SOCIAL INNOVATION AND COLLABORATIVE GOVERNANCE FOR MSME DEVELOPMENT: A CONCEPTUAL FRAMEWORK FOR INCLUSIVE LOCAL ECONOMIC RESILIENCE

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Abstract

Background: MSME development is often approached through isolated interventions such as training, finance, digitalization, or market promotion. These interventions can be useful, but persistent local economic problems frequently require coordination among entrepreneurs, community organizations, government, educational institutions, financial actors, and private partners. Social innovation and collaborative governance provide complementary perspectives for designing such coordination.

Aims: This article develops an integrative conceptual framework explaining how social innovation and collaborative governance can strengthen MSME capability, inclusion, and local economic resilience.

Research Method: The study uses an integrative conceptual review of established literature on social innovation, collaborative governance, public value, entrepreneurial ecosystems, social capital, and community-based enterprise. No primary survey, interview, experimental, or statistical data are claimed.

Results and Conclusion: The synthesis identifies five connected mechanisms: shared problem definition, inclusive stakeholder participation, co-creation of solutions, institutional coordination, and adaptive learning. Social innovation contributes new responses to unmet needs, while collaborative governance provides processes through which diverse actors can build trust, allocate responsibilities, and sustain implementation. The framework also identifies risks of symbolic participation, elite capture, fragmented accountability, and project dependence.

Contribution: The paper proposes a Social Innovation-Collaborative Governance Framework for MSME development and provides propositions, governance principles, and practical indicators for future empirical testing.

Keywords: Social Innovation; Collaborative Governance; MSMEs; Local Economic Development; Inclusive Resilience

INTRODUCTION

Micro, small, and medium enterprises are embedded in local social and institutional environments. Their development depends not only on entrepreneurial effort but also on access to finance, skills, markets, infrastructure, technology, information, and supportive institutions. When these resources are fragmented across organizations, entrepreneurs may face high search costs and repeated administrative barriers even when many support programs formally exist.

Conventional development interventions frequently address one constraint at a time. Training programs may improve knowledge without creating market access. Financing programs may expand credit without strengthening managerial capacity. Digitalization initiatives may provide tools without integrating them into business processes. Market-promotion events may create temporary visibility without improving product readiness or logistics. These gaps suggest that MSME development is partly a coordination problem.

Social innovation offers a useful perspective because it focuses on new responses to social needs and on changes in relationships, practices, and institutional arrangements. Mulgan et al. (2007) describe social innovation as new ideas that work in meeting social goals, while Phills et al. (2008) emphasize novel solutions that create social value. Cajaiba-Santana (2014) argues that social innovation should be understood through changes in social practices and institutional contexts rather than through novelty alone.

Collaborative governance provides a complementary process perspective. Ansell and Gash (2008) define collaborative governance around formal, consensus-oriented, deliberative processes that engage public agencies and non-state stakeholders in collective decision making. Emerson et al.

(2012) extend this perspective through an integrative framework that emphasizes principled engagement, shared motivation, and capacity for joint action. These concepts are relevant to MSME ecosystems in which no single institution controls all resources required for enterprise development.

The entrepreneurial ecosystem literature reinforces the importance of relational and institutional conditions. Stam (2015) argues that entrepreneurship policy should consider systemic conditions rather than isolated interventions. Spigel (2017) emphasizes the relationships among cultural, social, and material attributes, while Roundy et al. (2018) conceptualize entrepreneurial ecosystems as complex adaptive systems. These perspectives imply that MSME outcomes emerge from interactions among multiple actors and resources.

Community-based enterprise research adds a place-based dimension. Peredo and Chrisman (2006) show how communities can mobilize economic, social, cultural, and natural resources through entrepreneurial activity. Social capital research further explains how networks and trust can facilitate coordination, although strong internal ties may also create closure and exclusion. Granovetter's (1985) concept of embeddedness highlights the importance of social relationships in economic action.

This article asks how social innovation and collaborative governance can be combined to strengthen MSME development and inclusive local economic resilience. It develops a conceptual framework around shared problem definition, inclusive participation, co-creation, institutional coordination, and adaptive learning. The article also identifies governance risks and proposes practical indicators for future research and program evaluation.

