

The Penta Helix Collaboration Model in Developing Centers of Flagship Industry in Bandung City

Herwan Abdul Muhyi*

Business Administration Department, Faculty of Social and Political Sciences, Universitas Padjadjaran

Arianis Chan

Business Administration Department, Faculty of Social and Political Sciences, Universitas Padjadjaran

Iwan Sukoco

Business Administration Department, Faculty of Social and Political Sciences, Universitas Padjadjaran

Tetty Herawaty

Business Administration Department, Faculty of Social and Political Sciences, Universitas Padjadjaran

— *Review of* —
**Integrative
Business &
Economics**
— *Research* —

ABSTRACT

The City Government of Bandung implements policies which relate to industry and trade by developing seven regions of industrial centers. They are Binong Jati Knitting Industry and Trade Center, Cigondewah Cloth Trade Center, Cihampelas Jeans Trade Center, Suci Shirt Industry Center, Cibaduyut Shoes Industry Center, Center of Tofu and Tempeh of Cibuntu, and Sukamulya Doll Industry Center. Those seven regions are potential industrial areas and they become icons of Bandung which encourage the increase of tourist attraction. This research was focused on collaboration and it used the qualitative research method. The informants are key persons of local government, business, academicians, community and media. This research used observation, in-depth interviews and focused group discussion, study of literatures and documents to gain data and information. Triangulation technique was used to verify and check the validity of data. This research finds five parties involved in developing centers of flagship industry in Bandung City: academicians, business, community, the government and media. The problems that occurred in the relationship among them (stakeholders) are: first, the lack of coordination; second: the lack of commitment, third: the effect of global environmental threats, for example Chinese products that create difficulties for flagship industry owners. This condition affects the business performance of flagship industry centers. Therefore, it cannot make the benefit for local economic development as expected.

Keywords: Penta Helix Collaboration Model, Developing Centers of Flagship Industry

I. INTRODUCTION

Bandung City has seven industrial centers. They are Binongjati Knitting Industry and Trade Center, Cigondewah Cloth Trade Center, Cihampelas Jeans Trade Center, Suci Shirt Industry Center, Cibaduyut Shoes Industry Center, Center of Tofu and Tempeh Cibuntu and Sukamulya Dool Industry Center. Those industrial centers are potential sources for improving business activity and local income of Bandung City.

Based on the research, there are five stakeholders in developing centers of flagship industry in Bandung City. Therefore, this collaboration is called penta helix. The term *penta helix* is often heard in seminars or discussions. It focuses on developing entrepreneurship or small and medium enterprises by academicians, business, community, government and media. Stakeholders are defined as every group or individual that influences or is influenced by organizational objective achievement (Freeman, 1984).

The existing condition of relationship among stakeholders is still divided. Therefore, the impact of collaboration is not optimal in developing centers of flagship industry in Bandung City.

The problems of collaboration in this case are lack of coordination and lack of commitment among stakeholders. The example is coordination between the government and industrial community in designing the training program. Sometimes, in some programs the content of training is irrelevant to the needs. Communication among the parties is not effective enough for a partnership process among stakeholders.

The role of each party in this partnership is described in this pre-observation and early interview. Academicians in Bandung City have a role as the advisor and they facilitate the development from scientific and knowledge perspectives. Ideas and methods from academicians contribute to the government's policy making process. Business is an entity which conducts the business process in creating value added and maintains sustained growth. Community has a significant role in improving centers of industry. Community is a facility for businessmen in developing and strengthening business entities. The government is a regulator and catalyst in developing centers of flagship industry. Media is a channel of industry to promote and make brand image.

II. LITERATURE REVIEW

The 'Penta-Helix Model' is based on five stakeholder types: businesses, public administration, local residents, the knowledge sector and capital. The model is very useful for multi stakeholder problem areas where stakeholders represent a range of interests on a site or problem. Penta helix (Lindmark, Stureson & Roos, 2009: 24) is an extension of the triple helix strategy by involving various elements of the community or non-profit institutions in order to realize the innovation. Through synergistic collaboration it is expected to realize an innovation that is supported by a variety of resources that interact synergistically.

