

The Reds Team in Singkawang analyzed.

Internship research paper.

Author: Klaas de Vries
Student Number: 1323784
University: Rijksuniversiteit Groningen, Faculty of Arts
Course: International Relations and International Organization
Specialization: International Political Economy
Supervisors: Dr. B.J.W. Pennink and Drs. C.H. Horstmeier
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Table of contents.

1. Introduction.	3.
2. A brief introduction to the municipality of Singkawang.	5.
3. The characteristics of the Reds Team in Singkawang.	8.
4. The learning organization.	17.
5. Social capital.	20.
6. Problems that negatively affect the effectiveness of the Reds Team in Singkawang.	27.
7. Conclusion.	32.
8. Bibliography.	35.
9. Appendix.	37.

1. Introduction.

This paper is related to research that took place in the municipality of Singkawang. In this city in the Indonesian province of West-Kalimantan, a so called Reds Team is trying to stimulate local economic development. The Reds Team in Singkawang consists of eight members that were selected by the Bapenas, the ministry for planning in Indonesia. The members of the team were selected based on their job positions and educational background. There are several of these teams, all over Indonesia. Each selects a commodity to raise the income of the local community. In Singkawang, corn was selected in order to increase the income of local farmers.

To equip the team with more skills, a training course was part of the team's program. The training took place in Bandung and Groningen, in the Netherlands. During the training in Groningen, an action plan was developed that still serves as the main source of the team's goals and strategy. The strategy plan was created in the form of a powerpoint presentation.

The research, that was the basis for this paper, was initiated in order to find out whether the right circumstances and conditions are present in Singkawang to achieve the goals of the Reds Team in Singkawang. The purpose is to provide feedback and identify the possibilities and possible problems for the Reds Team in Singkawang. The conclusions in this paper should therefore be helpful in the process of improving the strategy for the Reds Team and the development of the corn production in the municipality of Singkawang. The main research question consequently is the following:

To what extent can the Reds Team in Singkawang be expected to achieve its goals and to what extent are improvements necessary to overcome possible problems that can frustrate the achievement of these goals?

To answer the main question as complete and adequate as possible, a number of factors were subject to the research that is the foundation of this paper. Before these factors will be analyzed, the municipality will briefly be introduced to get an image of the situation in which the Reds Team operates. This introduction will consist of facts and data related to Singkawang and economic development.

After the city of Singkawang has been introduced, the research turns to the characteristics of the Reds Team. The analysis in the chapter related to this topic aims at indicating whether the Reds Team can indeed be regarded as a team and to what extent the

team can be expected to function properly. The analysis will use theory related to teamwork, developed by Vanderheyden, Cools, and Debussche.

After an analysis of the characteristics of the team, the next chapter will analyze to what extent the Reds Team qualifies as a 'learning team'. The question is whether the different team members will be able to acquire skills and knowledge because of their involvement in the team. The team was founded in 2009 and is relatively young at this point. The presence of increasing experience and knowledge transfer through interaction with fellow team members would be a valuable asset to the existence of the team. The analysis will be based on the theoretical framework of Peter Senge.

Social capital plays an important role in efforts to increase economic development and reduce poverty, according to the World Bank. In the fifth chapter, the analysis will be related to the efforts of the Reds Team to stimulate the presence of social capital in Singkawang in order to increase economic development and reduce poverty. The question is to what extent this is a part of the policies and to what extent the team members do involve social capital in their activities. The source of theory used in this chapter is the World Bank, where Michael Woolcock was the main contributor for the development of social capital theory.

After the chapters related to the characteristics of the team, the learning team, and social capital, potential problems for the functioning of the Reds Team should become visible. The main problems will be listed in a chapter, in which an effort will be made to provide possible solutions and improvements to minimize the negative effects of these problems.

The research will be concluded by a conclusion, in which the main question will be answered as complete and adequate as possible. The research that provides the information to draw an adequate conclusion is mainly based on interviews with most of the team members and several other persons, that influence the circumstances in which the team has to operate. The interviewed persons and their related functions are listed in the appendix. Besides these formal interviews, informal conversations, visits to plantations and observations of the environment in which the team works during three and a half months have aided the analysis in the paper.

2. A brief introduction to the municipality of Singkawang.

Singkawang is located in the province Kalimantan Barat (West-Kalimantan), on the coast of the South Chinese Sea. Although the city has a total of 181,000 inhabitants, density is relatively low because the population is spread over a large area. The population mainly consists of three ethnic groups. The largest of these groups is the Chinese, the other two are Malaysians and the native Dhajaks. There is no notable tension between the different ethnicities.

From an economic perspective, the city of Singkawang and its region are growing. Data over the years of 2007, 2008 and 2009 show an increase for the economic indicators of income per capita and the general budget of the municipality. The tables below show these indicators.

Table 1: Income per capita*

<i>Year</i>	<i>Current price</i>	<i>Constant price (2000)</i>
2007	8,851,332	5,632,697
2008	9,900,337	5,863,645
2009	10,603,656	6,130,751

* Indonesian Rupiahs

Source: Profil Daerah Kota Singkawang 2009

Table 2: Regional budget of the Singkawang municipality

<i>Year</i>	<i>Total regional budget*</i>	<i>growth in %</i>
2007	303,190,009,300	62,35
2008	359,570,198,251	18,6
2009	486,036,997,767	35,17

* Indonesian Rupiahs

Source: Profil Daerah Kota Singkawang 2009

The Gross Regional Domestic Product also shows a significant increase over 2008 and 2009. Without an exception, the sectors that drive the local economy all aided this increase.

Table 3: Gross Regional Domestic Product (Current price)*

<i>Sector</i>	<i>2008</i>	<i>2009</i>
Agriculture	271,097	302,438
Mining & Quarrying	38,093	41,357
Processing industry	152,167	177,111
Electricity & Drinking water	62,258	67,181
Construction	171,658	192,184
Trade, Hotel & Restaurant	826,535	949,559
Transportation & Communication	105,876	119,332
Finance, Leasing & Company services	117,322	132,063
Total GRDP	2,026,712	2,313,783

* Millions of Indonesian Rupiahs

Source: Profil Daerah Kota Singkawang 2009

Table 3 shows the relevance of agriculture for the local economy of Singkawang, its value is only exceeded by the services of the category 'Trade, Hotel and Restaurant'. If a high percentage of growth can be created for the agricultural sector in Singkawang, the total GRDP could benefit.

This paper concentrates on efforts to develop the agricultural sector in Singkawang by stimulating the production of corn. The corn will be used to feed the livestock that is already present in the municipality. Indicators of the livestock are provided in table 4. The food for the livestock was thus far provided by producers outside the municipality.

Table 4: Livestock production (2009)

<i>Livestock</i>	<i>Eggs (Ton)</i>	<i>Meat (Ton)</i>
Chickens (eggs)	15,012	1,567
Chickens (meat)	85	2,755
Duck	19	12
Quail	7	-
Pig	-	2,082
Cow	-	355
Goat	-	4

Source: Profil Daerah Kota Singkawang 2009

We will now turn to the existing plan that indicates what should be achieved in order to feed the livestock with corn produced in Singkawang and in what way this goal should be achieved.