RESEARCH METHOD

This paper adopts an integrative conceptual review. The objective is to synthesize complementary theoretical perspectives rather than to estimate a statistical relationship. The review draws on established scholarship on social innovation, collaborative governance, public value, entrepreneurial ecosystems, social capital, community-based enterprise, and organizational resilience.

Sources were selected for conceptual relevance, scholarly traceability, and availability before the June 2024 issue placement. The article does not claim a systematic-review sample, database count, respondent sample, interview dataset, or experimental design. No numerical findings are presented as empirical evidence.

The analytical process involved four stages. First, social innovation was distinguished from ordinary program novelty by focusing on social value, relationships, and institutional change. Second, collaborative governance mechanisms were identified, including engagement, trust building, shared motivation, joint capacity, and accountability. Third, these mechanisms were connected with MSME ecosystem needs such as finance, skills, markets, technology, and institutional access. Fourth, risks and boundary conditions were incorporated into an integrated framework.

The results should therefore be interpreted as theoretically grounded relationships and propositions. Future empirical studies can test the framework using transparent quantitative, qualitative, comparative, or mixed-method designs.

RESULTS AND DISCUSSION

SOCIAL INNOVATION AS A RESPONSE TO PERSISTENT MSME CONSTRAINTS

Social innovation is relevant when existing arrangements repeatedly fail to meet important needs. In MSME development, the need may involve access to affordable business services, market coordination, financing pathways, skills, technology, logistics, or representation. A social innovation does not have to be technologically sophisticated. It may involve a new partnership, service model, financing arrangement, community institution, shared facility, or coordination mechanism.

Phills et al. (2008) emphasize that social innovation concerns solutions that are more effective, efficient, sustainable, or just than existing alternatives and whose value accrues primarily to society. Applied to MSMEs, this perspective encourages evaluation beyond the number of program participants. The relevant question is whether the intervention improves enterprise capability and creates durable local value.

Social innovation also changes relationships. A university may shift from delivering occasional seminars to co-designing practical business clinics with local entrepreneurs. A financial institution may move from generic credit promotion to coordinated financial readiness programs. A local government may integrate licensing, market information, and referral services. These changes are institutional as well as programmatic.

However, novelty should not be confused with effectiveness. Programs can be new without solving the underlying constraint. Social innovation requires evidence that a new arrangement creates value and can be sustained. This makes learning and evaluation central to the concept.

COLLABORATIVE GOVERNANCE AND JOINT ACTION

Collaborative governance addresses situations in which multiple stakeholders must work together because problems cross organizational boundaries. Ansell and Gash (2008) identify starting conditions, institutional design, facilitative leadership, and collaborative process as important elements. Trust building, face-to-face dialogue, commitment, and shared understanding develop through repeated interaction rather than formal declarations.

Emerson et al. (2012) propose an integrative framework built around principled engagement, shared motivation, and capacity for joint action. For MSME development, principled engagement involves defining problems and priorities with entrepreneurs rather than only for them. Shared motivation includes trust, legitimacy, mutual understanding, and commitment. Capacity for joint action includes institutional arrangements, leadership, knowledge, and resources.

Collaboration is particularly useful when support resources are distributed across institutions. Local government may control regulatory services and public facilities, financial institutions may provide capital, universities may provide knowledge, business associations may provide networks, and private firms may provide market access or technology. Coordination can reduce duplication and make these resources easier for MSMEs to navigate.

Collaboration also has costs. Meetings require time, consensus can delay decisions, and unclear authority can weaken accountability. Effective collaborative governance therefore requires clarity about which decisions are shared, which responsibilities remain organizational, and how performance will be assessed.

SHARED PROBLEM DEFINITION

The first mechanism in the proposed framework is shared problem definition. MSME programs often begin with predefined solutions, such as training or financing, before the most binding constraints are diagnosed. Collaborative problem definition reverses this sequence by examining the actual barriers experienced by entrepreneurs and the institutional causes behind them.

A useful diagnosis distinguishes symptoms from causes. Low sales may reflect weak demand, poor product-market fit, limited distribution, inconsistent quality, inadequate promotion, or high prices. Financing difficulty may reflect lack of collateral, weak records, unsuitable repayment structures, or an unviable business model. Different causes require different interventions.

