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Facilitative Leadership in the Success of Small-Scale Public Private Partnership Projects: Madiun Street Lighting PPP Project Case Study

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Abstract

The success of the Madiun Street lighting PPP as the first small-scale regional PPP project to reach the operational stage is interesting to study. The role of champions in leading and initiating projects is crucial in realizing good governance in infrastructure provision. This study introduces a new perspective on the leadership of the Regent of Madiun as a champion in small-scale PPP projects, which has not been widely researched through empirical studies. This study adopts a qualitative research design, with primary data were obtained through an interview and focus group discussion with multi-stakeholders, and secondary data trough analyzing webinar video related. This research found that in his leadership, the Regent of Madiun built collaboration by empowering all levels and stakeholders involved in the project. Building trust in business entities and stakeholders through open dialogue and discussions in informal forums. Facilitative leadership successfully fastered trust, collaboration, and a sense of ownership among stakeholders.

KEYWORDS

small scale ppp, facilitative leadership, street lighting ppp.

Introduction

Madiun Street lighting PPP has become a new milestone in Indonesia's infrastructure development. As the first small-scale PPP successfully reached the operational stage, this project was completed in a short time, less than four years since its initiation in the first quarter of 2020. The success of the Madiun Street lighting PPP project is interesting considering several other projects are progressing quite slowly. The Medan City Street lighting PPP project, which was initiated in 2016, is still in the feasibility study evaluation stage due to projects complexity and difficulties dealing with stakeholders. In line with this, the Surakarta Street lighting PPP project, which has also been initiated since 2016, is recorded as still in the pre-qualification stage due to difficulties in dealing with the regional legislative (Bappenas, 2024).

Even though several Street lighting PPP projects are experiencing slow development, Street lighting PPP project initiations continue to emerge in various regions. PPP Books 2024 notes several new street lighting PPP projects that are currently still in the feasibility studies stage, namely Bandung, Ngawi, and Ponorogo street lighting PPPs. Denpasar street lighting PPP project is one step further which is ready to be offered. Other street lighting PPPs project that were initiated previously, such as the Dharmasraya and West Lombok street lighting PPPs project, have successfully signed contracts.

As a small-scale project, the Madiun street lighting PPP project success is increasingly interesting to research because global experience in photographing the implementation of small-scale PPPs is often not easy. The challenges inherent in small-scale PPPs—such as fiscal constraints, long procurement processes, high consultancy costs, and a lack of local government understanding (Ahmad & Shukla, 2014)—underscore the critical need for effective project leadership. In decentralized contexts like Indonesia, where local governments act as project owners, strong leadership is essential for navigating the complex dynamics between public and private sectors. This leadership must not only manage complex contractual and financial issues but also

foster the necessary coordination, political support, and interpersonal trust required for project continuity. The success of the project is thus heavily reliant on the leader's capacity to facilitate collaboration and manage the divergent interests within the partnership.

Surachman et al. (2021) argue that in the preparation of Public-Private Partnership (PPP) projects, the role of a *champion* is crucial as an influential individual or group that drives the project from its inception. Champions lead and initiate the project, overcome barriers, secure political and institutional support, foster coordination, and take responsibility for the project's continuity. In PPP projects, where working relationships involve private entities with different objectives, work cultures, and values, the role of a champion is particularly important for maintaining stability and sustaining relationships in order to achieve project objectives. The long-term contractual nature of PPP projects underscores that the relationship between the public and private sectors extends beyond a client-contractor arrangement to a partnership. Although PPP collaboration is framed through formal contracts, interactions between public and private sector employees are rooted in their interpersonal trust. In other words, trust between public and private sector employees influences their behavior in interactions (Dirks & Ferrin, 2001; (Top et al., 2015).

Dudau (2009) highlights that PPP project leaders face the paradox of being impartial administrators capable of overseeing compliance, while simultaneously acting as leaders who motivate project teams. PPP leaders are tasked with providing clear direction to the various organizations involved in the project while ensuring that the project team is fully integrated and united around the PPP. This is echoed by Som et al., (2023), who state that crucial responsibilities of PPP leaders include fostering a cooperative culture, guiding and influencing the partnership process by building trust, and promoting dedication and fairness. The ability to manage cross-cultural concerns between the public and private sectors, effective communication skills, and technical knowledge of PPPs are essential competencies. Their study further indicates that PPP relational and project success are directly associated with facilitative leadership, quality of communication, and trust. Moreover, trust has been found to influence how facilitative leadership and communication quality relate to the success of PPPs.

Som et al., (2023) also emphasize that facilitative leadership, high-quality communication, and trust are essential for fostering public-private collaboration in PPP projects. They further describe facilitative leadership as a style that encourages collaboration, participation, and the cultivation of a positive atmosphere. The study's findings demonstrate that facilitative leadership enhances both project success and team dynamics.