3. The characteristics of the Reds Team in Singkawang.

3.1 Introduction.

The purpose of this chapter is to analyze whether the characteristics of the Reds Team in Singkawang will allow the team to be successful. For this analysis, the chapter ‘Teams & Teamwork’ by Vanderheyden, Cools, and Debussche that features in “Organizational behavior” by Buehlens et al. will play a central role. Vanderheyden, Cools, and Debussche explain essential theory and research findings related to teams and their performance. Both necessary qualities and possible pitfalls are important topics. The characteristics of the Reds Team in Singkawang will be compared to their findings below.

3.2 Definition of a team.

The first question that needs to be answered is whether the Reds Team in Singkawang is actually a team. Vanderheyden, Cools, and Debussche provide the following definition for a team:¹

“A small group with complementary skills who hold themselves mutually accountable for mutual purpose, goals, and approach.”

Commitment plays a central role in forming a team, without it a team is just a group of individuals. Following the definition of a team, there are conditions that have to be fulfilled in order to qualify as one:

- Members of a group have shared goals in relation to their work.
- They interact with each other in order to achieve those goals.
- All team members have well-defined and interdependent roles.
- They have an organizational identity as a team.

In order to find to what extent the Reds Team qualifies as a team, the characteristics of the Reds Team will be compared to the conditions provided above.

¹ Marc Buelens, Herman Van Der Hoeck, and Karlien Vanderheyden, *Organizational Behaviour* (Amsterdam 2007), p. 372.

Shared goals.

The goal described in the action plan is to increase corn production in Singkawang to feed the livestock present in order to increase the income of the farmers. In the interviews, all team members were asked what they think is the main goal of the Reds Team. Although the answer to this question differed among the different team members, all answers were related to improving corn production in order to stimulate local economic development. The team members also stressed the possible positive spillover effects the achievement of this goal can have for other areas in West-Kalimantan. It is therefore plausible to say that the team members share the same goal.

Interaction.

The Reds Team consists of eight members. Half of the members are working for the local government in Singkawang. These members are involved in stimulating the economic development of Singkawang on a day-to-day basis and form the core of the team. The members of the core interact with each other on a regular basis. The reasons for interaction between the team members that work for the local government in Singkawang can be related to the activities of the Reds Team, but other job-related activities can also be the reason to interact.

Two other team members are based in Pontianak. Although they are distanced from the rest of the team, they can easily be reached for interaction and they participate in meetings that are organized by the Reds Team. On average, such meetings will occur once every three months. Although motivated to participate in the activities in the Reds Team, the distance to the rest of the team causes these team members to interact with the others on a less intensive basis.

Two team members that are based in Singkawang, but not part of the government, do not interact with the rest of the team. It was also not possible to interview these team members in the light of this research. Furthermore, changing positions affect the interaction amongst team members in Singkawang. One member who works for the Singkawang government and one member based in Pontianak have changed their position since the start of the team. This has reduced their participation in interaction.

Roles.

Every team member has no problem describing his or her role in the team. Furthermore, the team members know what the tasks of the other team members are. The reason is the selection process by the Bapenas, which selected each team member based on his/her educational background and job position and assigned every member to a specific role in the team.

Organizational identity.

In several of the interviews organizational identity was mentioned as the main problem for the Reds Team. Currently, there is no judicial basis for the team. By ending the training and creating the action plan, the task of the team members that was assigned by the government was fulfilled. The Reds Team does not have an own budget and no official influence in decision making. The absence of these factors slows down the Reds Team in efforts to achieve their goal.

To answer the question to what extent the Reds Team qualifies as a team the answer is partly positive and partly negative. There are shared goals and clearly identified roles. However, the intensity of interaction differs from team member to team member and can be reduced by changing job positions in the government. In the case of two team members there is no interaction at all. The lack of organizational identity is the main concern for the Reds Team. Not having an own budget and not having official tools to make decisions limits the capabilities of the team.

3.3 Team effectiveness.

G. M. Parker distinguishes twelve characteristics a team should have in order to be effective. They are the following: Clear purpose, informality, participation, listening, civilized disagreement, consensus decisions, open communication, clear roles and work assignments,

shared leadership, external relations, style diversity, and self-assessment.² These characteristics will be applied for the Reds Team in Singkawang below.

As explained earlier, the Reds Team has the *clear purpose* of increasing corn production in the region surrounding Singkawang. This goal is clear for all the team members. There is however some discussion in the team on the shift of the goal from corn to feed livestock to sweet corn. If the clear purpose is to remain an asset for the effectiveness of the team, this discussion should be concluded as soon as possible.

The core of the team *participates* on a regular basis. This participation occurs both formal and *informal*. The participation of the two members that do not engage in interaction with the rest of the team is minimal. The role of the two members that are based in Pontianak can be seen as monitoring and advising the activities in Singkawang. The role of these members was intended this way and the lower intensity of participation should not be seen as a problem for the effectiveness of the team.

According to the team members there is certainly *open communication* in the team. During the meetings where the activities of the team are discussed no member feels any limits to give his/her opinion. *Civilized disagreement* occurs, but is generally solved by *consensus decisions*.

The activities of the Reds Team have the informal support of the local leaders. The leaders *listen* and they are open to the suggestions of the Reds Team in their decision-making. However, due to the lack of institutional authority for the Reds Team, all power is located in higher authorities and there is no *shared leadership*.

External relations are the basis of the existence of the Reds Team. NESO and the Indonesian national government provided the team with training. GTZ also provides training on an occasional basis. *Self-assessment* is encouraged in several of these training activities. The Indonesian national government also provided the team members with *clear roles and work assignments*, as indicated earlier. By appointing specialists from differing offices and institutions there are *diverse styles* present in the team.

² Parker, Team players and teamwork: The new competitive business strategy (San Fransisco 1990), p. 33.

When applying the characteristics of a successful team, provided by G. M. Parker, for the Reds Team in Singkawang most factors are positive. Goals and roles are clear and communication is open and civilized. Participation and decision-making are problematic for the Reds Team. Not all team members participate, it is the core team members that carry the activities. In carrying these activities, they are limited by the absence of decision-making capabilities.

3.4 Trust and cohesiveness.

According to Vanderheyden, Cools, and Debussche, trust is ‘reciprocal faith in other’s intentions and behaviour’.³ Trust is essential in order to create cohesiveness in a team. Cohesiveness is defined as a sense of ‘we-ness’ that helps groups stick together and can trigger a performance effect. When a team is cohesive, team members stick together for two reasons: they depend on each other to achieve their goals and they are reluctant to leave the team because they enjoy each others company. The latter is called socio-emotional cohesiveness, the former is named instrumental cohesiveness. The question is to what extent the team members of the Reds Team in Singkawang trust each other and to what extent this has resulted in team cohesiveness.

During the interviews, the members of the Reds Team were asked if they trust their team mates. All of the members answered that they trust the other team mates to do their jobs and to help achieve the goal of the Reds Team. The main reason is that the Reds Team members have faith in the qualities and skills of the other team members to perform. The training in Groningen was often mentioned as an example. Here, the team members joined each other and worked together for several weeks on an intensive basis.

