



IMPLEMENTATION OF COLLABORATIVE GOVERNANCE IN THE DEVELOPMENT OF MSME DIGITALIZATION IN THE ERA OF SOCIETY 5.0

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Abstract :

This study aims to analyze the implementation of collaborative governance in the development of digitalization of Micro, Small, and Medium Enterprises (MSMEs) in the Society 5.0 era. MSME digitalization is a crucial strategy for increasing the economic competitiveness of communities amidst the increasingly rapid development of information and communication technology. However, the digitalization process cannot be carried out independently by MSMEs, requiring collaboration between the government, the private sector, academics, and the community. This study used a qualitative method with a descriptive approach through a literature review of various journals, books, and scientific documents related to collaborative governance and MSME digitalization. The results show that the implementation of collaborative governance can create synergy between actors in increasing MSME capacity through digital training, technology-based marketing, and strengthening digital market access. Supporting factors for the success of collaborative governance include effective communication, shared commitment, and technological support. Meanwhile, obstacles identified include low digital literacy, limited infrastructure, and minimal participation of some MSMEs. This study concludes that collaborative governance plays a strategic role in supporting the development of MSME digitalization in the Society 5.0 era.

Keywords: Collaborative Governance, Digitalization, MSMEs, Society 5.0, Public Administration

INTRODUCTION

The development of information and communication technology in the era of globalization has brought about major changes in various aspects of people's lives, including the economic, social, and governmental sectors. These changes are marked by the increasingly rapid use of digital technology in daily activities. The presence of the internet, social media, marketplaces, and various other digital platforms has transformed patterns of societal interaction, including in economic and business activities. This situation encourages the government and society to adapt to technological developments to stay ahead of global competition.

The Society 5.0 era presents a concept for a modern, human-oriented society that utilizes digital technology as a solution to various social problems. The concept of Society 5.0 was first introduced by the Japanese government as a form of transformation from the Industrial Revolution 4.0, which emphasized the use of automation technology. In Society 5.0, technology is used not only to



increase productivity but also to improve people's quality of life through the integration of the physical and digital worlds.

One sector significantly impacted by the development of digital technology is the Micro, Small, and Medium Enterprises (MSMEs) sector. MSMEs make a significant contribution to the Indonesian economy. The existence of MSMEs can absorb labor, reduce unemployment, increase community income, and drive regional and national economic growth. Based on various national economic data, MSMEs are the most dominant sector in Indonesia's economic structure.

However, the development of MSMEs in Indonesia still faces various challenges, particularly in the face of digital transformation. Many MSMEs have not been able to optimally utilize digital technology in their business activities. Low digital literacy, limited access to technology, limited digital marketing skills, and a lack of understanding of how to use digital platforms are major obstacles to the development of digital-based MSMEs.

Furthermore, technological infrastructure gaps persist in some regions, preventing the MSME digitalization process from running optimally. Not all MSMEs have adequate internet access or the technological devices to support digital business activities. This situation results in some MSMEs still using conventional marketing methods, making it difficult to compete with businesses that have already embraced digital technology.

In facing these challenges, the government cannot work alone. The issue of MSME digitalization is a complex one that requires the involvement of various parties. Therefore, collaboration is needed between the government, the private sector, academia, communities, the media, and the public to create joint solutions to support the development of digital-based MSMEs.

A collaborative governance approach is one strategy considered relevant for collaboratively resolving public issues. Collaborative governance is a form of government administration that involves various stakeholders in the decision-making process and implementation of public policy. Through collaborative governance, the government can build synergistic collaborations with various parties to improve the effectiveness of policies and public services.

In the context of MSME digitalization, collaborative governance can be realized through various forms of cooperation, such as digital training for MSMEs, assistance with marketplace use, development of digital product innovations, social media-based business promotion, and providing access to digital financing. The government can collaborate with technology companies, universities, digital communities, and financial institutions to support the digital transformation of MSMEs.

This intersectoral collaboration is crucial because each stakeholder has different resources and capabilities. The government has the authority to formulate policies and provide public facilities. The private sector has technological capabilities and access to digital markets. Academics have a role in research, education, and mentoring. Meanwhile, the public and communities have a role in supporting the sustainability of local MSMEs.

In the era of Society 5.0, the implementation of collaborative governance is becoming increasingly important because technological developments demand an adaptive, innovative, and participatory government system. The government is required to create open and collaborative governance to meet the challenges of modern development.

Based on this description, research on the implementation of collaborative governance in the development of MSME digitalization in the era of Society 5.0 is crucial. This research is expected to provide an overview of the forms of collaboration between stakeholders in supporting MSME digitalization and identify supporting and inhibiting factors for its implementation.

RESEARCH METHOD

This research uses a qualitative research method with a descriptive approach. The data sources used in this research are secondary data in the form of scientific journals, books, articles, and documents related to collaborative governance and MSME digitalization. Data collection techniques were conducted through literature studies by gathering various relevant references.

Data analysis techniques were carried out as follows: 1. Collecting data. 2. Classifying data. 3. Analyzing data. 4. Drawing conclusions.

