much as Jakarta. Out of seven cities, only one city did not experience any change in the political majority while 3 cities experienced one change during 3 elections and 3 cities undertook continuous changes. Therefore, given its significantly divided characteristics, internal cohesion and a weak regional identity, intergovernmental collaboration have remained relatively weak.

Aside the struggle to establish region wide collaborative metropolitan governance, limited collaboration has, nevertheless, emerged in the region. Collaboration among local governments and between local government and nongovernmental entities are developing in all seven observed cities. This collaboration is best described as limited and sectoral. Limited since it only involves two or three neighbouring countries sharing borders where a small number of actors are involved. Sectoral since it is not a policy-wide collaboration, but rather smaller program part of the local infrastructure provision policy and the actors involved have been reduced by engaging department-level interaction, instead of city-level governments, in negotiations.

Institutional Context: Horizontal Collaboration, Actor Interaction and Pre-existing Metropolitan Structure

Although most of the intergovernmental collaborative arrangements between Surabaya municipality and its suburban cities are limited, short term, and sectoral, there are several cooperation with relative part of the metropolitan regional development. The association between Surabaya and Sidoarjo regency –located just south of Surabaya municipality– is one of the attempt at collaboration in the area or regional development, focusing on infrastructure for intercity transportation. It is an example of the collaborative agreement in which one city has and operate an asset on another city's jurisdiction. Both cities agreed to a collaborative

management for the regional bus station, moving the old regional station from Surabaya to Sidoarjo to reduce the traffic constraint by barring intercity bus from entering the core city. Surabaya agreed to secure the land, to fund the construction and manage the operational while Sidoarjo provided the policy needed for the development, administration and permit. During the operational, Surabaya receives the non-tax revenue while Sidoarjo gets a portion of that and tax revenue. Maintenance and infrastructure development inside the facility are under the responsibility of Surabaya while Sidoarjo agreed to maintain the traffic surrounding the facility.

Started before the enactment of the decentralization law, the agreement was one of the most difficult decision making to establish, especially in deciding the share portion that Surabaya willing to give in which continues to be challenging at present, years after the facility started to operate. The most recent attempt revolves on the negotiation of the new collaborative agreement in which Surabaya municipality rejects the idea of involving the provincial government on the operational management. Sidoarjo argued that the current share that they received is not enough for compensating the traffic burden caused by the station and asking for gross income based sharing while Surabaya insisted that they should retain the net income based sharing due to the high operational cost. The latter also proposed joint risk sharing and evaluation based agreement for the development of the facility while reduce the traffic inside the core city it is not without any commercial benefit to the suburb city. This conflict and its subsequent negotiations intensified after the decentralization when Indonesian local governments start becoming competitive in securing access of finance. The negotiation beside handled between departments and mayors also being taken by the local legislative, implying multi layers of negotiation between two cities. With local legislative, this is an excellent example of political bargaining due to different political aspiration –Surabaya and Sidoarjo are ruled by a different political party as the majority since 2004– often affect the potential for equalisation agreement for better collaboration more than the reality.

The conflict due to dependence on income source has caused a variety of challenges between two collaborators. The tensions caused by the disparity of fiscal resources, revenue equalisation and risk sharing have inevitably reinforced the division between city and suburb. While this does not affect the intensity of other collaborative activities between Surabaya and Sidoarjo in other policymaking issues, the question of resource sharing and fiscal dependence on revenue and profit taxes has infused the broader relationship between municipalities in the region.

The most common collaborative arrangement cities in the Surabaya region have developed over the years is engaged in joint policymaking and strategy making, and consolidating policy effort. This type of collaboration has the least transaction cost in which any program or project related to this joint policymaking and strategy making is the responsibility of each local government with no resource sharing involved in the

process. One local official commented that intergovernmental collaboration, regardless its limitation in certain sectoral aspects, becomes much more functional between cities in the broader Surabaya region outside the metropolitan collaborative governance agreement (confidential interview, May 2013).

The reintroduction of the metropolitan-wide spatial development planning by the provincial government in 2009 had a less than expected effects on intergovernmental collaboration in general. During the time that this study is conducted (June 2013) the provincial government has yet been able to set a metropolitan cooperation to reform the previous coordinating body that failed to function. On the regional side, the metropolitan planning added additional policy that local government has to comply with. Although the process of joint policymaking and policy consolidation following the introduction started to take the metropolitan planning into local consideration, on the implementation side, it failed to change the institutional landscape and as far as served to reinforce some critical divisions between actors in the region, especially those considering that their local interest was yet being accommodated. To be fair, from the perspective of associational governance, the missing implementation capability of provincial government and the pre-existing coordinating body contribute nothing to the imposition of this metropolitan planning and ensure a metropolitan-wide coordinated joint policymaking and implementation.

The only example of regional collaboration observed in the Surabaya region is the public private partnership for water supply provision between five cities –three of them are part of the metropolitan region–, the provincial government, and the private sector. The collaboration is conducted in the form of Design-Build-Finance-Operation and mostly managed and operated by the provincial government. The regulation underlying the collaboration is issued by the central and provincial government. The central government also provides financial support for the private investment, especially to build the supporting infrastructure, in which is referred as the viability gap fund. Local governments, however, have less involvement. Although it is flagged as regional collaboration it is the provincial government that signed the agreement with the private sector. This type of collaboration is different to what we observed in the Denpasar region in which all involved local government signed the agreement with the private sector and the provincial only acted as a testifier.

At first glance, it is quite likely that the Surabaya region case with less fragmentation –a large number of actors– compared to the Jakarta region may have fared better in encouraging the emergence of and the increase of metropolitan-wide partnerships and intergovernmental collaboration as can be observed in the other two cases –Yogyakarta and Denpasar–. However, from the observation this study denotes that the intergovernmental relations between cities in the Surabaya region is observed even weaker than in the Jakarta region. Their metropolitan-wide partnership is also almost non-existent. The argument is tied to the regional configuration and scale difference between Surabaya and Jakarta and this configuration may

override the interests of the actors in the region. The Jakarta region may have the highest regional disparity in the country, but its poorest city is richer than the poorest city in the Surabaya region. Four out of seven cities in the Surabaya region is considered largely rural areas compared to the Jakarta region which only has one. Undeniably there are gaps between the core city, the suburbs, and the largely rural in term of economic capability in public infrastructure investment, fiscal autonomy, and local development priority.

It is worth noting that the same cities which is considered more prosperous than other cities in the Surabaya region have conducted cross-sectoral collaboration in a more active manner than its poorer neighbours. The level of the nongovernmental sector ranges from limited to wide joint policy consolidation, collaborative policymaking, contracted program implementation to establishing a formal partnership. Surabaya municipality has the widest range of cross-sectoral collaboration in the region. When the interviews for this study were conducted (2012-2013) the city reported conducting almost all types of horizontal collaborative activities asked including joint policymaking, financial investment and information sharing (resource exchange), and project related collaboration. It formed joint operation with the private sector for the waste management in one of its facilities. They also established a number of public private partnerships outside of the public infrastructure provision designated for this study, including asset management, urban park, etc. Similar activities can be observed in the suburban cities, e.g. Sidoarjo and Gresik. These three cities also reported familiarity with asset (infrastructure) transfer in the residential areas of the private sector (developer) to the government. In this scheme, the private sector is given development permit and in turn when the residential area is built it is required to transfer its infrastructure to the government. In some cases, the transaction between cities and the private sector goes beyond the infrastructure inside the residential plot and include the road accessibility from the main road.

Institutional Context: Policy Instruments

The way cities in the Surabaya region manage their intergovernmental and cross-sectoral collaboration through policy instruments is more diverse than what this study observed in the Jakarta region. For one, whereas the majority of cities in the Jakarta region has enacted a collaborative specific regulation in order to regulate the collaborative process in their jurisdiction, the majority of cities in the Surabaya region opts to adopt from the central and provincial governments instead of enacting their own regulation. Expectantly, only big cities have issued policy instruments on contract (legal) aspects. They also have more number of fiscal and subsidy related policy, particularly for cross-sectoral arrangement and public private initiatives.

Cities in the Surabaya region, additionally, are less uniformed in term of advocating collaborative arrangement in their local development plans and programs. Some cities recognise strongly the importance of collaboration in their jurisdiction, some only mentioned in their midterm plan, and one reported that collaboration is not their main priority, regardless it is intergovernmental or cross-sectoral collaboration. The

wide gap between cities in collaborative policy instruments are likely to have a significant effect on the character of intergovernmental and cross-sectoral collaboration in the Surabaya region. At the extreme, some of the local managers have limited formal ability to coordinate the collaborative activities across and inside their jurisdiction due to lack of familiarity and advocacy. Consequently, most of the intergovernmental collaboration in cities which lack in policy instruments is far more limited than cities with comprehensive policy instruments. While the latter may form a formal collaborative partnership the first may just be able to consolidate their planning and policy and conducted small-scale joint arrangement on infrastructure implementation in the border area. Generally, this small-scale joint arrangement consists of two cities sharing border who decided to adjust their infrastructure planning –usually road and wastewater or local boundary– with each other and implement their planning separately and independently. The small-scale joint arrangement, for example, is agreement between Mojokerto regency and Gresik for infrastructure construction in the border area, and between Gresik and Lamongan. Most of the planning and implementation of this agreement are managed by department for infrastructure and with less involvement of the local development planning agency.

Institutional Environment

The interviewed cities in the Surabaya region that considered fiscally autonomous –at first, from the observation of their economic size compared to the region– such as Surabaya municipality, Gresik and Sidoarjo, agreed that as long as they can manage their public infrastructure financially independent, they will not seek to form collaborative partnership with other cities. High transaction cost and bureaucratic procedures as well as adjusting policy instruments due to differences are pointed out as the barrier. Enacting strong local regulation pertaining to resource, in particular financial, requires review and approval from the local assembly. The lengthy process even without conflict and negotiation process between the department, mayor, and the assembly without a doubt put some damper to collaborative arrangement. In some cases, a collaborative partnership has to be postponed for some time due to budget approval from the local legislative. These administrative, and often politically motivated, barrier builds the tendency to avoid regional collaboration and at some extent, intergovernmental interaction, and exhibiting an inward looking behaviour of local government in seeing cross-jurisdictional and regional development.

The issue of power asymmetry in the Surabaya region is less complicated than in the Jakarta region. Unlike Jakarta the special capital province which is economically and politically powerful and often treated differently than the surrounding municipalities, Surabaya is, although economically powerful, not politically powerful in the region or received special treatment from the provincial government. In the Surabaya case, it often is at odds with the provincial government, especially for jurisdictional autonomy in implementing development plan. In the metropolitan-wide realm, there is no clear central power but economic asymmetry

and fragmentation of political power. Nonetheless, its fragmentation of political power is not as extreme as the Jakarta region which eight out of nine cities saw continuous changes of political power in their jurisdiction during the three times of election. In Surabaya, the statistics are more varied, i.e. during three elections, three cities experienced continuous change, three cities had one change out of three elections, and one city has been constantly voted for the same party.

Politically, cities in the Surabaya region have historically been divided in the decentralization process. Two cities sharing the same border more often than not has a different political majority running their cities. However, despite the influence of this political segregation of the emergence and development of intergovernmental collaboration, it has little consequence to either the establishment or intensity of metropolitan-wide interaction. Rather than political segregation among cities, it is political segregation between cities and the provincial government that suggest to affect the metropolitan collaboration. In the first two elections after the decentralization policy was enacted, four out of seven cities had similar political party with the provincial majority as their local majority, albeit the two periods saw different sets of cities and different political party. In the election for the 2009 - 2014 period, the number reduces to two. Out of seven only two cities that share similar political majority with the provincial government. That said, the regional fractionalization grew and the political influence of the province to the cities declined rapidly. The declining of provincial influence leads to cities abandoning collaboration that they considered less accommodating for their local development and more harbouring provincial programs.

In Indonesia, it is often indicated that political negotiation works more seamlessly through the political party. In a regional environment with political fragmentation, consequently, the transaction cost of political negotiation becomes higher. This pattern is less observed in the Jakarta region where most of its cities have a similar political majority in the province. The challenge of a different political majority among cities in the Jakarta region stem from three different provinces managing one metropolitan region, i.e. although sharing the same political majority in the province, a city may have a different political majority with its neighbour since both do not under the same provincial administration.

12.2.4. Case 3: Yogyakarta

The case of joint cooperation in the Yogyakarta region is an example of the power of voluntary bodies to organise and manage successfully collective policies of its members. The joint cooperation was strongly led and supported by the political leaders at the local and provincial level. As with the development of regional collaboration, there are indications that collaboration intensified over time, especially in term of the participation coefficient, policy, and scale of collaboration. Collaboration in this area emerged from the strong relations among local actors and was open to attempts to deepen and intensify partnership among governmental entities. From another perspective, this case also demonstrates how regional collaboration

can overcome the inward looking behaviour of local government –as this study denotes from Surabaya cases–, especially in an institutional context where cities are accorded significant power of self-government.

The economic disparity and political diversity of the Yogyakarta region has been markedly different compared to the old metropolitan regions such as Jakarta and Surabaya as indicated by the results of the quantitative analysis. The metropolitan region also less geographically fragmented than the other two. Where Jakarta and Surabaya have been hampered by parochialism, inward looking behaviour, lack of trust toward the metropolitan collaborating body, and imposed structure of metropolitan governance from the higher levels of government, the Yogyakarta region was built from below by its local governments. Under the special province of Yogyakarta, a sultanate-based administrative province in Indonesia¹, relationship among local governments has always been close and the Sultan has a strong influence to the local level. The decentralization process has not hampered the prominence of the Sultan and the provincial administration. Despite this, the metropolitan collaboration has not based on the long history of regional cooperation, but more attributed to closer relations between local and provincial actors.

The question of how to address both cross-border problems and synergies started to preoccupy policy-makers shortly before the decentralization and intensified during the early process. As early as 1995, the city managers, mayors, and the provincial offices discuss the importance of joint management in public infrastructure which lead the provincial government to issue the guideline for urban infrastructure management. Following this the local actors were meeting regularly for, what they referred as, an informal dialogue and issued an Intergovernmental Development Cooperation for the Implementation of Urban Infrastructure Management. The process was generally based on the guideline issued by the provincial government. Although the guideline was rather broad and very vague, it provided a legitimacy needed at that time as it was still under the centralized governing system under the Suharto regime. This group was then established under the initiatives of mayors and become the first locally initiated cross-border regional association in Indonesia. Its membership included the cities of Yogyakarta, Bantul, and Sleman.

The strength of the collaborative metropolitan governance in the Yogyakarta region, aside from its close knit relations, binding power and legitimacy support from the local and provincial level– is the enthusiasm of local actors for regional coordination. This kind of attitude is, from our observation, difficult to find in other metropolitan regions. Generally dubbed as the most successful intergovernmental collaboration for metropolitan governance it would be mistake to, therefore, for this study to characterise the region as one without any challenge. Since it is exclusively intergovernmental, the size of development project is not large

¹ Yogyakarta is the only province in Indonesia that is still governed by a pre-colonial monarchy, the Sultan of Yogyakarta, who served as the hereditary governor of the region. Shortly after the independence, the monarch pledged support to the newly-born nation of Indonesia. Yogyakarta's support was critical in the Indonesian struggle for independence and shortly after the Indonesian National Revolution against the Dutch it was granted a special authority. Although governor is hereditary, mayor is directly elected. Local and provincial legislative also elected through political party election.

and leading to more policy making collaboration rather than large scale project implementation. Its mandate for collaboration was relatively non expansive as it more focuses on providing an adequate way to deal effectively with regional problems according to their intergovernmental capacity. Nonetheless, although the joint cooperation in the Yogyakarta region is not as close to the principle of associational governance as is possible in a genuinely regional governance structure with diverse actors, this model resulted an approach how regional initiatives should be proposed and funded for a region with homogenous characteristics such as Yogyakarta.

The exclusive character and unified identities have contributed to rather an easy pathway to nurture trust among local governments, but at the same time put a barrier to establish relations with the nongovernmental actors. It is largely funded from governmental sources with proposals for regional projects coming from governmental sector. From the interview, this study gathered that local government rather hesitate when asked about establishing a partnership with the private sector, in particular (confidential interview, October 2012). Public private partnership in the infrastructure provision is rare to almost non-existent in the Yogyakarta region at the time this study is conducted. The provincial government had recently started to establish a public private partnership for the operational of regional transportation but at the local level it has yet started.

Institutional Context: Horizontal Collaboration, Actor Interaction and Pre-existing Metropolitan Structure

The mandate for joint cooperation is based on the Governor Decree in 1997 –before the decentralization– and renewed through the Joint Decree of mayor and regents in 2001 and 2003. The shift of the decree issuance reflects the decentralization process where the legitimacy of intergovernmental collaboration is based on the local level, although a support from the provincial government will grant additional strong legal base for the partnership. The vision eventually constructed was that what the region needed was a strengthening of intergovernmental institutions at the metropolitan level in a formal way without having to provide autonomy to a metropolitan institution other than as managing organization while achieving broader scope for intergovernmental partnerships in regional projects. Although the concept of regional governance such as amalgamation has never been discussed, the way it is constructed from below and was, at the beginning, only ratified by a tripartite treaty between participating cities is perhaps what makes collaborative governance in the Yogyakarta region stand out.

Out of four case studies, the joint partnership in the Yogyakarta region is the most intense form of intergovernmental collaboration using a metropolitan platform. One of its biggest advantages is the binding power and political legitimacy as well as support from local assembly and provincial government with which to effectively establish policies in areas of controversy. What we refer as areas of controversy is collaborative arrangement that utilising resource sharing, in particular financial, that other local governments

often refer as a grey area that should be treated carefully as for not creating problem during the audit process by the central authorities. The involvement of local legislative support of the collaborative governance is seen as decisive in the eventual construction of the joint cooperation as it has the control power over the budget.

In the Yogyakarta region, intergovernmental collaboration between the two cities is managed through joint cooperation rather than separately as we observed in the Jakarta and Surabaya region. As long as it is related to the cross-border issue, it is discussed on the regional platform. On the metropolitan wide realm, the collaboration is currently tackling both regional development and sectoral-based program. The regional development the joint cooperation currently coordinates not only economic aspect, but also the environmental and social aspect. In the sectoral-based program they create a consolidate planning and implementation on several public infrastructure sectors such as waste management, road infrastructure, sewerage and waste water. In the waste management, they built a collective landfill that is jointly managed. Each city collects the fee from private entities that use the facility as well as calculating their public waste fee according to the waste volume. The money collected then reported to the waste management unit at the regional level and utilised for the maintenance and operational of the facility. As it is collectively managed, the incentive for the city where the landfill located as well as an incentive for the community surrounding the facility are decided together. In the road infrastructure, sewerage, and wastewater infrastructure, different scheme are applied. After the consolidated planning and implementation as well as budget allocation is approved, there are several ways on how the program will be implemented. One way is through independent implementation in which each city builds the infrastructure separately around the same time. The other way is by the exchange in which if the infrastructure needed to be built is largely located in one jurisdiction and only a small part of it in the neighbouring city, the city with large portion fund the whole project in exchange for another project that only has a small portion in its jurisdiction. The scheme like this is not common to be applied in the Indonesian cities as cities in general refuse to fund development outside of its jurisdiction yet since the infrastructure development in the Yogyakarta region is planned at the metropolitan level, this type of resource sharing is possible.

The structure of the system was exceptionally less complex than the collaboration body in the Jakarta region (for comparison please refer to Figure 10.1 for Jakarta and Figure 10.3 for Yogyakarta). The less intricate model of collaboration body is owed to the small number of local and provincial actors involved compared to the scale the Jakarta region has to endure. The structure of the collaborating body includes no more than three levels of planning and implementation managed by the professional manager. As such, the joint cooperation was actually a separate administrative union of the metropolitan region rather than a planning body due to its competencies limited to administrative work. So far there has been no expansion of the joint partnership mandate and in turn led to the strictly intergovernmental interaction instead of the

establishment of a variety of different actor networks. The exclusive intergovernmental nature of the joint cooperation is perhaps due to local governments' view in yet seeing the urgency of cross-sectoral collaboration for the metropolitan-based issues.

Does density matter? Does size? The Yogyakarta region is the smallest metropolitan region in Indonesia and with the least amount of local government involved. From the perspective of population distribution, it cannot be compared to Jakarta, Surabaya, or even Semarang metropolitan region, the Yogyakarta region is much less dense. As already mentioned above, the collaborative metropolitan governance in Yogyakarta includes less variety of types of actors and largely concentrating on local authorities. A few not-for-profit and civic actors were directly involved in the governing process while the engagement of the private sector is limited to information exchange and joint policy consolidation only. The small number of participants and less density of actors and interest may be beneficial in addressing complex issues as the transaction cost during negotiation definitely less compared to the large number of participants with various interests.

In general, the decision making process for regional development in the Yogyakarta region started at the lowest level of the structure. A steering committee consists of representatives from three cities such as the Financial Department, Local Development Planning agency, Department of Public Works, Environmental Department, Legal office, and additional representative from district and sub-district where a certain program will be implemented. Taking example from their waste management, the team included district and sub-district around Piyungan where the waste facility located. The committee is in charge of visioning, foresight, and proposal for regional projects. It develops programs and projects according to the local strategic plan of each city and the availability of financial resources allocated by each for waste management. If there is no budget allocated to the same team consolidates budget allocation for the next fiscal year. After the program is agreed among the members of the technical team, they will propose it to the forum consist of the head of the department related to the project. After discussed between the department heads the program will go to the mayoral forum and then revised according to the negotiation.

What are the most interesting things to observe during the decision making process is the involvement of the provincial government. The province has no direct involvement on how the budget is allocated or how the program is being conducted but only as a mediating role. The Sultan monitors the decision making process closely in a point that he can intervene if one city raise a complaint regarding the decision. Cities submit the complaint regarding the joint policy result to the Sultan and when the mayoral forum fails to mediate the complaint, the Sultan has the power to reject the collective decision according to the submitted complaint. When a policy or program is rejected by the Sultan, the technical team has to restart the discussion of the program. This system actually follows the old way how conflict is mediated in the monarchy system through hearing. In this system, the nonpartisan nature of the Sultan has to be maintained

all the time to avoid local wariness. A strong relations between the members of the technical team is also crucial in building a strong collaborative program at the lowest level where the negotiation starts. A strong familiarity and trust building among the members of the technical team will take the negotiation smoother.

Institutional Context: Policy Instruments

The intergovernmental collaboration in the Yogyakarta region is considered very intense and structurally interconnected by virtue of their embeddedness. In this case, collaborative intensity is both product of a close knit relation between local governments and their institutional design. The seamless process of the decision making process in the Yogyakarta region is possible owing to their similar stance on their internal institutional design. As a legal basis of certain aspects of collaboration, in particular resource sharing, cities need regulation to the point that if one partner city has no regulation in grants and in-kind transfer, for example, while the other partner has, the resource sharing is not possible until that city enact the regulation. While reviewing policy instruments in the Yogyakarta region, this study found that in general cities have a similar set of regulation enacted, e.g. all three cities reported to have the same set of contract related policies, fiscal transfer policies, and budget allocation policies as the legal base for regional resource sharing process. All three cities also reported to establish regional collaboration as their priority for development in their master plan, long term development plan, and yearly development program. Only Sleman is found for not having collaborative governance in their midterm development plan. The enactment year of the regulation and the issuance of policy instruments in each city are not far to each other, implying that they are collectively decided upon which legal and policy base needed for their regional collaboration to work. One of the officers interviewed admitted that one of the outcomes of the regular meeting between departments includes policy consolidation and although the final outcome of the policy process of each city may not uniformed but they share certain commonality with each other (confidential interview, October 2012).