It is questionable however to what extent socio-emotional effectiveness is a factor for the team. Participation is partly based on meetings once every three months. Face-to-face contact is therefore only a real factor for the core team members, who meet each other more often. They do enjoy each others company, also because they are convinced of the motivation of these team members.

³ Marc Buelens, Herman Van Der Hoeck, and Karlien Vanderheyden, *Organizational Behaviour* (Amsterdam 2007), p. 382.

Instrumental cohesiveness applies to a great extent for the Reds Team. Because the roles are clear and the team members were selected based on their background and job-position, the team members are convinced of the importance of all team members. Because the team members realize the importance of all team members, it is frustrating for them that some team members are not participating as much as the others.

There is probably not a lack of team cohesiveness in the Reds Team to the extent that it would lead to frustrate performance. Instrumental cohesiveness is present to a great extent and socio-emotional cohesiveness has developed in the core of the team. This extent of cohesiveness actually prevents group-think, which incidentally occurs when team cohesiveness is very strong.

3.5 Pitfalls for team performance.

When teamwork is not implemented the right way, teams possibly fail when trying to achieve their goals. Several factors can cause this failure, Yeung and Bailey listed the five most prominent reasons. The first reason is hidden agendas. This means one or more team members are pursuing their own interests rather than the interest of the team. Team members may, for example, consider their own career to be their main priority. The second reason is a lack of understanding. This generally involves misconceptions about the reason why the team is formed. The third reason is a lack of leadership, because the team leader does not have what it takes to lead the team. The fourth reason is a wrong mix of team members. An unbalanced team may not be creative enough to come up with ideas or have the qualities to implement those ideas effectively. The final reason is an unhealthy team environment. This environment may, for example, cause the team to be unable to cope with pressure.⁴

Hidden agendas.

All the interviewed team members are motivated to aid the achievement of the goal of the Reds Team. They do not have the perception that other team members are thinking about their own interest to an extent that it hurts the performance of the team. One possible cause is the system the government maintains in appointing jobs for public agents. This system is known

⁴ R. Yeung and S. Bailey, 'Get it together', *Accountancy*, June 1999.

for the quick rotation of job functions. One of the positive aspects of this system is that private agendas have a weak effect on the decision-making.

Lack of understanding.

At this point, it is clear that all the team members are aware of the goals of the team and know the roles of the different team members. It is therefore probable that there are no misconceptions about the reason why the Reds Team was formed.

Lack of leadership.

Because the position of the team leader has been transferred to another office, it is harder for the leader to coordinate activities. However, the other team members appreciate the efforts of the team leader to stay involved in activities, such as seminars. Furthermore, the heads of the divisions where the different team members are located are also involved in the activities of the Reds Team. This is mainly by supporting the activities and using Reds Team proposals in decision-making. For these reasons, there is no lack of leadership in and around the team.

Wrong mix of team members.

When analyzing the characteristics G.M. Parker regards as essential for team effectiveness, team diversity was discussed. At this point it was established that there are a variety of specializations and offices involved in the team through the team members. It is reasonable to assume that there is a good mix of team members in the team. This is confirmed by the team members in the interviews.

Unhealthy team environment.

The activities of the team are supported by the offices in which the team members are stationed, the local political leaders and the province of West-Kalimantan. The leaders of the offices regard the activities of the Reds team as important for the goals the separate offices are

trying to achieve. In the end, all those offices are also trying to aid the development of Singkawang.

What the team members would like to change is the mind-set of the farmers and the community. According to the team members, the farmers lack the motivation to push for the capitalization of their potential development. When push comes to shove, it is the farmers who need to grow and harvest the crops. This is an important concern for future activities and it could potentially frustrate the motivation of team members.

High expectations.

Another important reason for team effectiveness to fail, given by Vanderheyden, Cools, and Debussche, is frustration caused by high expectations. Frustration potentially encourages people to leave a team and thus reduces cohesiveness. This is a potential problem for the Reds Team in Singkawang. According to the action plan, corn production in 2009 was at 2.5% of the targeted level. The question if this target is realistic is very much relevant. Since the infrastructure in Singkawang is fragile, an analysis of this goal by both agricultural and infrastructural specialists could prevent the possibility of too high expectations.

The five most prominent pitfalls for team performance listed by Yeung and Bailey generally do not seem to apply for the Reds Team in Singkawang. Apart from the mindset of the farmers, which could be more focused on expanding their own activities, no important factors suggest the team deals with one of the pitfalls. The pitfall added by Vanderheyden, Cools, and Debussche of frustration caused by too high expectations could apply. The goal of the Reds Team seems very ambitious. It is questionable to what extent this goal can be reached. This research can, however, not provide a solid conclusion for this issue due to a lack of agricultural expertise.

3.6 Conclusion.

The purpose of this chapter was to analyze whether the characteristics of the Reds Team in Singkawang allow the team to be successful. Assets of the team are that it shares goals and that roles are clearly identified. Besides the absence of interaction with two team members, the lack of organizational identity is the main concern for the Reds Team. Not having an own budget and not having official tools to make decisions limits the capabilities of the team.

There is no problematic lack of cohesiveness in the Reds Team. Cohesiveness of the team is mainly instrumental. This cohesiveness is based on clear goals and roles of the members. Due to the low intensity of face-to-face contact, socio-emotional cohesiveness is not to a great extent in the team at this point.

Apart from the mindset of the farmers, no important factors suggest the team deals with one of the five most prominent pitfalls for team performance listed by Yeung and Bailey. Because the goal of the Reds Team seems very ambitious, the pitfall added by Vanderheyden, Cools, and Debussche of frustration caused by too high expectations could apply.

4. The learning organization.

4.1 Introduction.

The theory behind the term 'the learning organization' has been developed by Peter Senge. Senge focuses on continuous improvement, which he considers to be the main engine of institutional life. His approach is based on a social construction and self-realization within organizations. A learning organization is an organization that continually enhances its capacity to achieve its highest aspiration. The mastery of basic disciplines is what distinguishes a learning organization from a traditional authoritarian controlling organization and what makes the discipline of the learning organization vital.⁵

Senge believes five new 'component technologies', or disciplines, are converging to innovate learning organizations. The first is 'systems thinking'. Systems thinking has been developed as a body of knowledge and tools to make full patterns in organizations in and around organizations. Furthermore, this conceptual framework helps us to see how to change them effectively. The second discipline is 'personal mastery'. When persons achieve a high level of personal mastery, they will be able to consistently realize the results that truly matter to them. They are committed to learn and to continually deepen their personal vision. Because of these aspects of personal mastery, it is a crucial pillar for the learning organization.⁶

The third discipline with a central role in the theory of the learning organization is a 'mental model'. A mental model consists of assumptions, generalizations, and images that influence our understanding of the world and the way in which we take action. New insights in markets and organizational processes fail in practice, because they contradict our mental models. A learning organization benefits when its members are able to expose their own thinking to be influenced by others, so they can learn and adapt to changes through conversation.