Academicians are knowledge resources. They have concepts, theories in developing business to gain sustainable competitive advantage. Community is the people who have same interest and relevant to business that developed. Government is one of stakeholders who has regulation and responsibility in developing business. Business is an

entity which has the activity in processing goods or services to be valuable. Meanwhile, media is the stakeholder that has more information for developing business and plays a strong role in promoting business.

Jamal and Getz in Zaini, et al. (2009) has stated that partnership needs collaboration not cooperation in short term.

Partnership model from Mohr and Spekman (1994) is used to describe penta helix collaboration model among stakeholders.

1. Attribute

” suggest that certain procees related constructs help guide the flow of information between partners, manage the depth and breadth of interaction and capture the complex and dynamic interchange between partners acknowledge their mutual dependence and their willingness to work for the survival of the relationship. These attributes include commitment, coordination, interdependence, trust, power”.

2. Communication Behavior: *“ indicate that partnerships must have effective communication, including communication quality, information sharing and participation in goal and planning”*

3. Conflict Resolution Techniques

“Conflict often exists in interorganizational relationships due to the inherent interdependencies between parties. Given that a certain amount of conflict is expected, an understanding of how such conflict is resolved is important. The impact of conflict resolution on the relationship can be productive or destructive. Thus, the manner in which partner resolve conflict has implications for partnership success.”

III. RESEARCH METHOD

This research used qualitative research method as explorative research that not structured with the small sample size to describe problem situation, Malhotra (2009). The object of this research is social situation in centers of flagship industry in Bandung City:

1. *Place*, seven centers of flagship industry in Bandung City.
2. *Actor*, key persons of academicians, business, community, government and media
3. *Activity*, collaboration activity among parties.

IV. RESULTS AND DISCUSSION

To describe and analyze the penta helix collaboration in developing centers of flagship industry in Bandung City, this section will present the performance of centers of flagship industry and penta helix condition in developing centers of flagship industry in Bandung City.

4.1. The Seven Centers of Flagship industry Development

Knitting Industry Center of Binong Jati is one of small industrial centers which have considerable potential in employment and its contribution to the economy of the city of Bandung. In 2012 as many as 293 business units were able to absorb 2,143 workers. Total population of business owners existing in Knitting Industry Center of Binong Jati comprises 120 business units (Binong Jati Knitting Industry, 2015).

According to the results of interviews with business owners surveyed, since the late of 2010 the volume of their sales has continued to decline. In the current state of research, they revealed their sales volume was generally between 50 and 240 dozen per month. Some business units sell more than 240 dozen per month. The fall of sales volume was due to a decline in consumers' demand. One of the causes of the drop in demand is the emergence of similar knitted goods imported from abroad at a cheaper price. The Head of the Office of Industry and Trade of West Java, Ferry Sofwan Arif, explained that in order to give impetus, the office is ready to facilitate the creative economic development so that the product continues to grow. Creative industry that has grown in several areas includes Suci Shirt Industry Center and Binong Jati Knitting Industry and Trade Center. One measure to encourage creative industries has been realized in cooperation with the Bandung Techno Park for e-commerce activities. E-Commerce is part of the introduction of products and the means of promotion through e-commerce has been calculated in the pricing decision. The trend of development of creative industries in Indonesia has now reached seven percent.

