Metropolitan Transport Planning Collaboration in Decentralized Indonesia
Case Study of Greater Yogyakarta

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June 16, 2014

Master Thesis in partial fulfillment of the requirements for the degree of
Master of Science in Social and Political Science of the Environment (Radboud University)
and Master of Science in Spatial Planning (Blekinge Institute of Technology)
Erasmus Mundus PLANET Europe Programme
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Abstract

Indonesia has witnessed the emergence of metropolitan areas whose boundaries stretch beyond administratively defined local authorities. This prompts the need of integrated metropolitan transport planning whose attainment relies on inter-local government collaboration, particularly since decentralization policy in Indonesia. Yet, such collaboration remains considerably undeveloped. Therefore, using case study of Greater Yogyakarta, this research discusses the barriers to inter-local government transport planning collaboration. The transaction costs theory was utilized given its analytical power in explaining actors’ calculative decision for making inter-local government collaboration as chosen governance mechanism to handle metropolitan transport planning. This decision is influenced by actors’ perceived transaction costs. This research found that there are significant aspects that potentially stimulate and heighten actors’ perceived transaction costs; thus, served as key barriers to collaboration. Those aspects are: the absence of safeguard mechanism through legal and regulation framework to address non-compliance issues; uncertainty of sustained financial support; uncertainty of longer-term political commitment; the lack of perceived benefits of metropolitan transport planning; the perceived imbalances in losses and gains of collaboration; local governments’ fear of losing control over territories; fragmentation in local governments; and the absence of common-shared goals. This research also suggests that informal institution aspects and political driving forces have hindered the collaboration more significantly compared to direct practical-financial aspects.

Keywords: metropolitan transport planning, inter-local government collaboration, barriers, transaction costs
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Chapter 1

Introduction

1.1. Background and Problem Statement

Indonesia has been experiencing vast urbanization and the country has witnessed the emergence of metropolitan areas whose boundaries stretch beyond administratively defined local authorities. This urbanization process is rather disorderly planned that leads to further expansion of cities and higher built environment footprint in rural areas around city cores (World Bank, 2012). One of negative externalities related to urbanization is imbalance transportation demand and supply as a by-product of fragmented land use and transport planning in typical Indonesian metropolitan areas (Tamin, 2005). This has yielded obvious outcomes such as motorization and traffic congestion that further entrench many problems related to environmental sustainability. Corresponds to the abovementioned issues; there have been initiatives to govern transportation and urban development at metropolitan level by implementing comprehensive metropolitan transport planning among several local authorities’ jurisdictions. However, unlike many developed countries whose institutional capacity is supportive, making metropolitan governance works remains an intractable problem in Indonesia.

Metropolitan regions, which incorporate several local governments within a functional urban-rural region, have received great attention from both policy analysts and academics in today’s decentralized Indonesia. This attention follows the ‘big-bang’ Indonesian decentralization policy through Decentralization Act 22/1999 (further reiterated by Act 32/2004) that has changed the country’s spatial planning system, from highly hierarchical and centralized system to become less hierarchical and empower local governments (Firman, 2009; Seymour & Turner, 2002). Under the new planning realm, the central government and provincial government lost their meaningful involvement on planning programs at local and regional level, which was very strong prior to decentralization. To this end, planning at metropolitan level seems to be in no one competence. In regard to this, after the Spatial Planning Act (26/2007) has been enacted, the central government through the Ministry Home Affairs Decree 50/2009 has mandated metropolitan region coordinating scheme to be conducted at provincial level in lieu with Local Planning Coordination Board (Badan Koordinasi Penataan Ruang Daerah). Nonetheless, this ad hoc regional coordinating agency “has remained left with no commanding power upon the local governments to impose the metropolitan planning in their local planning” (Okitasari & Kidokoro, 2012, pp.7). This is partly because each municipality and regency has statutory power for local planning implementation but none at metropolitan level (Okitasari & Kidokoro, 2012). Therefore, owing to this perplexed institutional landscape, by-and-large at this moment metropolitan governance and cross-jurisdictional development issues, including metropolitan transport planning, rely to the attainment of inter-local government collaboration.

Indeed, aiming to improve the quality of public services in order to accommodate and meet local needs, decentralization has opened door towards greater authority and freedom for local governments to collaborate as the ground to address common
problems within functional urban-rural region or metropolitan region. However, as it is the case in other South East Asian countries, decentralization in Indonesia also creates adverse impact of which it increases local egoism due to the ‘institutional gap’ at regional level and provoke inward looking of local government (Firman, 2009; Minnery, Storey & Setyono, 2012). Arguably, decentralization, which indicates the process of ‘rescaling state’, presents paradox for metropolitan governance. On the one hand, it has created new opportunity for bottom-up inter-local government collaboration; however, on the other hand, it has made local governments gear towards stronger power in planning with insular manner, resembling ‘autonomy euphoria’. In fact, up until now, there is almost no functioning metropolitan governance and effective inter-local government collaboration in Indonesia as a mean to perform geographically rescaling public service provision and comprehensive planning at metropolitan level even though there have been several laws and regulations to foster cooperation among local governments, such as Law No. 50/2007 and Regulation of the Minister of Home Affairs No.69/2007 that also reiterates the aspiration towards metropolitan governance proliferation (Firman, 2008; Hudalah, Firman & Woltjer, 2013a). The aforesaid statements serve as problem statement of this thesis.

On the other hand, decentralization provides new governance realm in which local governments are free to choose whether they want to involve and sustain the collaboration with the others. Therefore the success of dealing with comprehensive transport planning at metropolitan level is being subject to the local governments’ perception about the costs and benefits of inter-local government collaboration. On the other words, the actors’ perceived cost and benefit of planning collaboration becomes imperative to mobilize the collective action (Feiock, 2004). The difficulties are escalated if the costs are perceived to be high therefore hindering actors’ willingness to collaborate. Regarding these costs, there are transaction costs that are not readily quantified but remain paramount, whether realized consciously or not, and are incurred from the process of inquiring information, negotiation, and monitoring as parts of transaction process between parties (Williamson, 1981). Ronald Coase coined the concept of transaction cost and its term; yet, they became widely known through Oliver E Williamson’s works in early 80s. Even though it is originated in economics and initially was focused on transaction between firms, the use of transaction costs has broadened to another subject studies including public administration that by-and-large deals with collaboration between local government and private sector as well as between local governments themselves (see Krueger, 2005). The transaction costs perspective lends its theoretical and analytical basis to generate explanation on the development of voluntary collaboration as collective action (Feiock, 2007). However, it should be noted that understanding actors’ perception of transaction costs is more important than quantifying and measuring those transaction costs (Buckley & Chapman, 1997). The perception is bounded in social context and is socially constructed (Buckley & Chapman, 1997). This means that certain factors, whether they are related to governance culture, political structure, socio-economic factors, or financial consideration, remains influential in shaping the actors’ perceived transaction costs. Therefore, in the context of Indonesian planning after decentralization, identifying the influential factors of actors’ perceived transaction costs in order to further investigate the key barriers to inter-local government transport planning collaboration that is currently dormant in Indonesian metropolitan areas becomes relevant.
1.2. Research Aim and Questions

Given the abovementioned background and problem statement, this research aims to investigate and analyze the barriers to inter-local government transport planning collaboration in Indonesian metropolitan area using transaction costs perspective. Based on this aim, this research would like to address the following research questions:

1. What are determinant factors that influence actors’ perceived transaction costs on inter-local government transport planning collaboration?

This research acknowledges that the decision to establishing inter-local government collaboration is influenced by the actors’ perception towards transaction costs that are needed in building and sustaining collaboration. These transaction costs refer to costs that are potentially incurred from information gathering, negotiation, and monitoring process. Instead of aiming to measure those costs, this research aims to seek determinant factors that are influential in perceiving those costs. The factors could stem from governance culture, political aspects, and socio-economic aspects as well as practical and financial consideration. The actors refer to those who collaborate and are involved in local decision-making process of building collaboration at metropolitan level in transportation sector.

2. Which of these determinant factors present the key barriers to inter-local government transport planning collaboration and how do they affect the collaboration?

The answer to the first research question will yield systematic basis for addressing the second question by drawing the relation between the identified determinant factors that influence actors’ perceived transaction costs and how they serve as barriers to collaboration; thus, restrict the actors’ motivation in supporting collaboration. Furthermore, in addressing the research aim and questions, this research uses the case study of Greater Yogyakarta based on two reasons. First, Greater Yogyakarta is the largest extended urban agglomeration or metropolitan area in south-central Java that is politically and functionally defined to be consisted of three neighboring local governments. Second and more importantly, Greater Yogyakarta has often been cited as ‘best practice’ experience for Indonesian inter-local government collaboration due to the existence of Kartamantul (the acronym of Yogyakarta, Sleman, and Bantul) Regional Joint Secretariat (Firman, 2010; Hudalah et al., 2013a; Hudalah, Zulfahmi & Firman, 2013b; YIPD 2013). However, to date there is no functioning inter-local government collaboration that develops comprehensive metropolitan transport planning in Greater Yogyakarta even though Regional Joint Secretariat exists. Therefore, using Greater Yogyakarta as case study, comprehensive understanding of inter-local government collaboration on Indonesian metropolitan transport planning could be conceived.

1.3. Contribution of Research

This thesis research has both its societal and scientific relevance. In regard to the first, by analyzing the barriers that hampered the realization of transport planning
collaboration in Indonesian metropolitan area, the research can contribute on deriving better understanding of what future policy strategy and possible action in disseminating metropolitan transport planning collaboration as well as proliferating well-functioned metropolitan governance to handle urbanization externalities. Without a comprehensive understanding on those matters, transport planning at metropolitan level will likely continue to be patchily addressed that leads to various metropolitan transportation problems, e.g., dreadful traffic congestion. This will give negative impact not only to economic development and environmental sustainability but also to societal aspects such as citizen productivity and accessibility.

In addition, current empirical research on intergovernmental collaboration in Asian contexts, specifically in Indonesia, is still extremely lacking compared to research in European countries and United States (Okitasari & Kidokoro, 2013). This omission in the recent available literature is significant, given the many recent calls for the strengthened regional governance in Indonesia. Furthermore, even though a great deal of research have examined the decentralization policy in Indonesia, as of now there is lack of research that address the question of how far decentralization can drive the collaboration among local governments. This research thus contributes to fill in the two aforementioned research gaps by presenting a more complete understanding of the factors that restricted inter local government collaboration after decentralization, predominantly in transport planning sector. Moreover, this research also critically addresses the relevance and limitation of certain concept, that is transaction costs concept, in explaining the inter-local government collaboration practice, thus providing hints for the scientific development.

1.4. Thesis Structure

This thesis is structured in seven chapters. Following the introduction chapter, the second chapter of literature review and theoretical framework will outline the context of Indonesian decentralization (i.e. setting the scene) as well as provide rationale and explanation for the theoretical framework that is chosen for guiding the research. The third chapter will explain the methodology and the research methods. To help the readers better understand the case that is studied, the fourth chapter briefly presents the overview of Greater Yogyakarta’s current situation. Next, the empirical analysis will be presented in the fifth and sixth chapters that address the first and second research questions, respectively. In the end, the conclusive remarks based on the research findings is presented in the seventh chapter in which it also entails the discussion of the alternative strategies to overcome the identified barriers to inter-local government transport planning collaboration.
Chapter 2

Theoretical Framework

This chapter intends to garner the critical points on the theoretical approaches related to metropolitan transport planning collaboration through two aspects. First, it includes the explanation of substantive contexts and current literatures about Indonesian metropolitan transport planning in order to help synthesizing the argumentation for the chosen theoretical framework. Second, this chapter presents basic premises of the chosen theoretical framework—transaction costs perspective—as well as how it can be operated to address the research objectives that is to analyze the barriers to inter-local government transport planning collaboration at metropolitan level.

2.1. Putting Indonesian Metropolitan Transport Planning into the Contexts

2.1.1. Exploration on Metropolitan Governance Model in Indonesia

The discussion about metropolitan transport planning cannot be detached from metropolitan governance discourse in general. The question of ‘who should’ and ‘how to’ govern metropolitan area in Indonesia remains a subject of considerable debates. In analyzing the appositeness of metropolitan governance options in Indonesian metropolitan area, referring to the Bird and Slack (2007) governance models and using Jakarta Metropolitan Area case, a research by Firman (2008) suggested that both a one-tier and two-tier government models would not be feasible option for managing Indonesian metropolitan areas. This is because establishing a large consolidated-single authority for metropolitan area would yield strong resistance from local governments as well as the parliaments. Firman (2008) postulated even though the Law 32/2004 has opened up the possibilities of merging local governments for the whole part of region, none appears in reality. In contrary, during 1999 to 2008, 184 new local autonomies at municipality level have been established that consist of 153 regencies (Kabupatens) and 31 cities (Kota). Furthermore, whereas it functions well in Greater Vancouver for instance in which the metropolitan area is headed by Mayor who has to work with regional council consisting of directly elected council and representative from local councils, creating two-tier regional municipality is problematic either since Indonesian Law 32/2004 about local/regional government doesn’t acknowledge the establishment of such government system (Firman, 2008). These findings are similar to the research done by Rianita, Gianoli and Subanu (2010) that also utilized the Slack’s taxonomy on metropolitan governance models for its theoretical framework in examining the case of Greater Yogyakarta metropolitan area. Although their research’s findings opposed the one and two-tier government model, Rianita et al (2010) further suggested that voluntary cooperation-based governance as the most feasible option since this model requires minimum government restructuring where local governments in agglomeration area are jointly cooperate and collaborate in order to address various metropolitan problems. As postulated by Rianita et al. (2010), through this model it is presumed that local government can preserve its autonomy while harvesting the benefit of collaboration such as economies of scale and positive externalities of well-managed agglomeration. Both aforementioned researches agreed that the functions of this governance mechanism should focus on spatial development, watershed planning, waste management, and transport system. However, it is also highlighted that the local governments participation on functioning
metropolitan governance is influenced on how they manifest decentralization. Yet, the examination on how far decentralization policy reform can promote the inter-local government collaboration in functioning metropolitan governance is not yet addressed in both literatures.

2.1.2. Decentralization Policy Reform in Indonesia

Rhetorically, decentralization has presented as an effort to promoting the efficiency and enhancing the public services while supporting more accountable and open government (Azis, 2008; Batterbury & Fernando, 2006). Beyond that, in reality, the decentralization policy reform in developing countries has been stimulated by the urge to have stronger democracy, as well as triggered by another external factors (Hofman & Kaiser, 2004). The growing demands of public service on one hand and floundering economies on the other hand lead to large budget deficits that had to be financed mainly by external borrowing or foreign aid organizations. As consequences, many developing countries have experienced vicious cycle of borrowing and overspending issue, prompting central governments to “reduce their role in managing development and to rely more on local governments, which are often underutilized and may have considerable untapped revenue potential” (Smoke, 2001, p. 3). Besides those aforementioned aspects, in Indonesian cases, foreign aid agencies tend to support the decentralization by, for example, providing training for local administration officials (Matsui, 2005). To this end, it can be concluded that “decentralization in Indonesia was essentially brought in from outside” and intertwined with the critical event of the collapse of former president Soeharto’s 32 years regime in 1998 (Matsui 2005, p. 172). This view is further strengthened by the fact that the country at that time was in dire need of national reformation, urging the central government to place decentralization policies very quickly even though it was acknowledged that local governments capacity—a fundamental basis for decentralization—was not adequate. The issuance of Law 22/1999 and 25/1999 by the Indonesian National Assembly then marked the beginning of decentralization process, particularly in terms of administration and fiscal decentralization. Regarding local and regional planning, both laws state that local governments have greater freedom in deciding the direction of planning in order to meet local needs. Yet, since the decentralization seems not departed from the rooted country’s governance culture, its implementations remain facing meaningful challenges, including the creation of comprehensive metropolitan planning at regional level.

2.1.3. Decentralization: two sides of coin for regional development

Perhaps rather obvious, but a sudden change to governance system through decentralization has inevitably yielded various impacts to regional development as well as regional governance in two aspects. First, significant numbers of Indonesian scholars interested in investigating the adverse impact of decentralization practice to planning thrives. Given a sudden transfer of power received at local governments’ hands, the local governments overwhelmingly expressed their freedom in decisions making and policies creation that are used to be very limited in previous centralized and highly hierarchical system of governance. Under the state of power euphoria, many empirical studies postulated that there is a tendency of local governments “to exploit their local resources and physical assets even more intensively to maximize their own income (Pendapatan Asli Daerah)” without having adequate consideration to socio-economic conditions of their local and neighboring authorities (Firman, 2009, pp. 147). This leads to local egoism and parochial attitudes in which many local governments consider themselves having their own ‘kingdom of authority’ (Firman,
2009). Ultimately, without a presence of central government control at various levels in regions to deplete those issues, common development issues such as essential comprehensive metropolitan transport planning have slipped to the edge of local governments and local planning actors’ concerns. Moreover, fierce competitions among local governments to reap revenues outweigh the concern of tackling regional common problems (Matsui, 2005). This fits with Laquain’s argument that suggested metropolitan reform in South Asian countries has been hindered because “autonomous local governments in city regions have not been too eager to cooperate with each other and they have failed to pooled their resources and coordinate their efforts to make infrastructure and urban service delivery more efficient” (2005, pp. 314). In this regard, there is an apparent growing fragmentation in regional development due to local governments’ maintained interests in developing their own ‘kingdom’. Those interests are then also overlooked the economic externalities potentials at regional level (Azis, 2003, 2008).