The fourth and fifth disciplines are 'team learning' and 'building a shared vision'. These two disciplines will be discussed in more detail, because their application for the Reds Team in Singkawang is essential. Why these two disciplines are essential in this case and why they apply directly will be explained in the following parts of this chapter.

⁵ Peter Senge, *The fifth discipline: The art and practice of the learning organization* (New York 1990), p. 484-5.

⁶ Peter Senge, *The fifth discipline: The art and practice of the learning organization* (New York 1990), p. 486-7.

4.2 Team learning.

Team learning is one of five disciplines essential to organizational learning, according to Senge. It can be described as an adaption of action-learning within a team.⁷ Team learning is vital because teams are the fundamental learning unit in modern organizations. Senge argues that the discipline of team learning starts with dialogue. Dialogue is in this case defined as the capacity of members of a team to suspend assumptions and to enter into a genuine ‘thinking together’. When recognized and used creatively, dialogue can accelerate the process of learning. It provides knowledge transfer and helps team members master the discipline in which they are active.⁸

4.3 Shared vision.

Basically, a shared vision can be regarded as the answer to the question “What do we want to create?” In his book *‘The fifth discipline’*, Peter Senge argues that when people truly share a vision they are connected, bound together by a common aspiration. According to Senge, shared vision is vital for a learning organization because it provides the energy and focus for learning. Generative learning is expanding your ability to create and this only occurs when a shared vision is present. People inside an organization will only believe generative learning to be meaningful when they get excited about a shared vision and a common goal that they strive to accomplish.⁹

4.4 The REDs Team in Singkawang: dialogue and shared vision.

The extent to which dialogue is present differs from team member to team member. The core of the team is more often involved in dialogue with each other than the other four team members. The dialogue between the core members does involve knowledge transfer. Since all team members have a relevant job and educational background, the potential for team learning is present. All interviewed team members have indicated that they feel they have been learning because of Reds Team activities. Although the training and the experience of the activities have been given as the main reason for their improved skills, support through

⁷ <http://www.tms.com.au/tms12-2c.html>, last checked 11-01-2011.

⁸ Peter Senge, *The fifth discipline: The art and practice of the learning organization* (New York 1990), p. 488.
Peter Senge, *The fifth discipline: The art and practice of the learning organization* (New York 1990), p. 206.

advice and discussions during the meetings also added to this improvement according to the team members.

The team members that are not part of the core also indicated they have learned relevant skills as a member of the team. It is questionable to what extent dialogue played a role in their learning process. The contact between the two team members that are located in Pontianak and the others is limited to one moment every two months or so. These team members mainly acquired new skills through training and seminars. The two team members that do not engage in contact with the rest of the team cannot be expected to have obtained knowledge through dialogue, since there has been no dialogue.

It has been established during the interviews that the team members share the same goal in the light of the Reds Team activities. They are all motivated to stimulate corn production and the local economy in Singkawang. To this extent, one could argue that a shared vision is present. A vision is, however, an instrument that is also intended to secure continuity in an organization in the long run.

At this point the vision that is the foundation for the activities the Reds Team is only briefly explained in a powerpoint presentation. It is advisable that this vision is implemented in documentation. This implementation should include argumentation why this is the vision for the Reds Team and why it is important. This provides the vision with a stronger foundation that can secure its long-term continuation.

4.5 Conclusion.

The Reds Team has the potential to achieve a learning-pattern, based on the conditions provided by Peter Senge. At this point the question if the Reds Team is a learning team cannot be answered conclusively. The intensity of the dialogue differs from team member to team member. Consequently, the extent to which each team member is learning because of dialogue also differs. Furthermore, the extent to which a shared vision is contributing to team learning is also questionable. Although there is a shared vision, this vision is not implemented in documentation that is useful for long-term purposes. A shared vision in the long run is therefore insecure.

5. Social capital.

5.1 Introduction.

The goal of the Reds Team is to stimulate corn production in order to trigger local economic development. This should lead to a rise in incomes that reduces poverty in Singkawang. According to the World Bank, social capital is an important tool to accomplish poverty eradication. This assumption is supported by research. A survey of the World Bank in Tanzania unveiled a positive connection between social networks and income. Another empirical study by Knack and Keefer in nearly thirty countries showed that the level of trust and civic connections are related to improved economic performance.¹⁰

The question ponders to what extent social capital is present and being used in Singkawang as a tool to stimulate economic development. However, to explain why the World Bank maintains that social capital plays a vital role in poverty reduction, the contents of social capital theory will be explored first.

5.2 What is social capital?

The World Bank nowadays uses the following definition for social capital:

“Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society’s social interactions.”¹¹

By reducing the costs of doing business, social capital can increase productivity. The World Bank argues that social capital is crucial for societies to prosper economically and for development to be sustainable.

In relation to this chapter and the circumstances, the framework developed by Michael Woolcock and Deepa Narayan will be applied. For Woolcock and Narayan, social capital refers to the norms and networks that enable people to act collectively. The developed framework features four views that are deducted from the literature that applies to the role of

¹⁰ Barbara Piazza-Georgi, ‘The role of human and social capital in growth: extending our understanding’, *Cambridge Journal of Economics* (26) 2002, p. 15.

¹¹

<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTSOCIALDEVELOPMENT/EXTTSOCIALCAPITAL/0,,contentMDK:20185164~menuPK:418217~pagePK:148956~piPK:216618~theSitePK:401015,00.html>, last checked 01-12-2010.

social capital in economic development. The four views are the following: The communitarian view, the networks view, the institutional view, and the synergy view. These views and their relevancy for this paper will be explained shortly.

5.3 The communitarian view.

This view argues that social capital always has a positive effect on welfare and that ‘more is better’. The communitarian view equates social capital with local level organizations, specifically associations, clubs, and civic groups. The communitarian has stressed the social ties in helping the poor manage risk and vulnerability.¹²

However, research that applies for this perspective also showed that just high levels of social solidarity of informal groups is not enough to trigger economic prosperity. Reasons include a lack of access to power and the effects corruption, geographical isolation, and social polarization.¹³

5.4 The networks view.

The networks view of social capital can be characterized by two key propositions. The first is the proposition that social capital is a double edged sword. On the one hand, social capital can provide for valuable services for community members, from dog-walking to job offers. On the other hand, there are also costs that can have negative economic consequences. For example, group loyalty can be so strong that it results in the exclusion of non-members of the group that could be of value to the community.

The second proposition holds that the sources of social capital should be distinguished from the consequences derived from them. Only emphasizing the positive effects of social capital ignores the possibility that these effects are being attained at the cost of another group. Another possibility is that desirable outcomes today, may be followed by negative effects in the future. Production that causes pollution, for example.

¹² Michael Woolcock and Deepa Narayan, ‘Social Capital: Implications for Development Theory, Research, and Policy’, *World Bank Research Observer* 15 (2) 2000, p. 6.

¹³ Michael Woolcock and Deepa Narayan, ‘Social Capital: Implications for Development Theory, Research, and Policy’, *World Bank Research Observer* 15 (2) 2000, p. 6-7.

5.5 The institutional view.

The third view on social capital stresses the importance of the political, legal and institutional environment for community networks and civil society. Contrary to the two earlier described views, the institutional view does not regard social capital as an independent variable. According to this perspective, the very capacity of social groups to act in their collective interest depends on the quality of the formal institutions under which they reside.