The PPP scheme in infrastructure financing involves both the government and the private sector and is characterized by relatively high complexity. Divergent interests between the government and the private sector must be carefully managed and require strong leadership to ensure success. The project leader must possess a clear vision, as reflected in their ability to determine the service specifications that will result from the PPP contract. In practice, PPP projects also frequently confront complex issues that demand rapid and accurate decision-making. Moe et al. (2017) found that sound decision-making by leaders of public-private construction projects correlates with reduced project risk. Consequently, PPP project leaders must be able to identify, manage, and mitigate project risks. Kerzner and Singh (2021) underscore that effective risk management is one of the primary keys to the success of PPP projects.

Involving the private sector and various stakeholders in PPP projects requires leaders who can facilitate communication between various stakeholders including the

government, private companies, and the community as potential service users. The involvement of the private sector is an effort to take advantage of their advantages in resource efficiency and at the same time requires the government as the project leader to be able to manage the project efficiently. Bass, (1990) and (Nauman et al., 2022) considers the transformational leadership style to be very effective because it can empower and motivate the team to achieve optimal results.

The role of leadership in project success has become an issue in PPP implementation. (Kurniawan et al., 2018) found that a lack of coordination between project leaders and local governments resulted in infrastructure projects in Indonesia experiencing failure or significant delays. In the early stages of the Cikopo Palimanan toll road construction project, fewer firm leaders resulted in the project experiencing delays due to slow land acquisition and delays in the negotiation process with investors (Sari, 2016). In the PPP project for providing clean water in DKI Jakarta, weak project leadership in establishing relationships between the government and the private sector and the failure of leaders to identify and mitigate risks were the causes of the project's failure to provide adequate services to the community (ADB, 2016).

The literature on the role of leadership in the success of PPP projects mostly focuses on transactional leadership and transformational leadership (Yescombe, 2014). Transactional leadership is typically seen in large-scale projects, where leaders play a greater role in managing contracts, budgets, and formal relationships between parties. Meanwhile, transformational leadership emphasizes the importance of a leader's vision and ability to inspire the team to achieve broader project goals. Although these frameworks are well-suited for large-scale PPPs with established stakeholders and business processes, there is a notable gap concerning their applicability to small-scale PPPs. Small projects often require a more flexible and adaptive management style, and the involvement of more local actors necessitates a leadership approach that prioritizes collaboration and participant empowerment. This study posits that facilitative leadership—a style that encourages collaboration, participation, and a positive atmosphere—may be the most relevant analytical lens for examining the success factors in small-scale, locally managed PPP initiatives. This domain remains underexplored in empirical studies.

Grounded in the need to address the under-explored nature of small-scale PPPs and the limited empirical application of facilitative leadership in this context, this study aims to achieve the following objectives:

1. To identify the characteristics of facilitative leadership demonstrated by the project champion in the Madiun Street Lighting PPP project.
2. To analyze how facilitative leadership contributes to overcoming the typical challenges faced by small-scale PPPs, such as issues related to stakeholders, financing, and procurement.
3. To determine the relationship between facilitative leadership, team dynamics (including trust and communication quality), and the success of the Madiun Street Lighting PPP project.

To fulfill these aims, the paper proceeds with a literature review on small-scale PPP challenges and the role of leadership, followed by an in-depth case study of the Madiun Street Lighting PPP project to capture the reality on the ground.

Literature Study Small-Scale PPP Challenge

Public-Private Partnership (PPP) has become one of the financing mechanisms that is relied upon to provide public infrastructure in many countries, including Indonesia. PPP implementation is believed to be able to encourage innovation, reduce costs and improve infrastructure quality (Regan & Love, 2011). The PPP scheme allows for risk sharing between the

government and the private sector so that projects can run more efficiently. Risks that arise in the project will be carefully identified and allocated to the government and private sector according to the competence of each party to bear these risks. In this case, determining clear service specifications is very necessary so that risk identification, allocation, and mitigation can be carried out well.

As a long-term service infrastructure provision contract, PPP has more complex procedures. This is different from the conventional procurement process. In its implementation, the PPP begins with a feasibility study which includes a comprehensive study from a legal, institutional, technical, economic, financial, environmental, and risk perspective. In the next part of the project preparation stage, the project owner will go through various series of discussions with both stakeholders and the private sector. This activity aims to prepare the project so that it is suitable to be offered to the private sector while maintaining the project objectives in providing services. Discussion and communication with the private sector is not easy because the private sector's perspective is very different from the government as the project owner. However, communication and discussions with government parties outside the project owner are also not easy. All parts of the government involved in the project need to have the same understanding of the project so that project preparation such as licensing can be done more quickly.

Small-scale PPP is designed to finance small projects that have low complexity and are easy to replicate. However, in its implementation, small-scale PPPs for the provision of regional infrastructure experience challenges that are not easy. Thierie & De Moor, (2017) found that small-scale PPPs require high preparation and transaction costs making it difficult to justify implementing small-scale PPPs. However, on the other hand, the trend toward decentralization and the pursuit of local economic development has increased regional needs for small-scale infrastructure financing (Bond et al., 2012). In many countries with strong decentralization, small-scale PPP schemes have become a new mechanism for providing regional infrastructure. Financing infrastructure projects is rarely easy, but financing small-scale infrastructure presents special challenges that will require new financing mechanisms (Bond et al., 2012).