In relation to spatial development, the local egoism and inward looking attitudes not only stimulate imbalance between transportation demand and supply but also uncoordinated land use. With more discretion and lack of central government control, as stipulated in Spatial Planning Act no. 24/1992 and no.26/2007, local governments have the authority to develop its own land use planning policy and master plan at the scale of 1:5.000 at municipalities and regencies level. However, those laws are criticized as “mandate for plan formulation with lacks clear provisions on implementation”, leading to the situation where “each local government has its own system for controlling land and spatial development” (Subanu, 2008 pp.52). This separated system is apparently not supportive to comprehensively manage the contiguous urban or metropolitan region. Yet, again, as has been mentioned several times, there is no legal mandate for handling this issue; thus, the local governments tend to keep carry on according to their own perceptions of a common problem and try to find their own solutions in insular manner (Subanu, 2008). Indeed, another common critique is that Indonesian decentralization has cast many legal grey areas that have enabled opportunistic behavior, especially at the local level where government officials have been able to use ambiguities in the legislation to excuse themselves in rather misconduct developments (Bunnel, Miller, Phelps, & Taylor, 2013). Moreover, at local level the lack of effective development control mechanisms on building permit granting process has resulted unplanned and scattered housing developments as well as complex spatial interrelation between infrastructure supplies and demands. At regional level and from transport demand perspective these scattered developments viciously generate a problem of disordered inter-jurisdictional origin-destination trips that is also a product of both fragmented land use planning and transportation planning (Tamin, 2005). Moreover, from the supply perspective, this issue is perplexed by un-integrated public transport network, insufficient road network capacity, and mismanagement of the utilization of transport facilities (Lubis, Isnaeni, Nurjaya, & Berung, 2003; Munawar, 2008; Susilo, Joewono, Santosa, & Parikesit, 2007). Altogether, the aforementioned issues have produced inefficient metropolitan transport system characterized by severe traffic congestion and rapid motorization that eventually threatening the sustainability of the region. The solution to address these problems is not straightforward and requires rigorous collaboration among neighboring local authorities in order to establish comprehensive transport planning as well as to assure its consistent implementation.
In the first perspective, it can be concluded that decentralization has augmented complexity in building inter-local government transport planning collaboration. The decentralization has induced unfavorable situation for collaboration since local governments have entered in competition of interests at metropolitan level as a result of increasing local egocentrism and growing focus on each local government’s boundaries, which in turn resulted in abandonment of trans-boundary processes and collaboration. This storyline has proliferated in most strands of existing literature and offset the acknowledgment of decentralization positive impacts to regional development and inter-local government planning collaboration. Nevertheless, referring to its legal formal, the decentralization policy reform has opened greater rooms for local governments to make their own decision and to collaborate with other local governments without central government direction. In this realm, the local governments are allowed to hold a higher degree of discretion and control in local decision-making process. It means that the decision of building collaboration on achieving effective regional development management and tackling externalities relies entirely on the hand of local governments’ competences that follows subsidiarity principle. To this end, the regional development will be more responsive to the local contexts and specificities.

2.2. Theoretical and Conceptual Framework

2.2.1. Identifying Plausible Theoretical Approach for Indonesian Metropolitan Case

In choosing the theoretical framework for this research, we firstly looked at various literatures around metropolitan governance. There is a substantial body of academic research covering this issue that knotted in the ‘new regionalism’ and rescaling state perspective. This concept can be traced back to globalization thesis. One of globalization’s ‘academic by-products’ is the mushrooming rescaling state literature that has an overlapping theme of ‘glocalization’, metropolitan regionalism/new regionalism, and ‘new state spaces’ (Brenner 2003; Cox 2009). For all diversity of such of works, most strands of literature highlight the notion of competition state since “metropolitan governance is today increasingly being mobilized as a mechanism of economic development policy through which national and local political-economic elites are attempting to enhance place-specific socio-economic assets” (Brenner, 2003, pp. 297). In this perspective, metropolitan areas have become key sites in which various state reorganization are being articulated. However, the rescaling process entails “confictual interaction between inherited landscapes of regulation and emergent, path-shaping political strategies oriented towards the transformation of those landscapes” (Brenner, 2003, p.319).

It should be noted that literature in rescaling state and its approach fits well with Western developed countries where local government capacities and supra-national institution to support metropolitan reform and inter-local governments coordination within metropolitan area are already established. Looking into Indonesian context where meaningful inter-local government is non-appearance and where local governments capacities are still far from sufficient for deriving metropolitan reform agenda (see Section 2.1), using rescaling state theoretical approach to Indonesian case might be misleading. Instead, the discussion about metropolitan governance should be focused in the very basic question of how and why inter-local governments collective action, as nexus of metropolitan governance, can or cannot be developed amid the fragmented local governments in decentralized Indonesia. One of theoretical
framework that could help to address aforementioned question is transaction cost theory (Feiock, 2004).

In addition to transaction cost theory, communicative/interpretive planning theory that recognized communicative planning as “as a result, of the social context within which individuals form interests; individual thus do not arrive at their ‘preferences’ independently, but learn about their view in social context and through interaction” (Healey, 2006 pp. 30) might also be relevant to study regional governance in Indonesia. Communicative planning approach can shift away competitive interests towards collaborative consensus building and that, through such practices, organizing ideas can be developed and shared in order to endure; to coordinate actions by different agents; and to transform ways of organizing and ways of knowing (Healey, 2006). In other words, the consensus building practices also build cultures. However, it should be noted that many literature on communicative and collaborative planning also entailed Habermas’ notable thoughts of ‘communicative rationality’, ‘communicative action’ and ‘ideal speech’ (Innes, 1996). Therefore, in this perspective, decision related to planning is “communicatively rational to the degree that it is reached consensually through deliberations involving all stakeholder where all are equally empowered and fully informed, and where the conditions of ideal speech are met” (Innes, 1996, pp.461). Furthermore, decisions can only be resulted from communicatively rational process in which the information are derived from constraints-free communication and offered by those who can legitimately speak and spoken truthfully (Habermas, 1990 as cited in Hillier, 2003). This condition seems too ideal and too unrealistic in real practice since the free and unconstraint public deliberation of all common concern imposes conceptual impossibility (Brand & Gaffikin, 2007). To this end, even though it may still yield some relevancies, using the communicative planning for conceptual approach of this thesis research would be problematic, at least based on these following reasons. First, in current Indonesian planning context, ensuring the perfect flow of knowledge and fully engaged participants in deliberation remains intractable due to the fact that local governments perceive the externalities of urbanization in very patchy manner. Second, Healey postulated that communicative and collaborative planning entails Habermas idealism in which “ideal speech could become a dominant mode of governance discourse in developed democratic societies” (2003, p.113). Therefore, applying this theoretical approach in the case of young and developing democratic countries such as Indonesia would be difficult. Third, communicative planning theory doesn’t hold analytical power to explain why actors decide to participate in collaboration (Tan, 2003). Given this limitation, the objectives of this research that is analyzing the barriers to collaboration would unlikely be addressed by using collaborative and communicative as chosen theoretical approach.

2.2.2. Rationales in Using Transaction Costs Theory

The transaction costs theory fits better for this research compared to the competing alternatives presented in previous section. As it has been mentioned earlier, the 1999 Indonesian decentralization marks a sudden shift in governance system from highly centralized and hierarchical to less hierarchical one. This allows local governments to have more freedom in local decision-making process. Therefore, the local governments can act independently and make their own decision to join and build collaboration based on some kind of cost-benefit optimizing consideration. The transaction costs theory provides a frame of thought in explaining the reason behind
the low local governments’ motivation level to activate inter-local government collaboration, thus pertinent to identify the barriers to collaboration. Moreover, the transaction costs theory acknowledges the influential aspects of asymmetric information, opportunism, and asset specificity that have been abundant in Indonesian planning practice. For instance, the opportunism issue is familiar in Indonesian cases as there are many legal grey areas that permit the local authorities’ opportunistic behavior to strike (see Section 2.1.3); indeed, the transaction costs theoretical approach was also used by Miharja and Woltjer (2010) to examine the case of Bandung Metropolitan Area Indonesia. Their research aimed to understand the implication of decentralization to fragmented metropolitan transport planning. Due to different objective as well as different case study, this thesis research yield different research outcomes even though using the same theoretical approach.

2.2.3. Transaction Costs Theory

The transaction costs refers to the non-production costs associated with transacting action between equal partners (Krueger, 2005). Alternatively, transaction costs can be defined as the costs of contracting (Williamson, 1996, pp.5). The term of transaction costs was firstly coined by Ronald Coase, but it has started widely known in economics through Oliver E Williamson’s works in late 70’s-early 80’s. Furthermore, Williamson’s reification of transaction costs approach made it relevant not only in economics, but also in political science and public management since Williamson defined transaction costs as “comparative costs of planning, adapting, and monitoring task completion under alternative governance structures” (1989, pp. 142). In other words, the costs of formulating an agreement vary, depending on the institutions in place and that some organization/institutional arrangement demand more costs for achieving task completion. Not only in political science, transaction costs explanation has also been exercised in the field of planning and urban management. The ramification of transaction costs in planning has largely introduced by Alexander when he asserted the idea that an analytic construct of the dichotomy between planning, which is associated with public intervention, and market is outdated (1992). He argued planning, just like economic markets, deals with the problem of exchange between parties. Moreover, using a case of transport and environmental planning he further stated, “Hierarchical organizations or inter organizational system emerge when the cost of market transactions become higher than the parties want to bear” (1992, pp.192). Planning therefore “is part of response to high market transaction costs, and is a property of non-market forms of organization” (Alexander, 1992, p.195). Nevertheless, the answer of through which governance structure or institutional arrangement planning tasks will be undertaken is also subject to their capacity on economizing transaction costs.

The basic premises of transaction costs will be outlined in the following explanation. First, as it may have been implied previously, transaction is basic unit of analysis in this theory. This shifts attention away from technological determinism to transaction costs and the importance of organizations/institutional arrangements for economizing such costs (Williamson, 1981). Second, the theory believes in actors’ rationality. However, instead of perfect rationality and perfect knowledge, transaction cost theory acknowledges 1) bounded rationality, 2) incomplete information and 3) opportunism

1 See for example: Adelaja, Gibson, & Racevskis, 2010; Brown, T.L. & Potoski, 2003; Miharja & Woltjer, 2010.
(Williamson, 1981). Therefore, actors are not omniscient and the transaction costs emerge because those aforementioned three aspects exist. Third, transaction cost theory assumes that institution move towards the lowest transaction costs (Dixit, 1996; Williamson, 1996). Williamson (1996) further specified that the term ‘institution’ refer to the mechanisms of governance (e.g. internalizing the task, leaving to markets, transacting with others, hybrids mechanism). In regard to this, as noted by Williamson, the transaction costs economics story is grounded in the following argumentation, “taking the institutional environment as given, economic agents purportedly align transactions with governance structures to effect economizing outcomes” (1996, pp. 5). In other words, transaction cost theory employs efficiency perspective. Recalling that transaction costs are the costs that are made to produce symmetric information for all transacting parties and to reduce uncertainty; thus, when the uncertainty is higher, the transaction costs will be higher, accordingly. Fourth, closely related to collaboration issue, the transaction cost theory presumes that cooperative actions will arise and will be formalized when the benefits of cooperation are perceivably high while its transaction costs are low (Feiock, 2004; Hackathorn & Maser, 1987).

2.2.4. Elements of Transaction Costs

According to Dixit (1996) there are three main sources of transaction costs. These three sources affect discursive strategies used by actors’ in estimating the cost of participation in collective actions.

a. Asymmetric Information

In transacting process, there is ‘information-impactedness’ that epitomizes the existence of limited and asymmetric information. This leads to pre-contract and informational advantage for certain parties. In turn, with the exclusive information that they have, the strategic actions of those parties may become unobservable for others. On the other hand, the asymmetric information may lead to non-verifiability of information to all parties, leading to costly misrepresentation of transaction benefits and audit costs. In relation to inter-local government planning collaboration, this asymmetric information and its parallel impacts complicate each party from recognizing the potential benefits of collaboration.

b. Opportunism

Dixit suggested, “when actions of several participant are unobservable, they are subject to moral hazard” (1996, pp. 55). This would lead to opportunistic actions in which certain parties aim to gain advantage at the expense of others. Indeed, Williamson defined opportunisms as “a self-interests seeking assumption” (1993, pp. 458). When transaction is exposed to high risk of opportunism, there is a need of applying excessive monitoring schemes, penalties, and other safeguards mechanisms, which in turn heighten transaction costs.

c. Asset Specificity

The transaction costs perspective highlights asset specificity as the important contributor to transaction costs that can arise in three ways: site specificity; physical asset specificity; and human asset specificity (Williamson, 1981). Williamson further specified, “The issue is less
whether there are large fixed investments, though this important, than whether such investments are specialized to a particular transaction” (Williamson, 1981, pp.555). Based on its specificity, investment in certain assets may be discouraged by the fear of other party’s policy switch and the fear that the return of investment is going to be repossessed by others. It is due to once the investment has been made, the parties are supposedly to commit in exchange relation for a considerable period thereafter.

Transaction costs consist of two primary forms: ex ante costs and ex post costs (Krueger, 2005). The first one is related to the establishment of contract or agreement between parties while the latter is incurred to tackle consequences of contract such as monitoring costs. Even though the ex post costs occur after the contract is casted, parties or actors rationally estimate those, and in so doing, incorporate those cost in decision calculus of whether or not they contribute in agreement (Krueger, 2005). In lieu with this, Williamson (1993) postulated that transaction cost theory presumes: “although complex contracts are unavoidably incomplete, a farsighted approach to contract is often feasible” (pp. 460). This means parties/actors are not assumed to be myopic and can foresee the cost-effective of the contract.

Furthermore, to identify those aforementioned ex ante and ex post costs, Feiock (2005) categorized the cost factors of transaction to the following four elements.

a. Information cost
The information is assumed to be not perfect. As a consequence, the cost that is incurred from this problem, such as ensuring the evenly distributed information for all parties, is classified as information cost. Other examples of information cost is information exchange cost and the cost that is needed to gain information of each others’ policy strategies to formulate the common rules to implement contract.

b. Negotiation cost
Negotiation process to establish joint contract at the first place is costly. The situation where there is high diversity of actors’ interests and where the common goals are absent will demand high negotiation costs.

c. Enforcement/monitoring cost
While negotiation cost is prerequisite to draw agreement at first place, the enforcement and monitoring cost incurs to ensuring that actors collaborate in right manner with the aim to achieve the collective goals. In other words, enforcement/monitoring cost is required to conquer opportunism issue. The enforcement cost could be very high if there is no credible commitment and trust among the actors.

d. Agency cost
The term of agents refer to local governments who participate in cooperative agreements. They pose different preferences for cooperation as well as different pay-offs expectation from other actors/parties (Feiock, 2004b). In such, the existence of these agents further heightens the costs of reaching the agreement for collaboration. This is due to the fact each agent’s strategic actions are bounded in local political opportunities.

In the context of inter-local government planning collaboration in metropolitan areas, the transaction costs of exchange within institutional collective action could be lessened by the increased trust among leaders of neighboring governments,
cooperative norms’ reinforcements, and development of a collective identity (Feiock, 2004). However, since Williamson postulated, “transaction costs economics refers to contractual safeguards, or their absence, rather than trust, or its absence”, the manifestation of trust in transaction costs analysis should be framed as factor that could ease safeguard mechanism not the substitute to it (1993, pp.463). Moreover, Williamson also cautiously suggested that trust should be understood in hyphenated form –“institutional trust”, “societal-trust”, “political-trust”– and used to describe differences in institutional environment (1993). Indeed, contextual institutional environments are influential in transaction costs calculation and in framing the motivation of the actors to participate in collaboration. The “institutional trust” that is embedded in the added value of network and established social capital that are manifested in previous cooperation could lead to the reduction of transaction cost (Feiock, Tao, & Johnson 2004).

2.2.5. The Relevance of Actors’ Perception on Transaction Costs

As it has been mentioned earlier, the transaction cost explanation serves as robust analytical basis for understanding how and why planning collaboration could be developed as well as to address question of what factors that can complicate planning collaboration. However, it should be underlined that undertaking a transaction cost-analysis into empirical research could be problematic. In lieu with Furubotn and Richter (1991), Buitelaar (2004) postulated that transaction costs are hardly quantified, and even if they are at all quantified, they are hidden as non-specified items on ‘administrative costs’. Nevertheless, Buitelaar (2004) explained that “whether measured or not […] transaction costs have a significant heuristic value” which means “that identifying transaction costs is useful” (pp. 2541). With an aim to compare the efficiency of different institutional arrangement, in his study titled ‘the cost of land use decisions: applying transaction cost economics to planning and development’ Buitelaar constructed a presumed set of possible transaction-cost generating factors for each stage of land development process (2007). Different institutional arrangements in different contexts are then investigated on how they respond to those generating factors to identify their degree of transaction costs. In short, this study implies knowing the possible transaction costs generating factors of certain institutional arrangement/organization would inform the degree of its associated transaction costs that is needed without necessarily quantify them.

Moreover, Buckley and Chapman argued that the research dealing with transaction cost issues should focusing on managers’ perception of transaction cost rather than assuming that all relevant transaction costs are taken place to be measured (1997). It should be understood that the transaction costs that exist, which determine the governance or institutional arrangement choice, are those transaction costs that are perceived by manager who make the decisions. As they studied inter-firm organizational governance, Buckley and Chapman used the term ‘managers’ that refers to collaborating actors. Furthermore, Buckley and Chapman emphasized, “All transaction costs are, in an important sense, ‘perceptual’ matters (1997, pp. 139). Then, they argued that transaction cost analysis-based study should not only be trapped in major positivist fields of study but should incorporate social anthropologist views which have been long content with the notion that “all reality is, in important senses, ‘perceived reality’ –that the world we live in is socially constructed, and the material is subordinate to the cognitive” (Buckley & Chapman, 1997). This argument is closely resonated with the notion of bounded rationality in transaction cost. Given
the real-world problems, it can be concluded that the problem of bounded rationality is manifested in managers’ perception of transaction cost that is conveyed in a form of language expression (Buckley & Chapman 1997).