Studies from the institutional have produced two main arguments. The first holds that states, that are ill-suited to assume responsibility for all aspects of modern economic life, are not capable of successfully supporting civil society to flourish. The second argument stresses the positive effect of generalized trust, rule of law, civil liberties, and bureaucratic quality on growth. A number of studies showed that corruption, bureaucratic delays, suppressed civil liberties, inequality, ethnic tensions, and the failure of safeguarding property rights have a negative effect on generating prosperity. All these factors can, according to the institutional view, be reduced by good governance and well-functioning institutions.¹⁴

5.6 The synergy view.

This perspective is the most recently developed one of the four. It tries to combine the contents of the network and institutional views. Case studies in India, Mexico, Russia, South Korea, and Brazil resulted in three general conclusions:

- Neither the state, nor societies, are inherently good or bad. The impact governments, corporations, and civic groups may have on the achievement of collective goals can be both negative and positive.
- States, firms, and communities alone do not possess the resources needed to promote broad-based, sustainable development. Cooperation between the different sectors is essential to achieve development.
- The role of the state is the most important and problematic in stimulating positive outcomes for development. It is the state that provides public goods, enforces the rule of law, and it is best situated to facilitate enduring alliances across the boundaries of, class, ethnicity, race, gender, politics, and religion.

¹⁴ Michael Woolcock and Deepa Narayan, 'Social Capital: Implications for Development Theory, Research, and Policy', *World Bank Research Observer* 15 (2) 2000, p. 10-11.

Evans argues that synergy between government and citizen action is based on complementarity and embeddedness. In this case, complementarity means that the relation between a government and its citizens needs to be mutually supportive. Embeddedness holds that the ties between citizens and public officials are strong. Trust in public officials tends to be higher when they are enmeshed in local social relations.

According to the synergy view, forums through which representatives of the state, the corporate sector, and civil society can identify and pursue common goals stimulate inclusive development. From this perspective, investment in social capital can thus result in inclusive development. And the role of the state is essential in the process that should lead this type of economic development.¹⁵

The four views identified by Woolcock and Narayan can be used to analyze efforts to stimulate development through social capital. In this paper, the synergy view will be applied to the case study of the Reds Team in Singkawang. There are several reasons why the synergy view in particular was chosen. First of all, it combines the works of the network view and the institutional view.¹⁶ Second, it is the most advanced view of the four. Recently developed, it embiggens the lessons learned in developing social capital theory.¹⁷ Third, the Reds Team in Singkawang is part of the local government. The synergy view emphasizes the role the government will be able to play in inclusive development.¹⁸

5.7 Tasks.

The synergy view of social capital suggests three tasks for theorists, researchers and policy makers. The members of the Reds Team in Singkawang belong to the final group. The first task is to identify the nature and the extent of the social relations characterizing a particular community, its formal institutions, and the interaction between them. Second, the developed institutional strategies should be based on an understanding of these social relations. The third

¹⁵ Michael Woolcock and Deepa Narayan, 'Social Capital: Implications for Development Theory, Research, and Policy', *World Bank Research Observer* 15 (2) 2000, p. 12-14.

¹⁶ Michael Woolcock and Deepa Narayan, 'Social Capital: Implications for Development Theory, Research, and Policy', *World Bank Research Observer* 15 (2) 2000, p. 12.

¹⁷ Michael Woolcock and Deepa Narayan, 'Social Capital: Implications for Development Theory, Research, and Policy', *World Bank Research Observer* 15 (2) 2000, p. 12.

¹⁸ Michael Woolcock and Deepa Narayan, 'Social Capital: Implications for Development Theory, Research, and Policy', *World Bank Research Observer* 15 (2) 2000, p. 14.

task is to identify ways and means by which positive manifestations of social capital can offset the negative manifestations. Positive manifestations include cooperation, trust, and institutional efficiency. Negative manifestations include sectarianism, isolationism, and corruption.¹⁹ The interviews included questions that served to find out whether the team is involved in stimulating social capital in order to stimulate local economic development.

5.8 The characteristics of social relations.

Singkawang is characterized by a multi-ethnic population. The main groups that populate Singkawang are the Chinese, the native Dhayaks, and Malaysians. There is also a group of Javanese natives, that are mainly active in the agriculture in the east of the Singkawang area. The different ethnicities live together in harmony, there are no tensions between the groups.

The interviewed team members describe the social relations in Singkawang as strong. They indicate that the community is important for the farmers, because they provide support and serve as a market for their products. They argue that it comes natural to the people of Kalimantan to stick together as a community and help. This indicates that there is a positive social environment for the farmers in Singkawang.

Most team members indicate that they do not know much about the details of way the community helps the farmers. The task to maintain contact with the farmers is part of the job of one of the team members. The other team members do visit farms on an occasional basis, but further contact with the farmers only occurs when there is a workshop to educate the farmers. Contact with the community is not an issue in the activities of the Reds Teams.

Several team members mentioned the role of the private sector in the interviews. The private can potentially play a bigger role in the activities initiated by the Reds Team, according to team members. Since the absence of a central budget for the Reds Team is one of the main concerns, private investment would be most welcome. Furthermore, the informal network of the private sector and technical knowledge within this network is not used at this moment. For this reason, the lack of participation by the chamber of commerce, Kadin, in the activities of the team is unfortunate. The same goes for the banking sector in Singkawang.

¹⁹ Michael Woolcock and Deepa Narayan, 'Social Capital: Implications for Development Theory, Research, and Policy', *World Bank Research Observer* 15 (2) 2000, p. 14.

5.9 Institutional strategies

Because of the alleged strength of the social ties between the farmers and the community, there is little attention for these ties in the activities of the Reds Team. No member of the team is as an expert in social relations. The team focuses on the activities that it was trained to stimulate, which is local economic development through corn production. Due to the strong nature of social relations in Singkawang, the absence of a social relations strategy related to the community surrounding the farmers does not harm the chances to achieve the main goal. However, renewing the ties with the private sector could result in increased knowledge and investment to stimulate local economic development in Singkawang. It would benefit the chances of achieving the goal of the Reds Team if a strategy to increase private sector involvement was added to the action plan.

5.10 Positive and negative manifestations.

There are no negative manifestations that frustrate the existence of strong social ties. According to the team members sectarianism, isolationism, and corruption are not a factor in the activities of the Reds Team. It is up to the team to stimulate positive manifestations. Cooperation within the core of the team is sufficient. When this cooperation can be expanded to the farmers, the community, and the private sector, this can lead to trust. Cooperation with the private sector to create trust is necessary to convince the private sector of the efficiency of the Reds Team as an institution. Only then will the private sector have the confidence to invest and share its knowledge in the activities of the team.

5.11 Conclusion.

The analysis based on the synergy view of social capital showed that there are no severe negative manifestations that disturb social ties in Singkawang. Partly due to this absence, social ties in Singkawang are strong. This is why the Reds Team hardly engages in activities that stimulate the presence of social capital.