Based on the data in 2011 Shoe Industry Center of Cibaduyut has a number of 577 business units with an investment of Rp19 billion. They absorb the workforce of three thousand people. Meanwhile, the problem they face are relatively high price of raw materials, product that has not yet been standardized, the workers' demand for a better wage that makes the shoe industry suffer a slump and inadequate infrastructure such as parking lots, drainage and sidewalks. The center is made up of 577 business units that produce various kinds of footwear. The production capacity per year is 3,114,022 pairs of footwear with an investment of Rp19 billion. This industry center has absorbed 3,008 workers. The industrial center is excellent at the technique of making hand made shoes. Up to now, businesspersons of shoe industry still raise question about the unavailability of business loan for cooperatives, so that the loan is still borne by the entrepreneurs themselves. Shoemakers in Cibaduyut Bandung also asked the government to pay attention to imported products from China given the competitiveness that is likely to decline. Besides that, businessmen also asked the government to pay attention to the artisans especially how to raise the skills of human resources for better quality and innovation of the product. Meanwhile, in the shoe industry center of Cibaduyut there is an organization that involved in SME named COMPACT (Community of Footwear Entrepreneurs). Through their organization businesspeople can exchange information or ideas on the business in which they live.

Cigondewah Cloth Trade Center originated from textile waste processing business run by local residents in the early 1990s. This area is rapidly evolving into a regional sales center of fabric. Cigondewah has developed faster after the City Government of Bandung made it an industrial and trade center along with other industries. The City Government of Bandung began to revitalize Cigondewah Cloth Trade Center in 2012. Currently 11,000 square meters of land in the area of Cigondewah has been acquired by the City Government of Bandung.

Suci Shirt Industry Center was pioneered by approximately 75 printing businesses that operated in the region in 1990. A quite high turnover of the T-shirt screen printing industry then drew a number of newcomers who wanted to get benefit from ready-made clothing industry, so that the number of craftsmen was increasing. Chairman of Cooperative of Suci T-shirt Craftsmen, Marnawi Munamah, said in 2015 the turnover of

production of Suci Shirt Industry Center just touched the figure of 50 billion rupiahs, down 20% compared to 2014 which reached 60 billion rupiahs. According to him, one of the causes of the decline in the turnover was less competitive local products compared to imported products which are much cheaper. Besides that, the majority of craftsmen in Suci Shirt Industry Center have difficulties to innovate mainly because they still use conventional production technology. He also highlighted that there was lack of promotional support from the City Government of Bandung. In fact, promotion is essential to maintain the competitiveness of T-shirt creative industries of Suci.

Sukamulya Doll Industry Center is supported by approximately 17 craftsmen with a production capacity of 768,940 units per year with a total investment value of Rp2.691 billion and it absorbs the workforce of 212 people. In a situation of retaining their business as it is today, a manufacturer is only able to record a total turnover of Rp20-30 million/month. It can be compared to the amount of turnover in the 2000s, when a manufacturer of dolls was able to purchase two units of motor vehicles in a year. The dolls are sold at a price between Rp15,000 and Rp 4 million each. Meanwhile, stuffed mattresses are sold at a price of Rp310,000 to Rp500,000 per unit.

In Cibuntu Tofu Industry Center some variants of tofu are produced by the makers of Cibuntu tofu, including yellow and white tofu. Currently, they also produce round and stick tofu. Cibuntu tofu has an advantage over other tofu because it is odorless and has a savory taste. That is because the process of making Cibuntu tofu is done manually, using natural preservatives (turmeric) and through close monitoring so that the quality can be maintained properly.

Cihampelas Jeans Industry Center in the 1990s was able to produce a turnover of Rp200 million, but in 2011, the turnover dropped to Rp25 million. As for the total jeans and fashion outlets there, there are 59 outlets. Other outlets are categorized as jeans shops (27 outlets) and distributors (18 outlets).

