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**MULTI STAKEHOLDER INITIATIVE PRACTICES:  
PROMOTION OF GOOD GOVERNANCE  
(A CASE OF COMMUNITY EMPOWERMENT PROJECT IN  
PESANGGRAHAN VILLAGE, BATU DISTRICT, CITY OF BATU, EAST  
JAVA, INDONESIA)**

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**ABSTRACT**

The research aims to look at the multi stakeholder initiatives practices in the community empowerment in Pesanggrahan Village, Batu City, East Java. Multi stakeholder initiatives are the form of collective arrangement to realize the development by prioritizing the process with much diversity. The purposes of this research are: First, to identify the number of stakeholders attending the empowerment program in Batu City; Second, to identify by characterizing and typologizing the stakeholders; and Third, to analyze good governance in the development

The research used qualitative method with management tool of Stakeholder Analysis. The analysis aims to evaluate and understand the stakeholder from the organizational perspective, or to determine the relevance to the project or policy. Data collection was achieved by structured interview and observation as well as documentary study.

There were 10 stakeholders attending the empowerment program in Pesanggrahan Village. The stakeholders in this empowerment program were divided into 2 types: the primary stakeholder, which is the farmers and secondary stakeholder from the government, private sector, and civil society. Additionally, in this stakeholder analysis, the research found 6 typologies of stakeholders related to the empowerment effort in Pesanggrahan Village: dormant, dominant, discretionary, demanding, dependent and definitive stakeholder.

The governmental organization with many stakeholders actually showed the pattern of good governance policy with participation and trust principles. Implementation of good governance with participation and trust principles also showed the pattern of multi stakeholder initiatives. These multi stakeholder initiatives were able to answer the challenge of development that is bottom-up, participative and democratic. This cannot be separated from the "devolved" development model, that is the development with commitment of decentralization/transfer of authority.

**Keywords:** stakeholder analysis, community empowerment, good governance.

**1. INTRODUCTION**

Community empowerment is an effort of development which emphasizes on the development of human mental. This development is the antithesis of development which

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assumes the economic growth. The development emphasizes more on the human capacity, not just the economy. With the improving human capacity, it is expected that they become the individuals who will recognize the problems and find the solution. If every individual has this capacity, the overall development will be relatively better. This community empowerment emphasizes the community participation. Intensive participation of the community is believed to maintain the program sustainability. According to Ahmad and Thalib, 2014, the community empowerment has 3 main components: community participation, capacity building, and information access.

This empowerment is the form of development based on the bottom-up principle of development. This kind of development seeks the development which arises from the community. Development is the form and wish of the community needs. An empowerment program may be initiated by various parties such as the government, private in the Corporate Social Responsibility (CSR) or non-Government Organization (NGO) both individuals and group. In the work process, the empowerment program may be in form of provision of fund/goods by means of grant or training activities.

Empowerment is also meant as the activities to provide assistance to the community to be self-empowering. Community empowerment initiator must also provide opportunity to the community to be able to voice the needs and that the community has a strong voice to influence the decision maker (Adamson, 2010).

Empowerment program is widely distributed in Batu City. Based on the Statistics Agency, in 2014, it was known that the empowerment program in Batu City were, among them, in economic sector in form of circulating fund for agriculture capital, circular fund for non-agriculture fund (mining, industry, trading, tourism, and service), circular fund for cultivation productive business (planned activities for natural resources preservation such as: animal cultivation, plants cultivation or usually called on farm), and non-cultivation (not related to the natural resources such as handicraft, trading, transportation, workshop). Additionally, there were also empowerment activities in social field which includes the improvement of productive skills, improvement of marketing skills for product, social community strengthening.

In the organization of empowerment activities, the role of stakeholders was considered as integral part. Stakeholder is defined as any party which is influenced and influencing a decision (Johnson et al., 2013). Their existence is the important things to understand in the development project. Stakeholder in any development project must be



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identified in regard with its interest and role. This must be done in order to predict and evaluate the development in progress or the one already completed. Identification of stakeholder came from the science tradition of management, politics, and policy that has been developing into a systematic and applicative tool to find out the existing of environmental as well as the future condition of an institution (Brugha & Varvasovzky, 2000).