The provision of regional infrastructure is generally characterized by small-scale projects with relatively low technical complexity. Fiscal constraints are a primary driver for the adoption of small-scale PPPs across various countries. Thierie and De Moor (2017) highlight the advantages of PPP arrangements in accelerating regional infrastructure delivery, despite their inherently high preparation and transaction costs. Similarly, Ahmad and Shukla (2014) adopt an optimistic stance, asserting that small-scale PPP schemes, when effectively implemented, can have a transformative impact on citizens' lives.

Leadership Role

Indra (2019) identifies several obstacles to implementing small-scale PPPs, including the need for strong political will and support from central government, as well as the procurement of private partners, which is often influenced by political dynamics. The private sector, in turn, demands certainty and the mitigation of political risks. In regional infrastructure service delivery, leadership emerges as a critical factor for project success, particularly in contexts involving numerous stakeholders with divergent goals and interests. This leadership challenge is compounded by pressures stemming from globalization, technological change, resource constraints, and rising costs.

In its implementation, PPP involves various stakeholders with various interests and priorities. In this case, efforts are needed to build intensive communication with the various parties involved to gain trust and understanding of the PPP

project objectives. This effort must be supported by a solid team that can move freely and has a sense of security in its efforts to express new ideas and insights for the success of the project. Strong leadership can create a solid team that is ready to face challenges in the project.

Facilitative leadership emphasizes the role of the leader as a facilitator who enables the team achieve common goals through collaboration process. This leader does not dictate or make all decisions top-down but rather encourages active participation from all relevant parties. Schwarz, (2002) states that facilitative leadership focuses on developing agreement among team members, collective decision-making, and resolving conflicts with a collaborative approach.

Facilitative leadership has recently attracted increasing attention in project management as a potential response to these challenges. This leadership approach positions the leader as a facilitator who coordinates, enables, and empowers team members to collaborate more effectively. Against this backdrop, the present article examines the existing literature on the role of facilitative leadership in small-scale PPP projects, with particular reference to the Madiun Street Lighting Equipment PPP project.

While the literature acknowledges the crucial role of leadership in PPP success—often through the lens of transformational or transactional approaches in large-scale infrastructure—this study adopts a distinctive focus. Unlike previous research that usually examines transactional leadership in managing contracts or transformational leadership in inspiring broader goals within established, large-scale PPP frameworks, this study is among the first to empirically explore the role of facilitative leadership in the success of small-scale, local PPPs. By utilizing the facilitative leadership framework, which emphasizes collaboration, empowerment, and consensus-building, this research is better positioned to capture the dynamics of a project involving more local actors and requiring flexible, adaptive management to overcome typical regional fiscal and institutional constraints. This comparison underscores the novelty of applying a relational leadership perspective to an under-explored, yet increasingly important, class of infrastructure projects in Indonesia and globally.

Facilitative Leadership in Project Leadership

Facilitative leadership has become a topic of increasing attention in leadership studies, especially because this style is very relevant in the context of collaboration and team management in complex environments. In contrast to traditional leadership styles, which tend to be authoritative, facilitative leadership focuses on empowerment, active participation, and collaboration between team members to achieve common goals. Som et al., (2023) found that facilitative leadership has characteristics including a) collaboration; b) mediation and conflict resolution; c) empowerment and delegation; d) Open and transparent communication; e) Adaptability and flexibility; and f) focus on building trust.

In practice, project preparation of small scale PPP is often hampered by disagreements between parties, resulting in longer preparation times. The involvement of private parties with different work cultures also poses challenges in project preparation. Collaboration, involvement, and active participation of team members in facilitative leadership are appropriate for capturing the type of leadership that promotes the success of small-scale PPPs.

Facilitative leadership prioritizes collaboration and active participation from team members (Hersey et al., 2008). The leader does not take an authoritarian role but rather encourages team members to contribute to the decision-making process. The leader acts as a guide who helps the team find the best solution through constructive discussions Schwarz, (2002). By involving team members directly, leaders

ensure that decision outcomes are inclusive and receive support from all parties.

Furthermore, in facilitative leadership, the empowerment of team members is emphasized (Kouzes & Posner, 2003). The leader gives autonomy to each team member to make decisions within the scope of their responsibilities. By providing this trust, team members feel they have more control over their work, which in turn increases commitment and motivation. Maxwell, (2012) adds that empowerment also means that the leader recognizes the abilities and potential of team members, and acts as a facilitator to support their growth.

Open and transparent communication is an important element in facilitative leadership (Carmeli et al., 2010). Leaders must be able to maintain clear lines of communication between team members to prevent miscommunication and increase cooperation. Som et al., (2023) emphasizes that high-quality communication helps build trust, especially in collaborative environments such as public-private partnerships (PPPs). Facilitative leaders use communication as a tool to ensure that all parties understand the common goal and are actively involved in achieving it.