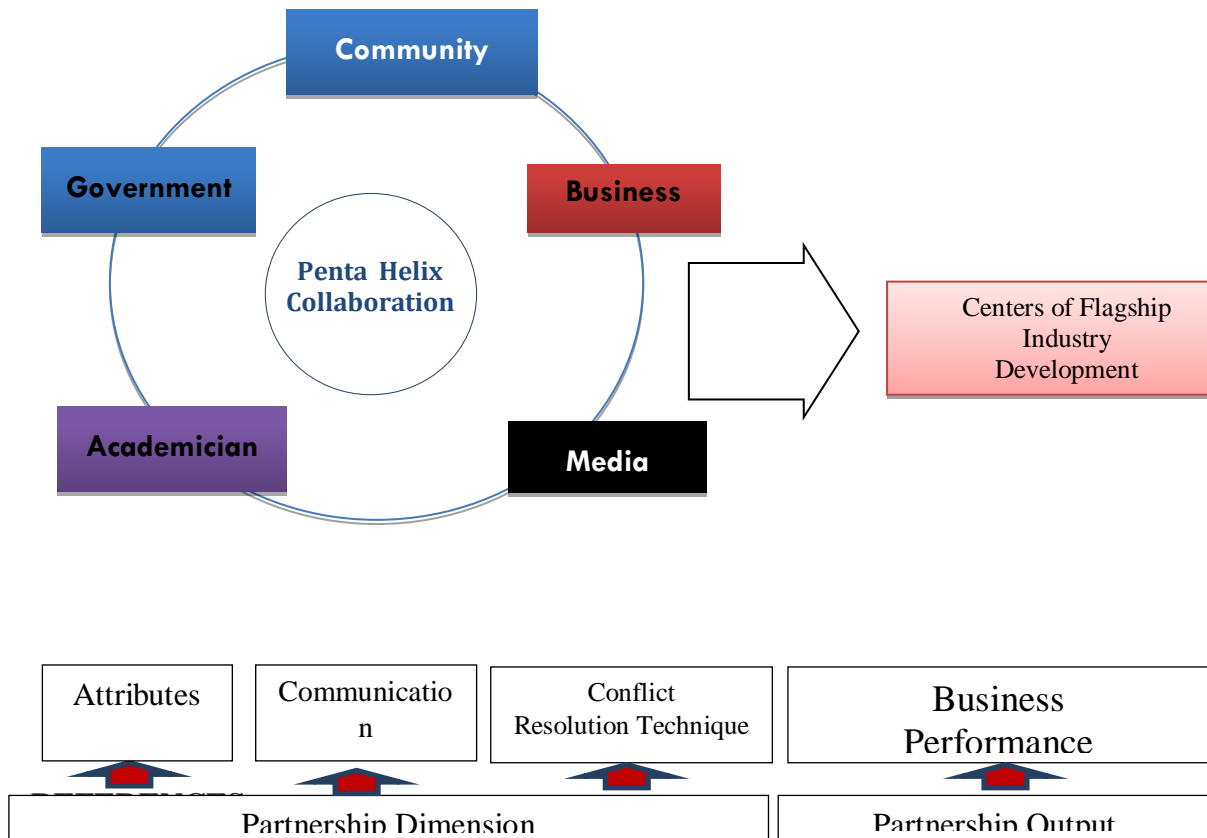
Based on the research and discussion above, we found an integrative model of partnership between stakeholders in implementing the features in growing industrial centers in Bandung.

4.2. Penta-Helix Model in Developing Centers of Flagship Industry in Bandung City

The development of partnerships in developing the seed of industry in Bandung involves five parties or stakeholders. They are:

1. The Government
2. Communities
3. Business
4. Academicians
5. Media

In the first year of the study, researchers found three parties of partnership. However, after searching further, we found other stakeholders that cannot be ignored. They are academicians and media.



REFERENCES

- [1] Freeman, R.E. (1984). *Strategic Management: A Stakeholder Approach*. Boston: Pitman.
- [2] Mohr, J. and Spekman, R. (1994). "Characteristic of partnership success: partnership attributes, communication behavior and conflict resolution techniques", *Strategic Management Journal* (1994), p.135.
- [3] Stureson. Elof; Lindmark, Adam and Nilsson Roos. Markus, (2009). "Collaboration for Innovation - A Study in the Öresund Region", Sweden: Lund University Libraries.