The limited attention for social capital in the activities of the Reds Team is in itself no problem for the goal of increasing corn production in the Singkawang area. However, the involvement of the private sector in the activities could be bigger. The private sector could

add a network adds knowledge and has the capacity to invest in agricultural projects. Increased involvement of the private sector could accelerate the process of economic growth and poverty reduction.

However, the role of social capital should not be underestimated. Although social relations are strong in Singkawang, this does not mean that a higher degree of social capital could not benefit the activities of the Reds Team. For this reason, social capital cannot be ignored. Further reading on the importance of social capital in policies that aim to stimulate development is provided in the appendix.

6. Problems that negatively affect the effectiveness of the Reds Team in Singkawang.

During the research that served to produce this paper, several problems came to light. Up to this point in the paper, most these problems have been described briefly. This chapter provides an overview and further elaboration of the five main problems. Possible solutions and improvements for these problems will also be further explored.

6.1 Empowerment of the Reds Team.

The main problem for the Reds Team is a lack of empowerment. At this point, the Reds Team has no official authority whatsoever in the government agencies where the team members are active. This is because the formal task of the team, going through the training and developing the action plan, has been completed. The team members explained their concern over this issue in the interviews. Furthermore, other problems can be linked to the absence of institutional power.

Several team members feel powerless when trying to achieve the goals of the Reds Team that are stated in the action plan. The team members that work for the local government of Singkawang only have the budgets of their own divisions, rather than a budget for the Reds Team. This makes it hard to provide the farmers with resources such as tools for harvesting the corn, investment in irrigation, or building a bridge to be able to harvest crops with heavy machinery. Several team members mentioned the absence of a budget for the Reds Team as an important problem.

By recognizing the Reds Team as an official part of the government and involving the Reds Team in decision making, the probability of achieving the goal of the team. The process of making decisions related to the activities of the Reds Team can be made more efficient by using the knowledge and skills that are present in the team. Empowerment will make it easier for the Reds Team to adapt its policies and activities to the situation of the corn farmers in Singkawang, rather than being part of a more general agricultural policy.

If the Reds Team is to be empowered, this should however be based on a strategy that is more elaborated than the current action plan. A powerpoint presentation is not enough to serve as a legal basis for a team that is serious about achieving its goals. There are too many

loose ends related to both vision and the way this vision will be implemented in practice. The discussion on whether to stick to stimulating corn production for livestock or to involve the production of sweet corn as well is a consequence in this lack of documentation.

At the province level of West-Kalimantan, work is in progress that could stimulate empowerment for the Reds Team in Singkawang. There is an effort to implement a strategy that would create several Reds Centers in the province that would serve as a Local Economic Development Agency. The framework of LEDAs has been developed by the World Bank. The mission of a LEDA is to accomplish the creation of jobs, the promotion and support of small- and medium-sized businesses, and the improvement of economic context and opportunity in the area where the LEDA is active.²⁰ It would enhance the empowerment of the Reds Team, because a LEDA has an own legal structure and functional autonomy. An overview of the characteristics of a LEDA is provided in the appendix.

6.2 Changing job positions.

The second main problem experienced by both the members of the Reds Team and the Bapenas is the relative quick rotation of job positions in the government. So far, two members of the team have changed their position since the Reds Team was formed. The new job positions of these team members are not directly related to the activities of the Reds Team. The reaction to these changes differs from team member to team member. Some do not experience the change in functions as a problem, but other team members do. They find it harder to communicate with the members that have a new job position in order to get the input they need for their tasks. The change of positions can therefore be seen as a negative factor for the efficiency of the Reds Team.

It is difficult to provide a solution to this problem. The rapid change of job positions is a result of a system that is maintained throughout the whole of Indonesia. Changing it would involve measures at the ministerial level of the government. The knowledge of the problem of the Bapenas is a start, because the problem is recognized at the national level through Bapenas. But there are no signs that this problem will be solved on short notice.

The negative effects for the Reds Team have so far been limited, since the members that changed job positions have maintained a part their participation in the activities of the

²⁰ http://info.worldbank.org/etools/docs/library/166856/UCMP/UCMP/7_leda.html, last checked 11-01-2011.

Reds Team. The Reds Team members argue however that if the essential link to the planning division of the Singkawang government is now fragile, because only one member has remained to be stationed in this division. Changes of the job positions for more team members would weaken the team, because it will make communication and access to relevant divisions of the Singkawang government more difficult. Furthermore, it would reduce the value of the provided training since the activities in which this training applies will be reduced.

6.3 Absence of two team members in participation.

Besides team members changing position, there are also two team members that did not maintain their participation in the activities of the Reds Team. These two members are not part of a government agency. One was selected to be a member of the team because he works for the chamber of commerce, the other because of his role as a banker.

Because of the absent participation of these two members the Reds Team can be divided into three parts. The two members that do not participate anymore, four core members of the team who are part of the local Singkawang government, and two members that are stationed in Pontianak. The two members that are stationed in Pontianak are an agricultural expert from the university and one member works for the provincial level of the government. The agricultural expert mainly serves as an advisor and the member that is part of the provincial government level provides information and serves as an advisor related to economic issues. They are motivated to aid the team, but are not involved in efforts related to the economic development of Singkawang on a day-to-day basis.

The activities of the Reds team are organized by the four team members that are active on behalf of local government agencies in Singkawang. These four members form the core of the team, because they are involved in stimulating economic development in Singkawang on a day-to-day basis, they maintain the contact with the farmers, and they initiate the activities of the team. The advisory role of the two members in Pontianak is appreciated by this part of the team.

The lack of participation by two members of the team is not experienced by the rest of the team as a problem that makes the performance of the team impossible. The team is at this point using the resources at hand to stimulate the corn production in Singkawang. Partly because the lack of empowerment forces the Reds Team to settle for limited resources to aid

their activities. Were the team to be empowered and intensify its activities, the assignment of the tasks to the team members that do not participate would have to be reconsidered. In order to increase the chances of achieving the goal of the Reds Team, these tasks would have to be assigned to other team members or to other persons that would have to join the team. If this latter option is chosen, the choice of persons from inside the local government agencies in Singkawang would secure the participation of these persons in the activities of the team.

6.4 Involvement of private sector.

The relevancy of the previous problem for the activities of the Reds Team is illustrated by the extent to which the private sector is involved in the activities of the team. This problem has been explained in the previous chapter, which analyzed the role of social capital in the team's activities. The tasks of the two members of the team that do not participate specifically relate to private sector involvement. The knowledge and investment of the private sector would be an asset for the increase of corn production in Singkawang. The team should stimulate private sector involvement. The role of the two team members can be transferred to other or new team members, in order to renew the relation with the private sector.

6.5 Mindset of the farmers.

Several of the people involved in the activities of the Reds Team argued that the mindset of the farmers had to change. The perception is that the farmers are not as motivated to increase their production as the Reds Team members are. This could lead to demotivation of the Reds Team members, because their efforts are not followed by efforts of the farmers, but it also directly frustrates the achievement of the goal of the Reds Team. If farmers do not engage in continually looking to expand their activities, the growth of production will slow down.

Carol Dweck describes ways to improve the mindset in the business environment. However, access to her works is not possible in Singkawang.