Facilitative leadership often requires leaders to act as mediators, especially in complex situations, such as team project management or partnerships between institutions (Nutt, 1984; Van Maasackers et al., 2014) When conflict occurs, leaders encourage open dialogue to find solutions that are acceptable to all parties. This approach is very different from authoritarian leadership which tends to impose its solutions. Schwarz, (2002) emphasized that facilitative leaders must have skills in facilitating difficult conversations to reduce tension and restore harmony in the team.

Facilitative leaders tend to have high flexibility in dealing with change. Kouzes & Posner, (2003) show that leaders with a facilitative style can adapt to changing conditions and provide space for team members to find new solutions to emerging challenges. This flexibility is important in contexts where leaders need to respond to dynamics changing, such as in project-based organizations or cross-sector partnerships.

Performance harmony between the various parties involved in the project can be created if there is trust. Trust is a foundation that cannot be ignored in facilitative leadership. Dirks & Ferrin (2002) noted that facilitative leaders actively build trust with transparency, consistency, and empowerment. Som et al. (2023) also emphasized that trust is a key element that makes collaboration between the public and private sectors work well. In this relationship, leaders not only create a safe environment for discussion but also provide support that encourages ongoing collaboration.

Methods

This research focuses on a case study of the Street Lighting PPP Project (KPBU APJ) in Madiun. The scope of the study encompasses the entire project preparation phase, from initial planning and feasibility assessments through to readiness for construction and operational stages. By concentrating on this critical preparatory period, the study seeks to capture the leadership dynamics that influence the project's ability to progress smoothly toward implementation.

This study adopts a qualitative research design to comprehensively examine how facilitative leadership influences the successful preparation and execution of small-scale PPP initiatives at the community level. Data were collected from three primary sources: (1) an extensive review of existing literature, (2) analysis of multimedia materials, and (3) field-based interactions including interviews and focus group discussions.

The literature review involved a systematic examination of academic publications, official government reports, and reputable media sources to identify issues, recurring patterns, and characteristics of leadership in small-scale PPP projects both internationally and within Indonesia. Complementing this, multimedia content was utilized to capture leadership practices in action. Specifically, three YouTube videos related to the preparation of the Madiun Street Lighting PPP Project were analyzed: "Capacity Building Penyiapan Proyek & Transaksi Skema KPBU Infrastruktur Alat Penerangan Jalan (2022)", "Sharing Session Alternatif Pembiayaan Infrastruktur Alat Penerangan Jalan (APJ) dengan Skema KPBU (2022)", and "Market Consultation - Proyek KPBU Alat Penerangan Jalan (2021)". These materials provided visual evidence of stakeholder engagement, leadership roles, and facilitative practices throughout the project's preparatory stages.

Furthermore, primary data were obtained through an interview conducted in 2022 with the consultant of the Madiun Street Lighting PPP Project to validate initial findings and to gain deeper insights into leadership strategies employed during project preparation. This was supplemented by a focus group discussion (FGD) held in 2023 with academics and regulators to further contextualize leadership practices within the broader PPP governance framework.

To ensure reliability and depth of understanding, data triangulation was applied by cross-verifying information from the YouTube videos, the consultant interview, and insights from regulators and academics. This triangulated approach strengthens the credibility of the findings and allows for a nuanced exploration of facilitative leadership in the preparation phase of small-scale PPP projects.

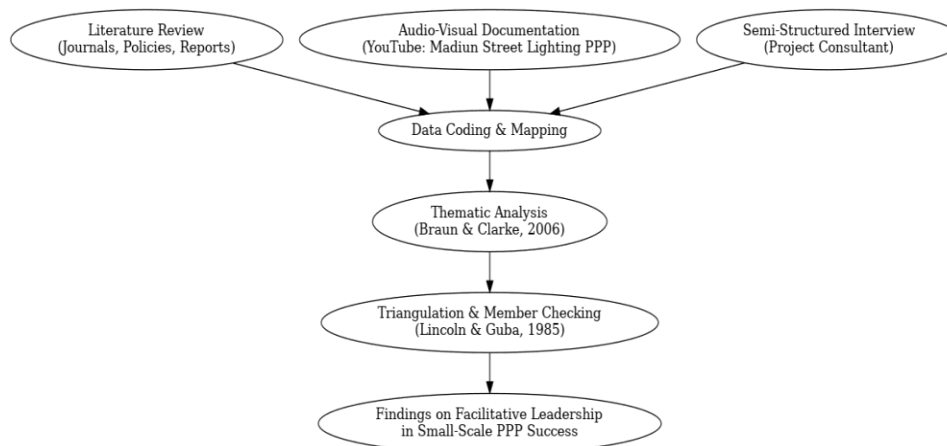


Figure 1. Research Methodology Flowchart

Source: Author, processed

The data was examined using thematic analysis, (Braun & Clarke, 2022) which included simplifying, presenting, and concluding the data, as described by (Bazeley, 2009; Miles et al., 1994). To make the results more believable, information from writings, materials, and interviews was compared to confirm the findings. Furthermore, key people were asked to confirm interpretations to ensure accuracy (Lincoln & Guba, 1985) Pandey & Patnaik, 2014). Figure 1 presents the research framework methodology.