The sociological institutionalism stated that environmental pressures shape organizations and, moreover, organizations in the same environment will become structurally similar as they respond to like pressure, that is, they will demonstrate isomorphism (DiMaggio and Powell, 1983). Organizations in a common institutional environment begin to look like each other as they respond to similar regulatory and normative pressures, or as they copy structures adopted by a successful organization under conditions of uncertainty (Orrù, Biggart, and Hamilton, 1991). In case of the Yogyakarta region, this tendency is reflected through their internal institutional design for intergovernmental collaboration. As the intergovernmental collaboration is discussed at the metropolitan level rather than individually at the local level, a consensus of which policy instruments needed becomes crucial.

In the case of collaborative metropolitan governance, the province plays role in supporting, or otherwise promoting, the partnership through their own provincial policies. This marked strong yet not coerced involvement was often cited by local officials as one of the critical points to the emergence and development of collaborative governance (confidential interviews, October 2012). Therefore, government involvement from the provincial level has played significant direct role in stimulating or preventing the emergence of metropolitan collaboration without having to push a top-down arrangement.

Institutional Environment

It is tempting to attribute the current success in collaborative metropolitan governance in the Yogyakarta region entirely to the long history of close relationship among local actors and between local and provincial governments but formal political coordination has also historically recorded stable and less polycentric than other regions in Indonesia except for the Denpasar region. In the Indonesian political map, Yogyakarta and Bali province are a stronghold of one certain political party. Continuously, during the decentralization process when local, provincial, and national representative is indirectly elected through political party, cities in the Yogyakarta region, in majority, always choose the same party. In the three elections during 1999 and 2014 there were no political change in both local and provincial levels. Considering that political negotiation is largely done through political party it is less surprising that political conflict is rarely taken place in the Yogyakarta region. With similar political party running cities and the province the political communication between local actors is conducted with less transaction cost compared to regions with fragmented political characteristics such as Jakarta and Surabaya. In a less politically polycentric region, more likely than not, the political actors carry the same fundamental political preference and aspiration, hence, building a regional collective aspiration is less problematic. Another perspective is that the coherence of political parties in multitier of government and among cities may indirectly influence metropolitan collaboration to the extent that they can provide a mechanism for coordinating coalition within local and provincial representatives and by extension make it easier for these representatives to support collaboration. This type of influence is possible in the Indonesian system as local and regional politics is in general characterising by the political parties. The political party is a formal institutional factor in local politics in which parties can exercise influence to the institutional setting including intergovernmental collaboration.

The political relations between the mayor and local legislative and between the mayor and governor are crucial in determining the political outcome of a city. As decision making in the Yogyakarta region is partly built upon informal discussion between local actors, beside strong leadership of local leaders, greater communication between these leaders in both formal and informal settings contribute to better collaborative relations. During the period of 1999-present, all of the elected mayor from three cities in the region were from or supported by the same political party –the majority winner for legislative election–. Other

characteristics of the Yogyakarta province that is particular to the region is that the Sultan as the Governor is a nonpartisan actor and as a nonpartisan actor his position is more neutral than other governors. His nonpartisan position is in line with growing concern from local and national actors stating that as a hereditary position, the governor of Yogyakarta shall be nonpartisan (the ministry of internal affairs is now considering enacting regulation concerning this nonpartisan position of the Sultan). The nonpartisan nature of the Sultan may hold the underlying reason of good relations between the provincial and local government as it reduces the politicising nature of the decision making process in addressing regional conflict.

12.2.5. Case 4: Denpasar

The Denpasar metropolitan region is one of the most particular economic regions, relative to its size and type of industry, in Indonesia. The economic activity in the Denpasar region is dominated by tourism and other related tourism supportive industry, and its economic structure presents wide differences with other metropolitan regions except for Yogyakarta. Both regions share tourism as one of the major economic activity although the scale of its industry is much larger in Denpasar than Yogyakarta. Other than tourism, economically, the region is structured by trade and commerce. The region hosts many internationally active firms in core tourist industries (hospitality, services, and entertainment). Denpasar is larger than Yogyakarta in term of territory and the number of local government involved, but remain much smaller compared to Jakarta and Surabaya. The Denpasar region contains more or less rural territory than Yogyakarta and their urban kernels are, in many other respects, much similar.

The character of collaborative relations in the Denpasar region presents a comparable value to the Yogyakarta region and a contrast with the Surabaya region. With the Jakarta region, it is almost difficult to compare due to the size of the metropolitan region and the number of involved actors which much less than Jakarta. In the Yogyakarta region, it shares a relatively small size and similar economic and social orientation in establishing a nationally significant economic region. Denpasar and Yogyakarta are similarly less politically fragmented with Denpasar is slightly more than Yogyakarta. It, too, has successfully forged a collective identity amidst the administrative fragmentation and establishing collaborative governance at the metropolitan platform. Denpasar, however, is not under a monarchy-based provincial government, but a single provincial entity like Surabaya. What is particularly interesting and different about the case of Denpasar is that the roots of collective arrangement and regional collaboration start without a provincial support as strong as we observed in Yogyakarta. Whereas their intergovernmental collaboration is comparable, the Denpasar region also exercises a cross-sectoral collaboration collectively by using the metropolitan platform in which Yogyakarta has yet exercised and also individually inside their jurisdiction. In short, the model of collaborative governance in the Denpasar region is, likely, as close to the principle of

associational governance as is possible in a genuinely regional governance structure with a complex network consists of actors from both governmental and nongovernmental sectors.

Among all metropolitan regions across Indonesia, the Denpasar region has the least economic disparity among its member cities, implying that each city has more or less similar economic capacity which may contribute positively toward the building of collaborative governance. In the political aspect, the political diversity in the Denpasar region is comparable with Yogyakarta as both regions show continuous stable political aspiration over the years. The political stability and the preference towards one certain political party in the Denpasar run historically longer than Yogyakarta. Even before the decentralization they leaned towards the same party that they elected as majority during the decentralization process. Similar to Yogyakarta, the Denpasar region is not by chance a swinging region in term of voting as such Jakarta and Surabaya. In the Denpasar region the majority is much clearer than in other region indicating that cities and province are single ruled by the same political party rather than forming a coalition. In this sense, political negotiation at the local and provincial level through the legislative run even smoother than the one in Yogyakarta. Considering these aspects, the local-provincial relations in the Denpasar region is surprisingly more vulnerable than Yogyakarta. The challenges stem not from the legislative but from the governor. The institutional structure of provincial government in Bali province –where the Denpasar region located– is not centralized like Yogyakarta, but more like Surabaya, Jakarta, or other regions. The governor does not exercise influence as great as the Sultan in Yogyakarta and more politically bounded. The sovereignty that the provincial government held over local governments are as weak as it observed in the Surabaya region, although due to similar political aspiration, their relation is much better in comparison. With the decentralization process this relation is not on the stable ground and has to be constantly nurtured. Without strong leadership and good intention toward regional collaboration with both the provincial and local governments, the current institutional structure may difficult to maintain or develop.

Institutional Context: Horizontal Collaboration, Actor Interaction and Pre-existing Metropolitan Structure

Unlike the intergovernmental collaboration in the Yogyakarta region that is centrally managed at the metropolitan level, publicly led intergovernmental collaboration in the Denpasar region has been conducted on an ad hoc basis. Formal cooperation tends to occur on a project-by-project basis, e.g. waste management, but there are active networks between the department officers at the local level to share information and built initiatives to be presented to the mayor. In fact, the transportation development program that was initiated by the provincial government utilised the active networks that already established by the local government although it is largely provincial-led program. Whereas networks of actor in the metropolitan Yogyakarta also manage the infrastructure development taking place on the border of two cities, the same collaborative arrangement in the Denpasar region is conducted outside of the regional

collaborative platform, i.e. As long as it is not for the sake of all involved members, the collaborative activities are managed individually by the corresponding actors at the local level (confidential interview, June 2013). By this structural system, the collaborative metropolitan governance in the Denpasar region is less expansive in term of its intergovernmental collaboration than the one in Yogyakarta. At the moment, it is more sectoral-based rather than comprehensive model.

While collaboration for implementation tends to be based on a project-to-project interaction, the intergovernmental network in the Denpasar region are principally sustained through policy consolidation, especially by trying to synchronise their local plan to the regional planning and development programs. There are initiatives to more closely coordinate regional infrastructure development in general, but so far each city has yet considering its institutional format. Each city has set an advisory planning committee consists of related department and agency –which is commonly found in the Indonesian local institutional structure for planning– and these planning committees are currently in charge of scheduling a joint meeting in which they regularly discuss development plan and the potential for an establishment of a shared vision. A joint implementation as such taking place in the Yogyakarta region, however, has not been part of the strategy yet. Outside of the regional waste management, the implementation of infrastructure development around border area is constructed independently by each city. This model is similar to what we observed in the Surabaya region, although the regional value in the Denpasar region is much higher since the coordination is held at the regional level rather than limited between two cities.

The initiatives represent important steps towards establishing a regional cultural strategy and formalising collaboration further than project-to-project interaction. However, they also illustrated the degree to which there are still administrative and, perhaps, political, and institutional barriers in place in this policy area. During the interview, one respondent remarked that so far the local governments have yet found other regional policy area than waste management that collectively endorsed by all cities and significantly critical and urgent for the regional and local development (confidential interview, June 2013). This response also indicates that there is yet a common vision at the highest management level (mayoral level) between four cities in the Denpasar region.

The role of the provincial government was critical at the time of conflict as we observed from the mechanism of intergovernmental collaboration in the Yogyakarta region. Since in the Denpasar region, the provincial government holds no sovereignty over local governments, it also holds no direct influence to the collaborative metropolitan governance. The conflict between local governments, thus, resolved bilaterally among themselves.

In addition to the intergovernmental collaboration, the Denpasar region is characterised by a relatively high degree of inter-village collaboration and village-city collaboration. For such a small region, associational

activity at the village level is quite robust and, unlike in other cases, inter-village collaboration –that also includes the villages from outside the city’s boundary– have been well supported and sustained by the local and provincial government. Historically, villages in Bali province have a strong traditional village system that is different with other village in Java Island. It is generally based on a neighbourhood system that the membership is hereditary. It has organisational and administrative body to manage traditional ceremony and, in the agriculture based village, to manage the water sharing process inside the village and with neighbouring villages. In the present collaborative context, local governments are establishing a partnership with villages to manage their assets in the village area as well as a partnership for village infrastructure improvement. The latter is largely based on the local community capacity improvement program. Partnership in managing local assets ranges from economic-based activity in which village utilises local government assets for earning village revenue to culturally-based activity. Due to this historically strong organisational activity of the villages, their involvement in the local and regional development is relatively high compared to other metropolitan regions.

One of the most interesting dimensions of collaboration and engagement across the Denpasar region is its collective cross-sectoral collaboration. Unlike the cross-sectoral collaboration taking place in the Jakarta and Surabaya in which one municipality signed a collaborative partnership with the private sector for a cross-jurisdictional public infrastructure provision, the one taking place in the Denpasar is developed collectively between the four coordinating cities. The collective, cross-sectoral collaboration between four cities and a private company can be observed in the regional waste management. Originally the cities in the Denpasar region –Denpasar, Badung, Tabanan, and Gianyar– agreed on tackling cross-jurisdictional infrastructure challenges and brought them at the regional/metropolitan level. As already explained in the mechanism and typology of collaboration in the Chapter 10.1.5 earlier, these four cities agreed to form a coordinating body for regional waste management and then, on behalf of the four cities, the coordinating body contracted the implementation of waste management, in particular the end of the waste management subsystem, to the private sector. The private sector is responsible for managing the waste and turn it into electricity while cities are responsible for collecting and transporting the waste (cities as the waste supplier of the private sector). Local governments retain their role as a local regulator concerning waste management in their jurisdiction. Regardless, this public private partnership is indicative of both the willingness of the private sector to support regional initiatives, as well as government preferred to let the private sector to be an active partner. This suggests that regional cooperation in infrastructure provision by utilising privately owned resources may be in the process of intensifying, at least for the moment.

The development of collective, cross-sectoral collaboration in the Denpasar region is expected as historically, cities in the region have been established strong individual government-private relations in the infrastructure provision and/or economic development for years. All four cities reported to develop

partnership with the private sector prior to the regional collaboration. Badung and Denpasar have collaborative partnerships with the private sector for water supply provision. The public private partnership in the Badung started in 1992 with the BOT system for 20 years in which the private sector built the water treatment facilities, pumping facilities, and major piping infrastructure while the local government was responsible for the building of network infrastructure to the household. Owing to this collaboration Badung regency managed to enlarge its water supply coverage in the southern Badung. As recently, Gianyar also started to establish the same type of partnership for their water supply and Tabanan has a public private partnership for waste treatment infrastructure. The familiarity of local governments in the Denpasar region in conducting cross-sectoral collaboration is, in contrast to Yogyakarta, critical in their preference to establish collective cross-sectoral partnership at the metropolitan level.

In the metropolitan level, scale and density matter. As we also observed in the Yogyakarta, smaller number of local governments collaborating together has a greater chance to develop a successful collaborative model that actually works. In the Denpasar region, although the number of actors involved is greater due to the participation of the private sector, the basic number of local governments is still manageable. With four members, the negotiation is less challenging than if it is seven or even nine as what happened in Surabaya and Jakarta, respectively. Many interviewees maintained that one of the reasons for the robust collaborative arrangement at the metropolitan level, in general, is the frequency of interaction between key actors and that is easier to manage on a project-to-project basis since it deliberately limits the actors only to directly related departments (confidential interview, June 2013).

In general we can conclude that in the Denpasar region, civic capital is relatively strong. The civic capital is weaker in the intergovernmental collaboration compared to Yogyakarta but stronger in the cross-sectoral collaboration. The region is characterised by a high degree of networking, multiple actors, multitier local actor, and fairly well-developed interorganisational links. Most city managers interviewed acknowledged the easy and long relations with other governmental actors that the region enjoy. Interestingly, while civic capital is highly developed in the intergovernmental and cross-sectoral relations as well as strong political links (will be explained further down), the structure of metropolitan-wide governance is not as extensive as the one observed in the Yogyakarta region. The platform of metropolitan collaboration remains sectoral and highly based and managed by inter-department official rather than multitier governance as Yogyakarta. The strong historical involvement of private entities in the public sector has growing influential in linking and promoting the regional agenda. This may have led to a slightly different pattern if intergovernmental collaboration. As initiative has emerged from outside of the political sphere, intergovernmental collaboration has not always been necessary to support regional initiatives. Hence, the metropolitan collaborative governance remains sectoral based programme rather than regional development programme. A related consequence is that

civic capital has not impacted intergovernmental collaboration in regional development programme. It has been peripheral in some sectors but central and supportive in another sector.

Institutional Context: Policy Instruments

The structure of the internal institutional design in the Denpasar region is, in general, similar to the Yogyakarta region. Member cities have more or less similar sets of collaborative-supportive policy instruments in their jurisdictions. Despite the similarity, unlike the Yogyakarta region, cities in Denpasar have not specifically enacted regulation for collaborative arrangement, but rather prefer to adopt regulation of the higher levels of government. They do not even have specific regulations for procedural guideline of collaboration. With the wide range of network and collaborative arrangements, this study found it as rather surprising. However, instead of those regulations, all cities each issued policies to transfer authority for state enterprise to establish a public private partnership, policies for joint management of local assets, and policies for contracted planning and implementation. Other regions that the majority of its members have these kinds of policies is the Jakarta region, indicating cities as a public private oriented partnership. In the Surabaya region, i.e. only core city and big suburban that have issued similar type of policies. Another possibility is that due to the local government preference to conduct regional collaboration through a project-to-project partnership, the local policy instruments are largely geared toward sectoral-based development. Hence, the local governments do not bother to issue separate regulation instruments but opt to adopt.

Reviewing the local instruments, the main area in which local governments in the Denpasar region have been involved is to ensure the legality of both intergovernmental and cross-sectoral collaboration, in particular concerning financial and legal aspects. All cities reported fiscal instrument of in-kind transfer and some cities went further with regulations and policies related to grants, incentives, and private initiatives. The policies for private initiatives ensure that the private sector can seek active partnership and contribute financially to the public private partnership is considerably missing in the Yogyakarta region and can be found in the local policies of big suburban in the Jakarta and Surabaya region as well as their core cities. Despite the size of the metropolitan region in term of scale and population, the way Denpasar region treat their local policies are more similar to the big suburban of the Jakarta and Surabaya region, indicating the strong presence of nongovernmental sector, in particular private, in the provision of public infrastructure at the local level.

The strong involvement of nongovernmental sector at the local level may contribute to the hampering of intergovernmental collaboration between two neighbouring cities in the Denpasar region. At the metropolitan level, however, it may lead to positive contribution to the expansion of network governance between government and nongovernmental sector. According to the interviewees, outside of the public infrastructure, two neighbouring cities reporting on establishing sectoral-based intergovernmental collaboration, e.g.

education, health. This type of sector is largely less profitable for public private partnerships compare to public infrastructure, hence the preference to establish intergovernmental collaboration (confidential interview, June 2013).

Institutional Environment

On measures of prosperity, the Denpasar region performs relatively well and evenly distributed across the region as indicated by lower regional disparity than any other metropolitan region. Economically the Denpasar region is in a better position across the region, relative to that other metropolitan region. It also has the strongest local autonomy thanks to higher revenue from the hospitality industry. With the financial capability relatively similar, the presence of donor-recipient as observed in the relations between the core city and suburb in the Jakarta region and its subsequent frictions is not observable in Denpasar.

In terms of political context, the Denpasar region is relative stable with strong relation between local and provincial actors and among local actors. As also observed in the Yogyakarta region, greater political homogeneity leads to less transaction cost among local and multitier actors in establishing collective aspiration. While inter-municipal frictions, as expected in all regions, have influence towards the collaborative metropolitan governance, its presence is not strong enough to actually disrupt the partnership since the possibility of the conflict solved formally and informally through political party is high. Yet, despite all the similarity in political characteristics wise, in comparison with the Yogyakarta region, this study sees the Denpasar region is more vulnerable about the political conflict, although still less vulnerable than other metropolitan regions. Its vulnerability stems from the less stable governor-mayor relations. In the Yogyakarta region, the bipartisan nature of the Sultan as the governor significantly eliminates the potential bipartisan conflict between the two levels of administrative jurisdiction. In Denpasar, however, this potential friction remains. As the governors are elected directly, it is possible for them to root from a different political party than the majority, in case the governor was proposed through coalition parties. In case of Denpasar, although every past election until 2013 saw the governor from the majority, in the last election the province has governor from a different political party than the majority. Although not yet be proven in Denpasar, frictions happen in other regions such as Jakarta and Surabaya. On the other hand, with the decentralization process, the friction between the governor and mayor may not greatly affect the collaborative metropolitan governance except for the expansion to include multitier governmental actor as of following the principle of genuine regional governance structure.

As with other regions, the Denpasar experience shows how institutional structure and environment can operate differently in a wide variety of contexts. On the actor variable, this case supports trends observed in the other regions in which less cities involved the more manageable collaborative metropolitan governance is. The number of actors is potentially the most significant compared to the complexity or diversity of actors.

Metropolitan-wide collaboration is generally based on the local collective action, hence, regardless whether the other partner is nongovernmental or not if the number of local government actors is manageable, the collaborative arrangement can be implemented.

12.2.6. The Working of Indonesian Collaborative Metropolitan Governance: Institutional Context and Institutional Environment

The in-depth analysis highlight the significance of links between institutional structure and institutional environment, and the impact of these institutional situation on the transaction cost and organisational characteristics of collaborative governance. On a similar line, civic capital also illustrates the complexity of collaborative institutions and local actors' preferences.

In the first place, the variation across observed regions is wide even without considering the scale and network of actors involved. Between Jakarta and Surabaya, the difference in the internal institutional design is palpable and becomes wider when we compared between Jakarta and Yogyakarta. Scale does matter in pursuing collaborative governance as we can see from the observed case studies. Large metropolitan region with wide variation and number of actors involved like Jakarta and Surabaya have generally more problematic in developing both metropolitan-wide collaboration and intergovernmental collaboration. Given choices of potential collaborating partners, fiscal, physical infrastructure, and institutional disparity as well as different political characteristics, establishing an effective collaborative governance in large metropolitan regions through a formalised structure is more challenging. This is not to say that the issue of collaborative governance in smaller regions is simple, but that the transaction costs and complexity are currently manageable within one tier of government. From this perspective, there is little scope for civic capital to contribute to greater or more intense collaboration in the large metropolitan region as we can see from the case of Jakarta and Surabaya. On the other hand, civic capital is crucial in the development or the expansion of smaller and less complex region such as Denpasar and Yogyakarta.

The dynamics of intergovernmental collaboration in the Jakarta and Surabaya region presents an opportunity for metropolitan governance. Collaboration may have several advantages over more rigid forms of regional governance, but given the complexity of the institutional structure and institutional environment observed, most of intergovernmental collaboration in the two regions are associated with the flexibility and localised cooperative approaches. This type of collaboration is generally sectoral and limited between two cities sharing borders. High transaction cost of the involvement of more complex network of actors is largely avoided through establishing short term collaboration in a certain public service sector managed through inter-department interaction. Moreover, in the decentralization process, pushing a region-wide metropolitan governance in the wake of the front and centre discussion of local autonomy is, consequently, unsurprising.

Regional collaboration can be established at several scales and scopes –region-wide or localised, single or multiple issue partnership– and can coexist within a broad range of formal government structure. In the Jakarta and Surabaya region, we cannot see this. Both regions show the example of problematic regional partnership in the region-wide scale while localised partnerships are growing especially between the core city and the surrounding large suburbs. On the other hand, the case of Denpasar and Yogyakarta demonstrate how both region-wide and localised collaboration coexist within a formal government structure (Yogyakarta) and less formalised structure (Denpasar). Yogyakarta case is particularly strong in region-wide and localised intergovernmental collaboration with multiple issue partnership while Denpasar exhibit region-wide and localised cross-sectoral collaboration with single and multiple issue partnership. The case of Denpasar and Yogyakarta also elaborate an example on how collaborative institutional design may also protect the local autonomy of individual partner cities, an issue of consistent concern to local administrators in the Jakarta and Surabaya region.

The Yogyakarta region stands in contrast to the other cases in this study, both because of its size (the smallest) and its very high level of regional engagement. Its history reveals that while its local governance has strong relation with the provincial (regional) government, the metropolitan collaboration is largely built from the bottom up, putting an example on how the provincial government provide the necessity support for the building of stable institutional structure and strong support for civic capital. In a relatively less fragmented political environment, civic capital strives and has helped to overcome sectoral divisions to establish a region-wide collaborative platform through a true sense of regional identity. Because of these specific pre-condition collaboration in Yogyakarta can be established without the strong intervention of upper levels of governments, collaboration provides both a mechanism to collectively chart regional futures and an opportunity for local and regional empowerment.

