

Strategic Management of Malang City Government in Building a Conducive Business Climate through Collaborative Governance Perspectives

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Abstract. Development is not only the responsibility of the public but also other sectors, including the business sector because the business sector contributes to development through taxes, employment, and public income. Thus, a strategic management concept that encourages the role of all stakeholders is indispensable to create a conducive business climate. This study aims to analyze the management strategies implemented by the local government to create a conducive business climate. This study employed a quantitative approach with in-depth interviews and document analysis to collect research data. Data were analyzed based on the interactive model proposed by Miles, Huberman, and Saldana. Findings confirmed that the local government of Malang City has cooperated with all relevant parties. The local government of Malang City has collaborative strategies involving the private sector, community organizations, and other stakeholders. The strategies are forming dialogue forums, policy planning cooperation, and incentives for business actors. The conceptual framework used in this research is the Collaborative Governance theory, which emphasizes the importance of the active participation of all parties in the decision-making process. This research implies that the local government of Malang City has succeeded in creating a more inclusive and sustainable business climate through a collaborative approach.

Keywords: business climate, collaborative governance, Malang City, strategic management, regional government

1. Introduction

As a dynamic and densely populated developing country, Indonesia faces great challenges and opportunities in economic growth and regional development. At the local level, regional governments have a very important role in creating a conducive business climate to support economic growth and community welfare. Malang City, located in East Java Province, is one of the prominent cities in Indonesia in terms of economic potential and development. Statistical data from the Central Statistics Agency (BPS) for 2023 [1] shows that Malang City has a growing population and a high urbanization rate. With a huge population, Malang City has diverse and potential human resources. This creates huge opportunities for economic growth and innovation. However, effective management strategies are needed from the local government of Malang City to optimize this potential.

It is also interesting to note how the local government of Malang City deals with the impact of the COVID-19 pandemic. Like many other regions around the world, this pandemic has put significant pressure on the economic and business sectors in Malang City. However, the

responses and strategies taken by local governments in dealing with this crisis have significantly impacted the business sector and society. This is a clear example of how local government strategic management can be key in overcoming sudden and severe economic challenges.

In addition, within a conceptual framework, collaborative governance theory has become increasingly relevant in local government management. This theory underlines the importance of collaboration and active participation from the private sector, community organizations, and various stakeholders in decision-making. Applying this approach in Malang City creates the potential to create more inclusive, fair, and sustainable policies to create a conducive business climate.

This research aims to explore the management strategies used by the local government of Malang City to build a conducive business climate and analyze their impact and policy implications. Thus, this research will provide valuable insight for the local government of Malang City and other stakeholders interested in increasing collaboration in regional government strategic management to create a business climate that supports sustainable economic growth at the local level.

To dig deeper into the management strategies used by the Malang City local government and the implications of a collaborative approach, this research will involve in-depth interviews with local government officials, private sector representatives, and community organizations and analyzing relevant policy documents.

2. Literature Review

In the contemporary era, strategic management has become increasingly pertinent for governmental bodies aiming to enhance the business environment within their jurisdictions [5]. Malang City, situated in Indonesia, is an emblematic case in this discourse, where the local government's strategic maneuvers play a pivotal role in fostering a conducive climate for business growth. This literature review delves into key theoretical frameworks and empirical studies that elucidate the strategic management practices adopted by municipal authorities worldwide, particularly focusing on collaborative governance perspectives.

2.1. Strategic Management in Municipal Governance

Strategic management in municipal governance entails the systematic formulation and implementation of plans, policies, and initiatives to achieve specific objectives, often aimed at enhancing the overall welfare and prosperity of the community [5]. In the context of Malang City, strategic management involves a comprehensive approach to not only attract investments but also facilitate business operations, streamline regulatory processes, and foster an environment conducive to entrepreneurship and innovation.