Result and Discussion

Discussion

Madiun Street Lighting PPP Project

The Madiun street lighting PPP project aims to improve traffic safety, security, order, and comfort for road users. The street lighting PPP project was implemented to support the acceleration of economic development in East Java Province. This is the mandate of Presidential Decree Number 80 of 2019 concerning the Acceleration of Economic Development in the Gresik – Bangkalan – Mojokerto – Surabaya – Sidoarjo – Lamongan, Bromo – Tengger – Semeru Regions, as well as the Selingkar Wilis and Lintas Selatan Regions.

This project applies the Design – Build – Finance – Operate – Maintenance – Transfer (DBFOMT) scheme. The cooperation period is one year of construction and ten years of operation. The project investment cost was IDR 97.8 billion and received a government guarantee from PT Penjaminan Infrastruktur Indonesia (Persero) [PT PII (Persero)]. The scope of cooperation includes the construction of new street lighting equipment on national roads and regional roads including luminaires, poles, and foundations, electricity and metering installation, as well as operations and maintenance until the end of the cooperation period.

Since the street lighting project procurement was determined to use the PPP scheme, the preparation process was challenging. Preparation of the Preliminary Study was carried out in the first quarter of 2020, followed by an Initial Pre-Feasibility Study (Outline Business Case or OBC) facilitated by Bappenas in the following quarter. The Final Business Case

(FBC) was prepared by the Madiun Regency Government independently in 2021. On March 1, 2022, the pre-qualification process for procurement of the business entity on project implementation (BUP) was completed.

This project uses an availability payment scheme as a form of investment return to business entities. The approved availability payment value is IDR 20.8 billion (including VAT). In its offer to prospective business entities, the Madiun Regency Government opened opportunities to participants who were able to complete as many Street lighting points as possible.

On August 18, 2022, the Procurement Committee announced the results of the auction. The winner of the auction was the Evercross Perwira Focus Consortium, which will procure 7,459 points of street lighting equipment. The total CAPEX of this project is IDR 100.65 billion and the total OPEX value is IDR 13.52 billion. The collaboration period is nine months of construction and ten years of service. The signing of the PPP Agreement was held on September 21, 2022.

The PPP structure for this project can be seen in Figure 2. After winning the auction, the BUP signed a PPP agreement with the Regent of Madiun as GCA. GCA signed a regres agreement with PT PII (Persero) and BUP signed a guarantee agreement with PT PII. GCA will pay Availability Payment (AP) to business entity according to the services provided, according to the agreed criteria. Business entity will provide street lighting services to the community, where the community pays street lighting tax through PT PLN (Persero). PT PLN (Persero) will pay the tax to the Madiun Regency Government and the Madiun Regency Government will pay the electricity bill sourced from the street lighting tax.

Since preparation to implementation, various institutions, including National Development Planning Agency (Bappenas), Investment Coordinating Board (BKPM), Ministry of Home Affairs, Ministry of Transportation, National Public Procurement Agency (LKPP), Ministry of Finance, and provincial government of East Java, were involved in the project. Apart from that, the agreement with the DPRD as regional legislative also plays an important role in project implementation. Communication with the community as users, PT PLN as the state electricity company, and PT PII as the project guarantor must also be carried out since preparation.