2.2.6. Operationalizing Transaction Costs Perspective into Empirical Investigation

The operationalization of transaction costs perspective in this research is conceptualized in Figure 1. Grounded in language expression, actors’ – defined here as those who have competence and involve in local decision-making process of building collaboration at metropolitan level and those who will involve in transaction process – perceived transaction cost is expressed in actors’ perception on planning collaboration. Some perceived negative factors associated with planning collaboration would frame their motivation not to support the transaction process, which ultimately create the flaws and barriers to transaction based on following reasoning. Firstly, those perceived negative factors could be interpreted as possible generating factors of transaction costs that can be traced back to the sources of transaction costs in theory. Secondly, those possible generating factors would further stimulate actors’ perceived transaction cost and be translated as influential factors. For example, the perception of the lack of clarity of planning regulation in Indonesia would trigger problems associated with opportunism in which safeguards mechanism to prevent one party to gain advantage at the expense of others can not be met. This would stimulate actors’ perceived transaction costs in form of monitoring costs. Conceptually, if the actors’ perceived transaction costs are high and outweigh the perceived benefits of collaboration, the planning collaboration is less likely to happen.

![Figure 1. Conceptual framework](Source: Author)

This research focuses in investigating any potential perceived barriers, associated with the establishment of inter-local government transport planning collaboration at metropolitan level. Therefore, the analytical procedure in this research consists of two aspects. First, the variance in actors’ perception is structured into significant perception systems in order to get simplified structure of generating factors of perceived transaction costs. Second, those generating factors are cross related to corresponding institutional environment, governance culture, and local political
aspects to further crystallize what the barriers to collaboration are and how they affect the collaboration. In addition, special attention will also be given to the existing networks and embedded ‘institutional trust’ that are manifested in past urban management cooperation in the region to see whether they may exist and whether they gave influences to perceived transaction costs.
Chapter 3

Methodology and Research Methods

3.1. Rationales for Qualitative Research Design Strategy

Based on its research objectives, this research demanded qualitative research design and qualitative analysis. As explained by Creswell (1998), qualitative research is “an inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social problem where researcher is an instrument of data collection who gather words or pictures, analyzes them inductively, focuses on the meaning of participants, and describes a process that is expressive in language” (pp. 249). This notion fits well with this research that hold constructivist ontological stance and interpretivist epistemological paradigm. In regard to the first, this research acknowledges, “social phenomena and their meanings are continually being accomplished by social actors” (Bryman, 2004, pp.17). Furthermore, this research underlines the relevance of actors’ perception and relies on interpretivist stance since it is “interested in the subjective meaning, namely the way in which people make sense of their world, and which they assign meanings to it” (Sarantakos, 2005, pp.40). Indeed, dovetailed in its both epistemology and ontology standpoints, this research highlights that the interpretations of actors’ perception on metropolitan transport planning collaboration and their rootedness in contexts and institutional environment are critical to understand the barriers to transport planning collaboration.

The use of prior or existing theory in qualitative research is legitimate and valuable (Creswell, 1998; Maxwell, 2005). The concepts of the prior theory are “the ‘coat hooks’ in the closet; they provide places to ‘hang’ data, showing their relationship to other data” and draw the attention to particular phenomenon (Maxwell, 2005, pp. 43). In this perspective, the use of transaction cost theory in this research refers to the use of a prior theory that shapes the conceptual framework. It informs us that the high transaction costs will hamper the mobilization of actors to cooperate. Moreover, as Creswell noted, the qualitative (case) studies could employ theory in in different aspects of study such as in the beginning of study, in the approach of data collection, and in self-disclosing comments throughout the qualitative narrative (1998). This research utilized theoretical approach on all of those three different stages. However, while, the transaction costs as prior theory may frame the research, it should be underlined here that the purpose of this research is not to testing a theory or the hypothesis that it is entailed, rather, to seeking of how actors’ perception and social phenomenon can be interpreted to derive the key barriers to transport planning collaboration. This interpretive approach further reinstates the appropriateness of the use of qualitative research design for this research.

3.2. Case Study Approach and Case Study Selection

Creswell (1998) noted that there are at least five traditions of qualitative studies: biography, phenomenology, grounded theory, ethnography, and case study. Among those five, the case study is chosen to achieve the objective of this research that is to analyze the barriers to metropolitan-level transport planning collaboration. The use of case study, as Yin (1994) postulated, is beneficial to ripe in depth explanations of
phenomenon and context. Therefore, the complex contexts surrounding metropolitan transport planning and inter-local government collaboration suits the case study approach. Moreover, as the actors’ perception of planning collaboration is highly bounded on specificities of socio-economic, political, and culture of certain localities, this context specific variance could be better elaborated using case study approach.

Instead of featuring multiple cases, this research focuses in one in-depth study. The Greater Yogyakarta case is chosen because of two reasons. First, it illustrates major Indonesian metropolitans as Greater Yogyakarta is the largest extended urban agglomeration or metropolitan area in south-central Java that is politically and functionally defined to be consisted of three neighboring local governments: Yogyakarta municipality, Sleman Regency, and Bantul Regency. To this end, the case of Greater Yogyakarta is used as a case to address the research questions while instrumentally illustrate the Indonesian metropolitan transport planning issues and its current state of art (Stake 1995). Second, the Greater Yogyakarta presents a case where a regional working group, that is Kartamantul Joint Secretariat, exists. Within the regional working group, the existing cooperation in other planning sector, such as solid waste management, is well established and would potentially influence the actors’ perceived transaction costs of metropolitan transport planning collaboration. In a light of transaction cost theory, the past cooperation and network could be translated as a ‘relational contracting’ process where the relationship among parties are reiteratively strengthened and could lead to a decrease in perceived transaction costs on other prospect collaboration. Having regional working group the Greater Yogyakarta thus presents the critical case that most likely refutes or verifies the aforementioned proposition. Therefore as it presents both instrumental and critical case, using Greater Yogyakarta as a case study brings comprehensive and well-rounded current outlook of barriers to transport planning collaboration as well as issues surround metropolitan transport planning, correspondingly.

3.3. Q-method and Its Approach

This research argues unraveling the determinant factors that influence the actors’ perceived costs and the ‘why-how’ explanation of their effects on collaboration are imperative. Corresponds to those inquiries, the Q-methodology facilitated this research to draw a simpler structure of actors’ perception about the Greater Yogyakarta transport planning collaboration and specifically about transaction costs of collaboration. This simplified structure of perception would beneficially establish a systematic basis for actors’ perceived transaction costs elements analysis and specifically address the first research question of ‘what are determinant factors that influence actors’ perceived transaction costs on inter-local government transport planning collaboration?’

Invented by Stephenson in 1935, the Q methodology is used to study subjectivity and perceptions of actors by following statistical procedures (Watts & Stenner, 2012). Significant numbers of researchers in the field of urban and environmental policy have utilized the Q-methodology as well (see for example Barry & Proops, 1999; Cuppen, Breukers, Hisschemöller, & Bergsma, 2010; Barry & Proops 1999; Swedeen, 2006). The Q method/technique is usually applied to qualitative research question(s): what are the dominant perception and salient opinions that surface within certain group on the certain subject/issues? (Baker, van Exel, Mason, & Stricklin, 2010). The
instrumental basis of this method is the Q-sort technique that requires respondents to rank a set of statements relative to one another. This technique is fundamentally operated to yield a gestalt configuration as the statements are rendered along a continuum scale of preferences from ‘Very agree’ to ‘Very disagree’. The results are then analyzed by making inter-correlation of overall Q-sorts and the significant factors are extracted using factor analysis method. Even though operating statistical method, Q methodology is “a social constructionist research tool in the qualitative tradition” as it aims to uncover the key perceptions among certain group of participants and allow those to be understood holistically with considerable qualitative detail (Watts & Stenner, 2012, pp.25). The fit of transaction cost theory and Q-methodology is grounded in the Buckley and Chapman’s arguments. They argued that research dealing with transaction cost should seek for decision makers’ perceptions of it and that those perceptions are bounded in social context and socially constructed (1997). In other words, this research sits in the perceptual realm; thereby taking Q-methodology approach into this research remains relevant. Brown described Q-methodology as qualitative-quantitative middle ground method (Brown, S.R., 1980, 1996). This research acknowledges that the use of statistical analysis in this Q-methodology might confuse the qualitative research design strategy that is previously stressed. However, the use of Q-methodology in this research should be understood as an attempt to support further analysis and narrative to be more systematic in this qualitative research. After all, as Bryman (2010) explained, “within each of the two research strategies –quantitative and qualitative- there is a distinctive mix of epistemology, ontology and research methods” and “the connections […] between epistemology and ontology, on the one hand, and research method, on the other, are best thought of as tendencies rather than as definitive connections” (pp. 47).

The Q-methodology procedure started with making Q-sort/Q-set in which it contains set of 21 statements (see Appendix 1). The statements that are presented to respondents in Q-set sampling are extracted from the ‘concourse’ that was derived from literature review. Correspond to the objective of the research; the Q-set sampling in this research covered the statements related to socio-economic aspects, political aspects, governance culture, and practical-financial aspects. The respondents were asked to rank the statements whereas the sorting distribution is in a form of forced-choice normal distribution (see Figure 2).

![Figure 2. Q-sort/Q-set grid distribution](source: Author)
After all Q-sets were filled in by respondents, the correlation and factorization of results were done using dedicated computer package PQ-method 2.20 (for Mac OS X) by Peter Schmolck (see http://schmolck.userweb.mwn.de/qmethod/ for further reading about PQ-method 2.20) in which the accumulated Q-sets were statistically processed. The analysis proceeded through inter correlation of whole Q sorts (i.e. complete ranked statements configurations) in which factors were located and extracted on this basis. The PCA (Principal Component Analysis) then extracted the set of shared and salient viewpoints/perceptions/dominant accounts/factors. In this research the identified factors were translated as patterns of perception based on its relevance and the Kaiser-Gutman criterion (eigenvalues of factors should be more than 1.00) is used as justification for focusing on the number of identified factors/pattern of perception (Brown, M., 2004; Watss & Stenner, 2012). The PCA results not only produced prominent pattern of perceptions, but also presented statement factor scores (z scores) and factor arrays of each identified patterns of perception. The z scores indicate statement contribution to the substance of those patterns of perception. In order to make identification of these four patterns of perception (PP), first, I looked at the ranking of each statement within each PP to see which the most significant statements are (see Appendix 4). Those significant statements, which are statements with the five highest scored z scores (in absolute values) were grouped. In order to easily identify the PP, the name of PPs was derived from collective meaning of its significant statements (see Barry & Proops, 1999; Wolsink, 2004). By completing the Q-methods, the answer to the first research question could be approached while the resulted simplified actors’ perception is useful to establish more constructive qualitative analysis in investigating key barriers to transport planning collaboration.

3.4. Data Sources Triangulation

The aforementioned section has mainly explained the Q-methods and its analysis procedure. However, as this research aims to gaining qualitative explanation on the barriers and determinant aspects of metropolitan transport planning collaboration, the post Q-sorting interviews were conducted in so doing to increase the robustness and quality of the data. Indeed, it has been suggested that post Q-sorting interviews would be advantageous in a sense that the resultant of data would open up the possibility of more thorough qualitative study (Watts & Stenner, 2012). The interviews were conducted in semi-structured format with an aim to disentangle why respondents have sorted the items/statements as they had and to get them explain the meaning of significant statements that are comprised in the salient patterns of perception. Moreover, the semi-structured interviews also aimed to explore the respondents/participants’ wider understanding of the issues on metropolitan transportation planning collaboration and associated transaction costs. The semi-structured interviews were conducted in Bahasa Indonesia –Indonesian language—in order to let respondents felt comfortable in expressing their thoughts. The interviews then were recorded and the data resulted from interviews were treated and analyzed using pattern-matching technique to enable robust understanding of the linkage between key barriers and their associated transaction costs elements as well as how key barriers affect transport planning collaboration. To help the analysis, the interview data were coded using NVivo 10 for Mac. The answers of first research question were used as main pre-determined nodes, or categories, whereas the subsequent nodes were constructed during coding process. Furthermore, as
Indonesian language native speaker, I translated the interview transcripts to English whenever it is necessary to quote them as shown in findings chapter of this thesis. Additionally, regarding ethical consideration in presenting the findings, all data that are gained from primary sources are kept to be anonymous through the use of pseudonym.

Besides employed primary data (i.e. Q-sets and semi-structured interview), this research also employed secondary data for its empirical investigation. This strategy was taken as part of data sources triangulation strategy for building up credible and robust research. This approach on triangulating the data sources is valid since the use of various types of information in the case study research design is permissible (Yin, 1994). These secondary data include manuscript of formal regulations—Indonesian laws related to regional governance and planning—, local transport strategic plans, and report documents. The analysis to secondary data were grounded on qualitative content analysis to search out underlying themes and then categorized them based on their significance to the metropolitan transport planning collaboration. However, it should be noted that in this research the secondary data were positioned as complements to primary data and used mainly in the basis of crosschecking interest. This research argues that the analysis of the firsthand data is more reliable in investigating the actors’ subjective perception compared to secondary data analysis that might pose an abstraction of actual situation.

3.5. Respondents Selection

In selecting the respondents for both Q-method and semi-structured interviews, the purposive sampling was operated. As Maxwell (2005) explained, the first agenda is to deliberatively select individuals based on their representativeness since it could provide far more confidence on the overall analytical conclusions than does a sample of particular representative group that incorporates random or accidental variation. Second, the purposeful selection also helps ensuring the conclusions will capture the wide range of variation, or ‘maximum variation’, sampling by systematically selecting individuals that represent the most important possible variations of actors’ views about the issue of transport planning collaboration and its related perceived transaction costs. Moreover, the purposive sampling strategy is a response to Q-method requirement in ensuring respondents (known as P set in Q-method) as a “set of persons who are theoretically relevant to the problem under consideration: the P set is therefore more nearly theoretical or dimensional than random or accidental” (Brown, S.R., 1980, pp. 192).

Based on aforementioned aspects, the respondents in this research are key persons who are involved in transport planning practice and whose viewpoints relevant on decision-making process related to the establishment of inter-local transport planning collaboration. Furthermore, the respondents in this research were categorized in two groups. First, the local executive planners group that consists of 10 high rank officers who work at local government planning agencies related to transport planning and whose views are influential in deciding whether local governments participate in transport planning collaboration. They are also key actors who are responsible in implementing the commitment resulted from the joint agreements, in case the transport planning collaboration is established as they act as representatives of local governments of different municipalities in Greater Yogyakarta. The second group of
respondents is non-executive planners. This heterogeneous group consists of transport experts (3), public transport operators (2), and legislative member (1). Their views remain relevant in shaping the policies related to metropolitan transport planning. For instance, those three transport experts have been acting as consultants to local governments planning agencies. In addition, even though this group of respondents will not likely be persons who involve in transaction process of inter-local government collaboration at firsthand, they act as stakeholders whose supports remain prominent in functioning inter-local government transport planning collaboration. Indeed, the inclusion of this group in this research aims to increase the breadth of data so as to maximize confidence that the major factors at issue have been manifested. It also aims to capture the opinions that otherwise will not be expressed by the respondents in the first group. The respondents from both groups are counted for the 32.5% of the total number of key persons who actively and frequently involve in regional transport issues related-Focus Group Discussion that is organized by Regional Joint Secretariat Kartamantul². Their involvement in the regular discussion can be inferred as the sign of meaningful participation and familiarity in regional decision-making process related to the issues of collaboration and cooperation between local governments.

All 16 respondents participated in semi-structured interviews, however, due to practical difficulties, only 14 among them successfully contributed to Q-method. Even though the latter reflect considerably small number of sample for a method that involved statistical procedure, the data set remains valid. Kitzinger (1999) argued that misguided criticism about the purposively selected samples and the factors exemplified by only a small number of dataset are unjustified because Q methodology starts from a different set of assumptions as opposed to R methodological techniques which is more familiar. Q methodology is operated based on ‘inversion of conventional factors analysis’ in a sense that Q correlates persons instead of tests or traits (i.e. correlation and factorization by rows of the same matrix of data that in R is factored by columns) (Brown, S.R., 1980). Thus, as noted by Brown the Q-method only requires “enough subjects (or participants) to establish the existence of a factor […] What proportion of the population belongs in one factor rather than another is a wholly different matter and one about which Q technique … is not concerned” (Brown, S.R., 1980, pp.192). It is possible to conduct Q-study with small number of participants, or even one, although in practice most studies aim to have more (Barry & Proops, 1999; Eden, Donaldson, & Walker, 2005).

² The maximum participants who involve in transport sector related- Focus Group Discussion (FGD) are forty people. This information is based on interview statements from Joint Regional Secretariat officer. In this research, 13 respondents are actively involved in discussion, thus they accounted for minimum 32.5% of total participants of FGD.
Chapter 4

Greater Yogyakarta and Metropolitan Transport Planning

This chapter describes the overview of Greater Yogyakarta together with its current metropolitan transport challenges. Moreover, it also presents the current stance of its fragmented metropolitan transport planning and provides basic understanding about the general transport planning practice in Indonesian planning system. The explanation in this chapter is influential in setting up the scene to comprehend the empirical findings of this research presented in Chapter 5.