The Denpasar region presents a case where civic capital is strong, yet this has not translated into an expansive collaborative intensity in the metropolitan-wide platform. The complexity of its governance network is, for example, more complex than the one observed in Yogyakarta as it incorporated nongovernmental actors and lower groups of local entities (sub-district and villages). This situation may be explained with reference to pragmatic issues of scale and the impact of the strength of civic capital in providing alternative collaborative arenas, thus partially bypassing the need of region-wide collaborative programme implementation. Nonetheless, the state of metropolitan collaborative governance in Denpasar works more effective than the one observed in Jakarta or Surabaya although less intense in term of intergovernmental interaction compared to Yogyakarta.

Table 12.4 in the following page summarise the working of Indonesian collaborative metropolitan governance based on the in-depth analysis elaborated above.

Table 12.4. Summary of the working of Indonesian collaborative metropolitan governance based on in depth analysis.

Variable	Jakarta	Surabaya	Yogyakarta	Denpasar
General issue	<ul style="list-style-type: none"> - The largest metropolitan region with the most complex institutional structure due to proximity with the central government and size of involved actors - Local autonomy is found central in the debate of collaborative metropolitan governance - Flexible intergovernmental and cross-sectoral collaboration as an alternative platform of metropolitan-wide collab. - Employs sectoral and thematic collaboration 	<ul style="list-style-type: none"> - The second most complex institutional structure due to the scale of actors involved although not as complex as Jakarta - Metropolitan platform failed to establish strong coordinating and implementing scheme. It has been stayed dormant except for consolidating policymaking and master plan but without enforcement power - Similar with Jakarta, local autonomy crucial factors determining collab. 	<ul style="list-style-type: none"> - The smallest observed metropolitan region with the least complex institutional structure - Employs region-wide collaboration based on selected sectors - Advanced intergovernmental collaboration based on the metropolitan-wide collaborative agreement - An example case of the voluntary arrangement to organise and manage collective policies of its member cities 	<ul style="list-style-type: none"> - The second smallest observed metropolitan region yet with complex institutional structure involving variety of government and nongovernmental actors (less complex than Jakarta in term of intra-governmental structure) - Advanced intergovernmental and cross-sectoral collaboration - The root of collaborative arrangement started with no strong presence of the provincial government (as observed in Yogyakarta)
Institutional context	<ul style="list-style-type: none"> - Cities pursue collaborative partnership with individual governmental and nongovernmental actors independently (limited and sectoral collaboration) - On regional-wide collaboration, central/provincial – local interaction is top-down (led by higher government, local as local regulator and resource provider only) - Relatively weak collaborative commitment from local actors for region-wide collaboration - The pre-existed metropolitan governance structures are not working effectively and seen as barriers (tend to formalise the division between cities and ignore smaller collaborative activities) - Donor-recipient collaboration between the core city and large suburbs - Jurisdiction based collaborative management among suburbs - Active cross-sectoral collaboration 	<ul style="list-style-type: none"> - Fragmentation of the institutional structure roots on the geographical and historical configuration of the region - Fiscally autonomous cities (the core city and large suburbs) largely agreed that as long as they can manage the public infrastructure independently in term of financial, cities will not seek collaboration - Limited and sectoral intergovernmental collaboration is observed - The disparity in policy instruments is wide. Big cities have issued more collaborative friendly policies compared to smaller and largely rural cities - The core city and large suburbs are more intent in developing policies for cross-sectoral collaboration than intergovernmental collaboration - Cities with lack of instruments are limited to consolidating policymaking and conducting small scale joint arrangement in the border area 	<ul style="list-style-type: none"> - Less geographically fragmented compared to Jakarta and Surabaya - Intergovernmental collaboration is built based on the platform of metropolitan-wide collaborative agreement (opposite to Jakarta and Surabaya) - The metropolitan governance is exclusively intergovernmental with smaller size of development projects. - Strong joint policymaking - Resource exchange scheme is the most advanced in term of intergovernmental relations - Less diverse actors. Less complex structure of intergovernmental and intra-governmental structure - The model is observed most effective for region with homogenous characteristics and stable political situation - Public private partnership in the infrastructure provision is rare to almost non-existent. 	<ul style="list-style-type: none"> - Metropolitan-wide collaboration is done as sectoral collaboration - Metropolitan-wide collaboration is conducted both in intergovernmental and cross-sectoral collaboration - Collectively local governments arrange a public private partnership to manage a metropolitan-wide programme - Outside the metropolitan platform, cities conduct separate intergovernmental and cross-sectoral collaboration - Cities are familiar with cross-sectoral collaboration. Advanced scheme of public private partnership with long experience - High degree of inter-district and inter-village collaboration as well as district-municipality partnerships - The core city and rural cities are the most active actors for intergovernmental collaboration

Table 12.4. Summary of the working of Indonesian collaborative metropolitan governance based on in depth analysis (cont'd).

Variable	Jakarta	Surabaya	Yogyakarta	Denpasar
Institutional context (cont'd)	<ul style="list-style-type: none"> - Inconsistent local priority as a barrier to establish intergovernmental collaboration - Wide variation on policy instruments implemented across the region - Cross-sectoral collaboration needs strong policy instruments (cities with strong private-supportive policies have more cross-sectoral collaboration) 	<ul style="list-style-type: none"> - Wide variation on policy instruments create high transaction cost and bureaucratic procedures in adjusting (the least uniformed in policy instruments across observed regions) - Inward looking behaviour is not only produced through fiscal autonomy but also administrative and political barrier 	<ul style="list-style-type: none"> - Joint cooperation is managed through a separate entity operated by professional. Responsibility limited to administrative, not a planning body - Cities have similar set of collaboration-supportive policy instruments - Intergovernmental relations is structured through consensus at the metropolitan level 	<ul style="list-style-type: none"> - Collaboration is managed in sectoral scheme, not in metropolitan platform as Yogyakarta and largely depends on strong relations between departments - Variation on policy instruments is observed across regions. Collaboration is conducted sectorally, and only in sectors collaborated, cities enacted similar policy instrument as support
Institutional environment	<ul style="list-style-type: none"> - The degree of jurisdictional autonomy affects collaboration in area with a greater number of multitier actors (scale matters) - Disparity is less (without the core city) compared to Surabaya - Wide variation of political actors, politicised conflict resolution 	<ul style="list-style-type: none"> - Vastly different in characteristics socio-culturally, economically, and politically (high disparity between big cities and small or rural cities) - Wide variation of political power between cities across region, and between cities and province 	<ul style="list-style-type: none"> - Homogenous character across region - Formal political coordination has recorded stable over time and less polycentric (similar with Denpasar) - Economically the disparity among cities are less compared to Jakarta and Surabaya 	<ul style="list-style-type: none"> - Fiscally autonomous region, rather high compared to other region - The least disparity in fiscal power - Homogenous characteristics in socio-cultural, economical, and political - Politically stable, with strong political majority from one party over time - Cities shares similar political aspiration
Institutional transaction cost	<ul style="list-style-type: none"> - Cities with similar resource capacity and governing capability tend to be conflict potential yet more incline to collaborate individually than under the metropolitan platform to avoid the bureaucratic and hierarchical scheme - Regional-wide collaborative programme has been largely politicised (proposed by governors, little opportunity or incentive for local actors. Rural, less urbanised fail to see the benefit of region-wide collaboration) - High political transaction cost due to continuous changes of political landscape - Cities with similar political party as the majority incline to collaborate more than those who are not similar 	<ul style="list-style-type: none"> - Power asymmetry: the core city is economically powerful yet less politically powerful in the region - Political division between cities and province create barrier to establish regional platform - Political division between cities create higher transaction cost due to high cost of political negotiation - While in Jakarta the challenge of different political majority among cities stem from three different provinces, in Surabaya it roots in the fragmentation between local-provincial political relations - High disparity is observed across region, leading to strong tendency to provide service independently 	<ul style="list-style-type: none"> - Binding power and political legitimacy as well as support from local assembly and provincial government is crucial to reduce transaction cost for metropolitan-wide and intergovernmental collaboration - As political situation is less polycentric, transaction cost is relative low and political conflict is rarely observed - The coherence of political parties in multitier government and among cities may indirectly influence metropolitan collaboration - Less disparity, economically and physically, bring about cities in the same common ground and lessen the transaction cost while negotiating collaborative arrangement 	<ul style="list-style-type: none"> - The political stability run longer than any other regions and the political situation is the least polycentric even compared to Yogyakarta - More vulnerable to political conflict as the influence from outside is larger than observed in Yogyakarta (due to the nonpartisan nature of the governor) - With the decentralization process, intra-governmental friction has yet affected the collaborative metropolitan governance, the current inter-city political relations remain stable - Less fiscal, physical, social, and political disparity brings about less transaction cost as cities see each other as equal (less disparity led to less inward looking behaviour of a city)

Table 12.4. Summary of the working of Indonesian collaborative metropolitan governance based on in depth analysis (cont'd).

Variable	Jakarta	Surabaya	Yogyakarta	Denpasar
Organisational isomorphism	<ul style="list-style-type: none"> - Neighbouring cities collaborated with each other have more or less the same set of policy instruments applied in their jurisdiction - Limited organisational isomorphism on two or three cities sharing borders 	<ul style="list-style-type: none"> - Cities are different to each other., no form of organisational isomorphism is observed - Different internal institutional design, different priority, different political aspiration 	<ul style="list-style-type: none"> - Cities are constantly adjusting to one another - The internal institutional design of cities begin to look like each other as they respond to similar regulatory and normative pressures - Collaboration intensified over time following the adjustment made by each city including participation coefficient, policy, and scale of collaboration 	<ul style="list-style-type: none"> - Cities with intergovernmental collaboration have similar institutional design according to sector they collaborate. Other than necessary collaborated sectors, organisational isomorphism is found less
Civic capital	<ul style="list-style-type: none"> - Variation of actors and scale of actors involved play significant role (creates more friction in region-wide platform) - Weak civic capital (complex network yet weak network) - Regional leaders are unable to establish strong coordination - Leadership are limited to political actors - On region-wide, strong meddling from the central and provincial government 	<ul style="list-style-type: none"> - At extreme, some local managers have limited formal ability to coordinate collaborative activities due to lack of familiarity and advocacy, in particular rural cities 	<ul style="list-style-type: none"> - The joint cooperation is strongly led and supported by all political leaders at the local and provincial level - Strong presence of the provincial governor in lending support - The decentralization process has not hampered strong influence from Sultan (Governor) to the local entities - The position of provincial governor (Sultan) as nonpartisan political actor provides stability to the intra-governmental political relations as well as establishing fair ground to solve regional conflict - Small number of cities lead to simple yet strong network - High enthusiasm of local actors for regional coordination 	<ul style="list-style-type: none"> - No strong regional leader observed but local leaders shares similar vision for the metropolitan-wide collaborative arrangement - The presence of provincial government is crucial in solving conflict. As in Denpasar the provincial influence is not as strong as the one in Yogyakarta, conflict is solved bilaterally without the provincial government - Cities have traditionally strong intergovernmental network as it is geographically and culturally less fragmented

12.3. REFERENCES

- DiMaggio, Paul J., and Walter W. Powell. 1983. The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48 (2), pp. 147-60.
- Hudalah, Delik, Fikri Zulfahmi, and Tommy Firman. 2013a. Regional Governance in Decentralizing Indonesia: Learning from the Success of Urban-Rural Cooperation in Metropolitan Yogyakarta. In T. Bunnell, D. Partgasarathy, and E.C. Thompson (Eds.), *Cleavage, Connection and Conflict in Rural, Urban and Contemporary Asia*. London: Springer, pp. 65-82.
- Hudalah, Delik, Tommy Firman, and Johan Woltjer. 2013b. Cultural Cooperation, Institution Building and Metropolitan Governance in Decentralizing Indonesia. *International Journal of Urban and Regional Research*, pp. 1-18.
- Orrù, Marco, Nicole Woolsey Biggart, and Gary G. Hamilton. 1991. Organizational Isomorphism in East Asia, in W.W. Powell and P.J. DiMaggio (eds.), *The New Institutionalism in Organizational Analysis*. Chicago: The University of Chicago Press, pp. 361-89
- Ministry of Public Works. 2006. *Indonesian Metropolitan Regions*. Jakarta: Directorate General of Spatial Planning.
- Nelles, Jen. 2012. *Comparative Metropolitan Policy: Governing beyond Local Boundaries in the Imagined Metropolis*. London and New York: Routledge.
- Situmeang, I.M. 2011. *Repositioning the role of the governor in the local governance*. Kompas: Political article (in Indonesian).

CHAPTER 13

CONCLUSION: FINDINGS, INTERPRETATION, AND DISCUSSION

13.0. SUMMARY

Through Chapter 7 to 12 we have identified the determinants of collaborative metropolitan governance from the influence of external and internal factors in the local level. Through the nested analysis, this study characterised the collaborative governance system and the pattern of institutional network in six observed metropolitan regions. In Chapter 7 this study provided an analysis of the current institutional structure of collaborative metropolitan governance. Whereas in Chapter 8 we analysed the external factors at the regional level, contributing to the emergence of collaborative metropolitan governance in order to explain how and why collaborative governance takes place, in Chapter 9 it is the institutional environment at the local level that being examined. Chapter 10 and Chapter 11 dealt with the working of the action arena of collaborative governance, subsequently analysed the internal institutional design and actors' interaction as well as the interaction between two variables from the viewpoint of power relation, policy institutionalisation and actor behaviour. To further clarify findings gathered through the quantitative analysis, in Chapter 12 we examined the case studies through an in depth analysis. Although all parts are independent in term of research objectives and main methodologies, together they build a complete working picture of Indonesian collaborative metropolitan governance.

The main purpose of this chapter is to assemble all findings and interpret them according to the theoretical literatures to generate both general and specific research outcomes tied to the Indonesian context. The first one is built to enrich the literature on collaborative governance and the latter part will be used as a basis for the building policy implication and suggestion for the Indonesian metropolitan regions.

13.1. THE INSTITUTIONAL CHARACTERISTICS OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE

Analyses on the institutional and collective action level documented thoroughly the extensiveness of collaborative context for cities and public infrastructure provision. The research sets upon a state-centric (local government) perspective, exploring the steering capacity of local government and its institutions as well as its relationship with nongovernmental interest and actors. In Indonesian case, as collaborative governance relates to state-society relations depending on the local characteristics, in some regions, collaborative governance is seen as the steering of urban society towards collectively defined goals through the process of coordinating. Yet, in other regions, it is seen to rely largely on political and administrative structure. Despite the differences, all regions are observed to acknowledge the existence of a social sub-system and the vertically-horizontally segmented state in collaborative governance.

The wide variation observed in the institutional structure, internal situation, and the institutional environment of collaborative governance in Indonesia cannot be separated from the process of decentralization. The re-configuration of intra-governmental and intergovernmental relationships in the process of decentralization is a result of devolution of power in fiscal, political, and administrative issues. The re-configuration increases the diversity of institutional network, a variety of resource capacity, policy diversity and complexity, and intergovernmental and cross-sectoral interaction. These diversities in which local governments operate their collective action arena shift from jurisdiction to jurisdiction, and from one collaborative activity to another. The challenge for a city wanting to collaborate in providing cross-jurisdiction public infrastructure encompasses both the institutional networking at horizontal and vertical dimension. Cities' relation to the higher level of government is institutionalised through the fiscal dependency and autonomy between levels of government.

The institutional characteristics of Indonesian collaborative metropolitan governance is structured through a set of institutions and actors that are drawn from and beyond government. The structure of Indonesian collaborative metropolitan governance is fragmented a maze of institutions and organization in which its level of complexity varies across regions through the increased involvement of the private and civic sectors in collaborative activities. These variations can be explained through the different characteristics of local internal institutional situations and local and regional institutional environment. The internal and external factors, however, structure and are structured through power relations and power dependence in terms of administrative and fiscal matters, policy instrumentation, and actor behaviour that keep changing over time, depending on the push and pull in a particular process of exchange.

13.1.1. Variation of the Institutional Structure, Collaborative Activities, and Institutional Design

One of the major findings this study found is that the variations between each observed metropolitan regions are widely varied. In the four governance interaction indexes –central, provincial, intergovernmental, and cross-sectoral interaction– depicting possible relations pursued by local governments in arranging their institutional structures, all observed regions demonstrate values of institutional structures that differ from one region to another (please refer to Table 7.9 for the result). Considering the results of the questionnaire survey, most observed cities fall into the category of low and moderate in terms of interaction level. Moreover, given the score of the standard deviation of the sample (please refer to Table 7.6 for the result), the variation of the institutional structure between cities is large, in particular the structure of intergovernmental and cross-sectoral interaction. By looking at both results we are able to uncover that the variation of the institutional structure is observed not only between regions but also between cities in a region implying the complex relations contributing to the process of collaborative governance. Some regions demonstrate similar tendencies toward their institutional structure within themselves, i.e. a similar

institutional network of central-provincial-local interaction, for example, cities in Yogyakarta and Denpasar, which possess more or less a similar level of interaction with any counterpart except for central interaction. On the other hand, regions such as Jakarta and Surabaya are fluctuating at best, especially Surabaya as observed varies in all types of interaction.

The Vertical Institutional Structure and the Collaborative Activities between Local, Provincial, and Central Government

The institutional structure depicting the vertical interaction denotes interesting results when we examine the local-central and local-provincial interaction. There is no strong correlation between the two interactions, implying that in the process of the decentralization intra-governmental interaction is not influenced greatly on how local governments perceive their relations with the central with regard to provincial government and vice versa. Local governments see the central government as the main regulator and the provincial governments as the central's subordinate but with much lesser authority bestowed. Programmes, projects, and fiscal transfer rule relations between governmental actors. Given the autonomous territorial and with the abolishment of the hierarchical relationship between local and provincial, local governments' relations with the province are more sensitive toward the institutional environment pressures such as politics. The pressure is higher than the local-central interaction. While both president and governor are political position, in the central-local interaction the presidential influence to ministries and their subsequent departments concerning the central government's programmes at the local level is less compared to the influence of the governor to the provincial agencies.

The local-central and local-provincial interactions vary within and across regions. Whereas both interactions diversify greatly across cities, the local-provincial interaction generally is less divided among cities in the same region. The local-central interaction, on the other hand, varies greatly among cities in the same region. The differences of the central interaction between cities and between regions implies that the local-central relationship is less affected by geographical position and pursued with more competitive nature. Most cities have moderate vertical interaction and cities with a weak central interaction are cities which predominantly rural. Core cities and large suburban benefit from the central government program on the acceleration of economic development which includes funding for infrastructure development more than predominantly rural cities due to its scale and importance to the metropolitan.

The competitiveness among local governments in regard to their relations with the central government is fuelled by local efforts in securing fiscal transfer through the central government's projects. The results demonstrated that cities with more dependency to fiscal transfer have less local-central interaction. It rejected the hypothesis that the more dependable a city is, the more it pursues relations with the central government. As the questionnaire on local-central relations asked to the local government focused on the

information and adjustment seeking, the rejected hypothesis implies that cities with less fiscal dependency communicate more with the central government than cities which received more financial assistance, particularly in securing information on new funding of programs and projects and policy guidance as well as asking technical and financial assistance. Since the larger part of financial assistance from the central government is in the form of a general allocation fund for reducing vertical and horizontal imbalances, cities with less abilities to finance expenditures from their own sources of revenues will receive more financial assistance or more general allocation fund. Consequently, cities with better financial abilities will seek more form of conditional transfers in support for infrastructure expenditures by actively pursue interaction with the central authorities. The central government provides a variety of capital grants through programs and projects for activities which relate to national priorities or commitments and to address externalities and inter-jurisdictional spill overs. The conditional transfers or often referred as the specific allocation fund requires local governments to fund a part of the programs.

The variation of institutional structure between local and central interaction reflects the administrative and fiscal decentralization. In a way that interest in decentralization is greater and implementation of decentralization has progressed farther in wealthy regions (see King, 2004), more fiscally decentralized cities pursue more interaction with the central government is observed throughout this study. A corollary is that in these fiscally decentralized cities, government officials and civic society leaders want to retain a larger share of what they have or produce, hence officials' overriding concern tends to be maintaining or increasing contact with the central government to secure programmes outside the general allocation fund.

On the other hand, provincial interaction is more geographical bonded, i.e. cities within regions have more similarities in their provincial interaction. The exceptional case is Jakarta. The region consists of three provincial governments and within one province the level of interaction cities sought can be varied from high to low. Other one-province-based regions have less variation within their jurisdiction. Consequently, we can typify that the vertical plane of the institutional structure of collaborative governance differs between central and provincial, signifying that the provincial government no longer can be seen as the extension of the central government.

Working with the vertical system is a more complicated that literature implies. Formal and informal relations often take place side by side in the decentralization process. On the vertical interaction, collaboration is more than seeking and securing grants, but also managing regulations and technical implementation as well as negotiating interest. Whereas in the case of US cities loosening up compliance game through statutory adjustment is widely sought, in Indonesian cases it is not widely seen. Only cities with strong provincial interaction will maximise the adjustment activities toward their provincial government implying that negotiation-based relations are yet developed. While cities no longer see the provincial government as the

extension of central government, they also yet to see it as a regional partner, going as much as seeking adjustment in policy change directly to the central government. The presence of the provincial government as the representative of regional actors is also weak in which shown through their performance as conflict mediator and guide in managing regulations and grants. Therefore, from this finding we can signify that while decentralization distributes power to the lower level of governments and dissolve the hierarchical governing system, the difference of roles between the central and provincial government blurred and in turn weaken the significance of the provincial government as a regional actor.

The Horizontal Institutional Structure and the Collaborative Activities between Local Governments, Neighbouring Cities and the Nongovernmental Actors

With variations in the levels of institutional structure across the sample cities, some cities are more horizontally active than others, implying that collaboration is more than interaction based on mutual need between two corresponding actors. Local government agencies are by far the most important components of the collaborative governance at the horizontal level, yet although it is not a political entity, they are closely linked to the additional political contacts like the local legislature and the mayor. On top of this, cities are also exposed to numerous public-private structures, other cities, and utilities, bring about fragmented environment. Such institutional fragmentation can prove to be beneficial for a city, enabling a variation of actors to contribute to collaboration, depending on the local policy. Nonetheless, what we see as a context in collaborative governance is a situational arrangement that governed by financial, social, and political fixtures which in turn bring institutional fragmentation toward selective beneficial cases, i.e. it is beneficial for certain collaborative arrangement only.

In Indonesian collaborative metropolitan governance, networks concerning resource exchange and project-based activities are more closed in nature compared to network for joint policy making. The variations of the actor involved are deliberately less and some regions reported only develop networks with five and six actors compared to seven and eight actors in the joint policy making network. The collaborative network for project-based work is observed as a private sector-led in most regions. Cities in Jakarta, Surabaya, Semarang, and Denpasar commit to various private actors in conducting project-based work activities in their jurisdictions. The neighbouring local governments remain their main partner for conducting partnership for project planning and implementation, yet the occurrence of partnership with actors from the private sector is higher and more frequent.

Seeking and managing grants while resuming fiscal autonomy determine the working of horizontal collaboration where adjustment in deciding the type of collaborative governance pursued is made. Whereas interaction based on need and availability of potential collaborator is more prevalent, it is an interaction ruled by resources on one hand as the rational to get the most physical benefit but more political and socio-

cultural on the other that has become a forefront in deciding which type of collaboration being arranged. This socio-cultural and political context dictates the collective political and economic behaviour of politically influenced entities such as local governments. Thus, from the finding it can be said that the fragmentation of the horizontal institutional structure as the aggregate consequence of collective choice reflects the economic behaviour and cannot be separated from local political and socio-cultural behaviour.