Scholars emphasize the importance of strategic planning in municipal governance, highlighting its role in aligning organizational goals with community needs and resource allocation. Moreover, strategic management frameworks such as the Balanced Scorecard [6] have been adapted to municipal contexts to effectively measure and monitor the performance of government initiatives aimed at economic development and business facilitation.

2.2. Collaborative Governance Perspectives

Collaborative governance has emerged as a paradigm shift in public administration, advocating for partnerships and cooperation between government entities, private sector stakeholders, civil society organizations, and citizens to address complex societal challenges

[7]. Collaborative governance perspectives underscore the significance of multi-stakeholder engagement, collective decision-making, and shared responsibility in crafting policies and implementing programs for business climate improvement [8].

Studies [7, 8, 9] shed light on the dynamics of collaborative governance in the context of local economic development, emphasizing the role of trust, communication, and interdependence among stakeholders. In Malang City, collaborative governance perspectives may manifest through public-private partnerships, advisory committees comprising representatives from diverse sectors, and participatory mechanisms for soliciting feedback from businesses and residents.

2.3. Strategic Management Practices for Building a Conducive Business Climate

Drawing from the literature on strategic management and collaborative governance, several key practices can be identified as instrumental in the endeavor to build a conducive business climate in Malang City [4]:

- a. Stakeholder Engagement and Participation: Actively involving businesses, community groups, and other stakeholders in the decision-making process regarding economic policies and regulatory reforms.
- b. Data-Driven Decision Making: Utilizing data analytics and evidence-based approaches to assess the needs of businesses, identify bottlenecks in regulatory processes, and prioritize interventions for enhancing the business environment.
- c. Policy Coherence and Integration: Ensuring alignment and coordination across various government departments and agencies to avoid conflicting policies and promote synergy to support economic growth and entrepreneurship.
- d. Capacity Building and Institutional Strengthening: Investing in human capital development within government agencies responsible for economic development, including training programs, knowledge-sharing initiatives, and performance evaluation mechanisms.
- e. Innovation and Experimentation: Embracing a culture of innovation and experimentation in policy design and implementation, allowing for adaptive responses to evolving business dynamics and market conditions.

By synthesizing insights from the literature on strategic management and collaborative governance, this study aims to provide a conceptual framework for understanding and evaluating the strategic initiatives undertaken by the Malang City Government in fostering a conducive business climate. Through empirical investigation and case analysis, it seeks to uncover best practices, lessons learned, and areas for improvement in the pursuit of sustainable economic development and inclusive growth.

3. Research Method

This research uses a qualitative approach to explore the management strategies implemented by the Malang City regional government in building a conducive business climate from a collaborative governance perspective. A qualitative approach was chosen because this research aims to understand and explain the complex context and nuances involved in local government strategic management.

This study uses a case research design, with Malang City as the main case. This approach allows researchers to examine management strategies in detail, explore the perspectives of various stakeholders, and understand the impact and implications of a collaborative governance approach.

The population in this study includes various stakeholders involved in the strategic management of the Malang City regional government. The sample was selected using a purposive sampling approach, where respondents with relevant knowledge and experience related to local government strategies and initiatives being researched are the main focus.

The data in this research was collected through two primary sources: in-depth interviews and document analysis. In-depth interviews were conducted with various stakeholders involved in the strategic management of the Malang City regional government. Respondents included local government officials, private sector representatives, and community organizations involved in economic initiatives. Interviews were used to obtain their perspectives on the strategies that had been implemented and their impact. Document analysis was carried out on policies, strategic planning documents, and related notes published by the Malang City government and related agencies. These documents include strategic plans, annual reports, meeting minutes, and related regulations. In-depth interviews were conducted with respondents who were willing to participate. Interviews were conducted at a location convenient for the respondent and were scheduled in advance. Data from document analysis was collected from documents available at relevant agencies and local governments. Interview data and document analysis were analyzed using a content analysis approach to identify emerging themes and patterns.

Data triangulation was carried out to increase the validity of the research by comparing findings from in-depth interviews with data found in document analysis. In addition, we carefully recorded the data collection and analysis process to minimize bias.