4.1. Overview of Greater Yogyakarta

Greater Yogyakarta, or often referred as Kartamantul (i.e., abbreviation of Yogyakarta-Sleman-Bantul), is located in the Special Province of Yogyakarta (D.I. Yogyakarta) (see Figure 3). It is now emerging as one of metropolitan regions in Indonesia with a total population of 2,436,803 in 2012 and covers the area of 1,114,17 km² (BPS, 2014a). Greater Yogyakarta consists of three municipalities: Yogyakarta city, Sleman regency, and Bantul regency. Yogyakarta city is the core of metropolitan region where the economics activities are concentrated and where the population density remains the highest compared to the other two municipalities (see Table 1). However, as illustrated in Figure 4, trend in population growth indicates rapid expansion towards the outlying areas in Sleman and Bantul, which provokes the land use conversion from agricultural lands to housing and commercial precincts.
Table 1. Population density by regency/city

<table>
<thead>
<tr>
<th>Kabupaten/Kota Regency/City</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yogyakarta</td>
<td>12056</td>
<td>12024</td>
<td>11990</td>
<td>11958</td>
<td>12017</td>
<td>12123</td>
</tr>
<tr>
<td>Sleman</td>
<td>1801</td>
<td>1835</td>
<td>1870</td>
<td>1902</td>
<td>1926</td>
<td>1939</td>
</tr>
<tr>
<td>Bantul</td>
<td>1722</td>
<td>1748</td>
<td>1774</td>
<td>1798</td>
<td>1818</td>
<td>1831</td>
</tr>
</tbody>
</table>

(Source: BPS, 2014b)

Figure 4. Population growth in Yogyakarta and its surrounding areas from 1990-2000

To illustrate the rapid and expansive structural change of land use in Greater Yogyakarta, it is described that in the period 1900-2002, 253 ha of agricultural land in Sleman and 85.75 ha in Bantul were converted into housing development and built-up area purposes each year (Sekretariat Bersama Kartamantul and GTZ, 2006). Unfortunately, this rapid expansion is not well planned and occurred in a haphazard fashion without clear spatial pattern as illustrated in Figure 4.3. In regards to decentralization, each municipality in Greater Yogyakarta has control over their land use and spatial development, both in planning and more importantly in implementation. Yet, according to Subanu (2008), different policies and attitudes on land use control and management among three different local authorities has eventually hurdled the initiatives to manage this sprawling development. Consequently, this rather uncoordinated spatial development has complicated infrastructure provision, including transport provision, in Greater Yogyakarta.
4.2. Metropolitan Transport Challenges in Greater Yogyakarta

The metropolitan transport challenges in Greater Yogyakarta are mounting. Based on field observation, the apparent problems are inadequate public transport system and massive private vehicles use and growth that lead to increasing traffic congestion. Those obvious issues to large extent can be traced back to underlying challenges as follows:

4.2.1. Disordered Cross-Jurisdictional Origin-Destination Trip

In specific regard to transportation sector, the uncontrolled sprawl development has created complex and disordered cross-jurisdictional trip origin-destination in Greater Yogyakarta particularly and the Special Province of Yogyakarta generally as illustrated in the Figure 5. Based on Figure 6 and PUSTRAL UGM’s study (The Center for Transportation and Logistic Studies, Gadjah Mada University), Yogyakarta city is the most influential zone for both trip generation and trip attraction due to its position as center for economic growth and activities (2009). Apart from Yogyakarta city, the biggest trip generation districts are Bantul, Sewon,
Piyungan, Banguntapan, Wonosari, Tempel, Turi, Seyegan, Godean and Gamping. Most of them are located in Bantul and Sleman regencies. Those districts have experienced rapid housing development whose residents work and study in Yogyakarta city. In similar vein, districts in Sleman and Bantul regencies such as Depok, Sewon, Bantul, Piyungan, and Banguntapan are also paramount in trip attraction aspect. Both trip generation and trip attraction zones produce increasing yet sporadic demand that should be met by transportation systems in Greater Yogyakarta.

(Source: PUSTRAL, 2009)

**Figure 6. Desired lines of transport for passengers (car/day)**

### 4.2.2. Unmatched Transport System Supply and Transport Demand Distribution

As it is the case in the majority of Indonesian metropolitan areas, in Greater Yogyakarta the mismatch between transport provision and transport demand is impending. Even though the empirical researches to showing this problem is very lacking, the ostensible indication of this issue can be reflected in the increasing traffic volume and road v/c ratio (i.e. volume/capacity ratio) as illustrated in Figure 7. PUSTRAL predicted that in 2019 if there is no progressive improvement in transport management strategy, significant increase in main road traffic volume would likely to congest Yogyakarta city and Greater Yogyakarta (2009) as reflected in the high v/c ratio (red color, v/c ratios exceed 1.00) in Figure 7.

The increasing v/c ratio is partly caused by the increased cross-jurisdictional low-occupancy vehicle trips that are not followed by adequate public transport provision although Greater Yogyakarta has witnessed the implementation of Trans Jogja BRT\(^3\). However, the current mode share of urban bus services is considered to be less than 10% and continuously falling whereas the average load factor of

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\(^3\) In 2008 there was a reformation of public transport services in Yogyakarta when the Trans Jogja BRT was first operationalized. In so doing, the concept of ‘buy the service’ was implemented in which requires the purchase of services by Provincial Government to transport operator. However, to date its operational efficiency is low (Dishubkominfo DIY, 2011). Furthermore, the BRT network has not yet connected with feeder transports outside Yogyakarta City, thus its coverage area has only covered small area of Greater Yogyakarta (Dishubkominfo DIY, 2011).
TransJogja is 40% (CDIA, 2011). Even more troubling, TransJogja line’s load factor can be as low as 8% (Dishubkominfo DIY, 2011). Trans Jogja’s low market penetration is associated as a result of deteriorating service standards and rapid growth in private vehicle ownership in which car and motorcycle grow by about 8% and 11% per annum, respectively (Dishubkominfo DIY, 2011). In responding to the aforementioned challenges, the transport management and planning has rather been focused on the supply side and tend to neglect the importance of transport demand management (PUSTRAL, 2009). To this end, PUSTRAL (2009) also suggested that there should be a balanced focus between transportation infrastructure supply and transportation demand. In addition, as transportation is cross-border issue, vigorous coordination between local authorities is needed; thus, raising the importance of strong regional governance and consistent implementation of integrated metropolitan transport planning.

(Source: PUSTRAL, 2009)

Figure 7. V/C ratio projections in 2019 with 'do nothing' scenario

4.3. Transport Planning Coordination at Metropolitan Level

The existence of Regional Joint Secretariat-Kartamantul4 as an organized forum is intended to address inter-local government coordination in order to tackling metropolitan transport issues in integrated manner. After 8 years of preparation and strong inducement by Provincial Government, in 2001 the Regional Joint Secretariat was established through the Joint Decree of three local governments with an aim to help local government in operating urban infrastructure management related

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4 The Joint Regional Secretariat is an ad hoc non-structural institution that consists of three-tier organizational structure (Rianita et al, 2010). The first tier is the Governing Board consisting of Mayor and Regent of three local governments. This followed by second tier as Steering Committee that is consisted of the Secretary of local governments and Head of Local Development Planning Agency (Bappeda) of three local governoens. The last tier is operational team consists of Head of Joint Secretariat (one of Secretary of Local Government, turns every two year), office manager, and technical staffs (Rianita et al., 2010).
cooperation (Sekretariat Bersama, 2014; Subanu 2008). Even though Regional Joint Secretariat has declared transport sector as one of areas of cooperation, the evaluation to its performance on this sector befits further investigation (Astikawati & Hudalah, 2013). This is partly because this inter-local government cooperation’s ‘best practice’ award was obtained solely on the success of the waste management sector (Astikawati & Hudalah, 2013). While empirical investigation about another sectors is yet lacking, it can be inferred that transport planning coordination at metropolitan and regional level remains puzzling at this moment based on the content analysis on Transport Order (Tataran Transportasi) plan documents at provincial and local municipal level.

In Indonesia, the systemic and conceptual transport policies and strategies are formulated in Sistranas (Sistem Transportasi Nasional/National Transport System) that is further manifested in Tatranas (Tataran Transportasi Nasional/National Transport Order) (Departemen Perhubungan, 2005). As a hierarchical response to and derivation of Tatranas, the Provincial Government should commence Tatrawil (Tataran Transportasi Wilayah/Regional Transport Order) whereas local governments are responsible to create Tatralok (Tataran Transportasi Lokal/Local Transport Order) (see Figure 8). This system is aimed to produce coherent and coordinated transport planning at each governmental-level to ensure integrated transportation networks. In addition, all of those documents should be prepared in reference to respective spatial plan at each level.

However, in practice, the intended transport planning coordination in Greater Yogyakarta could not be optimally established for these following reasons. First, even though it is mandated, only Sleman and Bantul regencies that already have Tatralok. Yet both plans are not yet legalized through Regent Decree or Regional Regulation (Peraturan Bupati and Peraturan Daerah); thus, they are not legally binding documents. Second, even though it is stated in both documents that they refer to...
Tatrawil, the reference to the transport conditions at neighboring municipalities is extremely lacking. This situation implies that the local governments maintain their inward looking attitude and has their own interests to deal with transport problems within their territorial boundaries. To this end, it can be inferred that in Greater Yogyakarta the horizontal coordination, let alone collaboration building, on transport planning remains considerably weak that might be a consequence of many underlying barriers as elaborated in the next chapters.
Chapter 5

Identifying Determinant Aspects that Influence Perceived Transaction Costs of Greater Yogyakarta Transport Planning Collaboration

In this chapter, the analysis of pattern of perception (PP) is presented in order to generate simpler structure of actors’ perception. The simpler structure allows further analysis to focus on small number of perceptions and various influential aspects that determine actors’ perceived transaction costs while retaining most part of the actors’ perception variants. By identifying those influential aspects, the first research question is addressed in this chapter.

5.1 Respondents Group and the Resulted Patterns of Perception

Based on Principal Component Analysis (PCA) results that were derived from PQ-method 2.20 calculation, four identified factors have eigenvalues more than 1.00 (see Appendix 3 for the compiled result of PQ-method, see Section 3.3 for methodological explanation). These four identified factors, or patterns of perception (PP), explain 73% of the total actors’ perception variance. In this research, there are two different groups of respondents or actors, which are executive planners and non-executive planners. Table 2 shows the respondents who have significant factor loadings in each PP based on the criteria that their factor loadings should be more than 0.60. When a respondent has significantly high factor loading in certain PP, it means the respective respondent is in significant agreement and strongly defined the respective pattern of perception. To this end, as shown in Table 2, it can be suggested that the most homogenous actor group type, in which executive planners are the sole member, raises the PP1. On the other hand, the respondents who are in significant agreement to the PP2, PP3, PP4 came from two different types of groups.

Table 2. Significant factor loadings in each PP

<table>
<thead>
<tr>
<th>Pattern of perception</th>
<th>Group Category</th>
<th>Factor Loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>PP1</td>
<td>Executive Planner (exec02)</td>
<td>0.6049</td>
</tr>
<tr>
<td></td>
<td>Executive Planner (exec03)</td>
<td>0.8960</td>
</tr>
<tr>
<td></td>
<td>Executive Planner (exec04)</td>
<td>0.7536</td>
</tr>
<tr>
<td></td>
<td>Executive Planner (exec05)</td>
<td>0.6306</td>
</tr>
<tr>
<td>PP2</td>
<td>Executive Planner (exec06)</td>
<td>0.7817</td>
</tr>
<tr>
<td></td>
<td>Executive Planner (exec09)</td>
<td>0.7767</td>
</tr>
<tr>
<td></td>
<td>Non-executive planner (expert01)</td>
<td>0.6306</td>
</tr>
<tr>
<td>PP3</td>
<td>Executive Planner (exec07)</td>
<td>0.9135</td>
</tr>
<tr>
<td></td>
<td>Non-executive planner (privat01)</td>
<td>0.5674</td>
</tr>
<tr>
<td>PP4</td>
<td>Executive Planner (exec01)</td>
<td>0.5926</td>
</tr>
<tr>
<td></td>
<td>Non-executive planner (expert02)</td>
<td>0.7896</td>
</tr>
<tr>
<td></td>
<td>Non-executive planner (privat02)</td>
<td>0.8097</td>
</tr>
</tbody>
</table>

(Source: Author)

It should be noted, however, that Table 2 only shows the defining sorts (i.e. the respondents who highly contributed to the formation of pattern of perception).
Therefore, to further investigate how each pattern of perception is represented within actor groups, I calculated the average factor loading per actor group on each of the four patterns of perception (based on factor loadings data, see Appendix 3) so that all respondents’ factor loadings could be analyzed. The calculation result is illustrated in Figure 9. The four axes represent the four PPs whereas each line represents actor groups, i.e., executive planners and non-executive planners. The further the node is positioned on an axis from the center, the higher the average loading factor on that PP for the respective actor group.

![Figure 9. Distribution of average factor loading per respondent group across the four patterns of perception](image)

(Source: Author)

**Figure 9. Distribution of average factor loading per respondent group across the four patterns of perception**

Based on Figure 9, it can be seen that both executive planners and non-executive planners groups evenly contribute to PP1 and PP3. However, the results are rather different on PP2 and PP4. In those two PPs, the average factor loading of two groups differs greatly. It is interesting to see the contrasting loads between non-executive planners group and executive planners group on PP4 and PP2. This finding reflects that the two groups have different interests that consequently dictate the dissimilarities on perceiving the transaction costs of inter-local government transport planning collaboration. Nevertheless, showing the linkage between the identified PP and its significant contributors further justify the involvement of two different respondent groups in this research. In other words, the PP4 results would likely be hidden if this research only takes into account the executive planners. Therefore, the results based from these two different groups increases the confidence of this research.

**5.2 Patterns of Perception Analysis**

This section explores the identified patterns of perception (PP) on transaction costs of inter-local government transport planning collaboration. The terms patterns of perception are derived from their significant statements’ collective meaning (see again Section 3.3 for further detail).
5.2.1 PP1: Uncertainty of legal assurance and longer-term financial support

Five significant and distinguishing statements that influenced actors’ perceived costs of Greater Yogyakarta transport planning collaboration construct the first significant pattern of perception. These statements are presented in Table 3 and grouped under the theme ‘uncertainty of legal assurance and longer-term financial support’.

Table 3. Statements that are significantly dominant in PP1

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Z scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>There is no clear and strong law enforcement to keep the parties obey to the commitment of transport planning collaboration</td>
<td>1.587</td>
</tr>
<tr>
<td>12</td>
<td>Limited resources and fiscal pressure heighten the perceived transaction cost</td>
<td>1.564</td>
</tr>
<tr>
<td>7</td>
<td>There is lack of agreement on the objectives of metropolitan transport planning</td>
<td>1.390</td>
</tr>
<tr>
<td>11</td>
<td>Monitoring cost of transport planning collaboration is high</td>
<td>-1.399</td>
</tr>
<tr>
<td>9</td>
<td>Institution establishment cost is high</td>
<td>-1.399</td>
</tr>
</tbody>
</table>

(Source: Author)

As seen in Table 3, based on its highest ‘z score’, it can be inferred that the concern about the lack of clear and strong law enforcement in local government practice remains paramount as it was strongly expressed by the respondents. The negative z score for statement [11] and [9] confirmed the respondents/actors’ disagreement in considering monitoring cost and institution establishment cost is high. This reflects that these two aforementioned aspects remains less important in stimulating actors’ perceived transaction costs. However, linking back to the significant statement [17], it could be interpreted that even though the actors see the costs to monitor collaboration and establish institution are not high, those views are outweighed by their skepticism on the legal assurance. The common perception that collaboration will eventually end up with lack of consistency on its implementation stage due to the absence of effective law enforcement is prominent in stimulating actors’ high-perceived transaction costs. This closely resonates with opportunism issue that is one of the sources of transaction costs. Eventually, the distrust on the legal assurance also hampers the actors’ willingness to collaborate in transport planning. This distrust is further reinforced by the view of the difficulty on deriving the mutual objectives that shared by all the collaboration participants (statement [7]). This further reflects that there are potential conflicting interests among them, which makes the risk of opportunistic behavior to strive and the collaboration to fell off.

Furthermore, the PP1 also contains the strong concern towards current local governments’ financial aspects based on its confirmation to the statement [12]. Under decentralization, each local government is pushed to allocate its own budget in order to provide public services whereas in previous centralized era the majority of public services were financed by central government. This had created more financial pressure to local government amidst the weak local capacity to secure funding which eventually stimulates high perceived transaction costs of transport planning collaboration. This, combined with legal assurance issues, heighten the transaction
costs of Greater Yogyakarta transport planning collaboration. The further elaborative and analytical explanation of why those two aspects are pervasive will be presented in Chapter 6.

5.2.2. PP2: Uncertainty of longer political commitment

The second pattern of perception contains five significant statements that are then grouped under the heading ‘uncertainty of longer political commitment’ (see Table 4).

Table 4. Statements that are significantly dominant in PP2

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Z scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>Long term benefit of comprehensive and integrated metropolitan transport planning is not sensible for all parties</td>
<td>1.573</td>
</tr>
<tr>
<td>16</td>
<td>There is high potential that some parties will not uphold the commitment</td>
<td>1.402</td>
</tr>
<tr>
<td>3</td>
<td>Specific institution is needed to deal with metropolitan transport planning</td>
<td>1.393</td>
</tr>
<tr>
<td>15</td>
<td>The role of the regional joint secretariat in supporting transport planning collaboration is less relevant</td>
<td>-1.879</td>
</tr>
<tr>
<td>1</td>
<td>Inter-local government transport planning collaboration is not local government business but the responsibilities of central government</td>
<td>-1.423</td>
</tr>
</tbody>
</table>

(Source: Author)

In the PP2, the disagreement to the statement [1] reflects that respondents hinted inter-local government transport planning collaboration as part of local governments’ businesses. Furthermore, the disagreement to the statements [15] in PP2 suggests that the role of regional Joint Secretariat could be relevant in supporting transport-planning collaboration. These two aforementioned aspects entail interpretation of admissible planning collaboration. However, given the current absence of transport planning collaboration, it may be that the actors’ high-perceived transaction costs hamper the realization of planning collaboration, which could be explained in the following findings.