Shared diagnosis improves legitimacy because stakeholders can see how priorities were selected. It also improves resource allocation by reducing interventions that are poorly matched to local needs. Entrepreneurs contribute practical knowledge, while institutions contribute regulatory, financial, technical, and market perspectives.

Problem definition should remain revisable. Local economies change, and interventions can generate unexpected effects. Periodic review allows stakeholders to update priorities rather than continue programs simply because they were previously funded.

INCLUSIVE PARTICIPATION AND REPRESENTATION

Inclusion is central to both social innovation and collaborative governance. MSME communities are heterogeneous. Microenterprises, growth-oriented firms, women entrepreneurs, youth entrepreneurs, rural producers, creative businesses, service firms, manufacturers, and informal enterprises may face different constraints. A small number of visible business leaders cannot automatically represent all of these groups.

Participation should therefore be designed deliberately. Selection criteria, meeting formats, language, timing, and communication channels influence who can participate. Digital consultation can widen access, but it may exclude actors with limited connectivity or digital confidence. Hybrid mechanisms can help balance reach and accessibility.

Inclusion also concerns decision influence. Participation is symbolic when stakeholders are invited to meetings but have little effect on priorities or resource allocation. Meaningful participation requires transparent explanation of what can be changed, how decisions are made, and how stakeholder input is used.

Special attention should be given to actors who have valuable knowledge but limited institutional power. Small entrepreneurs may understand operational constraints more precisely than program designers, yet they may hesitate to challenge officials or large organizations. Facilitation can create safer conditions for constructive disagreement.

CO-CREATION OF MSME SUPPORT SOLUTIONS

Co-creation means that stakeholders jointly design and refine interventions. The process is useful when no single actor possesses all relevant knowledge. Entrepreneurs understand operational realities, public agencies understand regulations, financial institutions understand risk, universities contribute analytical capability, and private partners understand technology or market requirements.

Co-created solutions can include integrated business clinics, shared logistics, supplier-development programs, collective branding, financial-readiness pathways, mentoring networks, digital catalogues, procurement preparation, or local innovation hubs. The appropriate solution depends on the diagnosed constraint rather than on a fixed program menu.

Prototyping can reduce implementation risk. A small pilot allows stakeholders to test assumptions, identify unintended barriers, and estimate resource requirements before scaling. Social innovation benefits from this experimental logic because many institutional solutions cannot be fully designed in advance.

Co-creation also strengthens ownership. Organizations are more likely to sustain an initiative when they have contributed to its design and understand their responsibilities. Entrepreneurs are more likely to use services that reflect their actual business processes.

INSTITUTIONAL COORDINATION AND RESOURCE ORCHESTRATION

MSME ecosystems contain multiple resources, but fragmentation can prevent entrepreneurs from accessing them. Coordination creates pathways among services. For example, a business clinic can refer an entrepreneur from bookkeeping assistance to financing readiness, licensing, product certification, digital marketing, or buyer introductions according to need.

Resource orchestration requires information about what each institution can realistically provide. Collaboration fails when expectations exceed mandates or budgets. A shared service map can clarify eligibility, contact points, timelines, and referral procedures.

Intermediary organizations can reduce coordination costs. Business associations, community organizations, universities, or dedicated local units can help entrepreneurs navigate services and help institutions receive structured feedback. The intermediary should remain accountable and avoid becoming an unnecessary gatekeeper.

Coordination should also address sequencing. Financing may be ineffective before records are improved; market access may be premature before quality standards are met; digital promotion may increase complaints if fulfillment is unreliable. An integrated pathway orders support according to enterprise readiness.

TRUST, SOCIAL CAPITAL, AND ACCOUNTABILITY

Trust facilitates collaboration because organizations must share information, commit resources, and accept interdependence. Granovetter (1985) demonstrates that economic action is embedded in social relationships, while social-capital perspectives emphasize the value of networks and norms. In local MSME ecosystems, trust can accelerate referrals, partnerships, and collective initiatives.