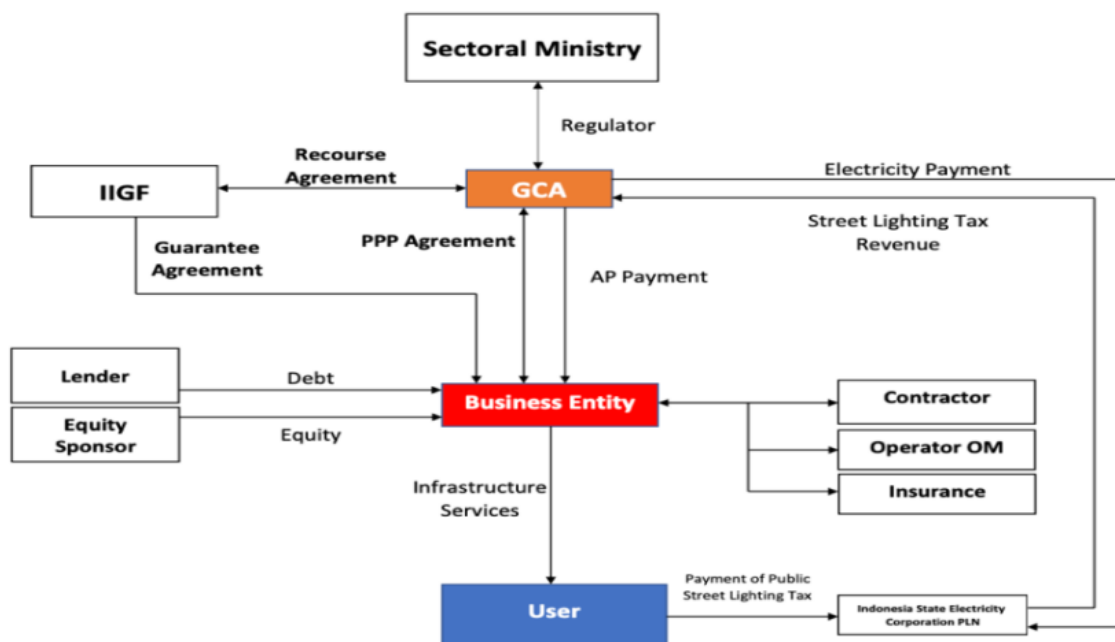


Figure 2. Structure of the street lighting PPP Project in Madiun Regency
Source: PPP Book, 2024

The success of the Madiun street lighting PPP, as the first small-scale regional project in Indonesia to achieve commercial operations in a relatively short time-frame, offers an important case for leadership analysis. Given that PPP projects inherently involve complex interests from various stakeholders, the presence of a project leader who can direct and drive the project is significant for its success. This study's findings indicate that the facilitative leadership style employed by the Regent of Madiun as the Government Contractual Agency (GCA) was instrumental in managing this complexity

Facilitative Leadership in the Madiun Street Lighting PPP Project

The complexity interests from various stakeholders creates project implementation challenges. The presence of a project leader who can direct and drive the project is significant for the success of the project. Facilitative leadership focusing on collaboration and active participation can be an option for managing the dynamics of the involvement of various stakeholders in projects. In the next section, a discussion of the facilitative leadership of the Madiun street lighting PPP project is presented. As the first small-scale PPP achieved commercial operations in a relatively short time, the leadership style demonstrated in the Madiun street lighting PPP offer an important case for analysis. The discussion is guided by the characteristics of facilitative leadership such as empowerment, collaboration, active listening, conflict resolution, adaptability, and focus on the process to achieve the outcome (Auvine et al., 2002; Bens, 2002; Kaner et al., 2014; Schwarz, 2016).

Empowerment

Empowerment is a central tenet of facilitative leadership, emphasizing the role of leaders in enabling team members to take initiative and contribute meaningfully. This involves the delegation of authority, encouragement of participation, skill development, creating a supportive environment, and promoting ownership. Facilitative leaders empower by delegating, which not only distributes workload but also builds confidence, leading to increased competence and motivation (Morgeson & Humphrey, 2006).

In the Madiun PPP project, this theoretical construct was observed through the GCA's formation of a dedicated PPP Node (Simpul KPBU). This was confirmed by the head of the Madiun PPP node through a statement that the first thing the GCA must do is form a PPP node. The Ministry of Home Affairs also stated that several cases of slow PPP project preparation occurred due to the absence of a PPP node or PPP preparation staff being spread across various divisions or inappropriate divisions.

The GCA delegated a clear mandate to this node for policy formulation, coordination, monitoring, and evaluation. This delegation provided the space and flexibility necessary for the node to manage the project's demanding schedule. This aligns with research linking such participatory approaches to higher organizational commitment. GCA's full delegation and support also create a comfortable environment for team members to express opinions in decision-making. This participatory approach has been linked to increased job satisfaction and organizational commitment (Sharma & Kirkman, 2015).

However, empowerment requires competence. Recognizing the team's limited initial understanding of PPPs, the GCA actively supported skill development. This was implemented through comparative studies with other regions, training, and extensive consultations with central government bodies (PPP Joint Office, Ministry of Finance, Bappenas) and PT PII. This investment in capability building, as suggested by Kirkpatrick & Kirkpatrick, (2006), built the team's confidence and autonomy. This empowered and skilled team was then able to collaborate effectively with external stakeholders,

such as securing approval from the regional legislative (DPRD) for the availability payment scheme. The resulting sense of ownership fostered by the GCA was crucial for accountability and engagement, consistent with findings by Houghton & Yoho, (2005). Project ownership encourages the DPRD to participate in monitoring the progress of project implementation. Facilitative leaders foster this environment by recognizing contributions and encouraging collaboration, which is essential for fostering empowerment.

Collaboration

Collaboration emphasizing collective efforts toward shared goals and the creation of an enabling environment for all stakeholders. It is fostered through relationship building, open communication, group decision-making, and the constructive use of diversity. Effective collaboration facilitates knowledge transfer, optimizes complementary capabilities, and ensures alignment with overarching policy objectives.

In the Madiun Street Lighting PPP Project, relationship building was pursued through both formal and informal communication channels. Informal interactions—such as coffee meetings or casual conversations—enabled the GCA to engage stakeholders outside formal rules and procedures (De Blois et al., 2011). As the Regent (GCA) repeatedly emphasized, trust was built through this informal dialogue. This approach allowed the GCA to shape collective agreements before formal meetings, enabling official forums to focus on decision-making rather than basic disputes.