Based on its high z score conformity, the statement [20] “long term benefit of comprehensive and integrated metropolitan transport planning is not sensible for all parties” primarily constructs the PP2. Therefore, it implies that the long-term achievement of metropolitan transport planning has not received enough attention from local leaders since they are more interested in supporting programs of which benefits could be instantly felt by majority of the citizens. The motive behind this is partly to winning the citizens’ heart to back up them in the next election round. On the other hand, the difficulty in finding common understanding of the long-term benefit of metropolitan transport planning could generate the production of asymmetric information, which in turn heightens transaction cost of collaboration. The results presented in PP2 also suggested that there is a fear of opportunism issue as illustrated by the high confirmation-score of the statement [16]. This fear closely resonates with the uncertainty of longer-term political commitment on transport planning that is previously confirmed in the statement [20]. It is also partly reinforced by the current absence of clear and strong law enforcement in securing the longer-term commitment and making all participants (i.e., local governments that will be involved in planning collaboration) uphold the commitment (see again PP1). The uncertainty of longer
political commitment in each local government is also suggested by confirmation to statement [3] in which the respondents expressed the desire to have specific institution at regional level to comprehensively handle transport-planning issue, both at planning stage and implementation stage. The actors/respondents tend to see that it would be better to have this institution in order to manage cross-jurisdictional issues of metropolitan transport planning and to effectively taking coercive measures to secure local government supports. To some extent, the affirmation to statement [3] undermines the trustworthiness of voluntary-based inter-local government collaboration in addressing metropolitan transport planning, which arguably stimulates high-perceived transaction costs of collaboration. A specific institution is also desirable that might be due to current fragmented transport planning authorities both at regional level and within each local municipality itself.

5.2.3. PP3: Uncertainty over possible asymmetries in losses and gains

Five significant statements, which are stated in Table 5, shape the third pattern of perception. Those five statements are grouped under the heading ‘uncertainty over possible asymmetries in losses and gains’.

Table 5. Statements that are significantly dominant in PP3

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Z scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>The benefit of comprehensive metropolitan transport planning will mostly be enjoyed by the center of Greater Yogyakarta (i.e. Yogyakarta municipality)</td>
<td>1.774</td>
</tr>
<tr>
<td>20</td>
<td>Long term benefit of comprehensive and integrated metropolitan transport planning is not sensible for all parties</td>
<td>1.451</td>
</tr>
<tr>
<td>14</td>
<td>The history of successful cooperation in the region in past is not enough to build trust among parties to support collaboration in transport sector</td>
<td>1.272</td>
</tr>
<tr>
<td>2</td>
<td>Metropolitan transport problems are too complex to be solved by local government transport planning collaboration</td>
<td>-1.774</td>
</tr>
<tr>
<td>5</td>
<td>The cost for information exchange and identifying mutually beneficial scenario for metropolitan transport planning is high</td>
<td>-1.362</td>
</tr>
</tbody>
</table>

(Source: Author)

The PP3 are strongly constructed by the affirmation to two significant statements: statement [21] and [20]. The perception is strongly influenced by the distinctive belief that one municipality will mostly enjoy the benefit of comprehensive metropolitan transport planning while the other two municipalities will receive less advantage. The distrust sentiment of the shared mutual benefits triggers high-perceived transaction costs. Furthermore, due to the lack of benefits that hinterland municipalities could gain, the local leaders’ motive to support collaboration could remain minimum, which eventually could jeopardize the proliferation of the collaboration. In addition, the high z score of statement [20] reflects the perception, which suggests that all parties do not easily understand long-term benefit of metropolitan transport planning. The absence of comprehensive understanding on the long-term benefit of metropolitan transport planning could stimulate asymmetric information among the participants in a sense that the hinterland municipalities may not receive a prudent information about what could they get in future from integrated transport system at metropolitan level. This, in turn, could stimulate actors’ skepticism about the equal gain on transport planning collaboration. As the hinterlands municipalities consider themselves will get less
benefit, they have a tendency to think that they will experience more loses (i.e. sacrifice more for the sake of municipality in the center). Therefore, the combined negative perceptions in the statement [21] and [20] might further heighten the perceived transaction costs and lessen actors’ motivation level to support transport-planning collaboration.

While the confirmation to the statement [21] and [20] pose negative perception that might hinder the establishment of transport planning collaboration, the confirmation to the statement [14] presents the factors that might promote the collaboration. Respondents felt the past cooperation among local governments in region that are mainly channeled through Regional Joint Secretariat as an organized forum might induce mutual trust between parties. The existence of adequate mutual trusts would likely lower the threshold for building and sustaining transport-planning collaboration. In addition, the PP3 also describes the shared beliefs that inter local government transport planning collaboration might further be pursued in order to address the current metropolitan transport problems (statement [2]). Moreover based on the disagreement to statement [5], it can be inferred that information cost remains less influential in actors’ perceived transaction costs. This might be beneficial for making the collaboration easier to commence, yet, as it has been suggested earlier, the skepticism of asymmetries in gains and losses remains distinctive.

5.2.4 PP4: Goal incongruence and fear of losing control over local land use planning

In this fourth pattern of perception, there are five significant statements as presented in Table 6, which then grouped under the heading of ‘goal incongruence and fear of losing control over land use’.

Table 6. Statements that are significantly dominant in PP4

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Z scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>There is lack of agreement on the objectives of metropolitan transport planning</td>
<td>2.007</td>
</tr>
<tr>
<td>18</td>
<td>The local government flexibility on controlling the local land use plan will be restricted by the commitment from transport planning collaboration</td>
<td>1.518</td>
</tr>
<tr>
<td>17</td>
<td>There is no clear and strong law enforcement to keep the parties obey to the commitment of transport planning collaboration</td>
<td>1.179</td>
</tr>
<tr>
<td>4</td>
<td>Local governments freedom to develop its own areas and transport policies should not be limited by transport collaboration’s commitment</td>
<td>-1.518</td>
</tr>
<tr>
<td>1</td>
<td>Inter-local government transport planning collaboration is not local government business but the responsibilities of central government</td>
<td>-1.879</td>
</tr>
</tbody>
</table>

(Source: Author)

In the PP4, the common perception is strongly shaped by goal incongruence issue on metropolitan transport planning due to the highly positive z score of statement [7]. The respondents acknowledged that the divergent expected objectives between the parties are insurmountable. This problem could lead to the production of asymmetric information alongside the collaboration, both in planning and implementation stage, that eventually generate high transaction costs. The lack of agreement on the goals of metropolitan transport planning also could make negotiation and decision-making process within the planning collaboration harder, which in turn could increase the
negotiation costs. Furthermore, as the goal incongruence persists, the conflict on how to evaluate the outcome or impact of metropolitan transport planning could occur which in turn could make monitoring cost higher than expected.

Moreover, as presented in the PP4 the significant disagreement to the statement [4] and [1] suggests that actors are aware of possible implication of planning collaboration in which local governments’ freedom to develop their own areas and make their own policies might need to be limited. However, it should be noted that based on the comparison of their z scores significance, those last two views are still overruled by the more significant perception of the goal incongruence of metropolitan transport planning issue (statement [7]). Furthermore, the confirmation to the statements [18] entails two interpretations. First, it could be interpreted that there is an acknowledgement for integrated approach between metropolitan transport and land use planning. Second, it also could be interpreted that respondents’ affirmation to statement [18] reflects the perceived threat that commitment to transport planning collaboration might reduce or weaken municipal government’s authorities over land use planning. In Indonesian local government practice, land is considered to be one of greatest sources for PAD (Pendapatan Asli Daerah/Local Revenue Gain). Since municipalities experience the lack of central government financial supports, each local government has focused on generating optimum PAD by encouraging land development. Therefore, the local governments tend to strongly maintain their control on land use. This second interpretation entail a notion that high asset specificity persists in the case of transport planning collaboration in which it could increase transaction costs of collaboration and eventually lessen the motivation to support transport planning collaboration. Moreover, as presented in Table 5.5, the negative perception on legal assurance (statement [17]) becomes influential aspect that generates the perceived transaction costs of collaboration and further influence actors’ low motivation level to support transport-planning collaboration.

5.3 Interim Conclusive Discussion

Based on the previous pattern of perception analysis, it can be concluded, the influential factors that affect both actors’ perception on Greater Yogyakarta transport planning collaboration and perceived transaction costs are: uncertainty of legal assurance; uncertainty of longer term financial support; uncertainty of longer political commitment; asymmetries in gains and losses; goal incongruence; and fear of losing control over local land use planning. Those factors stimulate high-perceived transaction costs and lessen the actors’ motivation in supporting transport-planning collaboration. It is interesting to see that only a very little of those factors cover the practical-financial related aspects. The following Table 7 illustrates a consistent low ranks and z scores of the practical-financial statements in the four pattern of perceptions. The exception is only found on statement [12] ‘limited resources and fiscal pressure further heighten the perceived transaction costs on transport planning collaboration’ which ranks 2nd and 5th in PP1 and PP2 respectively. In addition, this statement also significantly shapes the PP1 due to its high positive z scores. It should be noted that the confirmation to the statement [12] relates largely to the notion that the current local governments’ limited financial sources provoke the respondents’ doubts on the availability of longer-term financial supports that are needed to undertake the planning collaboration. Even though theoretically they are often stated as fundamental elements of transaction costs, still, the statement [5], [6], [9], and [11]
which are about information, negotiation, institution establishment and monitoring costs, are perceived to be less relevant in contributing to actors’ perceived transaction costs and thus hindering the planning collaboration, at least in direct ways.

Table 7. Ranks and z scores of practical-financial related statements in four PPs

<table>
<thead>
<tr>
<th>No</th>
<th>Practical-financial related statements</th>
<th>PP1</th>
<th>PP2</th>
<th>PP3</th>
<th>PP4</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>The cost for information exchange and identifying mutually beneficial scenario for metropolitan transport planning is high</td>
<td>-0.66</td>
<td>14</td>
<td>-0.48</td>
<td>16</td>
</tr>
<tr>
<td>6</td>
<td>Negotiation cost of transport planning collaboration is high</td>
<td>-0.92</td>
<td>16</td>
<td>-0.78</td>
<td>17</td>
</tr>
<tr>
<td>8</td>
<td>Coordinating policy action in different local governments is costly</td>
<td>-1.15</td>
<td>18</td>
<td>-0.16</td>
<td>10</td>
</tr>
<tr>
<td>9</td>
<td>Institution establishment cost of metropolitan transport planning collaboration is high</td>
<td>-1.40</td>
<td>21</td>
<td>0.45</td>
<td>8</td>
</tr>
<tr>
<td>11</td>
<td>Monitoring cost of transport planning collaboration is high</td>
<td>-1.40</td>
<td>21</td>
<td>0.31</td>
<td>9</td>
</tr>
<tr>
<td>12</td>
<td>Limited resources and fiscal pressure further heighten the perceived transaction costs on transport planning collaboration</td>
<td>1.56</td>
<td>2</td>
<td>1.24</td>
<td>5</td>
</tr>
</tbody>
</table>

(Source: Author)

However, it does not mean that practical-financial constraints could not become barriers to transport planning collaboration. It is because, first, in relation to the Q-sorting process, the respondents were asked to rank each statement relatively to each other in forced distribution manner. Therefore, it means that respondents may actually felt that practical-financial constraints are barriers of planning collaboration but it couldn’t be expressed in the data set. It is partly because respondents thought financial-constraints-related statements were less pertinent compared to other statements; therefore, the respondents ranked them very low. Second, there is a possibility that respondents sorted the practical-financial related statements based on the experience of collaboration they’re doing at the moment as well as in the past. In the absence of inter-local government transport planning collaboration, there is a possibility that the collaboration they were recalled back is practical collaboration instead of planning collaboration. This explanation needs further clarification based on the interview analysis as described in Chapter 6, particularly in Section 6.1.1. Nevertheless, based on the non-dominance of practical-financial related aspects in the findings, it can be suggested that in the case of Greater Yogyakarta the embedded legalistic governance culture, local powers, political aspects, and lack of collective mutual objectives are far more relevant on influencing perceived transaction costs and constraining transport planning collaboration, compared to practical-financial aspects.
Chapter 6

Key Barriers to Collaboration: Analytical explanation

The four patterns of perception based on stakeholders’ views of perceived transaction costs of Greater Yogyakarta transport planning collaboration were identified in previous chapter. In this chapter, the determinant factors of those four patterns will be analyzed on how they serve as barriers of transport planning collaboration by using the findings from 16 respondents and linking them back to transaction cost theory. This chapter follows the conceptual framework as described in Figure 1 in which the perceived negative factors associated with transport planning collaboration would further stimulate high transaction cost that hamper collaboration (see Section 2.2.6).

6.1. Uncertainty of Legal Assurance and Longer-Term Financial Support

6.1.1. Legalistic and Regulation Framework

The uncertainty of legal assurance is perceivably stimulated by the incapacity of current legal system and regulation framework to deal with opportunistic behavior that may exist in the course of inter-local government transport planning collaboration. The Spatial Planning Act (Undang-Undang Penataan Ruang) 26/2007 has been enacted in which the inter-local government collaboration is also promoted.

“The management of urban region, comprising two or more regencies/cities is conducted through an inter-local government collaboration” (Spatial Planning Act 26/2007, Art. 47, par.1).

Many respondents agreed that without having further effective guidance of how this collaboration should be administered, the proliferation of inter-local government planning collaboration remains at very minimum level. Amid the transition from a highly centralized planning system to decentralized system, a detailed guidance from central government regulation is still desirable for planners at municipality levels. The culture of ‘waiting for hierarchical (specific) command’ has sustained pragmatic approach (i.e., ‘business as usual’) and have built persistent barrier for local governments’ creativity to make their own innovation in maintaining their metropolitan region and governing inter-local government planning collaboration.

Moreover, as reflected on PP1, the central regulation about inter-local government collaboration in planning is criticized for not having clear guidance in regard to penalties for non-compliance issue. Indeed, on the other hand, the respondents are strongly in favor of this clear law enforcement in order to suppress the possibility of non-compliance issue that may encounter the collaboration.

“Inter-local government collaboration is regulated in Undang-Undang but it doesn’t specify about punishment mechanism whereas I think every inter-local government collaboration should have clear regulation on that issue. For example, (right now) if three parties have agreed on something but one of them cannot fulfill it because many factors such as political factor and the change in local leader, this party can’t be blamed. Could this punishment mechanism be included in current regulation?” (Executive06)
At this moment, there are a handful number of inter-local government collaboration programs in dealing with cross-bordered issues in Greater Yogyakarta. These programs are mainly initiated, negotiated, and organized under Regional Joint Secretariat Kartamantul. Every projects decided in the Joint Secretariat are legalized with the collective decree of related local governments. In the case where there are only two local governments that collaboratively work on the project, it will be legalized by collective decree of those two local governments. Intentionally, the collaboration projects that are mediated in Secretariat include the long-term planning projects. However, to date, based on Secretariat’s frequent newsletter and respondents’ explanation, the collaboration projects are predominantly targeted to solve the problems that need immediate solutions, for example, the collaboration between Yogyakarta City with Sleman Regency to answer traffic congestion problem in Godean street, which is located in the border of two municipalities. Traffic engineering-based projects were undertaken, such as building road divider and creating traffic flow diversion. Those projects considerably needed short time to accomplish, low budget, and minimum physical infrastructure works. Furthermore, it also can be said that current collaboration projects to solving transport problems at metropolitan or regional level presented in Section 4.2 were conducted in patchy and partial manner. To this end, as expressed by the majority of respondents, the term of ‘practical collaboration’ is more suitable to name the collaboration initiatives that have been done, instead of ‘planning collaboration’.

“(The collaboration projects that are in) Kartamantul is not long-term planning. It is not like that. It is more like taking medicine to treat the headache symptom only (not the cause)” (Executive07)

“The collaboration projects in here […] are based on collective decrees that is not very binding. And those decrees do not even specify about sanctions […] Thus, when city/regencies undertake collaboration project and there is ‘something’ happens afterwards, the first step that will be taken is mediation” (Executive09)

In the case of ‘practical’ collaboration, the absence of clear and strong law enforcement is still tolerable. However, respondents strongly stated that if they want to undergo long term planning collaboration which necessitates long term commitment and full resources back up from all the local governments and stakeholders involved, there is a dire call for stronger regulation framework to deal with non-compliance issues. Moreover, some respondents suggested the negative perception about weak legal assurance problem is also departed from lack of implementation of the existing regulations in current Indonesian planning practice. In the midst of transitional time from centralized to decentralized planning system, there is blurred central-provincial-local governments task division that allows local governments to make their own interpretation about central-provincial planning guidance and make their own decision based on their own interests, even though consequently it will halt their own plans and other respective plans at provincial level. Unfortunately, the weakened central and provincial governments’ roles in planning control leave further room for non-compliance of existing regulations and legalized plans at local level. The respondent’s statement below, even though it is not specifically related to transport sector, illustrates how implementation of plan is
lacking, which stimulated respondents’ negative perception about collaboration in planning sectors, including transport planning.

“When we talk about RTRW (Rencana Tata Ruang Wilayah/Spatial Plan) at the Province and RTRW in Regencies, they’re not matched. They’re not matched in a sense that they are often violated. For example, there are many malls developments are permitted in Sleman regency whereas they are not supposed to be, based on both RTRW (province and regency). It means that in the case there is violation so what? What can provincial government do? That is what we often see…” (Executive02)

The fact that many plans are not properly conducted at implementation stage, of which can not be tackled with the current absence of strong regulation enforcements, further escalates the actors’ distrust on each others’ commitments in fully applying the decided plans. In light of transaction cost theory, this circumstance produces opportunism issues among local governments, which is one of the sources that heighten transaction costs. The high transaction cost to undertake collaboration would not motivate actors to support and sustain the collaboration, thus hindering the proliferation of the Greater Yogyakarta transport planning collaboration.

