

Multi-Stakeholder Collaboration and Co-Creation in the Implementation of HETERO SPACE (House of Entrepreneurs, Technology-Driven Ecosystem, Resource Optimization, Supportive Programs, Accessible Network, Collaborative Environment) by the Central Java Provincial Office of Cooperatives and Small and Medium Enterprises

Onedha Mawaddah Munzila*, Bintoro Wardiyanto

Universitas Airlangga, Indonesia

Email: onedha.mawaddah.munzila-2025@pasca.unair.ac.id*,
bintoro.wardiyanto@fisip.unair.ac.id

Keywords:

Hetero Space;
collaborative governance;
multi-actors;
co-creation;
new public governance

ABSTRACT

The Hetero Space innovation (House of Entrepreneurs, Technology-Driven Ecosystem, Resource Optimization, Supportive Programs, Accessible Network, Collaborative Environment) by the Central Java Provincial Cooperatives and Small and Medium Enterprises Office (Dinkop-UKM) is a strategic effort by the Central Java Provincial Government to accelerate business and creative industry collaboration by providing access and learning space for Micro, Small and Medium Enterprises (MSMEs) in Central Java. This study aims to analyze the implementation of collaborative governance in the Hetero Space program within the NPG framework, emphasizing the role of co-creation in the process of creating public value. This study uses a qualitative approach with literature study methods and conceptual analysis to understand the dynamics of interactions between actors in the Hetero Space ecosystem. The results show that Hetero Space represents a collaborative governance practice involving the government, MSMEs, communities and other actors in a structured interaction space. Hetero Space also encourages dialogue, participation, and trust building between actors that form the basis for co-creation. Meanwhile, in the value creation dimension, this program contributes to increasing innovation capacity, expanding networks, and generating public value that is not only economic, but also social.

INTRODUCTION

Current economic developments place Micro, Small, and Medium Enterprises (MSMEs) as crucial actors in the innovation and creative economy ecosystem. Along with the development of digital technology, changes in consumer behavior, and increased market competition, MSMEs must adapt by enhancing their innovation capacity, creativity, and networking capabilities. The success of MSMEs depends not only on internal resources but also on their relationships with other actors in the economic ecosystem, enabling knowledge exchange, access to market opportunities, and sustainable capacity building (Audretsch & Belitski, 2017; Stam, 2015). However, challenges remain in the process of adapting MSMEs to the current creative and innovation climate. Weak digital literacy, limited access to entrepreneurship learning, and minimal business networks are contributing factors to the low competitiveness of MSMEs. Furthermore, government intervention in MSME development is often fragmented and program-oriented, thus failing to create an integrated learning ecosystem

(OECD, 2021). This situation highlights the gap between increasingly complex external demands and MSMEs' limited internal capacity.

The role of government is crucial in this situation. The government acts not only as a service provider but also as a facilitator of interactions between actors in the ecosystem, enabling MSMEs to adapt and adjust to changes in the creative economy market. This approach emphasizes the importance of multi-actor involvement, from communities, the private sector, and the business world, in the value creation process to achieve common goals. This collaborative process can provide solutions to complex public problems because it directly involves various stakeholders in decision-making and policy implementation (Ansell & Gash, 2008; Emerson, Nabatchi, & Balogh, 2012). Through a collaborative governance scheme, it is hoped that trust, shared understanding, and collective commitment between actors can be built as a basis for the sustainability of government policies.

Several studies have examined collaborative governance and co-creation in various public policy contexts. Ansell & Gash (2008) developed a theoretical framework of collaborative governance that emphasizes the importance of multi-actor engagement, deliberative dialogue, and trust building as a prerequisite for successful cross-sector collaboration. Emerson et al. (2012) then expanded the framework through the Collaborative Governance Regime (CGR) explaining that the success of collaboration is determined by the interaction between three main components: principled engagement, shared motivation, and capacity for joint action. Bryson et al. (2015) highlight the factors in the cross-sectoral collaboration framework that include initial conditions, driving factors, linking mechanisms, collaboration processes and structures, conflicts, and accountability and end results.