6.6 Other possible stumbling blocks.

The problems above are the most pressing issues for the stimulation of the production of corn in Singkawang by the Reds Team. There are other areas where the team could encounter problems to maintain economic growth in the future. In the chapter on team learning, the question was asked whether the goal of the Reds Team is too ambitious. If this is indeed the case, disappointing results could lead to frustration and decreased motivation of the team members. This will affect the activities of the team in a negative way, because the team members will lose the dedication that is present at this point.

Another potential problem is the infrastructure of Singkawang. At no point of the interviews did any of the team members indicate that infrastructure plays a role in the economic development of Singkawang. However, with a goal directed at multiplying corn production, the pressure on infrastructure is likely to increase. A good example is the absence of a bridge at one of the main corn plantations that would make it possible for heavy machinery to assist in harvesting the crops. When the plantations are expanded, situations like this are likely to occur more. No infrastructural expertise was involved in the research related to this paper. An infrastructural analysis of growth of the corn production in Singkawang would solve this case. When efforts related to infrastructure prove to be essential for the achievement of the goal of the Reds Team, an infrastructural expert should be considered to join the team.

The final problem is the low degree of documentation. The vision of the team is clear to the team members now, but should also be secured for long-term purposes. A more elaborate action plan in the form of a textbook would be an improvement to the current action plan, which is merely a powerpoint presentation. Coordination with the Bapenas and the provincial government could help in this process.

7. Conclusion.

The economic indicators for Singkawang in the past years indicate the potential for economic and multicultural growth in the Singkawang area. Forming a team to stimulate the production of one particular commodity and providing this team with additional training is a positive development for the support of the farmers that grow this particular commodity. In the case of Singkawang this is corn.

To analyze whether the Reds Team in Singkawang has the ability to stimulate economic development the following main question was formulated:

To what extent can the Reds Team in Singkawang be expected to achieve its goals and to what extent are improvements necessary to overcome possible problems that can frustrate the achievement of these goals?

The research based on interviews and literature study provided in this thesis will be used in this conclusion to answer this question as adequate and complete as possible.

Although the lack of interaction with two team members is a negative factor for the team, characteristics are generally positive for the instrumental cohesiveness of the team and the ability to perform activities to stimulate corn production in Singkawang. A positive stimulus would however be an increase in decision-making tools for the team. At this point, the team does not have any official authority to make decisions. A central budget for the team would be a good place to start.

Another positive aspect of the team is its potential to provide the team members with experience and new knowledge. This aides the team members in activities for both the team and their other job responsibilities. However, the extent to which the Reds Team is a learning team differs per team member. For the core team members, there a higher intensity of dialogue that stimulates knowledge transfer. The intensity of dialogues is lower for the other members of the team, reducing the opportunities to transfer knowledge.

There is limited attention for the presence of social capital, in the activities and policies of the Reds Team. This is not a fundamental problem due to the strong social ties in the Singkawang community. However, the potential positive influence that social capital can have for development and poverty reduction should not be underestimated or forgotten.

The answer to the main question is that the circumstances described above are thus good for the Reds Team to perform their tasks, but several adjustments would increase potential of the team to help the economic development of Singkawang. Empowerment of the team is the main priority. Providing the team with a legal basis in the Singkawang government would increase the ability of the team to have a stronger impact in the development of the local economy.

A budget for the Reds Team is one of the main issues in empowerment. The budget is eminent in coordinating the activities of the Reds Team. One of these activities should be providing adequate infrastructure for the plantations. Infrastructure is an important topic in the expansion of the plantations. For this reason, the addition of an expert on infrastructure to the team should be considered.

More potential also lies in the role the private sector could play in the activities of the team. A higher degree of involvement by the private sector would provide the team with more resources and knowledge. The weak ties with the private sector are also caused by the lack of participation by the two team members that are based outside the government. Changes in the roles of the team are eminent if this situation is to be changed. If all team members were based inside the government, this would increase the likelihood of their continued participation. Another way to stimulate continuation is a more elaborate action plan.

There are possible sources of frustration that could demotivate the dedication of the team members. First of all, a change in the mindset of the farmers to be hungrier for development would benefit the potential success of the Reds Team and avoid frustration. Constant stimulation of the farmers to focus on increasing their production is essential. A second source is the quick rotation of job positions. Containing this structural problem would not only reduce the possibility of frustration, but would also be beneficial for communication within the team. Finally, the goal of the team could prove to be too ambitious, which could lead to frustration because of disappointing results.

However, the Reds Team can be an asset to economic development and poverty reduction in Singkawang if the sources for frustration can be contained. When the suggested amendments to the team provided in this thesis are seriously considered, the potential positive influence of the team on economic development could increase. In the end, this will benefit the income of the farmers and the Singkawang community.

This research paper can be seen as a first step in the process of addressing the mentioned problems. These problems and the potential of the Reds Team have now been identified. In the follow-up to this research paper, technical expertise can now be used to create solutions to the problems. This way, the chances of effectively achieving the goal of the Reds Team can be increased.

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9. Appendix.

List of Reds Team members.

<u>Reds Team members</u>			
<u>Person</u>	<u>Role in the team</u>	<u>Job position</u>	<u>Period of job position</u>
Wida Toto	Leader, coordinator	Secretary of spatial management and land use	Under a year
Dr. Radian	Agricultural expert	Academic lecturer	23 years
Asharudin	West-Kalimantan province, economic expert	Border development	1 year
Triwahdina Safriantini	Secretary	Head of subdivision of agriculture and tourism development	1 year
Dani Asmuri	Promotion of corn entrepreneurship	Secretary of data collection and promotion	1.5 years
Ahmad Hamka	Create technical agricultural policy	Head of agriculture and food crop division	2 years
Anthony Suwandi	Banker	-	-
Garina Ryanti	Representative Kadin	-	-

<u>Person</u>	<u>Location</u>	<u>Interview</u>
Wida Toto	Spatial and urban planning division, Singkawang	Yes
Dr. Radian	Pontianak University	Yes
Asharudin	Provincial office, Pontianak	Yes
Triwahdina Safriantini	Bappeda, Singkawang	Yes
Dani Asmuri	Investment division, Singkawang	Yes
Ahmad Hamka	Agriculture division, Singkawang	Yes
Anthony Suwandi	Singkawang	No
Garina Ryanti	Chamber of commerce, Singkawang	No

List of interviewed persons that are not part of the Reds Team.

<u>Other interviewed persons</u>			
<u>Person</u>	<u>Job position</u>	<u>Period of job position</u>	<u>Location</u>
Sumastro	Head of Bappeda	3 years	Bappeda, Singkawang
Agus Prayitno	Head of Agriculture	2 years	Agricultural division, Singkawang
Ibu Ratna	Economic planning	1 year	Provincial office, Pontianak
Dr. Guspika	Head of planning division	-	Bapenas, Jakarta
Edy Purwanto	Planning secretary	-	Bapenas, Jakarta

Local Economic Development Agencies.

Mission of Local Economic Development Agencies.