6.1.2. Financial Framework Aspects

The distrust of legal assurance that entails opportunism problem is to large extent also stimulated by the uncertainty of longer-term financial issue to sustain collaboration. In today’s Indonesian planning practice, the insuperable financial difficulties often hamper the realization of the plans and are used as a typical excuse by executive planners for not taking progressive initiatives in tackling many urban problems. In relation to collaboration, many respondents, especially from executive planners group, expressed that the higher the costs needed to fund the joint program, the harder it would be to achieve collective agreement to finally commence that program. The planners always have a concern whether local government’s budget would be sufficient if they agree to join in one of collaboration projects. On the other hand, the financial pressure that is currently faced by local governments in Greater Yogyakarta causes the projects fund allocation become stricter. While prior to decentralization policy most projects were financed by central government, since decentralization policy been enacted local governments’ budgets mainly come from DAU (Dana Alokasi Umum/General Grant from Government of Indonesia) and PAD (Pendapatan Asli Daerah/Local Revenue Gain). The first one is relatively fixed each year and based on expenditure needs for each jurisdiction with a calculation of a weighted index of four variables (population, area, cost differences, and poverty). The second one is based on each local government’s revenue based on local tax and retribution from both public service and private sectors investments. In the case of Indonesia, the existence of natural resources in regions (such as oil and natural gas) can also generate incomparably high tax-based revenues as voiced by one of the respondent below.

“Decentralization can’t be optimized because every time we want to develop something we need budget. However because region in DIY (Daerah Istimewa Yogyakarta Province) is different from regions outside Java Island, which have rich natural resources, we still rely on DAU. Therefore, even if, for
example, we have an innovative policy, there is not much we can do because
our budgeting capacity depends on central government.” (Executive06)

In its practice, however, the local governments officials stated that the income from
DAU in large proportion is absorbed on civil servants’ salary, thus making the budget
for providing public service very limited. This aforementioned respondents’ statement
fits well with academic literature in which it is suggested, “even though DAU comes
with no string attached, a substantial part of DAU is indirectly ‘earmarked’ by the
portion allocated for salary expenditure” (Suwandi, 2004, pp. 285). Indeed, for most
local governments, the largest share—70 to 80 percent—of those funding are spent on
civil servants salary expenditures, whose salary rates are fixed by the central
government (Suwandi, 2004). Moreover, even though there have been various efforts
to maximize PAD in each local government, the problem of limited budget
availability for public spending is still amounting. Amid this issue, it really depends
on local leaders and legislators (DPRD) to decide which public sectors and projects
they will fund, putting the long-term financial support for transport planning
collaboration in question. This entails interpretation that any effort of securing long-
term financial provision to finance inter-local transport planning will not only
influenced by the availability of budget in the future to maintain the necessary
transportation operational costs but also the availability of political support for it. The
latter aspect will be further elaborated in Section 6.2.

Overall, in transaction cost theory perspective, the financial related problems affect
the transaction costs needed for collaboration in two aspects. First, given the capacity
to gain both adequate local budget and sustained political support is divergent among
local governments, the opportunism issue will overshadow the transport planning
collaboration. Second, with the limited budget the actors have, they will tend to see
the transaction cost is more pricey than it actually is due to the high cost-to-income
ratio. Together, the limited local budget and uncertainty of longer-financial support
become barriers to support the Greater Yogyakarta transport planning collaboration.
In addition, in regard to financial issue, skepticism on the limited local-provincial
budgets to undertake metropolitan transport planning and tackle metropolitan
transport problems is mounting. This skepticism reflects the lack of confidence on the
reliability of inter-local government transport planning collaboration as illustrated in
one respondent’s opinion below.

“So the initiative is on local governments’ hands, however, because financial
capacity of local governments is very restricted, we then have to ask for
central government’s helps. Without the helps from them, we definitely are not
capable (to finance the projects). I don’t even sure provincial government is
also capable of that […] I means how much is our (municipalities/province)
income?” (Executive08)

6.2. Uncertainty of Longer-Term Political Commitment

The lack of comprehensive understanding regarding the long-term benefit of
metropolitan transport planning contributes substantially to actors’ higher perceived
transaction costs and negative perception of such collaboration to undertake planning.
In addition, local political driving force also discovered to be influential contributor to
high transaction costs due to relatively short-term political interests that is
incompatible with the planning collaboration. This issue is further intertwining with the problem of longer-term financial support that yields stronger barrier to Greater Yogyakarta transport planning collaboration.

Weak political support for metropolitan transport planning still remain prevalent even though it has been gradually eroded, for example with the provision of the breakthrough buy-the-service policy and development of Trans Jogja in 2008 (see Chapter 4). In Greater Yogyakarta case, this lack of political support stems from both executive (local leaders) and legislative as described in respondents’ opinions below.

“So, I see the policies in these three local governments (to address metropolitan transport problems) are not yet strong. Neither Kota (Yogyakarta), Bantul, nor Sleman are serious to manage metropolitan transport modes in Greater Yogyakarta. They make their own policies individually [...] In local autonomy (era), it will be difficult if there is an absence of planning collaboration. Yet, there is no political will among Kota, Bantul, and Sleman (to undertake collaboration). Secondly, the provincial government is not so serious (to address it), even though it starts to be. [...] The political will from local leaders is lacking.” (Legislative)

“Political support is lacking. Often, we are not smart enough on negotiating with legislative. We often convey this message to SKPD (Satuan Kerja Perangkat Daerah/Local Government Working Units) or Ministry: “if you want to write budget proposal, don’t write the list of needs only but (write) if those are not fulfilled what the consequences are”. If the consequences are big, then (legislative) would agree to allocate the budget” (Expert01)

There are two possible reasons behind the lack of political support. First, there is lack of knowledge about the benefit of metropolitan transport planning as well as planning collaboration as a product of legislative members’ incompetence on transport sector and the inadequate number of accessible studies on metropolitan transport issues. Second, the local leaders and the legislative are dealing with the asymmetric information. That is partly because each transport-related SKPDs (working units/department) competes to undertake their own studies based on their own interests; thus, sparked conflict of each other. This circumstance relates closely with the issue of fragmentation in local government that will be further elaborated in Section 6.4. Nevertheless, some respondents stated that even though knowledge and all necessary information about costs-benefits are available, the lack of political support might also be caused simply by the lack of interests in addressing transport-planning issue. Indeed, the majority of respondents felt that due to the absence of its perceived right mixture of urgency, any issue related to planning has continuously received less attention from both local leaders and parliament members (DPRD members).

“Local leaders have to have big visions. However, right now their administrations are only five-maximum-ten-years period. Therefore, the indicators that they, those local leaders, want to achieve are economic improvements. Those indicators want to be achieved instantly. So, they don’t want their 5-years administrations to be spent to address the fundamental (planning) problems.” (Executive07)
“Because if we see, in here, DPRD has not yet acknowledged planning as something important [...] DPRD itself is still in favor of programs which (outcomes) can be shortly felt, so the long-term masterplan, the ‘umbrella’ for everything, is not important for them. [...] And one of the hardest things is actually to convince them because their knowledge on transport sector is still at very minimum level.” (Expert02)

The difficulty of gaining ample and long-term political commitment emerges in three municipalities in Greater Yogyakarta. This will be followed by the accompanying asymmetric information problem that makes policy actions and political decisions regarding transport planning and collaboration in each municipality become unobservable. The continuous struggle to ensure enough political commitment to uphold the collaboration further triggers the feeling of being threatened by uncertainty and opportunism that eventually will yield high-perceived transaction costs and hamper the establishment of collaboration.

6.3. Uncertainty Over Possible Symmetries in Losses and Gains

The notion that transport system could not be managed separately in each jurisdictional unit has been widely recognized by the executive planners in Greater Yogyakarta. This awareness may become factor that promotes the realization of inter-local government transport planning collaboration. Moreover, most of executive planner respondents stated that the trust among the local governments is perceived as adequate basis for collaboration. However, in regard to planning collaboration in transport sector, the aforementioned trust is rather questionable. The speculation that there will be disproportionate distribution of the benefits from comprehensive metropolitan transport planning would undermine the trust and create disincentive for inter-local government transport planning collaboration. This situation is departed from the thought that metropolitan transport planning will only bring great benefit for one municipality in the center (i.e. Kota Yogyakarta). There are two possible factors that could explain this negative perception of prospect benefits.

First, the possibility of trickle-down effect, in which the growth in the center would stimulate growth in the periphery/hinterland through increasing purchasing and jobs absorption, is not strongly comprehended by the local governments in the periphery. Moreover, the over dominance of development in Kota Yogyakarta and the absence of polycentric development at regional level stimulates the peripheral local governments fear toward the backwash effect. There is a tendency to think that with the comprehensive, better connected, and seamless transport system at regional/metropolitan level, local governments outside Kota Yogyakarta will be suffering as a result of the weakened competitiveness, out migration of qualified labor and brain drain in the periphery sides. This fear reinforces local governments’ motivation to start up the collaboration in transport planning sector and keep maintaining their transport plans and policies on their own as illustrated in this following opinion.

“Now the epicenter is in Kota Yogya and Yogya itself has suffered with this situation […] In term of economic, the three nodes (municipalities) have to have their own centers, instead of everything is being centered only in Kota
Yogya. Because if it’s not like that, Sleman and Bantul would have mindset that there will not much they can enjoy (from metropolitan transport planning collaboration). We have to convince that the vision ahead will give benefit for Sleman and Bantul as well” (Expert02)

Second, the local governments in peripheral areas tend to think that they will not get much benefit from metropolitan transport planning in terms of money profit. Local governments’ interests in increasing their revenue (PAD), particularly from the property taxes, constrain them to realize that there are many long-term benefits that they can enjoy. It is true that these benefits might be more intangible than the money profit. However, it should be realized that creating integrated metropolitan transport system based on comprehensive planning would contribute to their economic development as well as bring social benefits such as better and inclusive transport access for their residents. Nevertheless, at the moment the great attention to revenue orientation, which could be a contra productive aspect to planning, is still ubiquitous.

“…they should understand that profit isn’t always in financial term but also in broader economic sense. For example, Bantul only sees that the burden is in the city (Yogyakarta City) so financially they think “I don’t have to be involved in deciding what they have to do, what kind of system I have to make, in making trips (within Greater Yogyakarta) better.” [...] I mean, Bantul, maybe, if only based on financial calculation, will feel they don’t have to participate. But using economic development (perspective), they supposedly have to guarantee (that they provide) transport service for the people of Bantul to travel into other jurisdiction. This is that should be pushed, they have to involve in taking responsibilities...” (Expert02)

“It’s not the output (of metropolitan transport planning) that they concern about. Their orientation is toward PAD. And if they have to develop something that need huge financing they will ask, ‘what is the profit?’ Whereas, public transport is public service, so the orientation should not be the revenue but service-oriented. This needs to be changed.”(Expert03).

Within transaction cost perspective, the issue of asymmetric losses and gains remains less relevant. At the theoretical base, transaction cost perspective acknowledges that there could be imbalances regarding the benefits that each participant could get from the collaboration. The more important thing is to ensure that none of the participants become ‘the losers’ in the collaboration and that the benefits are still greater than the costs that need to be spent by each participant. In this perspective, the collaboration is still permissible even though Kota Yogyakarta will get more benefits than the others. However, even though the collaboration could be started, due to rooted perception about threatening one-sidedness benefit, the local governments in periphery would unceasingly suspect opportunism issue in which the local government in the center of metropolitan area will try to influence and monopolize the outcome of metropolitan transport planning. This perception potentially increases the monitoring cost needed to counteract the possible opportunistic behavior. Even though this cost is one of ex-post costs—costs that incurred after the collaboration agreement is struck—it is still considered in the decision calculus whether or not to participate in any agreement to make collaboration. In the case of Greater Yogyakarta, it is one of reasons why local governments withdraw their interest in collaborating with each other. Moreover, the
lack of perceived benefits will influence the cost-benefit calculation. When the perceived benefits become lesser, the attentiveness to finance the transaction cost will be lesser, accordingly. All together, this suggests that the uncertainty and fear in asymmetric gains serve as barrier to the establishment and proliferation of Greater Yogyakarta transport planning collaboration.

6.4. Goals Incongruence Problem and Fear of Losing Control over Land Use Planning

6.4.1. Fragmentation in Local Government

In building collaboration, especially in the procedure of making a joint agreement to start the collaboration, the negotiation process, which is not costless, is inevitably needed. In the case of Greater Yogyakarta, the lack of collective common views on the objectives of metropolitan transport planning makes the negotiation difficult, time-consuming, and conflict-ridden process. This perceived difficulties lessen the motivation of local governments to collaborate. While it is true that having heterogeneous views doesn’t necessarily mean an unfavorable thing, in the case of Greater Yogyakarta those heterogeneous views are contradictory to each other. Some respondents stated that the vision of making integrated transport system is collectively grasped. Yet, the breakdown objectives toward achieving the vision involved rampant disagreement from local governments. More importantly, the heterogeneous objectives are not only stems from different local governments but also stems from fragmentation problems that occur within the local governments. This fragmented local government that appears in three municipalities further complicates the external negotiation among the local governments. The fragmentation is resulted from lack of effective coordination and overriding responsibilities between transports system-related SKPDs (Local Government Working Units) such as Transport Department (Dinas Perhubungan), Local Development Planning Agency (Badan Pembangunan Daerah), and Public Works Department (Dinas Pekerjaan Umum). Indeed, a handful number of respondents strongly stated that between those aforementioned SKPDs there are considerably conflicting interests which reflect the existence of sectorial egoism. This situation leads to parochialism approach in seeing certain transport problem and making its solutions.

“(In managing the transport) we have to have the same objectives. Unfortunately, each SKPD has different objectives. Each SKPD supposedly has its own internal targets that are synchronized (with other SKPD’s targets). But, in fact those targets are not. Moreover those targets are gradually skewed at implementation stage, making increasingly irreconcilable target differences between SKPD. This often happens. More dauntingly, we don’t have good coordination system.” (Expert02)

“We (Transport Department) made a master plan study which hopefully could become a reference for Development Planning Board Agency to make transportation system, yet, it has not yet adopted. Who should make a plan? Is it Transport Department? Is it Development Planning Board Agency? There is no clear boundary on this.” (Executive03)

As it often happens in Indonesia, the answer to the question of who should be responsible and competent to undertake the transport planning process and controlling the implementation of plans is not straightforward. Moreover, the weakened central
governmental role in local planning system puts the answer in grey area. In this unclear task-division situation, the overriding interests between SKPD further complicate the internal coordination and stir each local government’s views on metropolitan planning more diverged. For example, while the Transport Department aims to focus on public transport development and disincentive approach to reduce private-motorized vehicle uses, the Public Works Department pursue contradictory objective on building more road to facilitate the car uses. Dauntingly, those two SKPDs often fight for the greater proportion on local government budgets. The unsettled fragmentation problem makes the bureaucratic internal coordination difficult.

The transaction cost perspective suggested that in service provision, when external transaction costs between external parties is lower than the internal bureaucratic costs in each party, the collaboration between parties is desirable to undertake joint-task. In this perspective, the internal goal incongruence and fragmentation difficulties may become an incentive for the local government to collaborate in metropolitan transport planning as collaboration might bring more efficient and effective negotiation process as a result of existence of other parties’ involvement as external factors; however, this is not the case in Greater Yogyakarta. It has been perceived that the internal goal incongruence problems in local government may intensify and accumulatively produce more acute goal incongruence difficulties at regional level (i.e., between three different local governments). This will increase the ex ante transaction cost needed to collaborate, specifically negotiation costs that are needed to derive the collaboration agreement between local governments. The high perceived transaction costs thus could explain why local governments are not yet interested in collaboration. The interview findings also postulate that there is a strong need to reconcile each local government’s internal goal incongruence and make a consensus objectives/visions on transport planning issue before joining the collaboration. The clear and unified vision also become prerequisite for building strong political agenda to support both comprehensive transport planning at municipality level and metropolitan/regional level. Furthermore, without the presence of common-shared goals the performance ambiguity will be resulted which entail the difficulties in measuring exchange value and increase the likelihood and difficulty of perpetual renegotiation in the collaboration.

6.4.2 Local Land Use Planning and Territoriality

Metropolitan transport planning should incorporate land use planning for ensuring integrated transport system and eluding the imbalance transportation supply and demand. The local planners at executive local governments already understand this notion, but in its practice, the integration between those two plans remains intractable. There is a fear that commitment, resulted from inter-local government transport planning collaboration, will limit a local government’s authority in managing its local land use planning. At this moment, the local governments seem unlikely to give up some of their control on land use planning to another tier of authority or to share their powers to jointly manage their land use planning together with other local governments at regional level. This finding could be explained in two possible reasons. First, in the context of Indonesian case, land development is strongly associated with the local government rights to develop their own areas and territories. In lieu with the desire to accelerate local development, each local government has a tendency to maximize PAD (local revenue) by accommodating commercial buildings
and private sector developments in their local land use planning without considering wider spatial and transportation impacts. Less authority over land use planning would mean let the potential resources to accumulate local revenue away. Moreover, local egoism also triggers the competition between local governments for having important regional public service facilities in their territory to attain potential sources of revenue. Even though local egoism in Greater Yogyakarta is seen to be lower than the other regions, the inward looking and competition on development remains exists as exemplified in the case of Terminal A (regional terminal) development in which Kota Yogyakarta and Sleman competed to have this terminal in their areas.

Second, the hesitation to let the others to involve in local government’s territory closely relates with the nature of metropolitan transport planning task itself, as it requires extensive resources and specialized investments to undertake. Consequently, when a comprehensive metropolitan transport plan is derived, some adjustments to local land use are inevitably needed. For example, to build transit systems reasonable parcels of land are needed. However, in doing so, it needs land acquisition process that is often time consuming and also requires excessive financial resources amid the uncertainty.