Trust should not replace accountability. Informal relationships can create favoritism or obscure conflicts of interest. Transparent criteria, documented decisions, financial reporting, and clear responsibilities protect collaborative initiatives from capture and strengthen legitimacy.

Bonding relationships within communities can support solidarity, but bridging relationships are needed for new knowledge and external opportunities. Entrepreneurial ecosystems benefit when local trust is connected with universities, financial institutions, larger markets, technology providers, and other regions.

Conflict is not necessarily evidence of collaboration failure. Stakeholders have different interests and constraints. Effective governance creates procedures for surfacing disagreements, evaluating evidence, and negotiating trade-offs without allowing conflict to paralyze implementation.

ADAPTIVE LEARNING AND INSTITUTIONALIZATION

Social innovation becomes sustainable when learning is incorporated into implementation. Programs should generate feedback about participation, service quality, enterprise behavior, and business outcomes. Learning allows stakeholders to stop ineffective activities, improve promising ones, and adapt to changing conditions.

Short project cycles can undermine institutionalization. A pilot may work while external funding, consultants, or temporary staff are present but disappear when the project ends. Sustainability requires identifying which organization will own the process, how recurring costs will be financed, and how knowledge will be retained.

Institutionalization does not mean making every pilot permanent. Some innovations should remain temporary, while others should be integrated into existing organizations or replicated through networks. The decision should depend on evidence of value, cost, demand, and organizational fit.

Adaptive governance is especially important during economic disruption. Market conditions, technology, regulation, and consumer behavior can change rapidly. Collaborative structures that already possess trust and communication channels can respond faster than networks assembled only after a crisis begins.

MSME RESILIENCE AND PUBLIC VALUE

Resilience provides an outcome perspective for evaluating collaborative MSME development. Duchek (2020) describes organizational resilience through anticipation, coping, and adaptation. Local support systems can contribute to these capabilities by improving information, resource access, coordination, and learning.

Public value extends evaluation beyond individual firm growth. Moore (1995) emphasizes value creation in the public sphere, while Bryson et al. (2014) discuss public value governance in contexts involving multiple actors. MSME programs can create public value through employment, local income, innovation, inclusion, tax compliance, community services, and stronger economic diversity.

Firm-level and community-level outcomes should be distinguished. A program may improve a group of firms without strengthening broader inclusion, while a community initiative may create social benefits even when individual firm growth is modest. Evaluation should therefore use multiple dimensions.

Resilience also requires avoiding excessive dependence on programs. The objective is to strengthen entrepreneurial agency and ecosystem capability so that firms can make decisions and access resources without permanent project support.

SOCIAL INNOVATION-COLLABORATIVE GOVERNANCE FRAMEWORK

The proposed framework begins with shared problem definition. Stakeholders identify priority constraints using entrepreneur experience, institutional knowledge, and available evidence. This stage creates a common basis for action.

The second stage is inclusive participation. Relevant actors are represented and participation mechanisms are designed so that less powerful stakeholders can contribute meaningfully. Inclusion improves problem understanding and legitimacy.

The third stage is co-creation. Stakeholders design practical solutions, assign responsibilities, and test assumptions through pilots where appropriate. The fourth stage is institutional coordination, in which resources, referrals, and implementation processes are connected.

The fifth stage is adaptive learning. Performance information and stakeholder feedback are used to improve or discontinue interventions. When effective arrangements are institutionalized, the ecosystem develops greater capacity to respond to future challenges.

The expected outcomes include stronger MSME capability, improved service accessibility, better resource utilization, greater inclusion, and more resilient local economic systems. These outcomes depend on transparent governance and sustained accountability.

Table 1. Social Innovation-Collaborative Governance Framework for MSME Development

Stage	Core Governance Task	Illustrative Practice	Expected Contribution
1. Shared Problem Definition	Identify binding constraints jointly	Needs diagnosis, service mapping, entrepreneur consultation	Better targeting and shared priorities
2. Inclusive Participation	Represent diverse MSME and institutional voices	Hybrid forums, transparent selection, facilitated dialogue	Legitimacy and richer local knowledge
3. Co-Creation	Design and test integrated solutions	Pilots, business clinics, joint service pathways	More relevant and usable interventions
4. Institutional Coordination	Connect responsibilities and resources	Referral systems, shared service maps, partnership protocols	Lower fragmentation and access costs
5. Adaptive Learning	Review outcomes and institutionalize value	Feedback loops, evaluation, redesign, sustainable ownership	Continuous improvement and local resilience

MANAGERIAL IMPLICATIONS

MSME managers should approach collaborative programs as strategic relationships rather than passive assistance. Before joining an initiative, managers can identify the specific constraint they want to address and the resources or relationships that could help. Clear objectives make participation more productive.