The results of this research are based on in-depth interviews with various stakeholders involved in the strategic management of the Malang City regional government. Data was also obtained by analyzing policy and strategic planning documents published by local governments and related agencies. The following is a presentation of the data and analysis of the discussion.

4. Findings And Discussion

4.1. Findings

In in-depth interviews, various stakeholders expressed their views on regional government strategic management in creating a conducive business climate. Key findings include:

- a. Collaborative Approach: Most respondents acknowledged local governments adopting a collaborative approach. They highlighted the importance of collaboration between government, the private sector, and community organizations in formulating economic policies and initiatives.
- b. Public Consultation Forum (Forum Komunikasi Publik - FKP): FKP is considered an important platform for discussing and participating in policy formulation. Respondents stated that FKP facilitates open dialogue and supports active stakeholder participation.
- c. Collaboration with the Private Sector: Respondents from the private sector welcomed collaboration with local governments. They point out that investment incentives and more efficient licensing have helped in advancing their businesses.
- d. Policy Innovation: Many respondents highlighted policy innovation that supports the development of key economic sectors such as tourism and creative industries. Some examples include tax exemptions for new companies, tourism promotion, and training programs for local entrepreneurs.

Document analysis examined strategic planning and policy documents published by the Malang City regional government. This includes:

- a. Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah*—RPJMD): Malang City's RPJMD describes the local government's vision and mission for creating sustainable economic growth. This document affirms a commitment to a collaborative approach to economic development [4].
- b. Investment Policy: The document highlights the incentives offered to investors and companies investing in Malang City. This includes tax exemptions, easy access to infrastructure, and technical support.

4.2. Discussion

Based on findings from in-depth interviews and document analysis, this research shows that the local government of Malang City has succeeded in implementing collaborative strategies in its strategic management to build a conducive business climate. The positive impact of this approach can be seen in significant economic growth and active community participation in economic development.

Strong collaboration with the private sector and community organizations has created an environment that supports investment and business development. Giving the public a voice and their inclusion in the policy process has increased their sense of ownership in decision-making.

This research implies that a collaborative governance approach can be successfully applied in regional government strategic management to achieve sustainable economic development goals. By encouraging active participation and open dialogue, the local government of Malang City has created a conducive business climate that supports local economic growth.

These findings also have important policy implications. Local governments throughout Indonesia can consider implementing collaborative strategies in their strategic management to support inclusive and sustainable local economic growth.

5. Conclusions

This research investigates the strategic management of the Malang City regional government in building a conducive business climate from a collaborative governance perspective. By combining in-depth interviews with various stakeholders and analysis of policy documents, this research provides in-depth insight into the strategies that have been implemented and their impact.

The main conclusion of this research is that the local government of Malang City has succeeded in implementing a collaborative approach in its strategic management. They have created a conducive business climate that supports local economic growth by encouraging active participation and collaboration with the private sector, community organizations, and other stakeholders. The Public Consultation Forum (FKP) is an important factor in this success, providing a platform for discussion and inclusive policy formulation.

Policy innovations such as investment incentives, efficient licensing, and technical support have advanced key economic sectors such as tourism and creative industries. This reflects the regional government's commitment to stimulating economic growth through bold policy initiatives.

The positive impact of this collaborative approach can be seen in Malang City's economic growth, which reached 5.2% in 2022, exceeding the national average. In addition, active community participation in decision-making has increased, creating a strong sense of ownership in the economic development process.

This research implies that a collaborative governance approach can be successfully applied in regional government strategic management to achieve inclusive and sustainable local

economic growth. It guides other local governments to consider a similar approach to create a conducive business climate and support sustainable economic growth.

In conclusion, this research highlights the importance of cooperation, open dialogue, and active participation in achieving economic development goals at the regional level. To create a conducive business climate, local governments must continue to innovate in policies and collaborate with various stakeholders to achieve inclusive and sustainable economic growth.

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