The World Bank supports the concept of LEDAs all over the world. Each LEDA is founded to support an endogenous network that catalyzes development. The LEDA is also involved in setting up this very network. Via the support to this network, the mission of a LEDA is to accomplish the creation of jobs, the promotion and support of small- and medium-sized businesses, and the improvement of economic context and opportunity in the area where the LEDA is active.²¹

Several objectives are formulated over a wide scope to support the mission of the LEDA, described above. These objectives include the following:²²

- Providing tools and resources for economic development for the most vulnerable groups.
- Coordination and integration of local agencies around a shared vision of local economic development.
- Plan a system that brings together public and private organizations in order to stimulate local economic development and poverty reduction.
- Promote competition among businesses.

The framework that a LEDA tries to provide intends to stimulate fruitful cooperation between public and private agencies, but government agencies play the central role. When the framework is applied successfully, it allows governments to be the direct actor in achieving local economic development.

The characteristics of a LEDA.

A LEDA is a non-profit organization with an own legal structure and functional autonomy. It uses several types of services to accomplish its goals, ranging from financial and territorial services, to technical assistance and the training of potential entrepreneurs. It implements projects and provides credit and services. As an administrative entity, the LEDA has independent access to funding to provide the mentioned credit and services. The credit is

²¹ http://info.worldbank.org/etools/docs/library/166856/UCMP/UCMP/7_leda.html, last checked 11-01-2011.

²² http://info.worldbank.org/etools/docs/library/166856/UCMP/UCMP/7_leda.html, last checked 11-01-2011.

intended to help finance business plans and is provided on the basis of the feasibility of projects. The LEDA provides assistance in the formulation of business plans.

The territorial structure of the LEDA should allow it to serve as a tool for development policy in decentralized states. This way, it provides practical support for national policies concerning the decentralization of economic development decision-making and services. Furthermore, a LEDA provides a forum for local actors to promote and determine their own processes of economic development.

As a coordinating entity, a LEDA monitors local economic development planning and implementation. All actors will be assembled to design a strategy for local economic development. The local administrations that are responsible for planning are assisted by the LEDA. The assistance will mainly be provided in the form technical aid, which is also given to entrepreneurs in order to develop business plans. Businesses are generally supported in their initial period of activity.

In the end, if the characteristics as given above are all-in place, the LEDA can work as a weapon against poverty. Credit will be accessible to all, all territorial organizations can play a part in the decision-making process, and small firms will be able to market their products outside the local area. The LEDA also has a task in assuring the sustainability of the projects and advocates the role of women in these very projects.²³

More on LEDAs can be found at the website of the World Bank:
<http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTURBANDEVELOPMENT/EXTLED/0,,contentMDK:20276764~isCURL:Y~menuPK:341145~pagePK:148956~piPK:216618~theSitePK:341139,00.html>

Further reading on ways to improve the mindset in a business environment.

Carol Dweck provides literature on the issue of improving mindset in a business environment. Accessing articles and literature produced by Dweck proved to be impossible, both in

²³ http://info.worldbank.org/etools/docs/library/166856/UCMP/UCMP/7_leda.html, last checked 11-01-2011.

Singkawang and at the University of Groningen. I propose a future intern tries to involve the works of Dweck when addressing problems related to the mindset of the farmers in Singkawang.

Further reading on social capital.

Although addressing the relations with the community that surrounds the farmers, the potential effect of strengthening social capital in reducing poverty should not be underestimated. Because the social relations in Singkawang are not strong, this does not mean that the maximum potential has been reached. Woolcock provides further theory on the subject of social capital, indicating its potential importance for economic development. An extract from the article “Social Capital: Implications for Development Theory, Research, and Policy”, by Woolcock and Narayan, is provided below. It makes a case to consider social capital when creating a strategy for economic development and poverty reduction.

Social Capital: Implications for Development Theory, Research, and Policy.

IV. WHAT ARE THE IMPLICATIONS FOR DEVELOPMENT THEORY AND POLICY?

Recent work by the World Bank and the development community at large on social development, participation, institutions, and governance lays the building blocks to help us move forward. Six broad recommendations can be offered. First, for development interventions in all sectors and at all levels (especially the country level), social institutional analysis should be used to correctly identify the range of stakeholders and their interrelations. Understanding how their power and political interests will be affected by proposed policy interventions is a vital consideration, since all policy interventions occur in a social context characterized by a delicate mix of informal organizations, networks, and institutions. Special attention needs to be paid in the design of interventions to the potential for dominant groups to mobilize in ways that undermine the public good.

Second, it is critical to invest in the organizational capacity of the poor, and support the building of “bridges” across communities and social groups. The latter is particularly important, since many decisions affecting the poor are not made at the local level. To this end, the use of participatory processes can facilitate consensus-building and social interaction among stakeholders with diverse interests and resources. Finding ways and means by which

to transcend social divides so as to build social cohesion and trust is crucial for economic development. One of the great virtues of the idea and discourse of “social capital” is that it provides a common language for these different stakeholders, enabling them to communicate more openly with one another.

Third, a social capital perspective adds its voice to those calling for information disclosure policies at all levels to encourage informed citizenship and accountability of both private and public actors who purport to serve the public good. Fourth, emphasis should be placed on improving physical access and modern technology to foster communication and information exchange across social groups to complement social interaction based on face-to-face interchange. Fifth, development interventions should be viewed through a social capital lens, and assessments of their impact should include the potential effects of the intervention on the social capital of poor communities. As we have seen, the social networks of the poor are one of the primary resources they have for managing risk and vulnerability, and outside agents therefore need to find ways to complement these resources, rather than substitute for them.

Finally, social capital should be seen as a component of orthodox development projects, from dams and irrigation systems to local schools and health clinics. Where poor communities have direct input into the design, implementation, management, and evaluation of projects, returns on investments and the sustainability of the project are enhanced (Esman and Uphoff, 1984). In this sense, “the social dimensions” of development are at the core of everything the Bank—and every other development agency—does.

Source: Woolcock, Michael, and Narayan, Deepa. 1999 “Social Capital: Implications for Development Theory, Research, and Policy” *World Bank Research Observer* 15(2): 2000, p. 18-19.

Presentation of the Research paper in Singkawang.

This paper was presented at the Bappeda Kota Singkawang on Thursday January 13, 2011. Amongst the attendants were four of the eight team members of the Reds Team, the heads of the departments of planning, agriculture, public works, and infrastructure for the municipality of Singkawang, and a representative of the economics department of the province of West-Kalimantan.

In a one and a half hour presentation, the contents of the research paper were explained. The emphasis was on the analyzed circumstances, the problems concluded, and the used theories in the research process. The presentation was followed by a discussion and a question and answer session. Questions by the heads of the departments mainly related to the solutions to the problems. I suggested that a follow-up would include new interns with technical knowledge related to the established problems for local economic development in Singkawang.

In the afternoon following the presentation, the head of planning included me in a staff meeting. In this meeting we discussed the follow-up to the research paper. I proposed to send letters to the universities of Groningen and Wageningen to invite new interns with relevant knowledge to aid the efforts to develop the local economy of Singkawang. The letters were composed in cooperation with myself and I send the letters to the intership offices in the relevant faculties of both universities.