Managers should contribute accurate operational information to shared problem diagnosis. Program design improves when entrepreneurs explain customer requirements, cost pressures, financing cycles, regulatory barriers, logistics, and capability gaps. This contribution should not require disclosure of confidential information beyond what is necessary.

Participation should lead to action. Managers can translate training, mentoring, or referrals into specific changes in records, marketing, quality, financing, supplier management, or digital processes. Collaborative support creates value only when it is integrated into business routines.

Managers should also evaluate dependency. Grants, subsidized services, or project-based markets can be useful during capability building, but enterprises need a pathway toward commercially viable operations. Support should expand strategic options rather than replace market discipline.

Finally, experienced entrepreneurs can strengthen the ecosystem by mentoring peers, participating in associations, developing suppliers, and providing feedback to institutions. Such contributions build collective capability while also expanding professional networks.

POLICY AND ECOSYSTEM IMPLICATIONS

Policymakers should organize MSME support around problems and pathways rather than around isolated institutional programs. Entrepreneurs should not need to understand the entire public-sector structure to access appropriate assistance. Coordinated referral systems can make existing resources more usable without necessarily creating new organizations.

Program design should incorporate entrepreneurs early. Consultation after a program is fully designed offers limited opportunity for co-creation. Early participation can reveal practical barriers related to timing, eligibility, documentation, geography, language, or business readiness.

Funding mechanisms should allow responsible experimentation and adaptation. Highly rigid program rules can prevent local teams from responding to evidence. At the same time, flexibility requires transparent accountability so that adaptation does not become arbitrary decision making.

Universities can contribute through applied research, diagnostics, student projects, mentoring, technology transfer, and evaluation. Financial institutions can support financial readiness and appropriate financing pathways. Private firms can contribute market standards, supplier development, technology, and distribution. Community organizations can provide local trust and access.

Evaluation should examine outcomes, not only activities. Useful indicators include enterprise capability changes, successful referrals, market diversification, financing quality, business continuity, participation of underserved groups, institutional response time, and the sustainability of collaborative arrangements.

RISKS AND GOVERNANCE SAFEGUARDS

Collaborative initiatives face the risk of elite capture. Better-connected businesses or organizations may dominate meetings and access resources disproportionately. Transparent participation criteria, rotating representation, disclosure of conflicts, and public reporting can reduce this risk.

Symbolic participation is another risk. Stakeholders may be invited primarily to legitimize decisions already made. Governance processes should clarify which issues are open for deliberation and provide feedback explaining how input influenced decisions.

Fragmented accountability can emerge when many organizations participate. Each actor may assume that another is responsible for results. Partnership agreements should specify roles, decision authority, resource commitments, timelines, and reporting responsibilities.

Project dependence can weaken sustainability. Initiatives built around temporary funding should develop transition plans early. These plans can include integration into existing institutional budgets, membership models, service fees, partnerships, or simplified processes that reduce recurring costs.

Data governance also matters. Collaborative programs may collect business information across organizations. Access, confidentiality, purpose, and retention should be managed responsibly. Entrepreneurs should understand how their information will be used.

Finally, collaboration should not suppress competition or independent decision making. MSMEs remain autonomous economic actors. Collective arrangements should expand capability and access while preserving voluntary participation and fair market behavior.

RESEARCH PROPOSITIONS AND FUTURE RESEARCH

P1. Shared problem definition is positively associated with the relevance of MSME support interventions.

P2. Inclusive stakeholder participation strengthens the relationship between collaborative governance and program legitimacy.

P3. Co-creation mediates the relationship between stakeholder diversity and the practical usability of social innovations.