“In general, in regard to spatial planning in Indonesia or in Yogyakarta, the lands, which we try to control its uses, is not an empty land but mostly land with existing uses. Secondly, the thing that we try to control is something that doesn’t belong to us. This creates highly difficult problems in implementation. Moreover if we have to direct other local governments and involve in saying, “You have to do this, you have to do that”, it will become harder.”
(Executive06)

In Greater Yogyakarta, many spatial development projects are delayed or even halted due to difficult land acquisition process. This reflects that implementing transport plan requires significant resources and high assets specificity, a condition that is perceived as one of barriers for the local governments to collaborate in metropolitan transport planning. The local government also tends not to trust the other local governments’ ability to solve the land acquisition problems in timely manner and without additional production costs. Indeed, based on transaction cost perspective, the local governments tend to keep internalize the transport planning, the services, whenever the level of asset specificity and related transaction costs are high.

6.5 Interim Conclusive Discussion

In conjunction with the Q-method result analysis in Chapter 5, the interview findings suggested the key barriers of Greater Yogyakarta transport planning collaboration as follow: the absence of measures to counteract non-compliance issues; the high uncertainty in longer-term financial support; the lack of political support on planning; the lack of perceived benefits of metropolitan transport planning; the perceived imbalances on loses and gains; and the lack of motivation to have a shared-power agreement. In addition to the aforementioned factors, the fear of local governments to lose their control power of their territories and land use planning as well as the problem of fragmentation in local government and goal incongruence on transport planning objectives also cause the collective action is difficult to be mobilized due to the absence of collective and common-shared goals. In other words, it might be very
unlikely to succeed in producing meaningful negotiation between parties (i.e., local governments) without the presence of clear and legitimate mutual objectives of collaboration. This suggests that inter-local government collaboration in transport planning has faced a significant hurdle at the very beginning process, which explains the current nonexistence of such collaboration in Greater Yogyakarta. All above-mentioned perceived barriers are interrelated one to another. The following Figure 10 sums up the identified perceived barriers and presents the synthesis of the perceived barriers and their associated linkage to the elements of transaction costs. Incorporating transaction costs theory, it is then argued; while the benefits of metropolitan transport planning is percievably lacking and the high perceived transaction costs of collaboration is prevalent, the inter-local government transport planning collaboration tend not to be seen as efficient institutional arrangements. The inter-local government collaboration on metropolitan transport planning is not desirable option for local governments and thus transport planning in Greater Yogyakarta might be continuously fragmented.

(Source: Author)

Figure 10. Key barriers and their associated roles on affecting collaboration
After we identified the key barriers to collaboration and their impacts on the formation of transport planning collaboration, we will additionally see the linkages between the empirical findings and the transaction costs theory. In transaction costs perspective, the collaboration will occur when each equal partner sees the benefits of externalizing the services or tasks is greater than the costs. The production costs are given and do not differ across governance and transaction mode (i.e. between internalizing and externalizing the task through collaboration). Therefore, the inter-local governments collaboration as feasible alternative institutional arrangement will be chosen if its transaction costs is low. Further discussion about the empirical findings and its connectivity to transaction costs theory will be outlined in the following three discussion points.

1. The Regional Joint Secretariat as a network organization is only prominent in pressing transaction cost of practical collaboration, not planning collaboration

In settling the need of having inter-jurisdictional collaboration to solve metropolitan transport problems and current mounting municipalities’ financial pressure, the local governments in Greater Yogyakarta have been trying to minimize the transaction costs of collaboration. Majority of respondents said that they have channeled the collaboration process through functioning the Regional Joint Secretariat Kartamantul as network-organization. They suggest that the Joint Secretariat has played a role as coordinator, facilitator, and mediator for three local governments in the collaboration. Even though the decision to collaborate and commit to it relies entirely in the hands of local governments, the Joint Secretariat routinely provides fair information about the urgent transport problem and guides the local governments on how to collaboratively deal with that particular problem. Therefore, the transaction costs—information costs, negotiation costs, monitoring costs, and agency costs—of inter-local government collaboration could be relatively low and the collaboration become admissible to commence. This befits to the transaction cost perspective very well. However, we should acknowledge that the current and on-going inter-local government collaboration that have just discussed are not collaboration in transport planning but collaboration to partially solve the urgent transport issues (i.e., ‘practical’ collaboration (see again the its explanation in 6.1). Indeed, since this kind of collaboration inherently requires very low production cost, or investment, and low asset specificity, it necessitates low transaction costs. In the case of transport planning collaboration the attempt of reducing transaction costs, so that the collaboration could emerge, would be problematic. Collaboration in planning sector, particularly in transport sector, demands complex joint-decision making governance, intensive efforts in enduring the pervasiveness of uncertainty, high-risk commitment from each parties, and strong contractual safeguards to tackle high opportunistic behavior. The answers to those demands remain deficient in the case of Greater Yogyakarta and drives the perceived transaction costs of inter-local government collaboration is reasonably high. Thus, the high-perceived transaction costs remain difficult to be reduced at the moment even with the assistance of network organization (i.e. Regional Joint Secretariat Kartamantul).
2. The financial framework to transaction costs remains weak in the Case of Greater Yogyakarta

The local governments in Greater Yogyakarta have been experiencing financial hurdles. The lack of available funding to finance public services is a consequence from the reduction in central government funding streams and low capability of local governments to leverage local revenue and finance public services. Normatively there are two alternatives that the local governments could do to cement collaboration amidst the aforementioned difficulties. First is reducing the costs of collaboration, and second is boosting the financial benefits of collaboration. It is empirically shown at previous section that the contributors to high transaction cost of transport planning collaboration are pervasive therefore the first option is not viable. On the other hand, the benefits of metropolitan transport planning are hard to be instantly quantified and monetized. To this end, it can be inferred that in the midst of least thriving economy transaction costs perspective is functional only if the collaboration is seen as a mean to simultaneously generate revenue for the municipalities. Moreover, the limited economic capacity of local governments leads to a weak framework for transaction costs in planning collaboration since it will restrict the local governments to generously contribute in transaction costs and hence make stricter calculation in doing so. At this point, the appositeness of transaction costs theory’s fundamental idea where the selection of alternative institutional arrangements could be rationally based on their efficiency in transaction costs remains less relevant in the case of Greater Yogyakarta. Thus, in dealing with the metropolitan transport problem, it will be more likely for local governments to keep internalizing their own planning task and not collaborate.

3. The hierarchical model preference stimulates the dormancy of transaction costs theory applicability in Greater Yogyakarta

Even though it is mainly departed from economic and firm management studies, the take up of transaction costs theory in public administration and planning is relevant in search of efficient mode of governance to undertake specific tasks based on its associated transaction costs. Therefore, when the inter-local government collaboration is finally sprung, it can be interpreted that this mode of governance is chosen grounded on each equal partners’ calculation on the net value of transaction costs of contracting and internalizing the tasks.

Not only revealing the barriers of establishment of collaboration, but also in responding to those barriers the majority of respondents expressed their preference on having provincial government to direct them to collaborate as it is represented in the following statements.

“In Greater Yogyakarta, the inter-jurisdictional cooperation and collaboration could be well-handled by the provincial governments. But I see in transport sector, the provincial government is not yet serious to direct and push the three local governments (to collaborate). Who’s going to object if the Governor of DIY (Daerah Istimewa Yogyakarta) makes the orders? I believe this approach makes (the collaboration) simpler and easier” (Legislative)
“Actually the negotiation process should not be that hard because in Yogyakarta there is Sultan. So when both Sultan and provincial government have agreed and mandated something, the local governments (at lower tier) will accept it and willing to cooperate with others” (Executive09)

On the other words, they long for strong provincial government leadership to build the transport planning collaboration and take the necessary coercive measure to suppress the many uncertainties and the possibility of opportunism traits due to the lack of clarity of each local governments’ political commitment, and longer term financial support. Significantly, there is a call for the establishment of specific institution to handle transport planning at metropolitan level (see again PP2 at 5.1.2). Either building new institution specifically for metropolitan transport planning or empowering Provincial Development Planning Board Agency (Bappeda Provinsi), respondents express that this institution should be embedded into provincial government level. The above-presented respondents’ opinions reflect that even after decentralization policy has enacted in 1999, the mindset of hierarchical decision making mode still endures. This situation can be rationalized in the following reasoning.

The Greater Yogyakarta holds very strong Javanese culture of which since the pre-colonial era of Islamic Kingdom had developed hierarchical social systems. Those systems are grounded on the patrimonial state—the ruler and their officials have an ultimate power in the decision-making— and focus on symbiotic reciprocity between the elites and the lowest strata (Anderson, 2007). This resulted a paternalistic government culture in modern Indonesia that also strongly characterized inter-governmental coordination in pre-decentralized era (Anderson, 2007). Following the decentralization policy, Hudalah et al (2013a) argued that in the decentralized organizational structure of Joint Secretariat Kartamantul, hierarchical lines between Province and the three local governments as well as parental role of Province have been distorted. However, this research argues that when the inter-local government collaboration is going to be deepened into planning collaboration, the parental role of Province will likely to reemerged and strengthened based on local governments’ aspiration.

Nevertheless, the presence of hierarchic governmental characteristics would tend to create top-down inter-local government transport collaboration as seen in Greater Yogyakarta. To this end, arguably, the local governments don’t have to take into account the transaction cost and thus one of transaction costs theory’s premise—equal partners who freely choose the governance alternative based on its low associated transaction costs—is diminished. On this count, the current bureaucratic public sector practices—characterized by provincial government as the main controller, dependency on (central) government funding, and highly hierarchical structures—are perceivably become the pivotal factors in determining the prospect of inter-local government collaboration in metropolitan transport planning. Moreover, this research argues that the limitation of transaction costs theory strikes since the theory has little of to say about path dependency aspect while it is attested to be significantly relevant in

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6 Unlike other provinces in Indonesia, the Yogyakarta province is strongly connected to Sultanate system, in which the Governor position is not directly elected by citizens but inherently given to the king (Sultan).

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Greater Yogyakarta case. The path dependent to hierarchical model of governance will potentially disturb the premise of transaction costs theory, which stipulates certain mechanism of governance will be chosen based on its lowest transaction costs. Indeed, Magnusson and Ottoson (1997) noted that putting aside path dependency aspects, transaction costs perspective presupposed “that the state and its orders always is ready and ripe to support the most “efficient” organizational solution” and “the transaction costs by itself had very little impact on the transition from one regulatory order to another” (p. 356). Nevertheless, despite this weakness in thoroughly explain the case in Greater Yogyakarta, the transaction costs perspective is still valuable in lending its analytical power to identify and analyze the barriers to transport planning collaboration at present.
Chapter 7

Conclusive Remarks

This research aimed to investigate and analyze the barriers to inter-local government collaboration in Indonesian metropolitan transport planning. This objective corresponded to the current circumstance where the inter-local government transport-planning collaboration remains dormant although it is urgently needed in Indonesian metropolitan areas. The barriers to the collaboration were extracted from the identified four patterns of perception that represent the actors’ perceived transaction costs elements of inter-local government transport planning collaboration. These four PPs summed up the barriers to collaboration as these following findings: the absence of legal measures to deal with non-compliance issues; uncertainty of sustained financial support; high uncertainty of longer-term political commitment; the lack of perceived benefits of metropolitan transport planning; the imbalances in loses and gains of collaboration; the lack of motivation to have a shared-power agreement in planning; local governments’ fear of losing control over territory and land use planning; fragmentation in local governments; and the absence of common-shared goals to mobilize collective action in metropolitan transport planning. These aforementioned barriers are inextricably related with each other and serve as generators of actors’ perceived transaction costs, which eventually hamper the formation of inter-local government collaboration in metropolitan transport planning. Based on the findings, the informal-cultural elements, formal institution, and political driving forces have considerably higher influences on the absence of inter-local government collaboration in metropolitan transport planning compared to direct practical-financial aspects. In large extent, the shift from centralized to decentralized government system through Decentralization Act 22/1999 (revised by Act 32/2004) has further grown the barriers to collaboration. For instance, this sudden change toward decentralization system triggers local freedom euphoria, more inward looking local governments, and the sturdier focus on generating local revenue gain. The latter abruptly triggers the lack of political support in transport planning issue since the unclear short-term outcomes and hardly monetized benefits of transport planning are considerably incompatible with the maximizing local revenue agenda. This issue commonly appears in three local governments of Greater Yogyakarta and ultimately creates a drawback to the formation of transport planning collaboration at metropolitan level. Indeed, the deep-rooted barriers on transport planning collaboration stems from the fact that the local governments are lost in transition era between centralized and decentralized planning system. While the central government has opened a room for and mandated inter-local government cooperation and collaboration through the enactment of various regulations, the strong paternalistic government culture in which the local governments have the attitude of ‘waiting for instructions’ hamper the collective bottom-up approach to form metropolitan transportation planning collaboration. This situation has became more perplexed as the urgency of building inter-local governments collaboration on jointly governed metropolitan transport planning has not yet received enough attention from the Provincial Government.
7.1 Alternative Strategies to Overcome the Barriers

In addressing the need to bring inter-local government transport planning collaboration in handling metropolitan issues, swapping back the governance structure to a more hierarchical one or at least repowering provincial government’s competences could be a straightforward answer. However, this strategy is not advisable since it could lead to the disruption to the on-going decentralization and democratization agenda. Therefore, one of the appropriate strategies might be to transforming local governments’ mindset about the benefits of comprehensive and integrated metropolitan transport planning. Specifically, metropolitan transport planning stakeholders need to understand the long-term benefits of reliable transportation systems to the greater public, even though these benefits might be hard to monetize within short- to medium-term. For instance, in terms of economic benefit, the comprehensive transport planning at metropolitan level may escalate the productivity of residents as a result of decreasing traffic congestion and travel time. The intensive and frequent workshops that involve experts, academicians, and various organizations dealing with urban transportation issues would be helpful in bringing an ‘eye opener’ for local governments to see that the benefits of having collaboration in transport planning will compensate the costs of collaboration (i.e. transaction costs). This better knowledge on the benefits of transport planning collaboration may combat the barriers related to the uncertainty of longer-term political commitment as well as concerns on imbalance lost and gain. Second, the betterment of Greater Yogyakarta transport planning information system to address the asymmetric information-related barriers is also needed. Combined with the better understanding on the benefits of collaboration, the symmetric information might yield a precondition for common-shared goals formation so as to mobilize the collective action to establish collaboration. Moreover, the problems related to fragmentation in local governments and goal incongruence may be pressed down due to the better information system.

Third, together with bolstering the local governments accountability and transparency, strengthening the role of Regional Joint Secretariat-Kartamantul as a ‘network’ organization between the three local governments to facilitate ‘relational contracting’ based concept strategy would also be a prudent move. Gradually, the focus of practical collaboration within the network should be broadened and deepened into planning collaboration. Meanwhile, the applied ‘relational contracting’ which progressively increasing “duration and complexity” of contract would expands the mutual trusts between parties, creation of shared-norms that goes beyond the contractual matters, and social capital in network (Williamson, 1979). Moreover, the network might also contribute to the ‘repetition and reputation’ manifestation in collaboration practice (Dixit, 1996). This would address the issue of opportunism existed in collaboration that involves idiosyncratic investments such as transport planning because “if the forces of repetition or reputation are strong enough, no explicit commitment technology is needed to secure commitment; the policymakers’ own incentives ensure that they will not be tempted to deviate from the commitment” (Dixit, 1996, pp. 72). Furthermore, involving and empowering civil society’s role as ‘watch dog’ or external auditor to collaboration could be influential on suppressing the local governments’ chances to defect the commitment.

Fourth, responding to the weak financial framework to transaction costs, revising the current central government’s fiscal distribution system to allocate cross-subsidy to the
local governments with limited resources, particularly in terms of natural resources, could reduce the current local governments’ financial burden and hence eradicates the excessive focus on local revenue gain. While this would create more room for each local government in Greater Yogyakarta to afford transaction costs of collaboration, this strategy is influential to alleviate the current over emphasis on monetizing the planning collaboration’s outcomes. However, implementing this strategy would entail the complexity in policy change at national level as it related to formal institution and will less likely to ensue in near future. Indeed, the identified barriers are rooted in both formal and informal institution aspects that considerably require significant length of time to change. However, the aforementioned short-medium term strategies could accumulatively contribute to reduce the barriers and thus might strongly promote the collaboration.

7.2. Reflection on the Relevance of Transaction Costs Theory

This research utilized the transaction costs perspective for both its analytical and theoretical approach. Based on its empirical findings, this research argued that the transaction costs perspective was greatly useful on identifying the barriers to collaboration. It also remained significant on extracting the underlying barriers related to opportunisms and asset specificity issues that otherwise difficult to be identified as they are more related to non-practical barriers. Furthermore, the transaction costs perspective also gave analytical explanation on why collaboration is not yet seen as efficient institutional arrangements and therefore sustain the weak motivation of local governments to collaborate in metropolitan transport planning. However, if we take into account the issue of institutional factors in the midst of current transition of Indonesian planning systems –between centralized and decentralized governance–, the application of transaction costs perspective into empirical study bestows some limitations since the transaction costs theory functions very well in stable institutional system. Moreover, the theory also remains weak in scrutinizing the influence of the path dependency of Indonesian planning institutions, that by-and-large still embedded to paternalistic government culture, on the perceived transaction costs of collaboration (see Section 6.5). In this view, the moderate irrelevance of transaction costs theory could be linked to the fact that this theory has been developed and commonly applied on research in Western-developed countries where the long history of decentralized government system and democratized society exists. Therefore, it can be concluded that in the case of Greater Yogyakarta, the use of transaction cost theory in planning collaboration is not without problems at this moment. However, when the financial framework for transaction costs become stronger, the decentralization approach gains its full prominence, and the benefits of planning collaboration becomes more apprehended, the transaction costs perspective might strongly become more relevant.