Identification of stakeholder is then called Stakeholder Analysis. Stakeholder analysis aims to take strategic measures in the implementation of organization/program/project as follows:

*"Stakeholder analysis can be used to generate knowledge about the relevant actors so as to understand their behavior, intentions, interrelations, agendas, interests, and the influence or resources they have brought – or could bring – to bear on decision-making processes. This information can then be used to develop strategies for managing these stakeholders, to facilitate the implementation of specific decisions or organizational objectives, or to understand the policy context and assess the feasibility of future policy directions"* (Brugha & Varvasovzky, 2000)

The importance of stakeholder analysis became the main reference of the researcher to review the community empowerment program in Batu City. Additionally, the researcher assumed that by knowing the multi stakeholder attending a public interest and community, it shows the degree of good participation in the good governance. Good governance refers to DFID (Department for International Development) 2012, which is an institution, regulation and system of state that operates from the central to regional level and to observe how the state interacts with the individual citizen, civil society and private sectors. (Grindle, 2007). Participation in several elements of public interest shows the continuous coordination effort between the state, private, civil and individual. Coordination and interaction between elements in the community has created a level of democracy in the statesmanship of good governance participation.

In this research, the researcher would focus to three studies: First, to identify the number of stakeholders attending the empowerment program in Batu City; Second, to identify by characterizing and typologizing the stakeholder's interest; and Third, to analyze good governance in the local development. The research location was in Pesanggrahan Village, Batu Subdistrict. The location was selected by the research based on the data from BPS that in 2014, it was known that the region received all empowerment activities which includes the economic aspect of circular fund for business capital and social aspect of community skills improvement.

## 2. RESEARCH METHOD

The research method used qualitative method with management tool of Stakeholder Analysis. The analysis aims to evaluate and understand the stakeholder from the organizational perspective, or to determine the relevance to the project or policy. The proposed questions were related to position, interest, influence, relevance, network and characteristics of other stakeholders (Brugha & Varvasovzky, 2000).

Data collection was achieved by structured interview and observation as well as documentary study. Structured interview was conducted by various stakeholders which were directly involved in the community empowerment in Pesanggrahan Village, in this case the Head of Village and recipient of empowerment program of Farmer Group. After obtaining the data of structured interview, the next step is to conduct stakeholder analysis using the attributes of power, legitimacy, and urgency. The use of stakeholder analysis in combination based on the attributes of power, legitimacy, and urgency may result in the typology of stakeholder and their important meaning to the institution/program or project (Mitchell, Wood, & Agle, 1997b).

The typological model of stakeholder may be seen in the following figure:

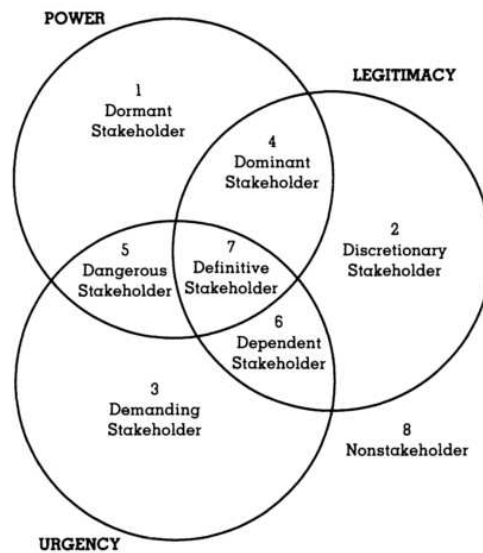


Figure 1 A Model of Stakeholder Typology  
Source: (Mitchell et al., 1997b)





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### 3. RESULT AND DISCUSSION

#### **Pesanggrahan Village: Area Potential, Village Problems and Empowerment Program**

Pesanggrahan Village has the resources of agriculture and animal husbandry. The village has undergone land conversion for the expansion of housings and residential area. The agricultural commodities produced in the area are vegetables, coffee and clove and apple. Coffee has been the commodity since the Dutch colonization, however its price was dropped significantly so that the farmers were unable to fulfill their needs. Apple can no longer be planted in Pesanggrahan Village because the change of temperature due to the land conversion, and the surviving plants were vegetables.