P4. Institutional coordination reduces MSME search and transaction costs in accessing ecosystem resources.

P5. Trust strengthens collaborative capacity when accompanied by transparent accountability mechanisms.

P6. Adaptive learning strengthens the sustainability of social innovation beyond initial project funding.

P7. The positive relationship between collaborative governance and local economic resilience is mediated by MSME capability development.

Future research can test these propositions using comparative local studies, network analysis, surveys, case studies, or mixed methods. Longitudinal designs are particularly useful because trust, institutional coordination, and social innovation develop over time.

Researchers should measure both process and outcome variables. Process measures can include participation diversity, trust, decision transparency, referral completion, resource commitments, and frequency of cross-institutional coordination. Outcome measures can include enterprise capability, market access, financing quality, continuity, employment, and inclusion.

Qualitative studies can examine power dynamics and the practical meaning of participation. Such research can reveal why apparently similar collaborative structures produce different outcomes. Comparative research across urban, rural, and sectoral contexts can identify important boundary conditions.

PRACTICAL EVALUATION FRAMEWORK

A practical evaluation system can use four levels: inputs, collaborative processes, enterprise capabilities, and local outcomes. Inputs include funding, staff, institutional participation, facilities, information, and partner resources. Process indicators examine whether these inputs are coordinated effectively.

Collaborative-process indicators can include diversity of participants, attendance continuity, decision transparency, referral completion, time required to resolve cross-institutional issues, and stakeholder perceptions of trust. These measures help determine whether collaboration exists in practice rather than only in organizational charts.

Enterprise-capability indicators can include financial records, market diversification, quality management, digital capability, supplier alternatives, licensing readiness, and ability to access appropriate finance. Capability measures are useful because they can change before long-term economic outcomes become visible.

Local-outcome indicators can include business continuity, employment, new enterprise formation, survival, local supplier development, participation of women and youth, and the diversity of economic activity. Attribution should be interpreted carefully because local outcomes are influenced by many factors beyond one program.

Evaluation should support learning rather than function only as compliance. Results should be discussed with participating stakeholders and used to redesign services. A collaborative system that cannot learn from evidence is unlikely to remain innovative.

SCALING SOCIAL INNOVATION WITHOUT LOSING LOCAL FIT

Successful local initiatives often create pressure for replication. Scaling can expand benefits, but copying an intervention without understanding why it worked may reduce effectiveness. Social innovations are frequently shaped by local trust, leadership, institutional capacity, market structure, and community history. These conditions should be examined before an initiative is transferred.

A useful scaling strategy separates core principles from adaptable components. Core principles may include inclusive diagnosis, transparent governance, entrepreneur participation, and evidencebased learning. Delivery mechanisms, partner combinations, schedules, and service formats can then be adjusted to local conditions. This approach preserves the logic of the innovation without requiring identical implementation.

Network-based scaling can be more appropriate than centralized expansion. Local organizations can exchange methods, tools, and lessons while retaining decision authority. Universities, associations, and intermediary institutions can document practices and support peer learning across locations. Such networks can accelerate diffusion without creating a single large bureaucracy.

Scaling also requires attention to resource capacity. An initiative that works with twenty enterprises may fail with hundreds if mentoring, referrals, facilities, or partner response capacity do not expand. Growth should therefore be accompanied by service standards and monitoring of response time, quality, and participant outcomes.

Financial sustainability should be considered before scale. Some services create public value and may appropriately require public or philanthropic support, while others can use membership contributions, service fees, commercial partnerships, or blended financing. The funding model should be transparent and should not create incentives that distort participant selection.

Finally, scaling should preserve learning. Larger programs can become standardized and less responsive. Regular local feedback, comparative evaluation, and authority to adapt implementation can help scaled initiatives remain connected to changing MSME needs.

COLLABORATION DURING ECONOMIC DISRUPTION

Economic disruption tests whether collaborative structures are functional. Networks that have already developed trust, contact points, and referral procedures can mobilize more quickly than partnerships created after a crisis begins. Preparedness is therefore partly an institutional relationship capability.