In the context of co-creation, Osborne et al. (2016) conceptualize co-production and co-creation of public value into four typologies: co-production, co-construction, co-management, and co-design and co-innovation. Voorberg et al. (2015) conducted a systematic review of the literature on co-creation and co-production and found that the active involvement of stakeholders in the public policy process can improve service quality, policy legitimacy, and produce more innovative and sustainable solutions. Leask et al. (2019) emphasized the importance of building a sense of ownership among stakeholders involved in the co-creation process. Lember et al. (2019) argue that cross-sector collaboration can encourage the exchange of ideas, knowledge, and resources which in turn can drive innovation in public services. Ng et al. (2024) also show that ecosystem-based collaboration can increase the flexibility and responsiveness of governments in addressing complex public issues.

Studies on the implementation of collaborative governance and co-creation in Indonesia have also been conducted by several researchers. Setiawandari & Kriswibowo (2023) examined collaborative governance in waste management and found that collaboration between the government, community, and the private sector greatly determines the success of the program. Khaerah et al. (2026) examined strategic co-creation and synergistic partnerships in digital budgeting reform in Makassar and emphasized that co-creation actively involves stakeholders in problem formulation, development of alternative solutions, implementation of solutions, and evaluation.

Although these studies have made significant contributions to the understanding of collaborative governance and co-creation, there are still research gaps that need to be filled. Most previous studies have focused on the context of public policy that is sectoral or at a

specific local level, but not many have specifically analyzed the implementation of collaborative governance and co-creation in the development of entrepreneurial ecosystems for MSMEs through integrated collaboration spaces such as Hetero Space. In addition, analytical approaches that integrate collaborative governance and co-creation simultaneously within the framework of New Public Governance (NPG) to analyze public sector innovation in Indonesia are still limited. The novelty of this research lies in the effort to integrate collaborative governance and co-creation in one NPG analysis framework to examine the implementation of Hetero Space as a public sector innovation, which not only functions as an MSME facilitation program but also as an arena for collaborative governance that allows the creation of collective public value through deliberative and participatory multi-actor interaction (Mian, Vlahu-Gjorgievska, & Shen, 2025).

The Hetero Space (House of Entrepreneurs, Technology-Driven Ecosystem, Resource Optimization, Supportive Programs, Accessible Network, Collaborative Environment) innovation is a manifestation of the Central Java Provincial Government's efforts through the Cooperatives and Small and Medium Enterprises Office (Dinkop-UKM) in order to accelerate business collaboration and the creative industry in Central Java. Established on January 31, 2020, Hetero Space focuses on providing networking spaces and platforms for the creative industry, MSMEs, communities and other stakeholders (Hetero Space, 2026). This innovation is designed as a collaborative space that brings together various actors in the entrepreneurial ecosystem, including MSMEs, creative communities, business mentors and the government. Through Hetero Space, the Central Java Provincial Government strives to build an interaction space that accommodates the process of mutual learning, knowledge exchange and collective innovation development (Kalvet, Toots, & Krimmer, 2018).

Conceptually, Hetero Space innovation reflects an ecosystem-based approach that places collaboration as the primary mechanism in developing the capacity of MSMEs. Through the New Public Governance (NPG) perspective, this approach reflects a shift in public governance that emphasizes interactions between actors in horizontal networks, with the government no longer being the dominant actor but rather becoming a facilitator enabling cross-sector collaboration (Osborne, 2010). Through this interaction, MSMEs are not only beneficiaries but also play an active role in the process of value co-creation and innovation (Torfing, Sørensen, & Røiseland, 2019). Thus, Hetero Space provides a strong empirical context for analyzing how innovation is interpreted not only as a government facilitation program but also as a governance arena that enables the collective creation of public value.

This study aims to analyze the implementation of Hetero Space innovation using the NPG perspective, particularly in examining how multi-actor collaboration can facilitate the creation of collective public value. This study aims to answer several key questions, namely: 1) How does Hetero Space innovation adopt NPG principles? 2) How is multi-actor collaboration in the implementation of Hetero Space? and 3) How is the co-creation process between the government and stakeholders in the development and implementation of Hetero Space? Thus, this study is expected to contribute to the development of NPG studies, particularly in understanding how multi-actor collaboration and co-creation approaches are implemented in public service innovation. This study seeks to enrich the public administration literature by presenting empirical evidence regarding the shift in the role of government from a service provider to a facilitator and enabler in creating public value with stakeholders.