RESULTS AND DISCUSSION

The implementation of collaborative governance in the development of MSME digitalization is carried out through the involvement of various actors with their respective roles and functions. Collaborative governance emphasizes the importance of cross-sector cooperation to resolve public issues effectively and sustainably. In the context of MSME digitalization, collaboration is carried out between the government, the private sector, academia, communities, the media, and the public.

The government plays a primary role as a facilitator and regulator in the MSME digitalization development process. The government is tasked with formulating policies, providing digital training programs, providing financial assistance, and building supporting infrastructure for digitalization. Various government programs such as digital marketing training, MSME mentoring, and the digitalization of financial transactions are concrete forms of government support for the digital transformation of MSMEs.

In addition to the government, the private sector also plays a crucial role in the implementation of collaborative governance. Technology companies and marketplaces provide support in the form of digital platforms that MSMEs can use to market their products online. The presence of e-commerce provides significant opportunities for MSMEs to expand their markets nationally and internationally.

Private companies also frequently collaborate with the government to provide digital training for MSMEs. This training covers social media usage, online marketing strategies, digital store management, digital payment applications, and product branding development. This training allows MSMEs

to improve their skills and understanding of how to utilize digital technology.

Academics contribute through research, education, and mentoring for MSMEs. Universities can assist MSMEs through community service programs, seminars, digital entrepreneurship training, and business consulting. Academic involvement is crucial because it provides theoretical and practical understanding of digital-based business development strategies.

Communities and society also play a crucial role in supporting MSME digitalization. The public can help promote local products through social media and promote the use of MSME products in everyday life. Digital communities also play a role in providing information and mentoring regarding the use of digital technology to MSMEs.

The implementation of collaborative governance in MSME digitalization focuses not only on the use of technology but also on building strong cooperative relationships between stakeholders. Trust, communication, coordination, and shared commitment are crucial factors for successful collaboration.

In practice, collaborative governance has resulted in various digital-based MSME development programs. These programs include marketplace training, business social media mentoring, digital packaging development, cashless payment methods, promotions through digital platforms, and the development of technology-based product innovations.

MSME digitalization has a positive impact on increasing business productivity and competitiveness. Through digital marketing, MSMEs can reach a wider consumer base without being limited by geographic location. Furthermore, the use of digital technology also helps businesses improve operational efficiency and accelerate customer service.

However, the implementation of collaborative governance in MSME digitalization still faces various challenges. Not all MSMEs have the same digital capabilities. Some businesses, particularly in rural areas, still struggle to use digital technology due to limited education and access to information.

Furthermore, coordination between stakeholders is sometimes suboptimal. Some MSME digitalization programs are still sector-specific and therefore not well-integrated. Therefore, improved coordination and synergy between actors are needed to ensure a more effective implementation of collaborative governance.

Overall, collaborative governance is a relevant approach to developing MSME digitalization in the Society 5.0 era. Strong collaboration between stakeholders can generate innovation, increase MSME capacity, and support sustainable economic growth.

Supporting Factors for Collaborative Governance

The successful implementation of collaborative governance in the development of MSME digitalization in the Society 5.0 era is largely determined by several interrelated supporting factors. These factors create a conducive ecosystem for effective multi-stakeholder collaboration.

Several factors supporting the success of collaborative governance in

MSME digitalization include:

1. Effective Communication Between Actors

Communication is the main foundation of collaborative governance because it involves various actors with different interests and perspectives. In the context of MSME digitalization in the Society 5.0 era, effective communication enables the exchange of accurate information between the government, business actors, academics, and the community.

Regular discussion forums, both online and offline, create an open dialogue space to identify the specific needs of MSMEs in their digital transformation. The use of digital communication platforms such as a shared monitoring dashboard also facilitates transparent information regarding the progress of the digitalization program, allowing all stakeholders to monitor achievements and challenges in real time.

2. Shared Commitment from All Stakeholders

Shared commitment is the glue that unites the vision and mission of each actor in the MSME digitalization collaboration. In the era of Society 5.0, which emphasizes the integration of technology with humanitarian values, this commitment is reflected in the willingness of each party to allocate resources—whether financial, technical, or human—to achieve common goals.

The government demonstrates commitment through supportive policies and adequate budget allocation. The private sector contributes through CSR programs and strategic partnerships. Academics play a role in research and capacity development. Meanwhile, MSMEs themselves demonstrate commitment through their willingness to learn and adapt to new technologies. This alignment of commitments creates synergy that accelerates the digitalization process.

3. Technology Support and Digital Infrastructure

The Society 5.0 era demands adequate technological infrastructure as a primary prerequisite for MSME digitalization. Technological support includes a stable internet network, accessible e-commerce platforms, secure digital payment systems, and easy-to-use business management applications.

Developments in artificial intelligence (AI), the Internet of Things (IoT), and big data analytics technologies open up opportunities for MSMEs to improve operational efficiency and expand market reach. Within a collaborative governance framework, the government can partner with technology companies to provide MSMEs with access to these technologies at affordable costs.

4. Active and Inclusive Stakeholder Participation

Meaningful participation from all stakeholders is key to effective collaborative governance. In the context of Society 5.0, which prioritizes a human-centered approach, participation is not only defined as presence but also substantive involvement in the decision-making process.