During disruption, collaborative actors can coordinate information, identify urgent enterprise needs, connect firms with legitimate assistance, and reduce contradictory messages. Business associations and community organizations can aggregate information from entrepreneurs, while government and financial institutions can clarify available measures and eligibility.

Prioritization is important because resources may be limited. Transparent criteria can help distinguish enterprises facing temporary liquidity or market disruption from those with deeper structural problems. Different conditions require different responses, and emergency support should not be presented as a substitute for business-model adaptation.

Recovery should include learning about which institutional arrangements worked. Stakeholders can review referral bottlenecks, information gaps, participation barriers, and resource shortages. These lessons can improve normal-period services as well as future preparedness.

Collaborative recovery also provides an opportunity to strengthen inclusion. Enterprises with weak networks are often least able to locate assistance during disruption. Outreach mechanisms should therefore extend beyond organizations' existing members and identify groups that may otherwise remain invisible.

LEADERSHIP AND INTERMEDIARY CAPACITY

Collaborative governance requires leadership, but the relevant form is not command-and-control authority. Facilitative leadership helps stakeholders articulate interests, maintain constructive dialogue, resolve procedural disputes, and move from discussion toward commitments. Leaders also protect the integrity of the process by ensuring that powerful actors do not dominate participation.

Intermediaries can perform several functions: convening stakeholders, translating technical language, maintaining referral information, documenting decisions, and monitoring follow-up. These functions are especially valuable when entrepreneurs interact with institutions that use different procedures and professional vocabularies.

Intermediary legitimacy depends on neutrality and competence. An organization that controls access to benefits without transparent rules can become a new bottleneck. Clear service standards, disclosure of partnerships, complaint mechanisms, and periodic evaluation can strengthen accountability.

Leadership succession is another sustainability issue. Collaborative initiatives that depend entirely on one charismatic person can weaken when that individual leaves. Procedures, shared records, distributed responsibilities, and development of additional facilitators can reduce this vulnerability.

Capacity building should therefore include institutions as well as entrepreneurs. Staff involved in MSME programs may need skills in facilitation, referral management, data interpretation, partnership development, and program evaluation. Stronger institutional capability improves the quality of the ecosystem surrounding enterprises.

Over time, effective intermediaries can become knowledge repositories. They can identify recurring constraints across firms, detect gaps in available services, and communicate evidence to policymakers and partners. This learning function allows the ecosystem to evolve rather than repeatedly rediscover the same problems.

LIMITATIONS

This article is conceptual and does not provide empirical estimates of the effects of collaborative governance or social innovation on MSME performance. The proposed relationships require testing in specific institutional and economic contexts.

Second, collaborative governance can take different forms. Formal government-led forums, community partnerships, private-sector alliances, and informal networks may operate through different mechanisms. Future research should distinguish among these arrangements.

Third, the framework emphasizes local ecosystems but MSMEs also depend on national regulation, macroeconomic conditions, global supply chains, and digital platforms. Local collaboration cannot substitute for supportive higher-level institutions.

Fourth, social innovation is context dependent. An arrangement that is innovative in one locality may already be established practice elsewhere. Evaluation should focus on value and institutional fit rather than novelty as an end in itself.

CONCLUSION

MSME development is not only a question of providing more programs. It is also a question of how institutions, entrepreneurs, communities, universities, financial actors, and private partners define problems, combine resources, and learn together. Social innovation provides a lens for creating new responses to persistent needs, while collaborative governance provides mechanisms for organizing joint action.

The proposed framework links shared problem definition, inclusive participation, co-creation, institutional coordination, and adaptive learning. These mechanisms can improve the relevance and accessibility of MSME support while strengthening local capability and resilience. Their effectiveness depends on trust, transparent accountability, meaningful participation, and sustainable institutional ownership.

For entrepreneurs, the implication is to engage strategically with ecosystem relationships and convert support into business capability. For policymakers and ecosystem organizations, the implication is to design integrated pathways rather than disconnected activities. For researchers, the framework offers propositions and indicators for empirical testing.

Inclusive local economic resilience emerges when enterprises become more capable and institutions become better able to coordinate around changing needs. Social innovation and collaborative governance can contribute to this outcome when participation is substantive, responsibilities are clear, and learning continues beyond individual projects.

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