The Internal Institutional Design, Power Relations, Policy Instrumentation and Actor Behaviour

In a way that the action situation from the rational choice institutionalism influences participants in which way information is accessible, the internal institutional situation affects local governments according to the set of available policy instruments. In the decentralization process where local policies on infrastructure provision are the prerogative of local government, consequently, the internal institutional design varies substantially in the degree to which local governments control their own entry into or exit to a collaborative arrangement from a position. Local government assigned to a position in an internal situation must choose from a set of actions at any particular stage in a decision process that can be thought of as a selection of a setting or a value that will affect the outcome. Thus, a city with a certain internal institutional design chooses to conduct a selective collaborative activity with a specific actor in which affect the overall institutional collaborative structure of the city.

In Indonesian cases, it appears that the institutional design has in general been varying as multiple variations of policy selection among cities and across regions are identified. The variation between sampling cities in the cross-sectoral collaboration is wider than the intergovernmental collaboration. Policy instruments in Indonesian collaborative governance, thus, established to structure the internal situation of selective cooperation and a space for exchange –negotiations and agreements–, setting aside an expansive platform with multiple actors, and thereby allow for a sectoral and case by case cooperation rather than ambiguous and metropolitan-wide consensus. In this sense, policy instrumentation for cross-sectoral collaboration is built upon short-term exchanges and the state of power relation between local governments and nongovernmental actors through the use of authority and regulative instruments. On the other side of the pond, the instrumentation extent of intergovernmental collaboration, however, is influenced greatly through advocacy and subsidy instruments.

Is a particular pattern of policy adoption associated with the collaboration at the collective action level? Generally, the wide variation characterised the internal institutional design of Indonesian metropolitan regions can be segregated into groups according to: (1) the regional coherence (one that has a large similarity in their policy instruments and another that has less similarity); (2) the collaborative policy orientation (regions with a regional oriented collaborative strategy and region with a localised collaborative strategy); (3) fiscal strategies (regions with intergovernmental orientation, regions with cross-sectoral (public

private) orientation, and regions which try to accommodate both intergovernmental and cross-sectoral collaboration).

Given the importance of institutions in affecting the structure of a situation and the types of actors who are most likely to come to prominence in a particular type of situation, the influence of the internal institutional design also can be fashioned through the occurrence of linkage the local government engages in repeatedly. According to the characterisation of the internal institutional design based on two major variables of actors' interaction (dyadic relations, actor and activity centrality), this study found that the joint policymaking activities between cities sharing jurisdictional borders and between cities and nongovernmental actors does not require a strong policy coherence among cities in a region. Resource exchange activities between cities, on the other hand, need a strong regional policy coherence. Fiscal policy is seen as a crucial factor in structuring actors' behaviour in collaborative governance. It directs all types of collaborative activities among local governments and between governments and nongovernmental actors.

The internal institutional design influences the state of intergovernmental collaboration more than it structures the cross-sectoral collaboration. The condition of the internal institutional design directs the local government's behaviour in a way that a loose or weak internal situation in terms of advocacy and regional orientation will lead local actors to choose nongovernmental actors as a counterpart in conducting collaborative activities than pursuing intergovernmental interaction. Among other collaborative activities, resource exchange activities, which require sharing information, personnel, and financial means are structured greatly through the internal institutional design.

As of the regional coherence of policy selection, from the perspective of power relations and policy instruments, in a realm that power relations tied to how local governments conduct their intergovernmental, intra-governmental, and cross-sectoral relations as well as internal political relations –hypothetically– cities with strong coherence will have a higher probability of stronger intergovernmental relations and closer local political interaction and vice versa. The collaborative policy orientation, on the other hand, is more closely influenced by the relation with higher levels of government. It is also affected by the horizontal interaction and the local institutional environment. One way is that closer relations with the provincial or the central government, either through fiscal or programme, can create a higher probability of higher levels of government projecting their national or provincial plan to the local level. Another option is the reverse thinking of policy instrument and power relations in a way that policy instruments affect power relations, projecting region-wide collaborative strategy may lead to closer local-provincial or local-central interaction.

In conclusion, the internal institutional design through the selection of policy instruments –process of policy instrumentation– greatly affects the state of the intergovernmental collaboration in a city greatly. On the other hand, less influence is observed between the internal institutional design and the cross-sectoral

collaboration. The internal situation, to some extent, influences the working of cross-sectoral collaboration, in particular through the structuring of local fiscal related policy. The latter further stressed that in the local collaborative platform, collaborative institutions as the aggregate consequence of collective choice reflect the local economic behaviour.

The Indonesian Collaborative Metropolitan Governance Model

Our data suggest that at least four different patterns or models of collaborative metropolitan governance exist in cities with low, moderate, and high levels of collaborative activity. By implication, we argue that there is no single dominant collaborative orientation for metropolitan regions, yet one dominant collaborative orientation in each region can be identified according to tendencies exhibited by cities. The hypothetical model is arranged based on the degree of dependency to higher governments –vertical interaction/relations and fiscal autonomy– and the degree of regional consensus –transaction cost and internal institutional design– and horizontal interaction. Figure 13.1 displays the matrix of collaborative metropolitan governance consist of 9 types of collaborative governing model. Indonesian cases, however, are only observed in four emergent models (see Figure 13.2) as follows: Limited collaboration (e.g. Surabaya and Makassar), Hybrid mediated/Administered Organization (e.g. Jakarta and Semarang), Hybrid partnership (e.g. Yogyakarta), and Voluntary partnership (e.g. Denpasar).

Two long-standing collaborative models are the limited collaboration and the hybrid-mediated model. The limited collaboration model emphasizes higher government control –or at least trying to regulate– and is formed in an exchange form of regulation enforcement in accordance to regulations, policies, financial transfers associated with provincial or central programmes. In the limited collaboration, the trying to gain control activity is often through confrontational consensus and resulting in challenging implementation. In Surabaya case, for example, in some cities with stronger financial capacity regional consensus is often left stagnant. Aside from other external institutional factors, intergovernmental collaboration is difficult to pursue. Cross-sectoral collaboration, on the other hand, can flourish in some cities, while failing in other depending on the internal situation and the local institutional environment. The hybrid-mediated model is slightly more advanced than the limited collaboration model in terms of regional governance perspective. The top-down approach in the hybrid-mediated model is slightly lessened, forming a donor-recipient interaction through bargaining consensus on problems and goals. In this model, there is a certain level of interdependency between two local governments as they bargain or request reciprocal interactions. These bargaining and reciprocal interactions are influenced by political heterogeneity, political stability, and financial capacity to the point that consensus is easier to reach in cities sharing similar political aspiration and lesser fiscal disparity.

Figure 13.1. Matrix of collaborative metropolitan governance.

		Degree of regional consensus and horizontal interaction								
		Low		Moderate		High				
Degree of dependency to higher governments (relations/ vertical integration and fiscal)	Low	Status quo Less communication, no initiative and no improvement		Hybrid collaborative governance	Hybrid communicating Consensus on problems but lack of strategy on how to achieve goals or solve the problem, governance as learning process		Decentralized collaborative governance	Voluntary partnership collaboration Consensus on both problems and goals, process based on mutual interest		
	Moderate	Centralized collaborative governance	Limited collaboration Communicating through confrontational consensus, challenging implementation		Hybrid mediated (Administered Organization) Expert modeling, bargaining consensus on problems and goals, exercising participatory at certain level			Hybrid partnership collaboration Resource based, experiments with a will-shaping consensus process,		
	High		Hierarchical collaboration No participatory consensus, process and implementation		Hybrid coordinating collaboration Strategic modeling, the higher government retains lead to a better consensus			Integrated collaborative governance Consensus through network administrative organization, corporatist		

Figure 13.2. Matrix of Indonesian collaborative metropolitan governance.

		Degree of regional consensus and horizontal interaction					
		Low		Moderate	High		
Degree of dependency to higher governments (relations/vertical integration and fiscal)	Low	Status quo No collaboration		Hybrid collaborative governance	Hybrid communicating Surabaya (future plan)		
	Moderate	Centralized collaborative governance	Limited collaboration Surabaya (at present) Makassar (at present)		Hybrid mediated (Administered Organization) Jakarta (at present) Semarang (at present)	Decentralized collaborative governance	Voluntary partnership collaboration Denpasar (at present and future plan)
	High		Hierarchical collaboration		Hybrid coordinating collaboration Jakarta (future plan) Makassar (future plan)	Integrated collaborative governance Integrated collaboration	

Note: (planned) is projected according to current policy direction and aspiration. Information collected from Central and Provincial development plans, presidential degrees concerning metropolitan spatial planning of each region.

The hybrid partnership and voluntary partnership can be defined through their initiating actions management. The initiation actions management indicates the action of local officials who actively seek out programme adjustment with higher levels of government and pursue other actors at the local level for all collaborative activities as they scour resource needed to serve the strategic aims for their governments. A collaborative model with a high level of horizontal involvement and regional consensus is built upon problem resolution by facilitating and furthering interaction, as well as actively modify collaborative arrangements for better partnership scheme. Both hybrid partnership and voluntary partnership emphasizes the actions of multiple interdependent government and nongovernmental institutions pursuing joint actions. Nonetheless, in the metropolitan-wide collaborative governance, the intergovernmental collaboration is the most crucial feature determining the success. A metropolitan-wide collaboration is generally based on the local collective action, hence, regardless whether the other partner is nongovernmental or not if the number of local government actors is manageable, the collaborative arrangement can be implemented.

The difference between hybrid partnership and voluntary partnership is laid on the degree of dependency to higher levels of governments. In some sense, voluntary partnership is more autonomous on its relations with the central or provincial governments. The involvement of the higher levels of government in steering the collaborative process and regional consensus and the decision making process is considerably less that observed in the hybrid partnership. The voluntary partnership is as close to the principle of associational governance as is possible in a genuinely metropolitan governance structure with a complex network consists of actors from both governmental and nongovernmental sectors having the least influence from the higher levels of government. On the other hand, due to the involvement of the higher level of government, the effectiveness of collaboration in the hybrid partnership is as much a function of where and how the various parties are positioned in the layers of governments and nongovernmental parties.

13.1.2. The Influence of Institutional Environment in Shaping the Institutional Collaborative Structure

In general, the local institutional environment shapes the structure of collaborative practice at the local level in a way that the regional institutional environment influences the emergence of collaborative metropolitan governance. Our findings also imply that collaborative governance is affected by exogenous factors outside the institutional structure that networks almost have no power to control over, but directly and indirectly getting influence from. Moreover, on the context of institutionalism, these findings prove that the wider institutional environment surrounding the organisational network characterises and influences the structure of the institution. In the process of decentralization, these external factors are more influential than the rational behaviour of actors inside the institutions as suggested by the rational choice institutionalism. Collaborative governance, therefore, is not only geographically bounded but also embedded in the socio-cultural and political characteristics shaping local institutions.

*Jurisdiction based Collaborative Governance: Different Regions Different Strategies, Different Cities
Different Measures of Fiscal, Socio-Culture, and Politics*

Jurisdiction based collaborative governance refers to the finding stated above in which Indonesian collaborative governance as geographical bounded and socio-cultural and political embedded. In the jurisdiction based collaborative governance, cities and regions have different strategies and measures. Further into jurisdiction based collaborative governance, from the data and findings, this study demonstrates many manifestations of the partner selections of collaborative partners. This actor selection, while influenced by the internal situation of local collaborative institutions, is also affected by the extension of institutional environment. Nonetheless, the findings presented in this dissertation are unequivocal: local governments' decision to pursue collaboration between existing public entities –peer to peer– and/or between public and private entities –local government and state enterprise, local government and private– is designed and administered according to local characteristics.

This research demonstrates that fiscal decentralization has a net positive effect on collaborative initiative and management. There is a substantial diffusion of central power in multi-jurisdictional and multi-organisational collaboration through the level of fiscal decentralization at the local jurisdiction. In a way that local fiscal autonomy is positively related to the willingness of local government to collaborate with a great mixture of local actors, it is also positively affect the extent of local-central interaction. Cities with strong financial capacity and fiscal autonomy capitalise the diffusion of central power through fiscal transfer to dictate local policy making. In the decentralization process, each city is a legally independent jurisdiction in terms of local financial and development –including infrastructure provision–, it logically follows that some power is retained within local governments to pursue a certain collaborative decision. In highly fiscally decentralized cities, central programmes definitely influence local behaviour and result in legal, fiscal, and policy compliance, but it is also a variable, not a constant, in which this study found a wide-spread bargaining, statutory or regulatory adjustments within intra-governmental interaction. On the other hand, while fiscal decentralization brings positive effect to the participation of local actors, a wealthy city – regardless fiscal dependency– is less likely to collaborate with its neighbours, particularly, in resource sharing activity, given the economy disparity between neighbouring cities. Thus, the financial sharing capacity the local government possesses negatively influences the institutional structure of intergovernmental collaboration.

Political characteristics wise, political stability influence the working of local and metropolitan collaborative governance more compared to the political heterogeneity. From the analysis, local political changes in particular have effects on all governmental interaction, regardless the status of its counterparts (whether it is government or nongovernmental institutions). Cities which experience continuous change affect the level of

intergovernmental interaction in a negative and significant manner while cities which has the same political party as the majority have significantly a positive relation with the increase on intergovernmental interaction. The corollary is that intergovernmental interaction most likely demand a medium to long term agreement in which did not sit well with the changing of the political majority in cities. When the majority of political party changes, there are possibilities that the new party does not carry the same aspiration with the previous party and reaching agreement on the budget for collaborative activities may need a higher political cost in which the local government tries to avoid. On the other hand, political heterogeneity is found lack of strong empirical relation to the collaborative governance. The result shows mixed responses in which political heterogeneity documents positive relations with intergovernmental interaction, but negative relations with cross-sectoral and government-private interaction. Our data suggests that political heterogeneity does not directly corresponds to political cost; the more political fractionalization taken place in the local assembly, the higher political cost in the decision making process. Consequently, in the Indonesian political institution in the process of decentralization, the political cost of the decision making process while pursuing intergovernmental interaction and cross-sectoral interaction is different. Collaboration between governmental actors is not negatively affected by the diverse political fraction as much as collaboration between government and nongovernmental sectors.

Together with economic condition, socio-cultural characteristics certainly provide a partial explanation for the level of collaborative activity and the selection of collaborative partner in a city; socio-cultural diversity and social polarisation has a negative effect to collaboration. However, the correlation of activity and migration is weak. Moreover, collaborative effort is often viewed as being driven by social similarity, our data demonstrates that the horizontal collaborative tasks of policymaking, seeking resources, and partnering together on a project may be associated with social relations, yet they do not appear to be driven substantially by the number of social disparity. On this issue, our findings show that ethnic diversity and religious fractionalization have no effect on horizontal interaction while migration heterogeneity is considered influential to the cross-sectoral and government-private interaction. Permanent migration heterogeneity produces a significant and positive relation to cross-sectoral and government-private interaction, suggesting that an increase in permanent migration has a positive effect on public-private partnership. Similar predicament on recent migration, on the other hand, produces the opposite outcome. The reason we deducted is that the increase in social polarisation due to recent migration has a negative effect on the cross-sectoral interaction because it reduces the rate of investment and increases the incidence of conflicts while higher permanent migration heterogeneity means lower social polarisation when migrant starts to acculturate into the city. Figure 13.3 to 13.6 in the following page depict the metropolitan region on political and economic characteristics and the strength of intergovernmental and cross-sectoral collaboration.

Figure 13.3. Metropolitan regions on political characteristics and the strength of intergovernmental collaboration.

Political characteristics	Heterogenous	Jakarta Surabaya	
	Homogenous		Denpasar Yogyakarta
		Weak	Strong
The strength of intergovernmental collaboration			

Figure 13.4. Metropolitan regions on political characteristics and the strength of cross-sectoral collaboration.

Political characteristics	Heterogenous		Jakarta Surabaya
	Homogenous	Yogyakarta	Denpasar
		Weak	Strong
The strength of cross-sectoral collaboration			

Figure 13.5. Metropolitan regions on economic disparity and the strength of intergovernmental collaboration.

Economic disparity	Strong	Jakarta Surabaya	
	Weak		Denpasar Yogyakarta
		Weak	Strong
The strength of intergovernmental collaboration			

Figure 13.6. Metropolitan regions on economic disparity and the strength of cross-sectoral collaboration.

Economic disparity	Strong		Jakarta Surabaya
	Weak	Yogyakarta	Denpasar
		Weak	Strong
The strength of cross-sectoral collaboration			

13.2. THE EMERGENCE OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE

Institutional environment factors through the characterisation of the region-wide external institutional situation leads us to conclude that the basic regional predicament required to promote and to succeed at the emergence of collaborative metropolitan governance. The classical perspective –mostly based on a regional governance idea– that has guided collaboration and public administrative assumes that a better regional institutional environment in the form of weaker regional disparity on observed dimensions leads to higher possibility concerning the emergence of collaborative metropolitan governance. Our findings, however, indicate that in the case of Indonesian metropolitan regions, the influence of regional institutional environment to the emergence of collaborative metropolitan governance varies across regions. The variation implies that the regional institutional environment should be observed as a whole package rather than based on each dimension as one or another provide interconnected situational condition characterising the regional platform for local efforts to promote collaborative metropolitan governance. In this context we found that regional disparity should not be seen as a barrier to the emergence of collaborative metropolitan governance as it also positively influence the development of public-private partnership. By no means, encouraging regional disparity is needed to promote collaborative governance, yet this exemplifies that collaborative choices of a city depend on the current situational circumstance. Collaborative governance can emerge amidst regional disparity although it is not what the framers of national collaborative regulation intended in the decentralization process which heavily leans toward an intergovernmental and regional-wide collaborative arrangement.

13.2.1. Regional Institutional Environment Leading to the Emergence of Indonesian Collaborative Metropolitan Governance

According to our findings, declining regional disparity trend in the socioeconomic and financial measures positively influence collaborative governance. Intergovernmental collaboration emerges in regions with a strong tendency to reduce its regional disparity while cross-sectoral collaboration emerges in regions with a weak tendency to reduce its regional disparity. On financial matters, declining or weak regional disparity in the economic development positively influences the emergence of intergovernmental collaboration, but less influential to the development of cross-sectoral collaboration.

Further into the disparity in the state of physical infrastructure, from the rate of regional infrastructure provision, our data found that weaker regional disparity positively influences the emergence of collaborative metropolitan governance. However, there is no clear linkage between the trend of disparity in the infrastructure provision and the collaborative governance based on the specific counterpart, given it is intergovernmental or cross-sectoral collaboration. The less than clear results are due to the wide variation observed in sample cities across regions.

The findings on the political characteristics conforms broadly to the expectation of rational choice institutionalism concerning the distribution of transaction costs on the political platform versus benefits as a crucial determinant of collaborative decision making. The distribution of costs and benefits in politics and jurisdictional terms, and the ease with which there are achieved and determined, influence the shape and emergence of collaborative metropolitan governance. As much as the transaction cost of a local political situation is an important determinant in the process of collaborative governance, the transaction cost on a regional political scene is a compelling factor to the emergence of metropolitan collaboration.

Collaborative metropolitan governance is facilitated when the political and jurisdiction costs are low, relative the benefits. The costs can appear during negotiation, decision making process as well as the lengthy bureaucratic administrative process that often faced by local entities in Indonesia. The political costs are more difficult to estimate. In the cases examined in this study, we used regional democratic capacity as variable to represent the redistributive collective policy which is more acceptable to voters and often characterised by lower political costs. Generally, in redistributive politics, the causal relation between the democratic capacity and the emergence of collaborative metropolitan governance is seen from the positive theory. From this perspective, a high democratic capacity in a metropolitan region positively influences the emergence of collaborative metropolitan governance in its jurisdiction. Consequently, the possibility of an anomaly in the analysis results will be explained from the democratic perspective of selective collaborative governance due to the situational possibilities where a democratic platform will result on collaborative governance that excludes a certain actor from participating after being reconfirmed with the interview results.

Our data demonstrate that a high regional democratic capacity of a region positively influences the emergence of collaborative metropolitan governance in its jurisdiction although in some cases there are variations observed. A high regional democratic capacity of a region positively influences the emergence of intergovernmental and cross-sectoral collaboration, while a weak regional democratic capacity hampers their emergence. However, despite the positive correlation results with the overall horizontal collaboration, when we look into a more detailed emergence of intergovernmental and cross-sectoral collaboration there are variations observed. The results indicate several reservations depending on regions and variations depend on other institutional environment factors pertaining to collaborative governance.

To conclude, given the tendencies observed in sample cities, our findings do not give immediate meaning that collaborative governance has only emerged strongly in regions with low regional disparity on physical measures of service delivery or regions with strong democratic capacity as positive samples were also observed in the regions with opposite characteristics. Regional disparity should be seen from case to case perspective. This study also demonstrates that a stronger tendency toward a wider regional disparity also is not always resulted on a higher possibility of the emergence of cross-sectoral collaboration.

13.3. THE FUTURE OF INDONESIAN COLLABORATIVE METROPOLITAN GOVERNANCE: CONSTRUCTING AND PROMOTING COLLABORATION

The institutional structure, collaborative activities, policy instruments and selection, the local and regional institutional environment discovered in this study lead us to conclude that the conditional characteristics and capacities required to operate successfully in a collaborative setting and to pursue collaborative governance are jurisdictional-based. Institutions embedded in the economy, social, cultural, and political setting is partly geographical bounded system. Regional wide collaboration is an attractive alternative to the problems and challenges of regionalism in the metropolitan area. However, it is important to reiterate that it is not always the optimal solution for the metropolitan region, nor it is always appropriate for every case or location. Smaller and more sectoral based collaboration through intergovernmental and cross-sectoral collaboration as an option that is often underestimated and underexplored by policy makers can be recognised as part of potential regional solutions. Findings from both quantitative and qualitative analyses through case studies suggest that the working process and the emergence of collaboration among cities and between government and nongovernmental actors can be affected by external and internal alternative forms of collaborative settings.

This study tested three related hypotheses. First, that the state of Indonesian collaborative metropolitan governance is closely related to the extent of the institutional structure of central-provincial-local government interaction, external and internal factors influencing the collaborative governance at the local level. Second, selective external environmental settings at the regional level lead to higher possibilities of local governments to pursue collaboration. Finally, as collaborative governance is a geographical bounded governing system, the construction and promotion of it should be based on the assessment of the factors influencing the local and regional governing system as well as the architecture of the institutional structure established between multilevel of governments and the institutional network at the local level.

The first two sections of this chapter elaborate our finding concerning the first two hypotheses. However, it is not enough to characterise pattern and situation structuring the emergence and the process of collaborative metropolitan governance. This final section addresses the implication and the dynamics of these findings toward the future of Indonesian collaborative metropolitan governance. Subsequently, it tries to answer the questions raised on: How collaboration among agencies in Indonesia should be constructed and how collaborative culture can be promoted? What type of institutional network should be constructed for developing and improving collaborative metropolitan governance? In which ways local government can promote collaboration in its jurisdiction through the issuance of local policy instruments? What kind of proposition regarding fiscal, socio-cultural and political factors should all layers of government pursues to

improve the collaborative metropolitan governance? In which way policies should be improved to promote the emergence of collaborative metropolitan governance?