Farmer group in Pesanggrahan Village were 8 groups consisting of 225 farmers. The groups were Sumber Hasil 1, Sumber Hasil 2, Sumber Hasil 3, Sumber Hasil 4, Tirtojoyo, Trito Barokah, Urip Sejahtera, Margojoyo and also Women Farmer Group of Manisa Toyomerto. Other organizations in the village were: Gapoktan (Gabungan Kelompok Tani) and LMDH (Lembaga Masyarakat Desa Hutan) called Wana Tani. These farmers received many aids and distribution of tools, fertilizer, and seeds from the Office of Agriculture.

Frequently, the aids from the Office of Agriculture were not really needed by the farmers. Not all farmers can enjoy the agricultural tools from the Office of Agriculture which actually were meant to improve the produce. When they received the tools, many farmers cannot operate them. Eventually, the tools were enjoyed individually while in fact they are actually the assets of farmer group organization. Some problems in the field were that the tools are difficult to move if other farmers are going to use the tools and the location of the field between the farmers are relatively far, and the farmers must also bear the cost of fuel, and must pay the contribution to the organization of they are going to use the tools. The problems made the farmers to decide to continue the manual working system.

The empowerment program in Pesanggrahan Village was realized in form of aids and training. Iniator of empowerment program varies from the government to NGO. Empowerment program identified by the researcher were as follows:





**Table 1. Community Empowerment Program in Pesanggrahan Village year 2017**

No.	Name of Empowerment Program	Agent Conducting the Empowerment	Target of Empowerment
1.	Training for cow waste utilization into biogas.	LSM Merah Putih	Cows Farmers
2.	Assistance of biogas installation tool	PT. Petrokimia Gresik	Cows Farmers
3.	Training for dairy processing into several products such as milk with various flavor, candy, yogurt.	Office of Agriculture and Foresry of Batu City, Office of Food Defense of Batu City and the University	Women Farmer Groups
4.	Assistance for marketing the dairy products during the exhibition of SMEs in batu city hall.	Office of Cooperative, Trading and Industry of Batu City.	Women Farmer Groups
5.	Assistance of cattle: meat cow, dairy cow and goat.	Office of Agriculture, Batu City	Cows Farmers
6.	Assistance of tools, fertilizer and seeds	Office of Agriculture, Batu City	Farmer Group
7.	Assistance of grass chopper.	Village Unit Cooperative (KUD)	Farmer Group
8.	Training in food products for Batu specialties.	Office of Cooperative, Trading and Industry of Batu City.	Women Farmer Groups
9.	Training in the coffee processing, and upgrading the knowledge on coffee of new varieties.	NGO	Farmer Group
10.	Provision of demonstration plot for the development of new varieties.	Foreign company from Taiwan	Farmer Group
11.	Circular fund or saving and loan fund to fulfill the operational cost of the farmers	Joint Farmer Group	Farmer Group
12.	Training and assistance of organic plants	Office of Agriculture	Youth Organization

**Source: Researcher Analysis, 2017**

### Identification of Characteristics and Typology of Stakeholder

Stakeholder is any party involved in a program. Stakeholder may also be defined as all groups or individuals who influence and influenced by achievement of organization (Freeman, 1984 in Slabá, 2015). Other definition of stakeholder, according to Reds, 2008 in Johnson et al., (2013) is any party who influences and influenced by a decision. Actually, there are many disagreements among the expert regarding the definition of stakeholder, about what entity does it explain as the focus, whether it is a group, person, organization, institution or even natural environment. (Mitchell, Wood, & Agle, 1997a).



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However, if we try to further review, the stakeholder may refer to all "stake" or any parties involved and have each role in achieving organization goals/program which may be in form of individuals or group.

Data in the field showed that there are 2 characteristics of stakeholder attending the empowerment program in Pesanggrahan Village: the primary and secondary stakeholder. Primary stakeholder is any party being affected by a program or the target of the program. Primary stakeholder is the important stakeholder because its existence depends on the organizational goals/purpose and therefore the organizational goals/purpose also depend on the stakeholder (Slabá, 2015). Secondary stakeholder is the intermediary that may influence the purpose and achievement of the organization or project (ODA, 1995 in Brugha & Varvasovzky, 2000). This party can also be said as the program implementor. The followings are the identification of any parties interested in the community empowerment program in Pesanggrahan Village. The number of stakeholder being identified was 11 parties included into the primary and secondary stakeholder.