This strategy proved essential in navigating the political challenges of securing approval from the DPRD for a long-term availability payment (AP) scheme, which reduces future fiscal space. By building a shared understanding and trust, the GCA fostered a collective commitment, which is known to enhance project outcomes. Positive relationships of this kind are known to enhance teamwork and project outcomes.

This collaborative approach extended to private entities. Initially, differing objectives and cultures impeded communication. However, the GCA shifted to a more flexible, open dialogue, particularly after experiencing deadlocks in finalizing service specifications. This aligns with literature stating that open communication improves problem-solving in partnerships. Internally, Focus Group Discussions (FGDs) were used to align perceptions among various government agencies - the Ministry of Transportation, the Ministry of Public Works and Housing, the Regional Financial Management Agency (BPKAD), and the East Java Land Transport Technical Office, successfully strengthening trust in the PPP scheme. The strong collaboration cultivated by the GCA was instrumental in securing necessary approvals, such as the Ministry of Home Affairs recommendation, in an exceptionally short time. Research confirms that open communication improves collaboration and problem-solving.

The success of the GCA in establishing collaboration was confirmed by PT PII's testimony regarding the strong support of the East Java Provincial Government, which helped secure a Ministry of Home Affairs recommendation for the project within three months. As the first street lighting PPP project in Indonesia employing an AP scheme, this approval was far from routine. The PPP Node had to demonstrate fiscal adequacy, risk management, and regulatory compliance. The trust the GCA cultivated with the provincial government was instrumental in forming a collaborative partnership that facilitated the project's implementation. A collaborative culture helps establish shared norms and expectations, leading to collective efforts, innovation, and improved organizational outcomes.

Active Listening

Active listening is a prerequisite for effective communication and supports projects by enabling an understanding of stakeholder perspectives, building rapport, and facilitating conflict resolution. In the Madiun PPP, the GCA

had to understand and accommodate the divergent perspectives of commercial-oriented business entities and the fiscally-conscious, service-oriented DPRD.

The GCA demonstrated active listening by organizing various formal and informal discussion forums. These forums were not merely for dissemination but were efforts to actively listen to project problems and build trust. This practice is critical in PPPs where trust is paramount. For example, when rising material prices threatened the project, the GCA responded proactively by convening business entities to understand their perspectives. This act of listening allowed the GCA to identify the root of the potential conflict before it escalated. This created an inclusive environment, empowering the PPP node to escalate issues and enabling the GCA to facilitate quicker resolutions, which is vital for maintaining private sector confidence. In PPPs, where trust between public and private entities is critical, this skill can enhance collaboration and reduce misunderstandings (Houghton & Yoho, 2005).

The discussion forums also produce a culture of open dialogue, where team members feel safe to express their thoughts and ideas. This inclusive environment can lead to more innovative solutions and better decision-making (Meyer, 2014). In a comfortable environment for expressing opinions, the PPP node can make decisions more quickly and freely convey opinions to the Regent as a GCA if there are problems that need to be escalated. As creative financing, the involvement of business entities in PPP requires quick solutions of the problems to avoid inefficiencies. Apart from the team's quick movement to identify problems, the presence of the project leader as a conflict resolution facilitator is also very necessary. Active listening helps the GCA to listen to the parties involved so that he can identify problems and solve them better. Active listening in projects can strengthen a team because of recognition and appreciation so that the team will run more solidly and dynamically. This can improve collaboration and overall project outcomes.

Conflict Resolution

Timely and effective conflict resolution is a critical determinant of PPP project success. Unaddressed or prolonged disputes can obstruct progress, especially in projects characterized by multiple stakeholders, large budgets, complex regulations, and extended concession periods. Effective conflict resolution in PPPs requires understanding diverse stakeholder interests, promoting open communication, facilitating collaborative problem-solving, building trust, and maintaining cultural sensitivity.

In the Madiun Street Lighting PPP Project, rising material prices during the preparation phase created financial uncertainties that discouraged private entities from bidding. The GCA's response exemplified a facilitative approach. Rather than imposing a solution, the GCA used the open dialogue channels established through active listening to co-develop solutions with the business entities. This active listening allowed the GCA to identify potential conflicts before escalation. This collaborative problem-solving led to an innovative and adaptive change in the auction rules: the contract was awarded to the entity offering the highest number of lighting points within the approved budget, rather than to the lowest-cost bidder for a fixed number of points. This flexible solution balanced government service objectives with the private sector's pricing concerns. This decision balanced government service objectives with the private sector's pricing concerns and exemplified collaborative problem-solving.

Open dialogue emerged as a cornerstone of conflict resolution. The GCA's transparent discussions with business entities helped clarify issues such as prequalification results, reduce misunderstandings, and minimize disputes (Pinto &

Prescott, 1996). This approach also reflected research showing that, while task and process conflicts can enhance creativity and project value, relationship conflicts tend to have negative effects.