METHOD

Research Approach and Type

This study employed

a qualitative approach with a literature study method and conceptual analysis. A qualitative approach was chosen because it allows researchers to understand in depth the dynamics of multi-actor interactions in the implementation of Hetero Space innovation, which cannot be measured quantitatively. This approach is appropriate for exploring the meanings, perspectives, and collaborative processes that occur between actors in the entrepreneurial ecosystem. The type of research used is descriptive-analytical, which aims to describe systematically, factually, and accurately the phenomena of collaborative governance and co-creation in the Hetero Space program, as well as to analyze the relationships between these phenomena and the New Public Governance (NPG) theoretical framework.

Data Sources and Collection Techniques

The data sources in this study consist of primary data and secondary data. Primary data were obtained through documentation of official information sourced from the official Hetero Space website (<https://hetero.space>) which contains a profile, vision, mission, and various programs implemented. Secondary data were obtained through a literature review of various scientific sources, including international and national journals, academic books, research reports, and other relevant documents that discuss collaborative governance, co-creation, New Public Governance, MSME development, and entrepreneurial ecosystems. The literature search was conducted using keywords such as "collaborative governance," "co-creation," "New Public Governance," "public value," "entrepreneurial ecosystem," and "MSME development."

Data collection techniques were carried out through two main methods. First, literature study, which involves tracing, selecting, and analyzing various scientific literature relevant to the research focus. This literature study aims to build a strong theoretical foundation and identify key concepts used in analyzing the implementation of Hetero Space innovation. Second, documentation, namely collecting and reviewing official documents related to Hetero Space, including information published through official websites, activity reports, news articles, and other supporting documents that can describe the implementation of the program.

Data Analysis Technique

Data analysis in this study uses qualitative content analysis techniques. The analysis process refers to the interactive model developed by Miles, Huberman, and Saldaña (2014), which consists of three main stages: data condensation, data display, and conclusion drawing and verification. At the data condensation stage, the researcher selects, focuses, simplifies, and transforms raw data obtained from literature studies and documentation. At the data display stage, the data is organized and presented in the form of descriptive narratives to facilitate understanding of the patterns and relationships between concepts. At the conclusion drawing and verification stage, the researcher interprets the data to produce findings that answer the research questions.

This study also uses conceptual analysis to analyze key concepts such as collaborative governance, co-creation, and public value, as well as to formulate a conceptual synthesis that

explains how the two approaches interact complementarily in encouraging public sector innovation. The results of the conceptual analysis are then used to analyze the implementation of Hetero Space innovation based on the theoretical framework that has been built.

Data Validity

To ensure the validity of the findings, this study applies source triangulation techniques. Source triangulation is carried out by comparing information obtained from various types of data sources, such as official documents from the Hetero Space website, scientific literature, and news articles. This comparison aims to ensure that the information used is consistent and reliable. In addition, theoretical triangulation is also carried out by using various relevant theoretical perspectives to analyze the same phenomenon, so that the resulting interpretation is more comprehensive and not biased towards a single perspective.

Research Limitations

This study has limitations in that the data used is sourced from literature studies and documentation, so it does not fully capture the interaction dynamics that occur in the field directly. Therefore, the findings of this study are more directed at conceptual analysis and theoretical synthesis, rather than empirical generalization. For further research, it is recommended to conduct empirical studies using direct observation, in-depth interviews, or surveys of actors involved in the Hetero Space program to obtain more comprehensive and contextual data.

RESULTS AND DISCUSSION

New Public Governance (NPG) framework no longer views public governance as a hierarchical process centered on government, but rather as a networked system involving various actors in decision-making and policy implementation. In this context, collaborative governance and *co-creation* are two key interrelated dimensions in generating public value. Collaborative governance emphasizes the importance of interaction, dialogue, and trust-building among actors in collaborative processes (Ansell & Torfing, 2021; Emerson et al., 2012), while *co-creation* emphasizes the active involvement of stakeholders in generating solutions and innovations together (Voorberg et al., 2015). The integration of these two approaches is crucial in understanding how public sector innovation can generate more contextual, inclusive, and sustainable value.