7.3. Limitations and Suggestions for Further Research

Even though this research employed a single case study that represents instrumental case and critical case, the generalization of the findings to other Indonesian metropolitan areas should be treated carefully. This is partly because, for instance, some of embedded values such as paternalistic government culture that stems from strong Javanese culture ubiquitously influence the way Greater Yogyakarta transport planning collaboration is perceived by the actors while it may not be the case in metropolitan areas outside the Java Island. Therefore, it may be beneficial in the future to undertake multiple case studies using similar approach that may lead to
different results. Furthermore, as suggested by the findings of the research, local political drivers’ influences to the proliferation of collaboration remain relevant even though the representative from legislative members in the data set remain limited due to unfavorable timing (i.e. this research was conducted in between legislative election and presidential election; thus, many interview appointments were fell off). Therefore, expanding the number of data sets that incorporate local politicians’ views might produce more comprehensive results. At more conceptual level and as a response to the issue raised on Section 7.2, it is also suggested that future research dealing with the planning collaboration in Indonesian case could entangle theoretical framework from both transaction costs perspective and institutionalism school of thought. Incorporating the institutionalism approach that might have better analytical framework to investigate the influence of institution path dependency aspect to inter-local government transport planning collaboration may yield more robust findings. This strategy would also be beneficial in complementing the static analysis in this research, which primarily has focused in perceived transaction costs by actors during the research timeframe and has not yet largely incorporate the notion that transaction costs could be subjected to change since the collaboration might evolve throughout time.


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Ministry of Home Affairs: No. 69/2007
Government of Republic Indonesia: Law No. 50/2007
Government of Republic Indonesia: Decentralization Act 32/2004
Government of Republic Indonesia: Fiscal Decentralization Act 25/1999
Government of Republic Indonesia: Decentralization Act 22/1999
Government of Republic Indonesia: Spatial Planning Act 24/1992
Planning documents
Appendices

Appendix 1. Q-method protocol

1. Q-method protocol English version

Name of Respondent : 
Institution/Organization : 

Step 1.
After being explained about the purpose of the research, the respondents will be asked to read 21 statements. Second, respondents will be requested to give their preferences on the relative importance of each statement in the context of Greater Yogyakarta transport planning collaboration. List of statements are following:

1. Inter-local government transport planning collaboration is not local government business but the responsibilities of central government.
2. Metropolitan transport problems are too complex to be solved by local government transport planning collaboration.
3. Specific institution is needed to deal with metropolitan transport planning.
4. Local governments freedom to develop its own areas and transport policies should not be limited by transport collaboration’s commitment.
5. The cost for information exchange and identifying mutually beneficial scenario for metropolitan transport planning is high.
6. Negotiation cost of transport planning collaboration is high.
7. There is lack of agreement on the objectives of metropolitan transport planning.
8. Coordinating policy action in different local governments is costly.
9. Institution establishment cost of metropolitan transport planning collaboration is high.
10. The difficulty in formulating rules that govern collaboration is high.
11. Monitoring cost of transport planning collaboration is high.
12. Limited resources and fiscal pressure further heighten the perceived transaction costs on transport planning collaboration.
13. The trust among the parties is not adequate to build and sustain metropolitan transport planning collaboration.
14. The history of successful cooperation in the region is not enough to build trust among parties to support collaboration in transport sector.
15. The role of the regional joint secretariat in supporting transport planning collaboration is less relevant.
16. There is potential that some parties will not uphold the commitment of collaboration.
17. There is no clear and strong law enforcement to keep the parties obey to the commitment of transport planning collaboration.
18. The local government flexibility on controlling the local land use planning will be restricted by the commitment from transport planning collaboration.
19. Private sector flexibility will be restricted by the commitment from transport planning collaboration.
20. Long term benefit of comprehensive metropolitan transport planning is not sensible for all parties.
21. The benefit of comprehensive metropolitan transport planning and transport planning collaboration will mostly be enjoyed by the center of Greater Yogyakarta (i.e. Yogyakarta municipality).

**Step 2.**
The respondents will be asked to allocate each of the 21 statements to one of three preferences categories (agree, neutral, disagree) by putting the statements’ number in the each box of form-A. This procedure is chosen to make it easier for respondents to rank the statements in order.

<table>
<thead>
<tr>
<th>Form A, Preferences category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
</tr>
<tr>
<td>Neutral</td>
</tr>
<tr>
<td>Agree</td>
</tr>
</tbody>
</table>

Disagree : 8 statements  
Neutral : 5 statements  
Agree : 8 statements

**Step 3.**
On the next step, the respondents will be asked to allocate each of the 8 disagreed statements to each box in the form B to further indicate their preferences scale (-3 = disagree strongly, -1 = disagree)

<table>
<thead>
<tr>
<th>Form B</th>
</tr>
</thead>
<tbody>
<tr>
<td>disagree strongly</td>
</tr>
<tr>
<td>-3</td>
</tr>
</tbody>
</table>

**Step 4.**
Following the same instruction as it was in Step 3, the respondents will be asked to allocate each of the 8 agreed statements to each box in the form C according to their preferences scale (1 = agree, 3 = agree strongly)
Step 5.
In the end, researcher will compile all of the forms and combine it into one Q-sort data per respondent, illustrated in following figure. The 5 neutral statements will be given the preferences scale of 0. The overall Q-sorting will be processed, correlated, and factor analyzed using PQ-method 2.20 (for Mac OS X) by Peter Schmolck (see http://schmolck.userweb.mwn.de/qmethod/ for further reading about PQ-method 2.20).
2. Q-method protocol - Indonesian version (i.e. q-sort that were given to respondents)

Nama : 
Institusi/Organisasi : 

Instruksi

Step 1.
Peneliti akan menjelaskan tentang tujuan dari penelitian. Kemudian, bacalah 21 pernyataan berikut ini dengan seksama. Responden diperkenankan untuk bertanya kepada peneliti ketika terdapat pernyataan yang sulit dimengerti maksudnya. 21 pernyataan yang dimaksud adalah sebagai berikut:

1. Kerjasama antar pemerintah daerah untuk perencana transportasi di wilayah metropolitan bukan merupakan urusan pemerintah daerah, melainkan pemerintah pusat.
2. Permasalahan transportasi kawasan metropolitan terlalu kompleks untuk diatasi melalui kerjasama perencanaan transportasi antar pemerintah daerah.
3. Institusi khusus yang menangani perencana transportasi kawasan metropolitan diperlukan.
4. Otoritas pemerintah daerah untuk mengembangkan wilayahnya dan kebijakan transportasinya sendiri tidak seharusnya dibatasi oleh keputusan sebagai hasil dari perencanaan transportasi secara kolektif.
5. Biaya yang diperlukan untuk information exchange (termasuk informasi atas untung-rugi yang akan dialami) antar masing-masing pemerintah daerah dan proses identifikasi keuntungan bersama dari kerjasama perencanaan transportasi adalah tinggi/mahal.
6. Proses negosiasi antar pemerintah daerah dalam mencapai kesepakatan dalam kerjasama perencanaan transportasi adalah tinggi/mahal.
7. Terdapat kurangnya kesepakatan atas visi transportasi kawasan metropolitan yang akan dikembangkan.
8. Biaya yang diperlukan untuk mengkoordinasikan kebijakan transportasi yang telah ada di masing-masing pemerintah daerah adalah tinggi/mahal
9. Biaya yang diperlukan untuk mendirikan institusi tersendiri/ badan khusus yang menangani urusan kerjasama perencanaan transportasi adalah tinggi.
10. Terdapat kesulitan yang sangat tinggi dalam merumuskan regulasi yang mengatur keberlangsungan kerjasama perencanaan transportasi.
11. Biaya yang dibutuhkan untuk mengawasi pelaksanaan program yang dihasilkan dari kesepakatan kerjasama perencanaan transportasi adalah tinggi/mahal.
12. Sumber daya yang terbatas dan fiscal pressure yang dialami pemerintah daerah meningkatkan persepsi akan tingginya transaksi biaya yang perlu dikeluarkan dalam melaksanakan kolaborasi.
13. Belum terdapat kepercayaan (trust) antar pemerintah daerah yang cukup untuk membentuk kerjasama perencanaan transportasi yang berkelanjutan.
14. Pengalaman dan kesuksesan kerjasama antar pemerintah daerah dalam sektor perencanaan yang lain belum dapat membangun kepercayaan yang cukup untuk mendukung kolaborasi di sektor transportasi.
15. Peran Sekretariat Bersama Kartamantul dalam membangun dan mendukung kerjasama perencanaan transportasi kawasan metropolitan yang berkelanjutan adalah kurang relevan.
16. Dalam pelaksanaan dan implementasi kesepakatan perencanaan transportasi, kemungkinan diabaikannya kesepakatan oleh pemerintah daerah adalah relevan.
17. Tidak ada penegakan hukum yang jelas dan regulasi yang tegas untuk menjamin agar pemerintah daerah yang lain tetap konsisten dan patuh terhadap kesepakatan perencanaan yang telah disetujui.
18. Fleksibilitas pemerintah daerah untuk mengelola tata guna lahan di masing-masing wilayah (local land use planning) dapat terbatas oleh kesepakatan bersama hasil kerjasama perencanaan transportasi.
19. Fleksibilitas sektor swasta dapat terbatas oleh kesepakatan bersama hasil kerjasama perencanaan transportasi.
20. Keuntungan dari perencanaan kawasan metropolitan yang komprehensif adalah jangka panjang sehingga tidak mudah dipahami oleh semua pihak terkait.
21. Keuntungan dari perencanaan kawasan metropolitan yang komprehensif dan kolaborasi perencanaan transportasi akan lebih banyak dinikmati oleh pusat Greater Yogyakarta yaitu Kota Yogyakarta.

**Step 2.**
Responden kemudian dipersilahkan untuk mengkategorisasikan ke-21 pernyataan di atas ke dalam tiga kategori menurut preferensi responden yaitu *agree* (setuju), *neutral* (netral), dan *disagree* (tidak setuju). Tuliskan nomor pernyataan ke dalam box yang tersedia pada form A.

*Form A. Preferences category*

| Disagree | | | |
| Neutral | | | |
| Agree | | | |

Sistem pengisian **harus** seperti di bawah ini:
Disagree/ Tidak Setuju : berjumlah 8 pernyataan
Neutral/Netral : berjumlah 5 pernyataan
Agree/Setuju : berjumlah 8 pernyataan

**Step 3.**
Silahkan mengkategorisasikan (merangking) 8 pernyataan yang sebelumnya Anda masukkan ke dalam kategori “tidak setuju” atau “disagree” secara lebih lanjut menurut skala preferensi Anda (-3 berarti sangat tidak setuju (disagree strongly) dan -1 berarti tidak setuju)). Masukkan nomor pernyataan pada setiap box yang terdapat di dalam form B.
Step 4.
Sama seperti tahap sebelumnya, silahkan mengkategorisasikan (merangking) 8 pernyataan yang sebelumnya Anda masukkan ke dalam kategori “setuju” atau “agree” secara lebih lanjut menurut skala preferensi Anda (1 berarti setuju (agree) dan 3 berarti sangat setuju (agree strongly)). Masukkan nomor pernyataan pada setiap box yang terdapat di dalam form C.

Evaluasilah kembali pernyataan-pernyataan dan masing-masing skala preferensi yang Anda berikan. Anda diperbolehkan mengubah peletakan nomor-nomor pernyataan sampai Anda yakin dengan preferensi yang Anda berikan.

Catatan: Masing-masing pernyataan hanya boleh diranking satu kali (tidak ada pernyataan yang diranking double). Terimakasih.
Appendix 2. Semi-structured interview questions

1. Interviews questions

1. **In regard to metropolitan transport planning**
   - What are in your view the main concerns in relation to transport provision and transport planning in Greater Yogyakarta (i.e., agglomeration area consists of Yogyakarta, Sleman, Bantul_)?
   - How does your institution approach those concerns?
   - Do you think collaboration to establish comprehensive metropolitan transport planning is needed in this area to address those concerns?
   - If you do think that collaboration is needed, how could this be achieved? What are currently the barriers to more collaboration and better outcomes, and how could these be overcome?

2. **In regard to transaction costs of transport planning collaboration**
   - What do you think about transport planning collaboration in terms of asymmetric information, opportunism, and asset specificity? (The explanation and example about those three aspects might be needed, and might differ between respondents)
   - What are in your view the impacts of decentralization to collaboration? For example, do you think local government and fragmented local government influence your perception about transaction costs of transport planning collaboration?
   - Based on Q-sort that you just filled in, why do you give statements [……] high ranks?

3. **In regard to Regional Joint Secretariat Kartamantul’s role in shaping local governments’ motivation for developing transport planning collaboration?**
   - In regard to avoid opportunistic behavior, do you think the existence of joint secretariat has succeeded to create stronger mutual trust among parties?
   - Is an organization such as this secretariat important to initiative and sustain support for transport planning collaboration in Greater Yogyakarta?
   - How could transport collaboration in this region be further supported?
2. Interview questions (Indonesian version)

1. **Terkait dengan perencanaan transportasi wilayah metropolitan**
   - Menurut Anda apakah isu yang utama dalam transport provision dan transport planning di wilayah Greater Yogyakarta (Aglomerasi Perkotaan Yogyakarta yang meliputi Yogyakarta, Sleman, Bantul)?
   - Bagaimana institusi Anda menyikapi permasalahan-permasalahan transportasi metropolitan?
   - Menurut Anda apakah kerjasama/kolaborasi antar pemerintah daerah untuk membentuk perencanaan transportasi metropolitan yang komprehensif dibutuhkan untuk mengatasi masalah/isi yang Anda sebutkan?
   - Jika Anda beranggapan kerjasama/kolaborasi penting, bagaimanakah cara untuk mencapainya? Saat ini apakah hambatan terhadap kolaborasi dan implementasinya? Bagaimanakah seharusnya hambatan ini diatasi?

2. **Terkait dengan biaya transaksi**
   - Apa pendapat Anda mengenai kerjasama perencanaan transportasi kawasan metropolitan antar pemerintah daerah, secara spesifik terkait dengan: informasi yang tidak berimbang, kemungkinan munculnya opportunisms, dan asset specificity (kepemilikan asset transportasi dan permasalahan transportasi yang spesifik)?
   - Menurut Anda, bagaimanakah kebijakan desentralisasi mempengaruhi prospek kerjasama perencanaan transportasi antar daerah? Sebagai contoh, apakah menurut Anda kecenderungan adanya local government euphoria dan fragmented local government berpengaruh dalam persepsi terhadap transaksi biaya dalam membangun kerjasama perencanaan transportasi metropolitan?
   - Menurut Anda, apakah dan bagaimanakah hal-seperti local leadership, political support mempengaruhi biaya transaksi proses kerjasama perencanaan transportasi kawasan metropolitan atau dengan kata lain mempengaruhi kesediaan para aktor untuk berkolaborasi?
   - Apakah secara umum, pemerintah daerah (serta para stakeholder terkait) bersedia dan mampu mengeluarkan biaya transaksi yang diperlukan untuk membentuk dan melestarikan kerjasama perencanaan transportasi kawasan metropolitan?

3. **Terkait dengan peran Sekretariat Bersama dalam pembentukan motivasi untuk mengembangkan kerjasama perencanaan transportasi**
   - Kaitannya dengan menghindari isu opportunism dan permasalahan inksistensi dalam kerjasama perencanaan transportasi, apakah menurut Anda keberadaan Kartamantul telah memperkuat kepercayaan (trust) antar pemerintah daerah/partisipan?
   - Apakah badan atau institusi seperti Sekretariat Bersama penting untuk menginisiasi dan mendukung kerjasama perencanaan transportasi di Greater Yogyakarta?
   - Bagaimanakah seharusnya kerjasama perencanaan transportasi dapat lebih didukung?
Appendix 3. List of respondents

<table>
<thead>
<tr>
<th>No</th>
<th>Institution</th>
<th>Identification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Local Development Planning Agency (Bappeda) of the Province of DIY</td>
<td>Exec01</td>
</tr>
<tr>
<td>2</td>
<td>Transportation, Communication, and Information Agency of the Province of DIY (Dinas Hubkominfo DIY)</td>
<td>Exec02</td>
</tr>
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<td>3</td>
<td>Transportation, Communication, and Information Agency of the Province of DIY (Dinas Hubkominfo DIY)</td>
<td>Exec03</td>
</tr>
<tr>
<td>4</td>
<td>Transportation Agency of the Yogyakarta City (Dinas Perhubungan Kota Yogyakarta)</td>
<td>Exec04</td>
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<tr>
<td>5</td>
<td>Transportation Agency of the Bantul Regency (Dinas Perhubungan Bantul)</td>
<td>Exec05</td>
</tr>
<tr>
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<td>Local Development Planning Agency (Bappeda) of the Bantul Regency</td>
<td>Exec06</td>
</tr>
<tr>
<td>7</td>
<td>Transportation, Communication, and Information Agency of the Sleman Regency (Dinas Hubkominfo Sleman)</td>
<td>Exec07</td>
</tr>
<tr>
<td>8</td>
<td>Local Development Planning Agency (Bappeda) of the Sleman Regency</td>
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</tr>
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<td>9</td>
<td>Regional Joint Secretariat Kartamantul (Sekber Kartamantul)</td>
<td>Exec09</td>
</tr>
<tr>
<td>10</td>
<td>Local Development Planning Agency (Bappeda) of the Yogyakarta City</td>
<td>Exec10 *</td>
</tr>
<tr>
<td>11</td>
<td>The Center for Transportation and Logistic Studies, Gadjah Mada University (PUSTRAL UGM)</td>
<td>Expert01</td>
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**Note:** All above respondents participate in semi-structured interviews, however * indicates respondents that did not participate in Q-sorting procedures
Appendix 4. PQ-method outputs

### Correlation Matrix Between Sorts

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### Eigenvalues

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### % Expl. Var.

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### Cumulative Communalities Matrix

Factors 1 Thru ...

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Cum% expl. Var.: 37 55 65 73 79 84 88 92

### Factor Matrix with an X indicating a Defining Sort

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