13.3.1. Jurisdiction-based Collaborative Governance: Tailored Institutional Networks for Collaborative Metropolitan Governance

Collaborative metropolitan governance or better rephrased as metropolitan-wide collaborative governance is not always the optimum solution for every metropolitan region. In Indonesian cases, tailored institutional networks for collaborative metropolitan governance based on the jurisdictional characteristics is crucial for determining the direction for developing and improving collaboration. The promotion and the construction of collaborative governance, thus, should be based on the local characteristics of institutional structure, internal institutional design, and local and regional institutional environment.

13.3.2. Shaping Metropolitan Strength: Institutions and Opportunities in Catalysing Collaborative Metropolitan Governance

The strength of a collaborative governance is based on many factors, internal and external, as examined and observed during the course of analysis. Institutions, influenced by different internal and external factors, exhibit wide variety of opportunities depending on the level of pressure and challenge. From the perspective of the local government, these opportunities crucially shape the decision-making environment within which institutional structure takes form and policy instrument, collaborative actors and activities are selected. However, the scope of collaborative metropolitan governance should be acknowledged in assessing its strength since intergovernmental collaboration and cross-sectoral collaboration is observed having different outward signs of the factors influencing the strength of partnerships. Thus, given the current institutional situation in its jurisdiction, local governments are entitled to shape their metropolitan collaborative strength based on the current situation and gradually move forward by maximising the opportunities.

Institutions consist of variables and events that both under and beyond the control of local governments to alter, yet it has opportunities that local actors are able to steer to influence either the institutional structure or the institutional environment. Over time, changes that local governments pursue through presented opportunities will change the course of collaborative governance in their jurisdiction. The direction of influence, either positive or negative, on collaboration cannot be necessarily be predicted as it depends largely on external factors. The same variables can have different outcomes in a different context as we observed throughout the analysis. This binary highlights a critical flaw in the theoretical development of existing research on collaborative governance. Nonetheless, this dissertation elaborates several variables redeemed necessary in shaping metropolitan strength through institutions and opportunities.

(1) The overall institutional structure

Our data suggest that the more similar cities in a region on how they pursue and structure their institutional structure –intra-governmental, intergovernmental, and cross-sectoral relations–, the easier for them to establish collaborative governance with their peers in the same region. The presence of the provincial government is crucial in building the region-wide collaborative governance and to bring local actors together to address collective issues. From the findings, we gather that a metropolitan region having member cities with stronger linkages with the provincial government has a greater chance to pursue region-wide collaborative governance. On intergovernmental relations wise, the stronger the linkage between cities brings more opportunities to move from sectoral-based collaboration to region-wide partnership. However, building stronger intergovernmental interaction depends on other factors such as coherence in the internal institutional design and other economy, socio-cultural, and political factors, regionally and locally.

Stronger interaction between various actors in a city brings opportunities for cross-sectoral collaboration yet depending on coercion versus potential for joint gains and the state of internal institutional design and institutional environment it may affect the state of intergovernmental collaboration. Cross-sectoral collaboration, however, depends largely on the presence of nongovernmental actors in the region. Larger metropolitan regions, for example, have greater chances to pursue cross-sectoral collaboration compared to smaller metropolitan regions.

(2) Scale of collaborative governance and number of actors.

According to Olson (1965), from the perspective of rational choice institutionalism, collective action is more likely succeed in smaller groups of actors. Our findings comply with this stipulation in which regions with a smaller number of cities have greater opportunity to succeed in pursuing regional-wide collaborative agreement. Scale does matter in pursuing collaborative, yet there are additional stipulations concerning the scale of collaborative actors in which our findings suggest the involvement of different tiers of government bring more complexity and undeniable challenges toward collaborative governance. Regardless the number of cities, as long as less intra-governmental interaction between higher and lower level of governments involved, the opportunities remain. Given choices of potential collaborating partners, fiscal, physical infrastructure, and institutional disparity as well as different political characteristics, the transaction costs and complexity are currently manageable within one tier of government.

(3) Pre-existing metropolitan structure

The presence of metropolitan oriented governance structures may encourage local governments to collaborate and to tackle collective issues. The pre-existing structure play an important role in

determining the likelihood and intensity of the region-wide collaboration, given it works properly. In cases that the pre-existing metropolitan structure does not contribute fully, particularly in the implementation stage, the structure still provides opportunity for local governments to start the dialogue, i.e. provide a platform for at least consolidating policy effort and establishing joint policymaking collaborative activities.

(4) Regional coherence of policy instruments, collaborative advocacy and orientation

Policy instruments as the form of local governments to intervene local setting can directly and indirectly encourage local actors to collaborate. To establish a stronger collaborative metropolitan governance, a strong regional coherence of policy instruments together with active advocacy on collaboration, and a region-wide collaborative orientation is needed to bring more opportunities. These three variables are especially crucial in developing intergovernmental collaboration and to lead the sectoral-based collaborative agreement toward region-based partnership. Region-wide collaboration cannot be separated from the smaller sectoral-based collaboration as it posit as the building blocks for larger cooperation. Over time, through sectoral-based collaboration cities adjust and modify their internal institutional design to give more coherence with their neighbours, effectively open opportunities to pursue a larger scale partnership. Cross-sectoral collaboration, on the other hand, require less hassle in regional-oriented internal institutional structure, although active advocacy on collaboration is observed to create more involvement of nongovernmental entities.

(5) Fiscal autonomy and fiscal orientation

The more access to financial autonomy, the more active local actors pursue other financial means to fund their infrastructure through multiple channels such as collaboration. Our findings suggest that fiscal autonomy in the process of decentralization open more opportunities for local governments to pursue intergovernmental and cross-sectoral collaboration as they scour potential resource to fund the public infrastructure provision. With fiscal dependency from the central government in the process of decentralization revolves around closing the imbalance for expenditure needs –particularly to pay governmental expenditure–, more fiscally autonomous cities mean more fiscal capacity in collecting their own revenue for local development. Thus, where local governments have greater fiscal autonomy, it is observed that they exercise a relatively high degree of functional responsibility due to its larger fiscal capacity. In terms of cross-sectoral collaboration, more fiscally autonomous cities also preside over a number areas of control policies, therefore, more likely to develop more control to pursue public private partnerships.

Fiscal orientation is an important factor for resource exchange activities for collaborative governance, and by some extent also influence the project-based collaborative activity. It posts as a crucial

determinant in collaborative actors selection at the local level. Public private oriented cities enact more policy instruments to promote cross-sectoral collaboration, while cities which keen to intergovernmental collaboration issues provide more intergovernmental friendly fiscal instruments.

(6) Political stability and political heterogeneity

The character of local politics is another institutional variable that may affect the intensity of collaborative governance, given it is intergovernmental or cross-sectoral cooperation. The broader political party structure of local legislative may hinder the development of collaboration as more fraction can drive up the transaction cost. The corollary is that political parties can create bridges between local legislative and executives by providing formal and informal mechanisms through which local political actors can communicate across and inside jurisdictional boundaries. Our data suggest that in a less politically polycentric region, more likely than not, the political actors carry the same fundamental political preference and aspiration, hence, building a regional collective aspiration is less problematic. Another perspective is that the coherence of political parties in multi-tier of government and among cities may indirectly influence metropolitan collaboration to the extent that they can provide a mechanism for coordinating coalition within local and provincial representatives and by extension make it easier for these representatives to support collaboration.

Political stability is represented through continuous political majority in a city. It functions in the same way that a less political heterogeneity may encourage local actors to collaborate as the transaction cost due to political change is lessened. Considering that political negotiation is largely done through political party in the process of decentralization, our findings point out that political conflict is rarely taken place in the region with greater political stability during the last three elections. With similar political party running cities and the province the political communication between local actors is conducted with less transaction cost compared to regions with fragmented political characteristics.

(7) Institutional asymmetry

The less asymmetrical institutional situation in a region can bring positive outcomes to collaborative metropolitan governance as local actors become more willing to collaborate with a great mixture of partners. The more similar a city with its neighbours in their governing capacity and capability, the more opportunities presented for a city to pursue collaboration.

Economic asymmetry largely depends on central and provincial policies as it rely partly on the equalisation transfer policy of central government and how fairly the provincial government handled the horizontal resource revenue sharing among the municipalities and regencies. It is, however, also partly depends on how local and provincial governments directed their economic development to reduce regional disparity.

Asymmetrical capacity of self-providing infrastructure through the city to city disparity in a region may lead to opportunities and challenges depending on their internal institutional design. Self-provided cities may see the infrastructure provision asymmetry as an opportunity to pursue collaboration with nongovernmental actors yet at the same time treat it as challenges to establish an intergovernmental partnership. Nonetheless, from our findings, we suggest that lessening the disparity is more beneficial for the development and emerging collaborative governance regardless the counterpart selection as it opens more involvement of a great mixture of local actors.

(8) Local governments' civic capacity

Civic capacity is the most obscure variable in the institutions and opportunities as it is the most difficult to observe. It relates more to institutional forces gathered from individual experiences, cultures, traditions, and social structures. Civic capital, as much as institutions, refers explicitly to local situations defined by territorial and jurisdictional boundaries, yet its fluctuations are more difficult to monitor as it is more challenging to be measured. In terms of collaborative governance, civic capital is seen as a shared perception of a region from the viewpoint of networks and leadership. It is a crucial factor in bridging local differences and in shaping the strength of collaborative metropolitan governance. Consequently, where civic capital is more highly developed and stronger, it is more likely that the metropolitan region will be characterised by more intense region-wide collaboration.

It is established through the in depth analysis that civic capital is a necessary factor in establishing collaborative governance, yet our findings suggest that it posts as a more crucial factor in the development or the expansion of a smaller and less complex region. It is undeniably more challenging to develop collaboration in a large and complex region with a great number of cities leading to a mixture of local actors involved. A complex and large network does not always strong in their civic capital, especially where leadership are limited to political actors and city managers have limited formal ability to coordinate collaborative activities due to the lack of familiarity and advocacy.

13.4. THE POTENTIAL USE OF ANALYTICAL FRAMEWORK

The core to understand collaborative metropolitan governance is acknowledging the myriad of internal and external factors characterise, influence, and in turn get affected by collaboration. In the decentralization process, by analysing collaborative governance from its institutional characteristics and structure we were able to address both macro and micro level of analysis and extract syntheses valuable to explain the procedural perspective of the development and the emergence of collaborative governance. Targeting cities in the wake of decentralization, macro level analysis characterise collaborative governance in accordance to the wider institutional environment encompassing the organisational network of local governments. The micro level analysis examines collaboration from its institutional structure.

By addressing external, from both regional and local perspectives, and internal factors and linking them with the institutional structure, the institutional analytical framework employed in this research posts as an example tool to examine both the steering capacity of the local government, its internal design, and wider institutional factors toward collaborative metropolitan governance. The framework rejects giving a fixed and static baseline situation, but instead comparatively included all factors as an active variable directly and indirectly affect collaboration. This dissertation utilised three main variables –economy, socio-cultural, and political– in its main analysis, yet as the framework is open-ended, other variables can be included in the further research.

Addressing political factors affecting collaborative governance in the process of decentralization is particularly crucial to fully understand the collective action and transaction costs of collaborative governance. Unlike precedent research on collaborative governance taking place in countries with established and highly decentralized system, the political tendency and the behaviour of political actors occurring in the governing system undergoing decentralization are more diverse and prone to continuous changes between centralized-hierarchical and decentralized-network. In the decentralization process, fiscal factors are interconnected with political and socio-cultural characteristics and internal forces of collaboration –trust, communication, norms to induce collaboration among institutional actors– are influenced and get affected greatly by the political situation.

Through the use of institutional analysis as its analytical framework, this dissertation presented and validated that the institutional theory is indispensable for any attempt to understand the functioning and development of collaborative governance regardless the status of decentralization. In the decentralization process, the use of institutional analysis helps grasping the work of governing system in a transitional stage in a more detailed approach as it gives room to address the institutional transformation. Considering the cross-conceptual approach our framework adopted for the analysis, this dissertation demonstrates that it is possible to combine multiple institutional approaches as the basis to examine institutions. This suggests that, *centeris paribus*, the potential use of institutional theory shall not be boxed individually, but rather amiable to be borrowed and incorporated to establish a more comprehensive framework to advance research on institutions and governance.

13.5. FUTURE STUDIES

Throughout this dissertation, we analyse and examine in which way external and internal institutional factors influence the working of collaborative metropolitan governance. Whereas the internal institutional design is examined to get affected while influencing the institutional structure of collaborative governance, this study is yet to empirically prove in which way the institutional structure prompt the change in the regional and local institutional environment. From the observation, in regions with strong collaborative governance, the change

of institutional environment is distinct, such as lesser disparity level in economic, social, politics, and physical development. However, due to the short historical record of the practice of collaborative metropolitan governance in the process of decentralization, it is challenging to prove this hypothesis empirically at this point.

Based on the analytical framework utilised in this study, future research may expand fully to comply with the Institutional analysis and Development framework by evaluating the collaborative governance. Setting up evaluation criteria for collaborative management will possible research to understand not only how the collaborative proves begin and continue –as already tackled in this study– but also on how to understand how it ends and measures empirically its performance and effectiveness. The issue of effectiveness involves the question of control and the difficulty of establishing accountability in collaborative governance. It is necessary to discover the key of determinants of effectiveness in collaboration from the perspective of macro foundational research as recent studies largely leans toward micro analysis using the actions of actors as the basis of the modelling.

13.6. REFERENCES

- King, Dwight Y. 2004. Political Reforms, Decentralization and Democratic Consolidation in Indonesia. In J. Alm, J. Martinez-Vasquez, and S. M. Indrawati (Eds.), *Reforming Intergovernmental Fiscal Relations and the Rebuilding of Indonesia*. Cheltenham, UK: Edward Elgar Publishing Limited, pp. 47-64.
- Olson, Mancur. 1965. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Cambridge, MA: Harvard University Press.

CHAPTER 14

RECOMMENDATIONS

14.0. SUMMARY

This chapter posts as the final part of this dissertation. It suggests recommendation in the form of policy implications on collaborative metropolitan governance. The policy implications is largely purposed based on findings and conclusion elaborated earlier in Chapter 13. The recommendation consists of two parts set to contribute to the policy studies concerning collaborative metropolitan governance on a fragmented system in the process of decentralization. The first part proposes policy implications on general practices of collaborative metropolitan governance, in particular for the improvement of collaborative governance practices in Indonesian metropolitan regions and other developing countries with similar predicament. In this part, recommendation are given according to the level of government involved in the collaborative process; central, provincial, and local government. The second part proposes policy implications on the practice of collaboration in infrastructure provision. It gives a more specific sectoral based recommendation targeting in which way local governments in observed metropolitan regions may improve collaborative governance on infrastructure in their local and regional jurisdiction.

14.1. POLICY IMPLICATIONS ON COLLABORATIVE METROPOLITAN GOVERNANCE

14.1.1. Recommendation in General Practice of Collaborative Metropolitan Governance

The practice of Indonesian metropolitan collaborative governance has made remarkable progress in the process of decentralization. Progress has been evident in the growing number of local governments pursuing intergovernmental and cross-sectoral collaboration. Metropolitan wide collaborative governance remains slow in progressing, particularly in big regions, yet the progress has been positive in smaller regions.

Our findings suggest that the institutional structure, institutional environment and internal institutional design each plays critical roles affecting the working of collaborative governance. So far, the asymmetrical institutional situation between cities in a region creates a barrier as local actors become less willing to collaborate with a great mixture of actors. Active advocacy on collaboration often has not been accompanied with strong policy coherence and region wide collaborative orientation, thus affecting opportunities to establish a strong intergovernmental and metropolitan-wide collaboration. All actors, particularly from the government, need to develop within the collaborative governance system new tools to address important policy objectives to improve the current situation. These considerations lead us to make

several recommendations for the general practice of collaborative metropolitan governance from central, provincial, and local perspective.

National Level

- (1) Acknowledging step by step collaborative governance through sectoral collaboration with providing guidelines, advocacy, and conditional grants.

At this point, national and provincial governments have been actively promoting the regional based collaborative governance, which comprehensive in scale of planning and implementation and less promoting the smaller collaboration through the sectors. Sectors are not simple stage activities and within sectoral collaboration (e.g. in infrastructure provision), heterogenous entities are involved and multi-faceted and multiple stage activities are undertaken. Recognising the practice of sectoral collaboration is beneficial for the development of comprehensive collaboration as our data suggested that great differences in needs, priorities, and capacity of cities are present, making the pursuit of comprehensive collaboration more challenging.

Critical dimensions of sectoral collaboration that found lacking on the ground at present are guidelines, advocacy, and conditional grants. Introduction of a selective system of specific grants in infrastructure provision through collaboration provides lucrative option to promote the financing of national and provincial interest at the local level. Currently, the variation of conditional transfers through grants for funding and supporting local governments for infrastructure expenditures in Indonesia is limited. This capital transfer may be used to reduce inequities in the infrastructure capital distribution presents at the provincial and local level. Nonetheless, the central government prefers to use a deconcentration mechanism to promote national objectives at the local level rather than using conditional transfers. The move toward conditional transfers need further fiscal decentralization from the central government as it requires a higher level of matching funds for local governments. In this case, central authorities need to enhance capital expenditures at the local level, as contradictory to recurrent expenditures.

- (2) Promoting more fiscal autonomy

The current Indonesian local fiscal autonomy, intergovernmental and intragovernmental fiscal system leaves several spots to be improved. The country is on the path to move toward a more equalising central fiscal transfer by reforming the once broad orientation of fiscal reforms by building local tax bases, yet the reform on terminating the transitional elements of decentralization in the allocation through shared taxes, and commercial borrowing. The further reform can be done through continuation of the development within the transfer system as new tools to address important policy objectives other than equalization.

(3) Improving the fiscal transfer and local financial accountability

Further fiscal decentralization mechanisms and fiscal autonomy cannot be expected to improve progressively unless an adequate degree of accountability followed by positive progress in local political development can be readied. This starting point must be progressed in step by step level. So far the improvement in the fiscal transfer accountability and local financial accountability have been progressed, yet further improvement gaps remain. Local capacity must be improved to reach the necessary point where citizens and local officers are fully educated on their rights and responsibilities.

(4) Improving the use of guidelines and criteria

Within local governments in Indonesian metropolitan regions, our data suggest there can be a great variation in appropriate policy instruments. Interjurisdictional differences would create less scaffold as far as clearer guidelines and criteria are available. Much of the foregoing discussion from local governments focuses on problems that have arisen due to unavailability of standards in developing minimum service standards for both intergovernmental and cross-sectoral collaboration. Fully articulated guidelines and criteria acknowledging components of sectors from involved ministries, such as Ministry of Public Works, Ministry of Interior, and National Development Planning Agency, are needed. The sectoral-based guidelines of the authorities and minimum standards can serve as the benchmark for local governments to systematically develop their individual guidelines, which correspond to a larger audience in the region. The improvement of local guidelines and criteria based on the national ones must reach an adequate level where local governments can improve collaboration that meet local and regional preferences and provincial and national priorities at the most appropriate possibilities.

Provincial Level

(1) Repositioning the provincial government as the regional mediator through better coordination.

We believe that the provincial government plays a significant role in both the emergence and development of collaborative metropolitan governance. It may play less role in the sectoral-based with limited intergovernmental collaboration between the two cities, yet collaboration involving three or more local governments has a higher opportunities in a region with strong support of the provincial government. There is widespread concern at local government level that provincial governments might not pay enough attention to local needs and tend to pose as central government agencies acting as a middle man rather than as regional authorities negotiating and mediating conflicts at the local level. While developing conditional grants at the national level is necessary, establishing a similar system at the provincial level is also crucial. By doing so, the implementation power of provincial governments to promote collaborative metropolitan governance has the financial means to penetrate at the local level.

(2) Reducing the aversion of autonomy

With such a delicate fiscal balancing system, particularly between the provincial and local governments, implementation of collaborative governance policies in the process of decentralization by giving more autonomy is often seen as risky. Local governments often are blamed as behaving in a more egoistical nature when equalising decisions cannot be reached in the negotiation. To improve such situation, there is a need to remove the political asymmetry between provincial and local governments. The central and provincial governments have to examine the current administrative organisation of collaborative governance and further consider the need for establishing the management of the system of coordinating intergovernmental issue that is more equalising in addressing interjurisdictional challenges. The new managing system should be congruent with the decision made on the overall approach to organise intergovernmental fiscal relations.

Local Level

(1) Intensifying collaborative interaction to lessen asymmetrical institutional situation and political transaction cost.

Our findings point out that asymmetrical institutional situation and high political transaction costs are the major barrier for collaborative governance to flourish in the process of decentralization. Institutional structure is a grounded concept based on subjective experiences which can be observed in the wide variety of structures in our data. Political institutional conflicts resulting in a high transaction cost are often rooted on inability to create a shared focus on problem and problem solving while institutions reflect beliefs and practices of actors. In this sense, political transaction cost cannot be reduced without lessening first the asymmetrical institutional situation. As institutions reflect beliefs and practices of actors, reducing asymmetrical institutional situation can be pursued through developing interaction with actors to communicate differences.

(2) Promoting policy coherence and active advocacy on collaboration.

Intensifying communication to boost collaborative interaction should be followed by active advocacy on collaboration and the advancement of policy coherence among local actors. Building up interaction and promoting policy coherence affect and get influenced by each other. Local actors who communicate more generally are more open to other actors' policy standing. Despite the differences in priorities, opportunities to reach policy coherence are larger when interaction level is high. Gains through communications will build mutual recognition, commitment, and finally trust in which at the same time policy coherence can be established. In such cases, interaction and proactive practices can make institutionalised pattern of behaviour and priorities less resistant to change and adjust.

(3) Promoting political stability and lessening political heterogeneity through the civic capital.

Local political characteristics greatly influence the intensity of collaborative governance. In the decentralization process, broad political party structures of local legislative are inevitable, particularly in large cities, due to the political concept Indonesian democratic system. Political actors and public (including government and nongovernmental) agencies are often the main scaffold to an extensive development of collaboration as they guarding their traditional prerogatives and procedure, thus preventing collaboration. The success and emergence of collaborative governance therefore rely on a broader transformation of the role of political actors and public agencies in democracy. Building of local civic capital is urgent, particularly at the local level. Civic capital is one important feature of successful collaboration as it reflects greatly to local situations. As civic capital is considered as a shared perception of a region from the perspective of collaborative network breaking up a vicious cycle of relation into a virtuous cycle is necessary. Recognising interdependency between actors and between cities can improve the actor's motivation to establish positive relationships for collaboration. Recognition of interdependency also promotes political stability between actors and begin to reveal the importance of collective activities ahead of political preferences.

(4) Promoting intergovernmental and cross-sectoral fiscal orientation.

Advocacy on intergovernmental and cross-sectoral fiscal orientation through clearer guidelines on fiscal transfer is needed to promote resource exchange and project based collaborative activities. At present, local regulation and guidelines concerning in-kind transfer, incentives, and grants are limited in cities actively conducting collaborative resource exchange activities. Resource exchange related collaborative activities require coherent policies as transparency and accountability are greatly expected during the process.

(5) Start with sectoral collaboration then expand to region wide and then comprehensive collaboration.

In regions with limited policy coherence between member cities, starting collaboration through small scale and sectoral collaborative activities help cities to create mutual recognition on the interdependency between themselves. Small scale and sectoral collaboration requires less commitment and less resource dependency, yet it is a critical step in building a metropolitan scale collaboration. Sectoral collaboration is easier to duplicate since it involves less actors who frequently interact with each other. In the attempt to adapt to a larger cross-jurisdictional issues, from sectoral-based collaboration cities can try and spread the risk by contacting more agencies and attempting to bolster sovereign control over resources –financial and asset–.