In this context, Hetero Space can be understood as an empirical representation of the implementation of the NPG in developing an entrepreneurial ecosystem. Hetero Space functions not only as an MSME facilitation program, but also as a collaborative space that brings together the government, business actors, creative communities, and other actors in an open and dynamic ecosystem. Through this approach, the government no longer plays the role of the primary service provider but rather as a facilitator, creating conditions for interaction, shared learning, and collective innovation. This aligns with the NPG paradigm, which emphasizes the importance of the government's role as *an enabler* in encouraging cross-sector collaboration.

From a collaborative governance perspective, the implementation of Hetero Space demonstrates an effort to institutionalize collaboration through the provision of physical space,

structured programs, and mechanisms to facilitate interaction between actors. The existence of elements such as *the House of Entrepreneurs*, *Technology-Driven Ecosystem*, and *Collaborative Environment* reflects an institutional design that aims to integrate various resources and capabilities within a single ecosystem. This demonstrates that collaboration does not occur spontaneously, but is designed through structures and mechanisms that enable interaction to take place sustainably. Thus, Hetero Space has accommodated the basic principles of collaborative governance that emphasize the importance of formal structures, clear roles, and coordination mechanisms in cross-sector collaboration.

The institutional design of Hetero Space serves not only as a formal platform but also as a mechanism that facilitates ongoing collaborative interactions. The existence of supporting programs, learning activities, and networking spaces allows actors to interact not only temporarily but also to build more stable and productive relationships in the long term. The structure created serves as *an enabling environment* that facilitates knowledge exchange, capacity building, and the exploration of collaborative opportunities between actors. Thus, the effectiveness of Hetero Space lies not only in the existence of its structural elements, but also in the extent to which these elements are able to activate collaborative dynamics and encourage real *co-creation processes within the entrepreneurial ecosystem*.

The effectiveness of the structure and governance dimensions in Hetero Space is highly dependent on the quality of institutional design and the actors' abilities in carrying out their roles. Capacity imbalances between actors, particularly between the government and MSMEs, have the potential to affect the balance in the collaboration process, particularly in the context of power relations and access to resources (Ansell & Gash, 2008). Furthermore, the sustainability of the program is also highly determined by the consistency of government support, whether in the form of policies, funding, or facilitation as part of *the capacity for joint action* in collaboration (Bryson et al., 2015). Therefore, even though collaborative structures are in place, strengthening the governance aspect is needed so that collaboration can run more inclusively and sustainably.

In the interaction process dimension, Heterospace demonstrates the practice of dialogue, knowledge exchange, and network building between actors, which are the core of collaborative governance. The interactions that occur are not only coordinative but also deliberative, providing the actors involved with the opportunity to actively participate in various activities (Ansell & Gash, 2008; Emerson et al., 2012). This process contributes to the formation of trust *and* shared understanding, which are important foundations for long-term collaboration, where trust is seen as a key prerequisite for successful cross-sector collaboration (Ansell & Gash, 2008). Furthermore, intensive interactions also allow for the exchange of ideas and experiences that can encourage innovation and strengthen the *co-creation process* in public services (Voorberg et al., 2015; Osborne et al., 2016).

In the context of *co-creation*, this interaction process has a broader role, namely as a mechanism to involve actors in the joint creation of value. MSME actors are not only beneficiaries of the program, but also play an active role in the learning process, idea development, and innovation implementation. This shows that Hetero Space has accommodated the participatory principle in *co-creation*, by providing a space for actors to contribute significantly to the innovation process (Voorberg et al., 2015; Osborne et al., 2016). Thus, the interactions that occur not only produce program outputs but also strengthen

collective capacity and social networks within the entrepreneurial ecosystem (Bovaird & Loeffler, 2012).