MSMEs need to be involved from the digitalization program planning stage to ensure that the resulting solutions truly meet the needs on the

ground. Participatory mechanisms such as deliberations, focus group discussions (FGDs), and needs surveys are important tools for gathering aspirations. Inclusive participation also means providing space for MSMEs across various scales and sectors, including those in remote areas.

5. Facilitative Collaborative Leadership

An additional crucial supporting factor is the presence of collaborative leadership capable of facilitating the collaboration process in a neutral and constructive manner. Collaborative leaders act as liaisons between actors, mediators of conflict, and catalysts for innovation. In MSME digitalization, this leadership can be played by relevant agencies, business associations, or independent institutions trusted by all parties.

Factors Inhibiting Collaborative Governance

In addition to supporting factors, the implementation of collaborative governance in the digitalization of MSMEs in the Society 5.0 era also faces various challenges and obstacles that need to be anticipated and mitigated.

1. Low Digital Literacy of MSMEs

The digital literacy gap is a fundamental obstacle to the digitalization of MSMEs. Most MSMEs, especially those older or in rural areas, are still unfamiliar with the use of digital devices and modern business applications.

This condition creates resistance to change and slows technology adoption. In the Society 5.0 era, which demands the integration of advanced technology, this gap can widen the gap between MSMEs that are able to adapt and those that are left behind. Efforts to improve digital literacy through ongoing training are an indispensable prerequisite for collaborative governance.

2. Infrastructure Limitations in Certain Regions

Digital infrastructure disparities between regions remain a serious challenge in Indonesia. Limited high-speed internet access, the lack of stable electricity, and limited hardware in 3T (Frontier, Outermost, and Disadvantaged) regions hinder the equitable distribution of MSME digitalization.

Within the framework of collaborative governance, these disparities require intensive collaboration between the central government, regional governments, and the private sector to accelerate infrastructure development. Without equitable infrastructure, the vision of an inclusive Society 5.0 will be difficult to realize.

3. Imbalanced Participation Between Actor Groups

Not all stakeholders have the same capacity and motivation to participate in collaborative processes. Inequality of resources, differing interests, and information asymmetry can lead to the dominance of certain parties in decision-making.

In practice, the voices of micro and small MSMEs are often drowned out by the interests of more economically and politically powerful actors. This situation contradicts the basic principles of collaborative governance, which prioritize equality and inclusivity. Mechanisms are needed to ensure

proportional representation of all stakeholder segments.

4. Limited Funding and Program Sustainability

Financial constraints are a classic obstacle to the implementation of MSME digitalization programs. Limited government budgets, minimal private investment, and limited MSME access to digital financing have led to many programs being half-hearted or unsustainable.

In the era of Society 5.0, digital transformation requires significant investment in hardware, software, and human resource capacity development. Without innovative financing schemes—such as blended finance, venture philanthropy, or revolving funds—the sustainability of MSME digitalization will be threatened.

5. Sectoral Egos and Institutional Fragmentation

Structural barriers in the form of sectoral egos and institutional fragmentation often hamper coordination between government agencies and between the government and other sectors. Overlapping authority, program duplication, and inter-organizational rivalries create inefficiency and confusion at the implementation level.

In the context of collaborative governance, a clear coordination mechanism and a commitment to transcending sectoral interests for shared goals are needed. The formation of cross-sectoral working groups with strong mandates can be a solution to overcome this fragmentation.

6. Resistance to Change and Traditional Mindsets

Some MSMEs still hold traditional mindsets that view digitalization as a threat, not an opportunity. Concerns about technological complexity, fear of losing the personal touch with customers, and doubts about the security of digital transactions create resistance to transformation.

Changing this mindset requires a persuasive approach, demonstrations of success stories, and intensive mentoring. In the spirit of the human-centered Society 5.0, digitalization must be positioned as a tool to simplify life, not a replacement for human interaction.

By comprehensively understanding these supporting and inhibiting factors, the implementation of collaborative governance in the digitalization of MSMEs in the Society 5.0 era can be designed with a more targeted strategy and anticipate various challenges that may arise.

Analysis and Discussion

Based on the research findings, collaborative governance has been proven to enhance the development of MSME digitalization through cross-sector collaboration. This approach aligns with the concept of modern public administration, which emphasizes participation and cooperation in solving public problems.

The implementation of collaborative governance also demonstrates that the success of MSME digitalization does not depend solely on the government but requires the involvement of all stakeholders. With effective collaboration, MSMEs can more easily adapt to technological developments in the Society 5.0 era.

CONCLUSION

Collaborative governance plays a crucial role in the development of MSME digitalization in the Society 5.0 era. Collaborative governance is implemented through collaboration between the government, the private sector, academia, and the community to support digital-based MSME development.

Supporting factors for collaborative governance include effective communication, shared commitment, technological support, and stakeholder participation. Meanwhile, inhibiting factors include low digital literacy, limited infrastructure, lack of participation, and limited funding.

Through collaborative governance, MSME digitalization can be more effective, thereby increasing competitiveness and community welfare in the Society 5.0 era.

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