(6) Improving the pre-existing structure through a better management of metropolitan governance.

More proactive roles in the pre-existing metropolitan governance structure should be taken by local governments. In regions with weak pre-existing structure, such as Surabaya, restructuring which accommodate more active participation of local actors can be seen as a process that open opportunities for local actors to explore the character and meaning of interdependence between cities. As interdependence is not a preexisting condition, but building up over time, opening more chances to interact among local actors by taking active participation in the management of metropolitan governance will result on higher possibilities of deepening interdependency resulting on a stronger platform for intergovernmental collaboration.

14.1.2. Recommendation for Collaborative Governance in Infrastructure Provision

Infrastructure partnership tends to require large financial investments and, as our findings conform, affected by the financial capacity and local autonomy of local governments. Political transaction costs tend to be difficult to measure, yet in some cases such as collaborative waste management, the redistributive financial cost in order to reduce the environmental externalities increases the political transaction costs, as cities attempt to share environmental costs. As our analyses pointed the relatively different patterns of institutional structure, institutional environment and internal institutional designs across regions, the following policy implication aims to address the various cases taking place in the observed metropolitan regions, considering the ongoing collaborative infrastructure programmes.

Institutional Structure

(1) Jakarta: Subregion-based collaboration among few cities under the similar province.

Cross-jurisdictional collaboration for cities in different provinces are largely problematic not only because cities have different policy instruments, but also responding on different provincial regional priorities and guidelines for infrastructure provision. In Jakarta where three different provinces and nine cities involved in the collaborative metropolitan governance, collaboration in infrastructure provision, as our data suggests, is often done through high transaction cost besides often accused of ignoring smaller cities' preferences. At present, all metropolitan wide collaboration in infrastructure –waste management, water supply, sewerage, road infrastructure, public transportation, flood management, etc.– is discussed at the national (ministry of public works and national development planning board) and provincial level. As all actors involved, directly or indirectly, the negotiation and decision making process in Jakarta tend to be lengthy. Thus, breaking down collaborative forum to the provincial and local level will reduce the transaction cost of the administrative and hierarchical structure as well as bring collaboration closer to the local authorities. It also shift the working of Jakarta metropolitan

governance from top down (proposed at the provincial-national level and distributed at the local level) to bottom up approach where smaller groups at local-subregion level propose to the provincial-national level, giving wider chance for local interest to be negotiated and accommodating smaller cities.

One key of our findings indicates that smaller regions are likely to exercise more intense intergovernmental collaboration than larger ones. Establishing subregion-based collaboration in a larger metropolitan region like Jakarta correspond to this hypothetical idea of creating better opportunities with smaller numbers of cities. Subregion-based collaborative forum can operate under the current metropolitan wide collaborative agreement, yet managed under each province. In this subregion-based collaboration, smaller working groups can be established, focusing on each collaborative sector, e.g. working group on road infrastructure collaboration is separated from working group for water supply collaboration as both involves different officers from the department of public works. This strategy aims to direct actors on concrete problems and to reduce the transaction cost as they focus less on doctrinaire position-taking often pursued in larger platform. Information sharing, negotiation, and implementation planning are more feasible if pursued under smaller and more technical groups consist of departmental/agencies officers.

(2) Surabaya: Intensifying communication to bring opportunities.

Regular communication addressing collaborative activities for infrastructure provision largely focus on the road infrastructure and waste management between two neighbouring cities. The region has no forum discussing cross-jurisdictional issue –particularly on infrastructure- other than meetings through the regional planning board. The regional planning board has a different target than collaborative governance as it discusses larger and broader planning issues and overlooks more detailed cross-border issues that are usually found in a smaller scale infrastructure development program, i.e. cross-border waste management is often discussed on the regional planning board, but not road development along the border area. Therefore, smaller forum to communicate local infrastructure plans is beneficial for the emergence of infrastructure collaboration as it gives chances to local officers to communicate on detailed issues concerning cross-jurisdictional infrastructure development. By scaling down the regional forum for departmental platform, discussion can be benefited from a more technical and in depth discourses which generally neglected in the regional development board. An example should be taken from a similar forum taking place in Yogyakarta and Denpasar where officers from the infrastructure department (public works) regularly meet, formal and informally discuss the infrastructure development progress in their jurisdiction.

(3) Denpasar: Administrative organisational network to maintain sectoral collaboration.

The current collaborative governance in the Denpasar region is done through sector by sector basis, e.g. collaboration for solid waste is managed separately from the collaboration for road infrastructure or collaboration for water supply provision although similar local agencies are involved. To further advance the current institutional structure, adopting an administrative organisational network to maintain all sectoral infrastructure collaboration will benefit the region to advance its collaborative metropolitan governance.

(4) Yogyakarta: Expanding pre-existing structure to accommodate other actors.

The current collaborative metropolitan governance structure in Yogyakarta is greatly government-oriented system involving mostly governmental agencies and limited participation from civic sectors – universities and NGO for information sharing–. The involvement of private sectors in the infrastructure provision is limited to contractual based project work activities –project implementation– without further involvement in the policymaking, planning, and financing scheme through resource exchange. The internal institutional design of most cities in Yogyakarta region does not fully support the presence of private sectors in the collaborative activities for infrastructure provision, thus, any starting point in this issue should be initiated from a smaller context such as:

- (a) increasing the involvement of private sector in the joint policymaking, e.g. working together with the private sectors in setting up the infrastructure transfer policies for road infrastructure.
- (b) increasing the presence of private sectors in managing local assets, e.g. joint management of water supply facilities before starting the joint partnership for developing water supply infrastructure as the latter require greater trust and stronger internal institutional design for cross-sectoral collaboration.

Local Institutional Environment

(1) Jakarta and Surabaya: Enhancing civic capital and local governing capacity to reduce the effect of political heterogeneity and instability.

Both regions are characterised with high regional disparity, wide political heterogeneity and regular political instability on top of lack civic capital. Civic capital is created by networks and byproduct of local governing capacity, which creating common conception infrastructure challenges, expectations, and goals at the cross-jurisdictional scale. Civic capital is largely related to leaders, or civic entrepreneurs as both acts as bridge builders among governmental actors and between governmental and nongovernmentals sectors. Jakarta and Surabaya cases are examples of cases where local actors failed to see a need to coordinate regional infrastructure issues as their expectations are less accommodated. Communications were challenging due to political heterogeneity and instability. Local actors then collaborate within themselves on cross-border issues requiring immediate attention (e.g.

road and sewerage along the border) and coordinating with private sectors through alternative forums for large scale projects (e.g. waste management). Therefore, the appropriateness to address and building interdependence and trust through civic capital to reduce the externalities of a political situation is an important factor to take into consideration.

Increasing civic capital and governing capacity for collaboration can be enhanced through local and regional capacity building on collaboration. The current system left less to capacity building as part of governance effort –particularly from local and regional–. As infrastructure at the local level is largely managed through one or two main agencies (including road, sewerage, water supply and waste), building capacity for collaboration is expected to be less challenging if all involved actors keep in the loop. This is also to avoid the time gap when the main officer has to move to another department and the subordinate failed to fill the knowledge gap.

Support from the higher level of government, particularly from the province, is required in the capacity building for civic capital. Among other infrastructure, water supply collaboration requires a stronger civic capital and local governing capacity as it often requires both intergovernmental and cross-sectoral collaboration with larger public investment due to its scale. In this case, along with capacity building for improving the local actors capability and the collaborative mechanism, active support from the provincial government is required as the bridge builder.

(2) Denpasar: Advancing the binding power and political legitimacy to ensure stable political platform.

Like Yogyakarta, cities in Denpasar have a historically stable and less polycentric political relations and cities have strong a sectoral network among local governmental actors. Yet, the current binding power and political legitimacy in Denpasar is done through sectoral basis. Mayors or department heads create separate agreements, according to each collaboration established, i.e. collaboration for solid waste management (Sarbagita project) has a different legal basis with road infrastructure collaboration. This sectoral basis binding agreement is easier to pursue than region wide collaboration, however, for collaborative governance in the Denpasar region to advance, it is preemptive for local governments to prepare a larger legal umbrella for collaboration. It does not need to be as comprehensive as mayoral agreement observed in Yogyakarta, but agreement covering all infrastructure sectors being collaborated will provide stronger binding power and political legitimacy to ensure stable political platform for local governments to advance collaborative governance in Denpasar.

(3) Yogyakarta: increasing fiscal capacity for collaboration.

Development of public private financing for public infrastructure in Yogyakarta is limited largely due to lack of expenditure allocated in the local budget intended for infrastructure development. The current practice of infrastructure funding –for both waste management and road infrastructure– in all three cities

in Yogyakarta region is between 8.6 to 10.9% of total expenditure (calculating from the local governments' budget report Y2012), which is below the national average of 13%. What local governments can do to increase the budget for infrastructure is to collaborate with private sectors. Government Regulation 1/2008 on public investment provides platform for local governments to borrow from central government to fund public-private partnership. In this context, the central government also provides a blanket guarantee for joint venture type of partnership. This platform can be used for financing road infrastructure and waste management in the region. For financing public infrastructure for water supply provision, utilising platform provided by Ministry of Finance, specialising in the development of water and electricity infrastructure (Ministry Regulation 38/2006). Both financial institutions offered by the central government are aimed to act as catalyst for public-private partnership for infrastructure provision through the betterment of local financial system.

Internal Institutional Design

- (1) Jakarta: Improving policy coherence and reoriented collaborative policy from localised to sub-region and region-wide.

As observed earlier in the analysis of regional institutional environment, the collaborative infrastructure provision in Jakarta is greatly influenced by the distribution of costs and benefits in which strong cross-sectoral network with high tendency of economic disparity lead to higher possibilities to choose collaboration with private sectors as they offer less transaction costs than intergovernmental collaboration. Maintaining region-wide public infrastructures requires large financial investments, relative to the outlays required for other social infrastructures, and collaborative intensities vary between sectors, i.e. water supply, waste management, and road infrastructure exhibited in Jakarta all have different intensities. For instance, intergovernmental collaboration in waste management requires the most intensity value among observed sectors as there are always cities shouldering more burden, environmentally, than others, affecting costs and benefits in specific ways; in water supply it is the issue of the amount of water received and collecting fees; in road infrastructure, the intensity increases when the development requires land acquisition. The current policy instruments in the region have only broadly addressed these contextual conditions, and cities have yet developed coherence policy instruments among each other. Therefore, in order to improve the current collaborative practices in Jakarta region, several issues partial to the internal institutional design that can be advanced are:

- (a) *Improving policy coherence related to the mechanism and the working of infrastructure collaboration*, e.g. providing a clearer evaluation scheme and conflict solving mechanism – particularly crucial from intergovernmental collaboration on waste management (pricing, task sharing, waste loading, etc.), road infrastructure (quality control, accountability), and water supply

provision (pricing, accountability, maintenance)–, establishing incentive instruments for cross-sectoral collaboration for water supply provision (tax break for built-operate-transfer, joint venture, etc.).

(b) *Advocating infrastructure collaboration –intergovernmental and cross-sectoral– on both midterm and long term development plan, orienting infrastructure development with regional infrastructure plan, especially for road and sewerage development as part of the flood protection plan. Incorporate the regional plan for waste management, e.g. for cities in West Java province, incorporating the regional waste development plan (Western Java Environmental Management Project).*

(2) Surabaya: Reducing policy discord on cities sharing borders and increasing advocacy on collaboration.

Cross-border road infrastructure projects in cities in the Surabaya region is done according to local priorities of each city, resulting in prolonged projects due to lack of budgeting commitment from one or both involved cities. Collaboration in solid waste management and water supply provision are moving slower than expected as cities have first to reduce their policies discord on each sector involved in the partnership. Thus, reducing policy discord on instruments for implementation is necessary step to improve collaboration, e.g. betterment of policies on joint asset management, financing system, incentive and in-kind transfer, securing land and permit, etc.

(3) Denpasar: Improving policy coherence from sectoral-based collaboration to comprehensive collaboration.

The current policy instrument characteristics in Denpasar region focus only on establishing policy coherence in infrastructure sectors which all cities involved, i.e. waste management and partially on road infrastructure and water supply. Particularly on waste management and water supply, cities are progressing in their internal institutional design in collaboration with private sectors, yet it has not been multiplied on collaboration for road infrastructure and sewerage provision. Improving policy coherence in those two sectors creates possibilities to strengthen comprehensive collaboration in Denpasar.

(4) Yogyakarta: Providing policy instruments for public-private partnership.

Following the need of providing an appropriate channel for financial platforms, local governments in Yogyakarta region are largely lacking in terms of policy instruments for public-private partnership. As collaboration for waste management and road infrastructure in the region is done through region-wide agreement, preparing policy instruments for public private partnership can either be done separately in each local government or collectively as in Denpasar case. Financial provision for public private partnership requires strong supports from local governments' policies. Sectorally, local governments are

not required to issue regulation on each infrastructure sector as one policy platform intended for infrastructure is adequate enough for the collaborative practice in the Indonesian metropolitan region. Policy instruments that will open more opportunities for cross-sectoral collaboration in Yogyakarta is as follows:

- (a) *Infrastructure transfer as part of the scheme and regulation to transfer infrastructure built by private sectors to local governments as public assets.*

This instrument is crucial for cross-sectoral collaboration in the provision of road infrastructure and sewerage. By providing clear regulation and guidelines the legal and procedural basis for managing infrastructure build by nongovernmental sectors are strengthened. Both regulation and guidelines can be issued by Mayor/Regent with subsequent procedural guidelines from public works departments.

- (b) *Incentives instruments to promote private participation in the local collaborative arrangement for infrastructure.*

Fiscal relief, such as tax break, can be employed to bolster private involvement in the infrastructure provision, particularly for road and sewerage. Similar incentive instruments have been applied in larger cities such as Jakarta and Surabaya.

- (c) *Private financier initiatives to provide a scheme for financing infrastructure collaboration through public private partnership.*

Although necessary in all types of collaborative infrastructure provision, it is particularly important in the practice of waste management and water supply management which required longer collaborative term.

APPENDIX 1

SURVEY DESIGN AND QUESTIONNAIRES

Table A.1. Questions about vertical structural-procedural activities

Counterpart Activity	National			Regional			Metropolitan Board ⁷
	NPCB ¹	NDPA ²	MoPW/ MoHA ³	PPCB ⁴	PDPA ⁵	PPWA ⁶	
Information on central/provincial funding							
Financial assistance							
Policy guidance							
Technical assistance							
Review of plans/plan approval							
Request resolution of conflicts with other local government							
Change in policy (flexibility)							
Other (specify) (.....)							
Other (specify) (.....)							
Other (specify) (.....)							

Note:

¹ National Planning Coordination Board² National Development Planning Agency (Bappenas)³ Ministry of Public Works / Ministry of Home Affairs⁴ Provincial Planning Coordination Board⁵ Provincial Development Planning Agency (Bappeprov)⁶ Provincial Public Works Agency⁷ If available

Table A.2. Questions about horizontal structural-procedural activities

Counterpart Activity	Other/Neighboring Local government				State owned company	Chamber of Commerce	PSA ⁴ (specify)(.....)	Private sector (specify)		Civic sector		Other (specify) (.....)
	LDPA ¹	CPA ²	DoPW ³	District				(.....)	(.....)	University	NGOs	
Consolidate policy effort												
Engage/agree in formal partnership												
Engage in joint policymaking												
Engage in the joint policy implementation												
Financial resources sharing												
Personnel sharing												
Exchange information/ share ideas												
Partnership for particular project (planning)												
Partnership for particular project (implementation)												
Asset specificity and measurement (monitoring)												
Other (specify) (.....)												
Other (specify) (.....)												
Other (specify) (.....)												

Note:

¹ Local Development Planning Agency (Bappeda)

² City Planning Agency (Dinas Tata Kota)

³ Department of Public Works

⁴ Private Sector Association

Table A.3. Questions about actor relations

Activity \ Counterpart	Other/Neighboring Local government			State owned company	Chamber of Commerce	PSA ⁴ (specify)	Private sector (specify)		Civic sector		Other (specify) (.....)
	LDPA ¹	CPA ²	DoPW ³				(.....)	(.....)	University	NGOs	
Jointly identifying commonalities											
Program adjustment/ mutual action											
Engage in reciprocal obligations exchange											
Terms of commitment											
Organizational legal mandate											
Resources performance-based discretion											
Other (specify) (.....)											
Other (specify) (.....)											
Other (specify) (.....)											

Note:

¹ Local Development Planning Agency (Bappeda)² City Planning Agency (Dinas Tata Kota)³ Department of Public Works⁴ Private Sector Association

Table A.4. Questions about intergovernmental/cross sectoral relations (frequency of communication)

A. With central governments

Agency \ Frequency	Daily	Weekly	Monthly	Never	Other
NPCB ¹					
NDPA ²					
MoPW/ MoHA ³					
Other (.....)					
Other (.....)					
Other (.....)					

Note:

¹ National Planning Coordination Board

² National Development Planning Agency (Bappenas)

³ Ministry of Public Works / Ministry of Home Affairs

B. With provincial government

Agency \ Frequency	Daily	Weekly	Monthly	Never	Other
PPCB ¹					
PDPA ²					
PPWA ³					
Metropolitan Board ⁴					
Other (.....)					
Other (.....)					
Other (.....)					

Note:

¹ Provincial Planning Coordination Board

² Provincial Development Planning Agency (Bappeprov)

³ Provincial Public Works Agency

⁴ If available

C. With neighboring local governments

Agency \ Frequency	Daily	Weekly	Monthly	Never	Other
LDPA ¹					
CPA ²					
DoPW ³					
District					
State owned company					
CoC ⁴					
PSA ⁵					
Private sector					
University					
NGOs					
Other (.....)					
Other (.....)					
Other (.....)					
Other (.....)					

Note:

¹ Local Development Planning Agency (Bappeda)

² City Planning Agency (Dinas Tata Kota)

³ Department of Public Works

⁴ Chamber of Commerce

⁵ Private Sector Association

Table A.5. Questions about intergovernmental relations/cross sectoral (means of communication)

A. With central governments

Agency \ Frequency	Meeting	Mail	Telephone/ Fax	E-mail	Other
NPCB ¹					
NDPA ²					
MoPW/ MoHA ³					
Other (.....)					
Other (.....)					
Other (.....)					

Note:

¹ National Planning Coordination Board² National Development Planning Agency (Bappenas)³ Ministry of Public Works / Ministry of Home Affairs

B. With provincial government

Agency \ Frequency	Meeting	Mail	Telephone/ Fax	E-mail	Other
PPCB ¹					
PDPA ²					
PPWA ³					
Metropolitan Board ⁴					
Other (.....)					
Other (.....)					
Other (.....)					

Note:

¹ Provincial Planning Coordination Board² Provincial Development Planning Agency (Bappeprov)³ Provincial Public Works Agency⁴ If available

C. With neighboring local governments

Agency \ Frequency	Meeting	Mail	Telephone/ Fax	E-mail	Other
LDPA ¹					
CPA ²					
DoPW ³					
District					
State owned company					
CoC ⁴					
PSA ⁵					
Private sector					
University					
NGOs					
Other (.....)					
Other (.....)					
Other (.....)					
Other (.....)					

Note:

¹ Local Development Planning Agency (Bappeda)² City Planning Agency (Dinas Tata Kota)³ Department of Public Works⁴ Chamber of Commerce⁵ Private Sector Association

APPENDIX 2

CHARACTERISTICS OF COLLABORATIVE METROPOLITAN GOVERNANCE

Table A.1. The percentage of respondents using vertical and horizontal collaborative activities.

Vertical activity	Percent	Percent	Horizontal activity
Information seeking			Joint policy effort
New funding of programs and projects	98	96	Consolidate policy effort
Financial assistance	90	92	Engage in formal partnership
Policy guidance	98	92	Engage in the joint policy making
Technical assistance	98	87	Engage in joint policy implementation
Review of plans/plan approval	96		
			Resources exchange
Adjustment seeking		81	Pool/share financial resources
Request resolution of conflicts with other local government	67	70	Pool/share personnel resources
Change in policy (flexibility)	90	96	Exchange information/share ideas
			Project based works
		98	Partnership for particular project (planning)
		96	Partnership for particular project (implementation)
			Asset specificity and measurement (monitoring)
Total	91	74	
		88	

Table A.2. The region-based percentage of respondents using vertical and horizontal collaborative activities.

Activity	Jakarta	Surabaya	Mean percentage of activity			
			Yogyakarta	Semarang	Denpasar	Makassar
<i>Vertical</i>						
Information seeking	95	94	97	96	100	N/A
Adjustment seeking	65	80	67	95	100	N/A
<i>Horizontal</i>						
Joint policy effort	94	78	96	100	100	85
Resources exchange	78	67	94	90	93	87
Project-based works	88	83	89	93	100	80

Table A.3. The use of vertical activities based on the origin of its counterparts and region.

Activity	Max. Score	All	Jakarta	Mean use of vertical activity				
				Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>Vertical (Central)</i>								
Information seeking	5.0	4.5	4.4	4.5	4.5	4.5	5.0	N/A
Adjustment seeking	2.0	0.9	0.8	1.0	0.7	0.9	1.0	N/A
<i>Vertical (Provincial)</i>								
Information seeking	5.0	4.1	4.2	3.0	4.8	4.1	5.0	N/A
Adjustment seeking	2.0	1.3	1.2	1.3	1.3	1.3	2.0	N/A

Use: The average number of activities exercised by respondents regardless the counterpart agency (only the origin of the counterpart is considered). Ex.: 4.0 use of information seeking (max. 5.0) means that in the average cities exercise 4 out of 5 information seeking activities asked in the questionnaire.

Max score: maximum number of activities available/asked to the respondent.

Table A.4. The use of horizontal activities based on the origin of its counterparts and region.

Activity	Max Score	Mean use of horizontal activity						
		All	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>Horizontal (Local Government)</i>								
Joint policy effort	4.0	3.5	3.6	2.2	3.7	4.0	4.0	3.4
Resources exchange	3.0	2.1	2.2	1.3	2.8	2.6	2.6	1.2
Project-based works	3.0	2.3	2.2	1.7	2.7	2.4	2.8	2.4
<i>Horizontal (Non Governmental)</i>								
Joint policy effort	4.0	2.1	2.5	2.3	1.0	2.0	2.2	1.2
Resources exchange	3.0	1.7	1.6	1.7	1.7	1.6	2.6	1.6
Project-based works	3.0	2.1	2.2	2.1	1.5	2.0	3.0	1.4

Use: The average number of activities exercised by respondents, regardless the counterpart agency (only the origin of the counterpart is considered). Ex.: 2.0 use of project-based works (max. 3.0) means that in the average cities exercise 2 out of 3 project-based work activities asked in the questionnaire.

Max score: maximum number of activities available/asked to the respondent.

Table 7.5. Mean of the institutional structure of collaborative metropolitan governance
(respondents from LDPA – unweighted).

	Max Score	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>Vertical dimension</i>							
Central interaction	21.00	8.50	7.33	10.00	8.67	8.50	N/A
Provincial interaction	21.00	8.25	5.50	12.00	7.33	10.75	N/A
<i>Horizontal dimension</i>							
Overall Horizontal interaction	80.00	25.25	23.50	29.33	24.00	30.00	20.00
Intergovernmental interaction	30.00	11.25	7.33	20.33	14.50	15.25	14.25
Cross-sectoral interaction	50.00	14.00	16.17	9.00	9.50	14.75	5.75

LDPA: Local Development Planning Agency.