In the value creation dimension, Hetero Space demonstrates a significant contribution in increasing the innovation capacity, access to networks, and adaptability of MSMEs to the dynamics of the digital economy. The public value generated is not only economic, but also social, such as increasing entrepreneurial literacy, strengthening communities, and the formation of a more inclusive ecosystem. From a *co-creation perspective*, this value is the result of the integration of resources, knowledge, and experience from various actors involved (Osborne et al., 2016; Bovaird & Loeffler, 2012). This shows that a collaborative approach can generate broader value than a top *-down public service approach* (Voorberg et al., 2015).

The implementation of Heterospace also faces several challenges that require attention. One major challenge is the capacity imbalance between actors, which can affect the quality of participation in the *co-creation process*. Actors with higher capacity tend to be more active and dominant, while those with limited capacity are potentially marginalized. Furthermore, there is a risk that participation in Heterospace will be uneven, resulting in unfair distribution of benefits. Another challenge is the sustainability of collaboration, which is highly dependent on the level of commitment of actors and institutional support from the government.

Furthermore, despite the growing popularity of collaborative practices such as Hetero Space, academic studies systematically analyzing the dynamics of collaboration within the NPG framework remain relatively limited. Most research on MSMEs tends to focus on economic performance or business strategy, while the dimensions of collaborative governance within the entrepreneurial ecosystem have not been explored in depth. Furthermore, studies of public sector innovation often focus more on program outputs, without comprehensively examining the interaction processes between actors that underpin collaborative governance and *co-creation* (Voorberg et al., 2015). This study contributes by integrating collaborative governance and *co-creation perspectives* within the NPG framework to analyze the implementation of Hetero Space innovation. The results demonstrate that innovation success is determined not only by program design but also by the quality of interactions between actors, the system's capacity to facilitate collaboration, and the ability to collectively generate public value. Thus, Hetero Space can be positioned as a model of ecosystem-based collaborative governance practices relevant to MSME development in the digital economy era.

To optimize the implementation of this model, strengthening several key aspects is necessary. First, increasing the capacity of actors, particularly MSMEs, so they can participate more effectively in collaborative processes. Second, strengthening governance mechanisms that can ensure inclusivity and accountability in collaboration. Third, utilizing digital technology to expand access and participation in the ecosystem. By addressing these aspects, Hetero Space has the potential to become a model for public innovation that is not only effective but also sustainable and inclusive.

CONCLUSION

This research shows that the implementation of Hetero Space represents New Public Governance (NPG) practices through the integration of collaborative governance and co-creation in the development of an entrepreneurial ecosystem. Hetero Space not only functions as an MSME facilitation program, but also develops into a collaborative space that enables

cross-actor interaction, knowledge exchange, and the formation of networks that support innovation. From a collaborative governance perspective, the existence of institutional structures, coordination mechanisms, and the role of the government as a facilitator indicate a fairly strong institutionalization effort for collaboration. From a process perspective, Hetero Space demonstrates deliberative and participatory interactions, fostering trust, shared commitment, and active involvement of actors across various stages of the process. This reflects the principle of co-creation, where MSMEs are not merely beneficiaries but also play a role as actors contributing to value creation. Ultimately, the resulting public value not only translates into improved economic performance but also strengthened collective capacity, expanded networks, and the creation of a more inclusive entrepreneurial ecosystem. However, this study also found that the effective implementation of Heterospace still faces several challenges, such as capacity imbalances between actors, potential unequal participation, and dependence on government involvement in maintaining program sustainability. Therefore, the success of this innovation is determined not only by the existence of structures and programs, but also by the quality of interactions and the system's ability to facilitate inclusive and sustainable collaboration. Based on these findings, several recommendations can be put forward. First, the government needs to strengthen the capacity of actors, particularly MSMEs, through more targeted training programs, ongoing mentoring, and increased digital literacy so they can participate more optimally in collaborative processes. Second, it is necessary to strengthen collaborative governance mechanisms that are more inclusive and accountable, including clarity of roles between actors, transparency in decision-making, and the development of a participatory evaluation system. Third, optimizing the use of digital technology is necessary to expand access to participation and strengthen interactions within the Hetero Space ecosystem, so that it is not limited to physical space alone. Fourth, the government needs to encourage sustainable collaboration by building long-term partnerships with the private sector, academia, and communities, so that dependence on the government can be gradually reduced. Finally, for future research, it is recommended to examine in more depth the dynamics of interactions between actors within the framework of collaborative governance and co-creation, including using a broader empirical approach to provide a more comprehensive understanding of the implementation of ecosystem-based public innovation.