**Table 2. Identification of Stakeholder based on the Attribute of Power, Legitimacy and Urgency**

Stakeholder	Power	Potential Project Impact	Legitimacy	Urgency
<b>Primary Stakeholder</b>				
Farmer	-	+/-	High	1
<b>Secondary Stakeholder</b>		+		
Farmer Group	Mass-power based		High	2
City Office of Agriculture	Preparing the rules and implementing the institutional program	+	High	
City's Office of Trade and SMMEs	Preparing the rules and implementing the institutional program	+	High	
Village Government	Implementing the planning and implementation function of the village development	+/_	High	
Village Government-Owned Enterprises (Bumdes)	Implementing the planning and implementation function of the village development	+	Moderate	



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NGO	Inventor of idea/technology and broad distribution to the community	+	Moderate
Foreign Company	Financial power to run the Corporate Social Responsibility program	+	Low
PT Petrokimia	Financial power to run the Corporate Social Responsibility program	+	Low
Youth Organization	Community group-based for the development of youth capacity	+	High
University	Inventor of idea/technology and broad distribution to the community	+	High

Source: Researcher Analysis, 2017

Notes:

1. Stakeholder : Stakeholder
2. Primary stakeholder : Stakeholder that mostly receives the benefits of the program
3. Secondary stakeholder : Intermediate role or actor of empowerment
4. Power : Power in hand
5. Potential project impact : Contribution of actor in the program. May be positive or negatif. Positif means the actor's interest may contribute to the successful program while negative means the actor's interest may contribute to hinder the program.
6. Legitimacy : Degree of the community to admit and legitimate the stakeholder authority.
7. Urgency : The most important actor in contributing to the successful empowerment program. hierarchically from 1 that represents the most important actor. 2 is rather important





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From 11 parties, the researcher has set the typology into 3 main attributes based on the ownership of power, legitimacy and urgency so that included in the following typology:

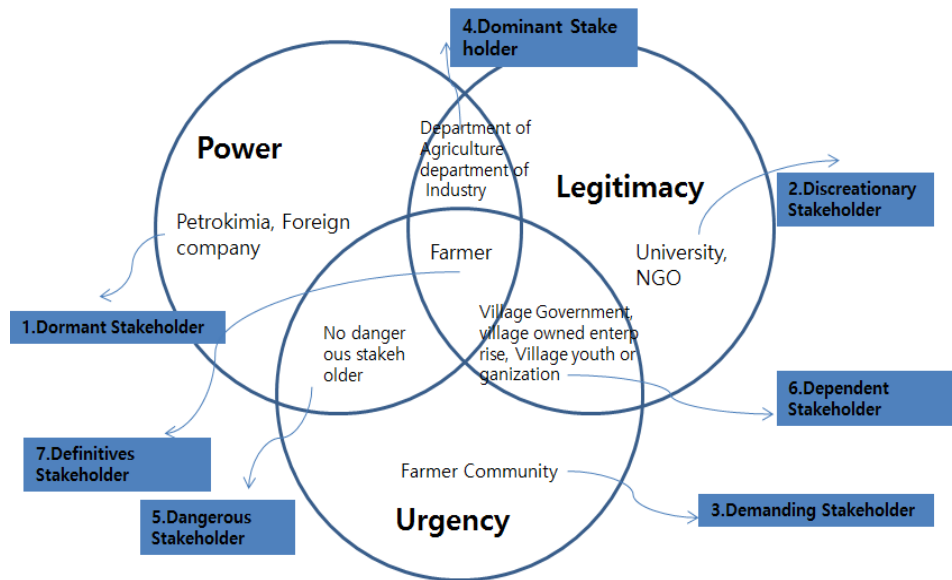


Figure 2 Mapping and typology of stakeholder in Pesanggrahan Village

Table 3 Mapping and Role of Stakeholder in Pesanggrahan Village

Typology	Roles	Stakeholder
Dormant Stakeholder	Possess power to impose their will but by not having a legitimate relationship or an urgent claim	Petrokimia, Foreign company
Discretionary Stakeholder	Possess the attribute of legitimacy, but they have no power to influence and no urgent claim	University, NGO
Demanding Stakeholder	With urgent claims but having neither power nor legitimacy	Farmer Community
Dominant Stakeholder	Where stakeholders are both powerful and legitimate, their influence is assured	Department of Agriculture; department of Industry
Dangerous Stakeholder	Stakeholder will be coercive and possibly violent	-
Dependent Stakeholder	Stakeholders who lack power but who have urgent legitimate	Village Government, Village owned