Table A.6. Mean of the institutional structure of collaborative metropolitan governance
(respondents from CPA/DoPW/CB – unweighted).

	Max Score	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
<i>Vertical dimension</i>							
Central interaction (CI)	27.00	5.78	7.25	8.33	6.25	7.00	N/A
Provincial interaction	27.00	5.89	7.50	11.33	6.25	8.00	N/A
<i>Horizontal dimension</i>							
Overall Horizontal interaction	112.00	25.56	22.00	20.00	22.75	37.00	8.00
Intergovernmental interaction	42.00	11.44	11.25	16.00	15.25	16.00	4.00
Cross-sectoral interaction	70.00	15.11	10.75	4.00	7.50	21.00	4.00

CPA: City Planning Agency; DoPW: Department of Public Works; CB: Collaboration Bureau

Table A.7. Percentage ratio in vertical activities, cities with strategic collaboration compared with cities without strategies (n = 48).

	Central Institutions			Provincial Institutions		
	Total IA	IS Ratio	AS Ratio	Total IA	IS Ratio	AS Ratio
Collaboration is written in the long term development plan (n=30)	246	85.6	14.4	244	79.9	20.1
Not written in the plan	120	85.7	14.3	128	75.9	24.1
Collaboration is written in the mid term development plan (n=27)	192	87.4	12.6	189	81.1	18.9
Not written in the plan	174	83.4	16.6	183	75.0	25.0
Collaboration is written in the master plan (n=41)	319	85.1	14.9	314	79.6	20.1
Not written in the plan	47	89.0	11.0	58	71.9	28.1

Total IA (Interaction Activities): Total number of vertical interactions based on activities and counterparts.

($x_{A1}+x_{A2}+...+x_{An}$); x: total number of central/provincial counterparts the local agency interacts with in vertical activity A1).

IS Ratio (Information Seeking): percentage of vertical activity that is information seeking.

AS Ratio (Adjustment Seeking): percentage of vertical activity that is adjustment seeking.

Note: Some totals do not add up to 100 percent due to rounding.

Table A.8. Percentage ratio in horizontal activities, cities with strategic collaboration compared with cities without strategies (n = 53).

	Local Government Institutions				Non Governmental Institutions			
	Total IA	JPE Ratio	RE Ratio	PBW Ratio	Total IA	JPE Ratio	RE Ratio	PBW Ratio
Collaboration is written in the long term development plan (n=30)	408	48.4	26.6	25.0	394	41.4	26.3	32.3
Not written in the plan	269	45.4	28.5	26.1	228	34.8	29.6	35.5
Collaboration is written in the mid term development plan (n=30)	412	46.9	26.9	26.2	372	38.6	26.5	35.0
Not written in the plan	265	47.3	28.3	24.4	250	38.5	29.7	31.8
Collaboration is written in the master plan (n=44)	582	48.3	25.1	26.6	526	40.0	28.1	31.9
Not written in the plan	95	41.1	39.1	19.8	96	31.6	26.1	42.3

Total IA (Interaction Activities): Total number of horizontal interactions based on activities and counterparts.

($x_{A1}+x_{A2}+...+x_{An}$); x: total number of local counterparts the local agency interacts with in horizontal activity A1).

JPE Ratio (Joint Policy Effort): percentage of horizontal activity that is joint policy effort.

RE Ratio (Resources Exchange): percentage of horizontal activity that is resources exchange.

PBW Ratio (Project Based Works): percentage of horizontal activity that is project based work.

Note: Some totals do not add up to 100 percent due to rounding.

Table A.9. Percentage ratio in vertical activities based on spatial structure of cities.

	Central Institutions			Provincial Institutions		
	Total IA	IS Ratio	AS Ratio	Total IA	IS Ratio	AS Ratio
Metropolitan core cities (n=7)	57	84.7	15.3	54	78.3	21.7
Largesuburbs cities (area > 150 sqkm) (n=18)	158	86.2	13.8	160	75.2	24.8
Small suburbs cities (area < 150 sqkm) (n=8)	47	87.6	12.4	44	88.1	18.9
Rural suburbs cities (n=15)	104	84.4	15.6	114	81.0	19.0

Total IA (Interaction Activities): Total number of vertical interactions based on activities and counterparts.

($x_{A1}+x_{A2}+...+x_{An}$); x: total number of central/provincial counterparts the local agency interacts with in vertical activity A1).

IS Ratio (Information Seeking): percentage of vertical activity that is information seeking.

AS Ratio (Adjustment Seeking): percentage of vertical activity that is adjustment seeking.

Note: Some totals do not add up to 100 percent due to rounding.

Table A.10. Percentage ratio in horizontal activities based on spatial structure of cities.

	Local Government Institutions				Non Governmental Institutions			
	Total IA	JPE Ratio	RE Ratio	PBW Ratio	Total IA	JPE Ratio	RE Ratio	PBW Ratio
Metropolitan core cities (n=8)	102	50.7	25.4	23.9	101	41.5	31.6	26.8
Large suburbs cities (area > 150 sqkm) (n=20)	277	50.4	22.7	26.9	289	39.7	31.1	29.2
Small suburbs cities (area < 150 sqkm) (n=8)	67	47.0	33.4	19.6	79	40.4	20.1	39.5
Rural suburbs cities (n=17)	231	41.5	31.2	27.3	153	35.0	25.5	39.5

Total IA (Interaction Activities): Total number of horizontal interactions based on activities and counterparts.

($x_{A1}+x_{A2}+\dots+x_{An}$); x: total number of local counterparts the local agency interacts with in horizontal activity A1).

JPE Ratio (Joint Policy Effort): percentage of horizontal activity that is joint policy effort.

RE Ratio (Resources Exchange): percentage of horizontal activity that is resources exchange.

PBW Ratio (Project Based Works): percentage of horizontal activity that is project based work.

Note: Some totals do not add up to 100 percent due to rounding.

APPENDIX 3

REGIONAL INSTITUTIONAL ENVIRONMENT

Table A.1. Regional disparity using Coefficient of Variation.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Jakarta	0.740	0.763	0.858	0.860	0.878	0.823	0.826	0.825	0.865	0.906	0.907	0.922	0.939
Without core city*	0.701	0.682	0.670	0.647	0.635	0.607	0.602	0.587	0.555	0.569	0.535	0.522	0.505
Surabaya	0.685	0.680	0.674	0.675	0.671	0.718	0.699	0.698	0.710	0.711	0.742	0.749	0.746
Without core city*	0.525	0.526	0.534	0.539	0.498	0.494	0.451	0.449	0.449	0.455	0.447	0.451	0.448
Semarang	0.671	0.655	0.659	0.610	0.615	0.607	0.614	0.630	0.629	0.627	0.620	0.625	0.630
Yogyakarta	0.475	0.476	0.460	0.487	0.442	0.438	0.431	0.428	0.423	0.463	0.460	0.466	0.463
Makassar		0.647	0.697	0.777	0.848	0.644	0.647	0.649	0.670	0.665	0.670	0.675	0.682
Denpasar	0.326	0.320	0.319	0.319	0.317	0.347	0.331	0.302	0.295	0.329	0.328	0.327	0.334
Bandung**	0.235	0.200	0.171	0.169	0.157	0.273	0.297	0.310	0.357	0.397	0.436	0.460	0.488
Medan**			0.282	0.277	0.271	0.318	0.324	0.316	0.334	0.332	0.344	0.341	0.332

Figure A.1. Regional disparity using Coefficient of Variation.

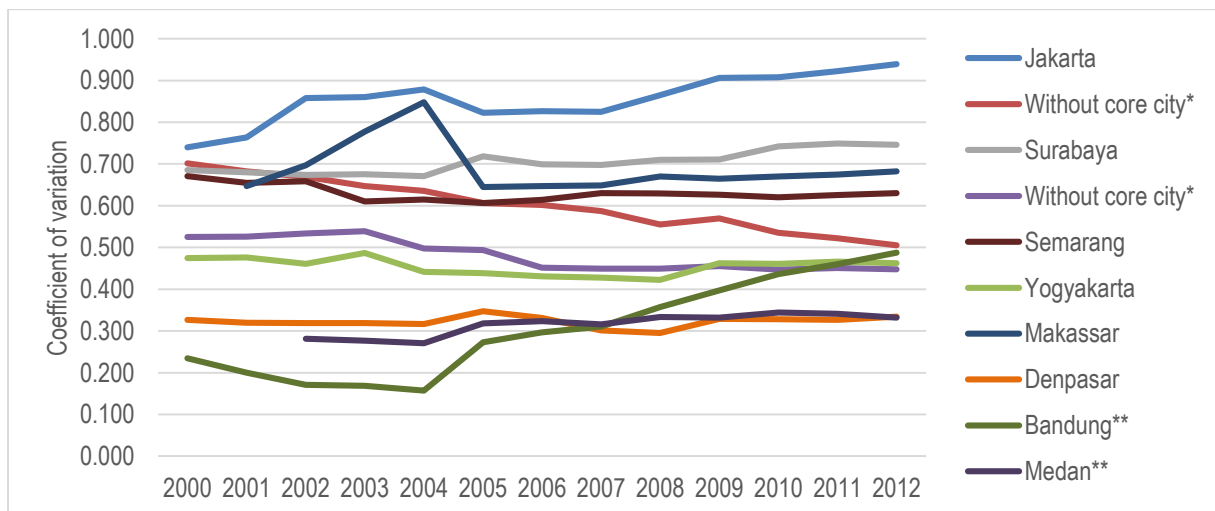


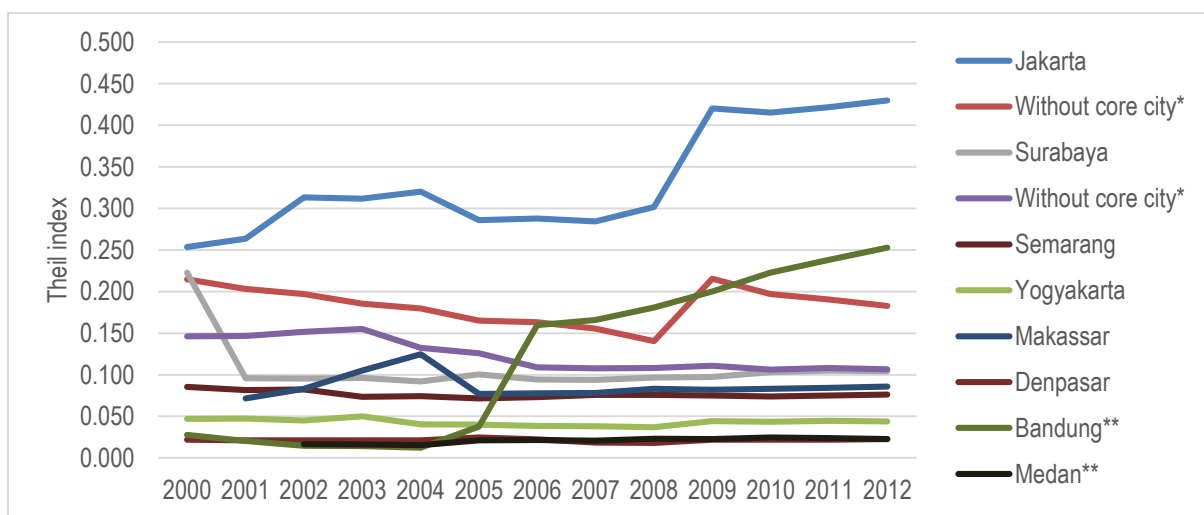
Table A.2. Regional disparity using Hoover coefficient (population weighted).

	2005	2006	2007	2008	2009	2010	2011	2012
Jakarta	-0.406	-0.406	-0.406	-0.404	-0.390	-0.386	-0.385	-0.385
Surabaya	0.160	0.157	0.157	0.157	0.154	0.163	0.164	0.155
Bandung	-0.040	0.042	0.016	0.012	0.011	0.011	0.011	0.007
Semarang	0.030	0.032	0.035	0.039	0.041	0.044	0.047	0.050
Yogyakarta	-0.062	-0.056	-0.055	-0.055	-0.065	-0.078	-0.081	-0.076
Medan	0.076	0.072	0.056	0.071	0.070	0.077	0.072	0.068
Makassar	0.198	0.199	0.200	0.206	0.206	0.208	0.209	0.211
Denpasar	-0.005	-0.006	-0.006	-0.007	-0.009	0.005	0.005	0.006

Table A.3. Regional disparity using Theil Index.

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Jakarta	0.254	0.264	0.313	0.312	0.320	0.286	0.288	0.285	0.302	0.420	0.415	0.422	0.430
Without core city*	0.215	0.203	0.197	0.186	0.180	0.165	0.163	0.156	0.140	0.216	0.197	0.191	0.183
Surabaya	0.223	0.096	0.095	0.096	0.092	0.100	0.094	0.094	0.097	0.097	0.103	0.105	0.104
Without core city*	0.146	0.146	0.152	0.155	0.132	0.126	0.109	0.108	0.108	0.111	0.106	0.108	0.107
Semarang	0.085	0.082	0.082	0.074	0.074	0.072	0.073	0.076	0.076	0.075	0.074	0.075	0.076
Yogyakarta	0.047	0.047	0.045	0.050	0.040	0.040	0.039	0.038	0.037	0.044	0.043	0.044	0.044
Makassar		0.071	0.083	0.105	0.125	0.077	0.078	0.078	0.083	0.082	0.083	0.084	0.086
Denpasar	0.022	0.021	0.021	0.021	0.021	0.025	0.022	0.019	0.018	0.022	0.022	0.022	0.023
Bandung**	0.028	0.020	0.015	0.014	0.012	0.038	0.160	0.166	0.181	0.200	0.223	0.238	0.253
Medan**			0.017	0.016	0.015	0.021	0.022	0.021	0.023	0.023	0.024	0.024	0.023

Figure A.2. Regional disparity using Theil Index.



APPENDIX 4

LOCAL INSTITUTIONAL ENVIRONMENT

Table A.1. Regression results of provincial interaction using the statistics data from the year 2012.

Independent variable	Provincial Interaction as dependent variable
Constant	9.333***
Provincial dependency	-15.318

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 29 cities (Jakarta is taken out of the equation), all statistical data from 2012

Table A.2. Regression results of provincial interaction using the mean statistical data of 2008-2012.

Independent variable	Provincial Interaction as dependent variable
Constant	8.841***
Mean of provincial dependency (2008-2012)	-10.538

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 29 cities (Jakarta is taken out of the equation), all statistical data from 2008-2012

Table A.3. Regression results of the activity between local government and nongovernmental institutions using the statistic data from the year 2012.

Independent variable	Collaborative activity between government and cross sectoral institutions as dependent variable		
	Joint policy making	Resource exchange	Project-based work
Constant	3.523**	1.998**	3.032***
Local Fiscal Autonomy (at local level)	9.762	7.015*	5.715*
Local Infrastructure Expenditure (at local level)	.198	-.710	-.028
Financial Sharing Capacity (at local level)	-.012	-.007	-.007

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, all statistical data from 2012

Cross-sectoral Interaction: Relations between Local Government and Civic sector as well as Private Sector

Table A.4. Regression results of the activity between local government and nongovernmental institutions using the mean statistical data of 2008-2012.

Independent variable	Collaborative activity between government and non-governmental (private and civic) institutions as dependent variable		
	Joint policy making	Resource exchange	Project-based work
Constant	4.107***	2.567***	3.384***
Mean of Local Fiscal Autonomy (at local level)	7.589	4.832	4.581
Mean of Local Infrastructure Expenditure (at local level)	.072	-.410	.202
Mean of Financial Sharing Capacity (at local level)	-.022	-.013	-.014

* $p < .10$, ** $p < .05$, *** $p < .01$

Total sample: 33 cities, all statistical data from 2008-2012

Cross-sectoral Interaction: Relations between Local Government and Civic sector as well as Private Sector

APPENDIX 5

INTERNAL INSTITUTIONAL DESIGN OF LOCAL GOVERNMENTS

Table A.1 Means of the internal institutional design (other local government as the counterpart).

	Mean number of interaction			
	Total Horizontal Interaction	Joint policy making	Resources exchange	Project-based works
Exhortation				
Cities with high exhortation usage (above 75%)	14.11	6.68	3.68	3.74
Rest of cities	10.00	4.60	2.50	2.90
Mean difference	4.11	2.08	1.18	0.84
Direct provision				
Cities with high direct provision usage (above 75%)	12.74	6.30	3.04	3.39
Rest of cities	13.72	6.20	3.80	3.72
Mean difference	-0.98	0.10	-0.76	-0.33
Fiscal/Subsidy/Tax				
Cities with high fiscal/subsidy/tax usage (above 75%)	13.76	6.40	3.64	3.72
Rest of cities	12.70	6.09	3.22	3.39
Mean difference	1.06	0.31	0.42	0.33
Contract				
Cities with high contract usage (above 75%)	14.00	6.62	3.42	3.96
Rest of cities	12.36	5.82	3.45	3.09
Mean difference	1.64	0.80	-0.03	0.87
Procedural guidelines				
Cities with procedural guidelines	13.90	6.57	3.43	3.90
Rest of cities	12.17	5.72	3.44	3.00
Mean difference	1.73	0.85	-0.01	0.9
Regulation				
Cities with regulation covering all sectors	12.50	6.17	3.00	3.33
Cities with more than two regulations	12.15	6.15	3.08	2.92
Cities without regulation (adopted only)	13.17	6.17	3.42	3.58

Table A.2. Means of the internal institutional design (nongovernmental as the counterpart).

	Mean number of interaction			
	Total Horizontal Interaction	Joint policy efforts	Resources exchange	Project-based works
Exhortation				
Cities with high exhortation usage (above 75%)	13.63	6.00	3.50	4.13
Rest of cities	11.06	4.67	2.83	3.56
Mean difference	2.57	1.33	0.67	0.57
Direct provision				
Cities with high direct provision usage (above 75%)	16.17	7.61	4.04	4.52
Rest of cities	9.20	3.44	2.44	3.32
Mean difference	6.97	4.17	1.6	1.2
Fiscal/Subsidy/Tax				
Cities with high fiscal/subsidy/tax usage (above 2/3)	12.84	5.32	3.24	4.28
Rest of cities	12.22	5.57	3.17	3.48
Mean difference	0.62	-0.25	0.07	0.8
Contract				
Cities with high contract usage (above 2/3)	13.42	6.15	3.23	4.04
Rest of cities	11.50	4.59	3.18	3.73
Mean difference	1.92	1.56	0.05	0.31
Procedural guidelines				
Cities with procedural guidelines	14.07	6.53	3.53	4.00
Rest of cities	10.00	3.61	2.67	3.72
Mean difference	4.07	2.92	0.86	0.28
Regulation				
Cities with regulation covering all sectors	11.67	5.17	2.50	4.00
Cities with more than two regulations	13.38	7.00	2.92	3.46
Cities without regulation (adopted only)	10.75	4.00	2.88	3.88

Table A.3. Regression results between policy instruments and project-based work activities.

	Project-based works as the dependent variable		
	Intergovernmental	Cross-sectoral	Cross-sectoral (State Enterprise and Private)
Exhortation	.375(.451)	.059(.491)	.108(.419)
Direct Provision	-.470(.383)	.325(.417)	.167(.356)
Subsidy	-.589(.489)	-.193(.532)	-.031(.455)
Contract	.508(.467)	.462(.509)	.284(.435)
Authority	.238(.439)	.534(.478)	.308(.408)
Dummy variable for regulating non-governmental sectors only	1.365(1.270)	1.829(1.382)	1.393(1.181)
Dummy variable for adopting from higher levels of governments	1.135(1.448)	2.236(1.576)	1.092(1.347)
Significant F	.758	.353	.563
Constant	2.992(2.141)	-.526(2.331)	.227(1.992)
R-Square	.142	.247	.191
Adjusted R-Square	-.099	.037	-.036

*p < .10, ** p < .05, *** p < .01; Total sample: 33 cities.

Dummy variable for regulation covering all sectors

Table A.4. Cities performance on policy instruments.

	Jakarta									Surabaya						Yogyakarta			Denpasar				Semarang						Makassar					
	Jakarta	Bekasi (city)	Bekasi (regency)	Bogor (city)	Bogor (regency)	Depok	Tangerang (city)	Tangerang (regency)	South Tangerang	Surabaya	Gresik	Bangkalan	Mojokerto (city)	Mojokerto (regency)	Sidoarjo	Lamongan	Yogyakarta	Sleman	Bantul	Denpasar	Badung	Gianyar	Tabanan	Semarang (city)	Kendal	Demak	Semarang (regency)	Salatiga	Grobogan	Makassar	Maros	Gowa	Takalar	
Exhortation																																		
Advocated in Master Plan	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	●	●				●	●	●	●	●	●	●	●	●		●
Advocated in Midterm DP	●	●		●	●	●		●	●	●			●	●	●	●	●		●			●	●	●		●	●		●	●	●	●		
Advocated in Long term DP	●		●	●	●		●	●	●	●						●	●	●	●	●		●		●	●		●							
Advocated in Program	●	●	●	●	●	●	●	●			●				●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
Direct Provision																																		
Shared funding to state enterprise	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●		●	●	●		●	●	●		●	●	●	●	●	●	●	●
Shared funding to third parties (private/other local government)	●	●	●	●	●	●	●	●		●	●	●				●	●		●	●		●			●					●				
Local budgeting authority	●	●	●		●	●	●	●		●	●				●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		
Infrastructure transfer	●	●		●	●	●	●	●		●		●			●									●						●				
Asset management	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●		●	●		●	●	●	●	●	●	●	●		●	●	●		
Fiscal/Subsidy/Tax																																		
Grants	●	●		●	●	●	●		●	●	●	●		●	●		●		●	●		●		●							●		●	
Incentive	●				●	●		●		●	●			●	●		●	●	●								●							
In-kind transfer	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Contract																																		
Consolidated contract issuance	●	●	●		●	●	●	●		●	●				●		●	●	●	●	●	●	●	●	●		●							
Evaluation scheme	●	●	●				●	●		●	●				●		●	●	●	●	●	●	●				●							
Conflict solving	●	●			●	●	●	●		●	●						●										●							
Regulation																																		
Covering all sectors	●	●	●		●			●			●						●		●									●						
Nongovernmental only			●		●	●	●	●							●			●																
Local enterprise only				●		●	●				●						●																	
Adopted from higher levels of governments									●	●		●	●	●		●				●	●	●	●	●	●	●		●	●	●	●	●	●	●
Authority																																		
Procedural guidelines	●	●	●	●	●	●	●	●									●	●	●					●			●							
Sub-district collaboration			●		●		●				●			●	●	●			●							●	●	●		●		●	●	

APPENDIX 6

ACTORS' INTERACTION IN SHAPING COLLABORATIVE METROPOLITAN GOVERNANCE

Table A.1. Frequency distribution of dyadic relations between actors in the Jakarta metropolitan region.