REFERENCE

- Ansell, C., & Gash, A. (2008). Collaborative governance in theory and practice. *Journal of Public Administration Research and Theory*, 18(4), 543–571.
- Ansell, C., & Torfing, J. (2021). Co-creation: The new kid on the block in public governance. *Policy & Politics*, 49, 211–230.
- Audretsch, D. B., & Belitski, M. (2017). Entrepreneurial ecosystems in cities: Establishing the framework conditions. *The Journal of Technology Transfer*, 42(5), 1030–1051.
- Bovaird, T., & Loeffler, E. (2012). From engagement to co-production: The contribution of users and communities to outcomes and public value. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 23(4), 1119–1138.
- Bryson, J. M., Crosby, B. C., & Stone, M. M. (2015). Designing and implementing cross-sector collaborations: Needed and challenging. *Public Administration Review*, 75(5), 647–663.

- Emerson, K., Nabatchi, T., & Balogh, S. (2012). An integrative framework for collaborative governance. *Journal of Public Administration Research and Theory*, 22(1), 1–29.
- Harwood, T., & Garry, T. (2014). Co-Creation and Ambiguous Ownership Within Virtual Communities: The Case of the Machinima Community. *Journal of Consumer Behaviour*, 13(2), 148–156.
- Kalvet, T., Toots, M., & Krimmer, R. (2018). Contributing to a digital single market for Europe: Barriers and drivers of an EU-wide once-only principle. *19th Annual International Conference on Digital Government Research: Governance in the Data Age, D.G.O 2018*. New York, NY: Association for Computing Machinery.
- Khaerah, N., Fatmawati, F., Hawing, H., & Hardi, R. (2026). Strategic co-creation and synergistic partnerships in digital budgeting reform: Strengthening public governance for sustainable cities in Makassar, Indonesia. *Frontiers in Sustainable Cities*, 7, 1716088.
- Leask, C. F., Sandlund, M., & Skelton, D. A. (2019). Framework, Principles and Recommendations for Utilising Participatory Methodologies in the Co-Creation and Evaluation of Public Health Interventions. *Research Involvement and Engagement*, 5, 1–16.
- Lember, V., Brandsen, T., & Tõnurist, P. (2019). The potential impacts of digital technologies on co-production and co-creation. *Public Management Review*, 21, 1665–1686.
- Mian, A. S., Vlahu-Gjorgievska, E., & Shen, J. (2025). Examining the Collaboration Framework for Achieving Government Performance: A Qualitative Case Study on Digital Transformation. *Digital Government: Research and Practice*, 6(4), 1–33.
- Ng, P., Zhu, S., Li, Y., & van Ameijde, J. (2024). Digitally gamified co-creation: Enhancing community engagement in urban design through a participant-centric framework. *Design Science*, 10, e17.
- OECD. (2021). *The digital transformation of SMEs*. OECD Publishing.
- Osborne, S. P. (2010). *The new public governance? Emerging perspectives on the theory and practice of public governance*. Routledge.
- Osborne, S. P., Radnor, Z., & Strokosch, K. (2016). Co-production and the co-creation of value in public services: A suitable case for treatment? *Public Management Review*, 18(5), 639–653.
- Setiawandari, N. E. P., & Kriswibowo, A. (2023). Collaborative governance dalam pengelolaan sampah. *Jurnal Kebijakan Publik*, 14, 149.
- Stam, E. (2015). Entrepreneurial ecosystems and regional policy: A sympathetic critique. *European Planning Studies*, 23(9), 1759–1769.
- Torfing, J., Sørensen, E., & Røiseland, A. (2019). Transforming the public sector into an arena for co-creation: Barriers, drivers, benefits, and ways forward. *Administration & Society*, 51(5), 795–825.
- Voorberg, W. H., Bekkers, V. J. J. M., & Tummers, L. G. (2015). A systematic review of co-creation and co-production: Embarking on the social innovation journey. *Public Management Review*, 17(9), 1333–1357.