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		enterprise, Village youth organization
Definitive Stakeholder	Priority	Farmer

**Principle of Good Governance: Participation, Trust and Multi Stakeholder Initiative**

From the identification result of stakeholder above, it was known that there were many stakeholders contributing in the empowerment program. This actually shown the form of participation from various actors in the society in the development. Participation in various elements of the community in the government shown the principle of Good Governance, According to the DIFD statement, Good Governance tells us how the state system, either executive, judiciary, and military may interact with individual citizen, civil society and private sector (Grindle, 2007). Active participation is important in the democratic development. With various contributing stakeholders, variation in the development will emerge and finally acceptable by the community. Hopefully, all elements of the community will take part in the development so that the development will be maintained and sustainable and most importantly, the community receives direct benefit of the development.

Good Governance cannot be separated from the trust of the community to the government. Trust means that the government has been functioning in any way that is loved by the people (Bouckaert & van de Walle, 2003). This is how the government does the job by opening the opportunity as wide as possible to any individual to contribute in the development, without any exception. For example, in the observation result, the presence of foreign company granted with permission by the government that also participated in the community empowerment in the village.

Undeniably, may stakeholders in the community empowerment have indicated the high multi stakeholder initiatives. Multi stakeholder initiatives are the form of collective arrangement to realize the development by prioritizing the process with many diversities and interests. Multi stakeholder initiatives offer new governance which may respond to the continuous global challenges (Zeyen, Beckmann, & Wolters, 2016). Currently, the challenges of development is bottom up, participatory and democratic development. If only the state itself who manage the development, it will be very difficult, and therefore other parties considered capable to participate in the development should also take part. This new governance is the synergy between the government, civil society, and private





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sectors as well as the community itself. This is shown in the pattern of community empowerment activities in Batu City. Some stakeholders consisting of private sector, university and NGO were participating in the empowerment efforts.

The relationship and coordination between the stakeholder is in the devolved model position. The model assumes that the function of government is to transfer the authority to the government below. This model is the product of reform design and has strong commitment for decentralization (Meredith, Halligan, Horrigan, & Nicoll, 2012). In this research, it was found that the city government has no longer the primary role in executing the development, and transfers the development authority to the villages. Although it is clear that the agency and offices in the city government has played many roles in the empowerment efforts, however, many other actors were contributing to the empowerment program in Pesanggrahan Village.

### **4. CONCLUSION**

Empowerment is the activity to improve the access, asset and capacity of the community. The main purpose of the empowerment is the development of human mental and capacity. In Pesanggrahan Village, many community empowerment programs were conducted by many actors. The actor is not only the government but also civil society and private sectors. At least there were 10 stakeholders attending the empowerment program in Pesanggrahan Village divided into 2: primary and secondary stakeholders. Additionally, the stakeholder in this empowerment activities consists of 6 typologies of stakeholders: dormant, dominant, discretionary, demanding, dependent and definitive stakeholder.

The execution of this kind of government showed the pattern of good governance policy with participation and trust principles. Participation can be seen from the activeness of stakeholder to contribute in the empowerment effort. The trust can be seen from the stakeholder attitude to trust the government. In this case, the government has opened the opportunity as wide as possible to any parties to participate in the development. To this opportunity, other stakeholders may try to take the same effort with the government in terms of empowerment. Other stakeholders will place the trust to the government that the government will support their effort.

Implementation of good governance with participation and trust principles also showed the pattern of multi stakeholder initiatives. Multi stakeholder initiatives are capable to answer the challenges of development to be bottom up, participatory and



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democratic. The emergence of multi stakeholder initiatives cannot be separated from the “devolved” development model, that is the development with commitment of decentralization/transfer of authority.

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