	OC	D	SOC	CC	REC	PCD	U	NGO	Total
Consolidate policy effort	17	0	16	10	16	12	12	10	93
Engage in formal partnership	13	0	11	0	0	10	3	2	39
Engage in the joint policy making	15	0	5	0	1	1	1	1	24
Engage in the joint policy implementation	15	0	5	1	1	2	0	2	26
Pool/Share financial resources	14	0	4	0	0	6	0	1	25
Pool/Share personnel resources	8	0	4	0	0	3	0	2	17
Exchange information/share ideas	16	0	7	1	3	11	1	3	42
Partnership for particular project (planning)	15	0	9	0	1	13	1	2	41
Partnership for particular project (implementation)	12	0	10	0	1	13	1	2	39
Asset specificity and measurement (monitoring)	10	0	3	0	0	4	1	1	19
Total	135	0	74	12	23	75	20	26	365
OC: Other Cities SOC: State Owned Company/Enterprise PCD: Private Sector and Developers D: District REC: Real Estate Consortia/ NGO: Non Governmental Organization CC: Chamber of Commerce Private Sector Association U: University									

Table A.2. Frequency distribution of dyadic relations between actors in the Surabaya metropolitan region.

	OC	D	SOC	CC	REC	PCD	U	NGO	Total
Consolidate policy effort	8	1	6	0	5	3	4	4	31
Engage in formal partnership	3	0	8	1	2	4	3	0	21
Engage in the joint policy making	6	0	3	1	2	1	2	0	15
Engage in the joint policy implementation	5	0	2	1	2	1	1	0	12
Pool/Share financial resources	1	0	4	0	2	3	1	0	11
Pool/Share personnel resources	3	0	2	0	1	2	2	0	10
Exchange information/share ideas	8	1	7	0	5	4	3	2	30
Partnership for particular project (planning)	6	0	7	0	3	5	1	1	23
Partnership for particular project (implementation)	6	1	8	0	4	6	2	2	29
Asset specificity and measurement (monitoring)	5	0	2	0	1	0	2	1	11
Total	51	3	49	3	27	29	21	10	193
OC: Other Cities SOC: State Owned Company/Enterprise PCD: Private Sector and Developers D: District REC: Real Estate Consortia/ NGO: Non Governmental Organization CC: Chamber of Commerce Private Sector Association U: University									

Table A.3. Frequency distribution of dyadic relations between actors in the Yogyakarta metropolitan region.

	OC	D	SOC	CC	REC	PCD	U	NGO	Total
Consolidate policy effort	5	2	2	0	1	0	1	1	12
Engage in formal partnership	6	0	2	0	0	0	2	2	12
Engage in the joint policy making	6	2	0	0	0	0	0	0	8
Engage in the joint policy implementation	6	2	1	0	0	0	0	0	9
Pool/Share financial resources	6	0	1	0	0	0	0	0	7
Pool/Share personnel resources	5	0	0	0	0	0	3	1	9
Exchange information/share ideas	6	0	1	0	0	1	4	4	16
Partnership for particular project (planning)	5	2	3	0	0	0	2	2	14
Partnership for particular project (implementation)	6	2	3	0	0	1	0	2	14
Asset specificity and measurement (monitoring)	5	1	0	0	0	0	0	1	7
Total	56	11	13	0	1	2	12	13	108
OC: Other Cities SOC: State Owned Company/Enterprise PCD: Private Sector and Developers D: District REC: Real Estate Consortia/ NGO: Non Governmental Organization CC: Chamber of Commerce Private Sector Association U: University									

Table A.4. Frequency distribution of dyadic relations between actors in the Denpasar metropolitan region.

	OC	D	SOC	CC	REC	PCD	U	NGO	Total
Consolidate policy effort	5	0	2	0	2	3	2	2	16
Engage in formal partnership	5	2	1	0	0	4	4	1	17
Engage in the joint policy making	5	0	0	0	0	0	1	0	6
Engage in the joint policy implementation	5	0	1	0	0	0	1	0	7
Pool/Share financial resources	4	0	1	0	0	4	0	0	9
Pool/Share personnel resources	4	1	1	0	0	3	3	0	12
Exchange information/share ideas	5	1	2	0	1	3	3	1	16
Partnership for particular project (planning)	5	0	4	0	0	4	3	0	16
Partnership for particular project (implementation)	4	1	4	0	0	4	3	0	16
Asset specificity and measurement (monitoring)	5	1	0	0	0	4	2	0	12
Total	47	6	16	0	3	29	22	4	127
OC: Other Cities SOC: State Owned Company/Enterprise PCD: Private Sector and Developers D: District REC: Real Estate Consortia/ NGO: Non Governmental Organization CC: Chamber of Commerce Private Sector Association U: University									

Table A.5. Frequency distribution of dyadic relations between actors in the Semarang metropolitan region.

	OC	D	SOC	CC	REC	PCD	U	NGO	Total
Consolidate policy effort	10	1	6	1	1	1	1	1	22
Engage in formal partnership	9	0	7	0	0	5	2	2	25
Engage in the joint policy making	10	1	1	1	1	0	2	0	16
Engage in the joint policy implementation	7	1	2	0	0	0	1	0	11
Pool/Share financial resources	3	0	5	0	0	1	0	1	10
Pool/Share personnel resources	6	1	2	0	0	1	2	0	12
Exchange information/share ideas	9	1	4	0	0	1	3	1	19
Partnership for particular project (planning)	8	0	3	0	0	3	1	1	16
Partnership for particular project (implementation)	2	1	7	0	0	5	3	2	20
Asset specificity and measurement (monitoring)	4	0	4	0	0	2	0	1	11
Total	68	6	41	2	2	19	15	9	162
OC: Other Cities SOC: State Owned Company/Enterprise PCD: Private Sector and Developers D: District REC: Real Estate Consortia/ NGO: Non Governmental Organization CC: Chamber of Commerce Private Sector Association U: University									

Table A.6. Frequency distribution of dyadic relations between actors in the Makassar metropolitan region.

	OC	D	SOC	CC	REC	PCD	U	NGO	Total
Consolidate policy effort	5	0	0	0	0	0	1	1	7
Engage in formal partnership	3	0	0	2	0	0	0	0	5
Engage in the joint policy making	5	2	0	0	0	0	1	1	9
Engage in the joint policy implementation	3	3	0	0	0	0	0	0	6
Pool/Share financial resources	3	2	1	0	0	0	0	0	6
Pool/Share personnel resources	0	0	2	0	0	0	3	2	7
Exchange information/share ideas	3	2	0	0	0	1	1	1	8
Partnership for particular project (planning)	5	3	0	0	0	0	0	0	8
Partnership for particular project (implementation)	4	3	3	0	0	1	0	0	11
Asset specificity and measurement (monitoring)	3	0	0	0	0	0	1	3	7
Total	34	15	6	2	0	2	7	8	74
OC: Other Cities SOC: State Owned Company/Enterprise PCD: Private Sector and Developers D: District REC: Real Estate Consortia/ NGO: Non Governmental Organization CC: Chamber of Commerce Private Sector Association U: University									

Table A.7. Actor centrality based on the collaborative joint policy making activities (percentage).

	OC	D	SOC	CC	REC	PCD	U	NGO
Jakarta	32.97 (1)	0.00	20.33 (2)	6.04	9.89 (4)	13.74 (3)	8.79	8.24
Surabaya	27.85 (1)	1.27	24.05 (2)	3.80	13.92 (3)	11.39	12.66 (4)	5.06
Yogyakarta	56.10 (1)	14.63 (2)	12.20 (3)	0.00	2.44	0.00	7.32 (4)	7.32 (4)
Semarang	48.65 (1)	4.05 (4)	21.62 (2)	2.70	2.70	8.11 (3)	8.11 (3)	4.05 (4)
Denpasar	43.48 (1)	4.35	8.70 (4)	0.00	4.35	15.22 (3)	17.39 (2)	6.52
Makassar	59.26 (1)	18.52 (2)	0.00	7.41 (3)	0.00	0.00	7.41 (3)	7.41 (3)
OC: Other Cities		SOC: State Owned Company/Enterprise			PCD: Private Sector and Developers			
D: District		REC: Real Estate Consortia/			NGO: Non Governmental Organization			
CC: Chamber of Commerce		Private Sector Association			U: University			

Number in brackets are ranks.

Table A.8. Actor centrality based on the collaborative resource exchange activities (percentage).

	OC	D	SOC	CC	REC	PCD	U	NGO
Jakarta	45.24 (1)	0.00	17.86 (3)	1.19	3.57	23.81 (2)	1.19	7.14 (4)
Surabaya	23.53 (2)	1.96	25.49 (1)	0.00	15.69 (4)	17.65 (3)	11.76	3.92
Yogyakarta	53.13 (1)	0.00	6.25 (4)	0.00	0.00	3.13	21.88 (2)	15.63 (3)
Semarang	43.90 (1)	4.88	26.83 (2)	0.00	0.00	7.32	12.20 (3)	4.88
Denpasar	35.14 (1)	5.41 (4)	10.81 (4)	0.00	2.70	27.03 (2)	16.22 (3)	2.70
Makassar	28.57 (1)	19.05 (2)	14.29 (4)	0.00	0.00	4.76	19.05 (2)	14.29 (4)
OC: Other Cities		SOC: State Owned Company/Enterprise			PCD: Private Sector and Developers			
D: District		REC: Real Estate Consortia/			NGO: Non Governmental Organization			
CC: Chamber of Commerce		Private Sector Association			U: University			

Number in brackets are ranks.

Table A.9. Actor centrality based on the collaborative project-based work activities (percentage).

	OC	D	SOC	CC	REC	PCD	U	NGO
Jakarta	37.37 (1)	0.00	22.22 (3)	0.00	2.02	30.30 (2)	3.03	5.05 (4)
Surabaya	26.98 (1)	1.59	26.98 (1)	0.00	12.70 (3)	17.46 (2)	7.94 (4)	6.35
Yogyakarta	45.71 (1)	14.29 (3)	17.14 (2)	0.00	0.00	2.86	5.71 (4)	14.29 (3)
Semarang	29.79 (1)	2.13 (4)	29.79 (1)	0.00	0.00	21.28 (2)	8.51 (3)	8.51 (3)
Denpasar	31.82 (1)	4.55 (4)	18.18 (3)	0.00	0.00	27.27 (2)	18.18 (3)	0.00
Makassar	46.15 (1)	23.08 (2)	11.54 (3)	0.00	0.00	3.85 (4)	3.85 (4)	11.54 (3)
OC: Other Cities		SOC: State Owned Company/Enterprise			PCD: Private Sector and Developers			
D: District		REC: Real Estate Consortia/			NGO: Non Governmental Organization			
CC: Chamber of Commerce		Private Sector Association			U: University			

Number in brackets are ranks.

Table A.10. Inter-region interaction characteristics of internal institutional design and dyadic actors relations.

		Major dyadic relations (frequency and linkage)		
Policy instruments/ Current status		Governmental (neighbouring cities)	Nongovernmental (private, civic sector)	Both governmental and nongovernmental
Policy coherence	Strong	<i>Yogyakarta</i> (all instruments) <i>Semarang</i> (exhortation, regulation)	<i>Jakarta</i> (exhortation, direct provision, regulation, authority)	<i>Denpasar</i> (except fiscal)
	Weak	<i>Makassar</i> (all instruments)	<i>Surabaya</i> (all instruments)	N/A
Advocacy on collaboration	Active	<i>Yogyakarta</i> <i>Semarang</i>	<i>Jakarta</i>	<i>Denpasar</i>
	Passive	<i>Makassar</i>	<i>Surabaya</i>	N/A
Collaborative policy orientation	Region wide	<i>Yogyakarta</i> <i>Semarang</i> <i>Makassar</i>	N/A	<i>Denpasar</i> (strategy)
	Localised	N/A	<i>Jakarta</i> <i>Surabaya</i>	<i>Denpasar</i> (implementation)
Targeting model of collaborative policy	Both long and short term	<i>Yogyakarta</i> (all instruments) <i>Semarang</i> (exhortation, regulation)	<i>Jakarta</i> (exhortation, direct provision, regulation, authority)	<i>Denpasar</i> (except fiscal)
	Short term only	<i>Makassar</i> (all instruments)	<i>Surabaya</i> (all instruments)	N/A
Fiscal policy orientation	Intergovernmental	<i>Yogyakarta</i> <i>Semarang</i>	N/A	N/A
	Cross-sectoral	N/A	<i>Surabaya</i>	N/A
	Both	N/A	<i>Jakarta</i>	<i>Denpasar</i>
Regulation (for collaboration)	Enacted	<i>Yogyakarta</i>	<i>Jakarta</i>	N/A
	Adopted	<i>Semarang</i> <i>Makassar</i>	<i>Surabaya</i>	<i>Denpasar</i>

Table A.11. Inter-region interaction characteristics of internal institutional design and actors centrality.

Policy instruments/ Current status		Actor centrality and activity centrality							
		Governmental (Neighbouring cities)			Nongovernmental (private sectors)			Nongovernmental (civic sectors)	
		Joint policymaking	Resource exchange	Project-based work	Joint policymaking	Resource exchange	Project-based work	Joint policymaking	Resource exchange
Policy coherence	Strong	Jakarta (1)	Jakarta (1)	Jakarta (2)	Jakarta (2)	Jakarta (2)	Jakarta (1)	Denpasar (2)	Yogyakarta (2)
		Yogyakarta (1)	Yogyakarta (1)	Yogyakarta (1)	Denpasar (2)	Denpasar (2)	Yogyakarta (2)		
		Denpasar (1)	Denpasar (1)	Denpasar (1)	Semarang (2)	Semarang (2)	Denpasar (2)		
		Semarang (1)	Semarang (1)	Semarang (1)			Semarang (2)		
	Weak	Surabaya (1)	Surabaya (2)	Surabaya (2)	Surabaya(2)	Surabaya (1)	Surabaya (1)		Makassar (2)
		Makassar (1)	Makassar (1)	Makassar (1)					
Advocacy on collaboration	Active	Jakarta (1)	Jakarta (1)	Jakarta (2)	Jakarta (2)	Jakarta (2)	Jakarta (1)	Denpasar (2)	Yogyakarta (2)
		Yogyakarta (1)	Yogyakarta (1)	Yogyakarta (1)	Denpasar (2)	Denpasar (2)	Yogyakarta (2)		
		Denpasar (1)	Denpasar (1)	Denpasar (1)	Semarang (2)	Semarang (2)	Denpasar (2)		
		Semarang (1)	Semarang (1)	Semarang (1)			Semarang (2)		
	Passive	Surabaya (1)	Surabaya (2)	Surabaya (2)	Surabaya(2)	Surabaya (1)	Surabaya (1)		Makassar (2)
		Makassar (1)	Makassar (1)	Makassar (1)					
Collaborative policy orientation	Region wide	Yogyakarta (1)	Yogyakarta (1)	Yogyakarta (1)	Denpasar (2)	Denpasar (2)	Yogyakarta (2)	Denpasar (2)	Yogyakarta (2)
		Denpasar (1)	Denpasar (1)	Denpasar (1)	Semarang (2)	Semarang (2)	Denpasar (2)		
		Semarang (1)	Semarang (1)	Semarang (1)			Semarang (2)		
		Makassar (1)	Makassar (1)	Makassar (1)					
	Localised	Jakarta (1)	Jakarta (1)	Jakarta (2)	Jakarta (2)	Jakarta (2)	Jakarta (1)		
		Surabaya (1)	Surabaya (2)	Surabaya (2)	Surabaya (2)	Surabaya (1)	Surabaya (1)		

Note:

Bracketed number indicates the rank of actors (governmental/nongovernmental) in an activity in a region, e.g. Surabaya (1) in the joint policymaking (governmental) means governmental actors occurred as no.1 counterpart for local government to conduct the joint policymaking.

Lack of involvement of private sector in Makassar region.

Table A.11. Inter-region interaction characteristics of internal institutional design and actors centrality (cont'd).

Policy instruments/ Current status		Actor centrality and activity centrality							
		Governmental (Neighbouring cities)			Nongovernmental (private sectors)			Nongovernmental (civic sectors)	
		Joint policymaking	Resource exchange	Project-based work	Joint policymaking	Resource exchange	Project-based work	Joint policymaking	Resource exchange
Targeting model of collaborative policy	Both long and short term	Jakarta (1) Yogyakarta (1) Denpasar (1) Semarang (1)	Jakarta (1) Yogyakarta (1) Denpasar (1) Semarang (1)	Jakarta (2) Yogyakarta (1) Denpasar (1) Semarang (1)	Jakarta (2) Denpasar (2) Semarang (2)	Jakarta (2) Denpasar (2) Semarang (2)	Jakarta (1) Yogyakarta (2) Denpasar (2) Semarang (2)	Denpasar (2)	Yogyakarta (2)
	Short term only	Surabaya (1) Makassar (1)	Surabaya (2) Makassar (1)	Surabaya (2) Makassar (1)	Surabaya (2)	Surabaya (1)	Surabaya (1)		Makassar (2)
Fiscal policy orientation	Inter-governmental	Yogyakarta (1) Semarang (1) Makassar (1)	Yogyakarta (1) Semarang (1) Makassar (1)	Yogyakarta (1) Semarang (1) Makassar (1)	Semarang (2)	Semarang (2)	Yogyakarta (2) Semarang (2)		Yogyakarta (2) Makassar (2)
	Cross-sectoral	Surabaya (1)	Surabaya (2)	Surabaya (2)	Surabaya (2)	Surabaya (1)	Surabaya (1)		
	Both	Jakarta (1) Denpasar (1)	Jakarta (1) Denpasar (1)	Jakarta (2) Denpasar (1)	Jakarta (2) Denpasar (2)	Jakarta (2) Denpasar (2)	Jakarta (1) Denpasar (2)	Denpasar (2)	
Regulation (for collaboration)	Enacted	Jakarta (1) Yogyakarta (1)	Jakarta (1) Yogyakarta (1)	Jakarta (2) Yogyakarta (1)	Jakarta (2)	Jakarta (2)	Jakarta (1) Yogyakarta (2)		Yogyakarta (2)
	Adopted	Denpasar (1) Semarang (1) Surabaya (1) Makassar (1)	Denpasar (1) Semarang (1) Surabaya (2) Makassar (1)	Denpasar (1) Semarang (1) Surabaya (2) Makassar (1)	Denpasar (2) Semarang (2) Surabaya (2)	Denpasar (2) Semarang (2) Surabaya (1)	Denpasar (2) Semarang (2) Surabaya (1)	Denpasar (2)	Makassar (2)

Note:

Bracketed number indicates the rank of actors (governmental/nongovernmental) in an activity in a region, e.g. Surabaya (1) in the joint policymaking (governmental) means governmental actors occurred as no.1 counterpart for local government to conduct the joint policymaking.

Lack of involvement of private sector in Makassar region.

APPENDIX 7

IN DEPTH ANALYSIS

Table A.1. General assessment for qualitative results of case studies based on interview.

Variable	Jakarta	Surabaya	Yogyakarta	Semarang	Denpasar	Makassar
Number of actors (Actors interaction)	Comply	Comply	Comply	Comply	Comply	Comply
Pre-existing metropolitan structure	Sectoral partnership	Sectoral partnership	Shared partnership	Shared partnership	Shared partnership	Lead organization
Policy instruments	Not comply (Admit difficulties)	Comply (Great difficulty due to differences)	Comply (Constantly readjusting)	Comply (Admit difficulties)	Comply (admit need readjustment)	Comply (Great difficulty due to differences)
Fiscal autonomy	Comply	Comply	Comply	Not comply	Comply	Comply
Political heterogeneity	Comply	Comply	Comply	Comply	Comply	Comply
Political stability	Comply	Comply	Comply	Comply	Comply	Comply
Institutional asymmetry	Comply (Great difficulty due to differences)	Comply (Great difficulty due to differences)	Comply (yet admit difficulties)	Comply (Great difficulty due to differences)	Comply (yet admit difficulties)	Comply (Great difficulty due to differences)
Disparity on fiscal	Comply	Not comply (admit larger)	Comply	Comply	Not comply (admit problematic)	Comply
Disparity on QoL	Comply	Comply	Comply	Comply	Comply	Comply
Disparity on infrastructure provision	Not comply (admit larger)	Not comply (admit larger)	Comply	Comply	Comply	Comply

Table A.2. Summary on factors to construct collaborative governance according to scale of importance and its corollary.

	Scale of importance			Corollary according to findings
	Region-wide collaboration	Intergovernmental collaboration	Cross-sectoral collaboration	
Policy coherence, active advocacy, and collaborative policy orientation	1	1		<ul style="list-style-type: none"> • The more similar cities on how they pursue and structure their institutions through policy instruments selection, the easier for them to collaborate. • Over time, through sectoral-based collaboration cities adjust and modify their internal institutional design to give more coherence with their neighbours, effectively open opportunities to pursue a larger scale partnership. • Cross-sectoral collaboration, on the other hand, require less hassle in regional-oriented internal institutional structure.
Fiscal decentralization		5	2	<ul style="list-style-type: none"> • The more access to financial autonomy, the more likely local actors are willing to sacrifice resources and/or decision making authority to collaborate. • Fiscal autonomy open more opportunities for local governments to pursue cross-sectoral collaboration as they scour potential resource to fund the public infrastructure provision. • With fiscal dependency revolves around closing the imbalance for expenditure needs more fiscally autonomous cities mean more fiscal capacity in collecting their own revenue for local development. Thus, where local governments have greater fiscal autonomy, they exercise a relatively high degree of functional responsibility due to its larger fiscal capacity.
Fiscal policy orientation		2	1	<ul style="list-style-type: none"> • Fiscal orientation is an important factor for resource exchange activities for collaborative governance, and by some extent also influence the project-based collaborative activity. • Public private oriented cities enact more policy instruments to promote cross-sectoral collaboration while cities which keen to intergovernmental collaboration issue more intergovernmental friendly fiscal instruments.
Institutional symmetry and organisational isomorphism	3	4		<ul style="list-style-type: none"> • The less asymmetrical institutional situation in a region can bring positive outcome to collaborative metropolitan governance as local actors become more willing to collaborative with greater mixture of partners. • Asymmetrical capacity of self-providing infrastructure through the city to city disparity in a region may lead to opportunities and challenges depending on their internal institutional design.

Table A.2. Summary on factors to construct collaborative governance according to scale of importance and its corollary (cont'd).

	Scale of importance			Corollary according to findings
	Region-wide collaboration	Intergovernmental collaboration	Cross-sectoral collaboration	
Political homogeneity and political stability	2	3	3	<ul style="list-style-type: none"> • The character of local politics affects the intensity of collaborative governance, given it is intergovernmental or cross-sectoral cooperation. • Political parties can create bridges between local legislative and executives by providing formal and informal mechanisms through which local political actors can communicate across and inside jurisdictional boundaries. • In a less politically polycentric region, the political actors carry the same fundamental political preference and aspiration, thus less problematic in building a regional collective aspiration. • The coherence of political parties in multitier of government and among cities indirectly influences metropolitan collaboration to the extent that they can provide a mechanism for coordinating coalition within local and provincial representatives and make it easier for these representatives to support collaboration. • Political conflict is rarely taken place in the region with greater political stability during the last three elections. With similar political party running cities and the province the political communication between local actors is conducted with less transaction cost compared to regions with fragmented political characteristics
Pre-existing structure	4	6		<ul style="list-style-type: none"> • The presence of metropolitan oriented governance structures may encourage local governments to collaborate and to tackle collective issues. • The pre-existing structure play an important role in determining the likelihood and intensity of region-wide collaboration, given it works properly. • It is not crucial for the development of intergovernmental or cross-sectoral collaboration since generally both do not require regional platform.