Trust building was equally essential. Consistent communication, informal engagement, and ethical practices helped the GCA establish trust with business entities, making collaboration and dispute resolution more effective. However, cultivating trust with lenders proved more challenging. Local lenders' limited understanding of PPP mechanisms led Bank BPD Jatim to withdraw during the preparation stage. Conversely, Bank NTB Syariah—drawing on its prior experience with the West Lombok Street Lighting PPP—entered the Madiun project and successfully reached a joint agreement with the Regent. This case highlights how prior exposure to PPP schemes can reduce risk perceptions and accelerate financial closure.

Finally, the project leader's visible commitment to resolving business entities' concerns and simplifying bureaucratic procedures reinforced private partners' confidence. Although bureaucracy could not always be reduced at every stage, these efforts signaled government seriousness and enhanced perceptions of fairness and transparency. The PPP Node's open dialogue mechanisms further stabilized expectations and strengthened trust in the project process.

Overall, the Madiun case illustrates that conflict in PPPs can become a catalyst for innovation and better decision-making when managed collaboratively. By combining open communication, trust building, and flexible solutions, the GCA was able to mitigate risks, retain private sector interest, and sustain project momentum.

Adaptability

The long preparation period for PPPs necessitates adaptation to changing economic and socio-political conditions. Adaptability in leadership involves a responsive style, flexibility in problem-solving, and a continuous learning orientation. The Madiun GCA demonstrated high adaptability. The aforementioned change in auction rules in response to material price volatility is a prime example of problem-solving flexibility.

Flexibility in decision-making processes and strategy adjustments in facing new challenges and opportunities requires a complete understanding of the impact of change. As the first street lighting PPP project to operate, the GCA and the PPP nodes carried out various consultations to get quick and precise solutions to problems. The stages of gathering information, consulting with regulators, and escalating issues that fall outside the authority of the Madiun Regent are carried out continuously until the project can operate. Continuous learning must be carried out by GCA and PPP nodes because the long process of PPP projects requires adjustments to changes that occur. By encouraging feedback and reflecting on past experiences, leaders can adjust their approaches and improve future project outcomes. This learning orientation is particularly important in the complex landscape of Indonesian PPPs (Huxham & Vangen, 2013).

This adaptability was underpinned by a learning orientation. Faced with limited internal understanding of PPPs, the GCA and PPP Node continuously engaged in consultations with regulators and other institutions to find precise solutions. This continuous learning allowed them to adjust their approach as new challenges emerged. The GCA also adapted its engagement strategy to different stakeholders, particularly the DPRD. Securing their agreement for the IDR 2.8 billion annual AP required a long-term process of building trust, adapting communication to address their specific concerns about fiscal sustainability. This adaptive approach successfully overcame major hurdles—legislative approval, lender hesitation, and limited PPP understanding—that have stalled other regional projects. Being adaptable means being able to tailor

engagement strategies to different stakeholders, recognizing that each group may have unique priorities and concerns (Roehrich et al., 2014).

Focusing on The Process to Achieve Objectives

Proficient facilitative leaders prioritize the processes through which outcomes are attained, ensuring they are efficient, inclusive, and productive. The infrastructure financing framework under PPP differs markedly from traditional financing methods. This requires articulating clear objectives and aligning stakeholder interests. PPPs require project owners to articulate objectives that encompass not only the physical infrastructure to be delivered but also the specifications of the services to be provided. For example, the street-lighting PPP in Madiun specified both the retrofitting of existing lamps and the installation of 7,459 new units. Service specifications also included agreed standards for operation and maintenance throughout the concession period, such as lamp replacement times. Clarity in service specifications is vital to ensuring that all stakeholders understand the expected outcomes and can align their efforts accordingly.

Service specifications are defined during project preparation. This process entails active stakeholder engagement to discern priorities and negotiate compromises that support the overarching goals of the PPP (Roehrich et al., 2014). Involving private partners in the formulation of service specifications leverages their comparative advantage in achieving efficiency and effectiveness in output delivery. For business entities, this represents a business opportunity to generate profit. Conversely, the government—represented by the local administration and the regional legislature (DPRD)—seeks to minimize public expenditure. Such divergent interests temporarily stalled the Madiun street-lighting PPP due to the absence of agreement on the number of lighting points to be provided. The GCA subsequently facilitated discussions and brainstorming sessions with both the private sector and the DPRD to reach a consensus and resume the project. The eventual agreement was to award the contract based on the highest number of lighting points offered within the available budget rather than on the lowest bid price. This consensus was achieved because the GCA successfully built connections between stakeholders and the project—a continuous effort supported by informal discussions and routine communication.

Stakeholder engagement also supports the GCA in implementing ongoing adaptation and monitoring. In the Madiun street-lighting PPP, the DPRD's involvement strengthened oversight of the submission of project documents to the central government, directly requesting missing documents and pressing the PPP nodes to fulfill outstanding requirements. In dynamics PPP environment, such flexibility enables leaders to respond to unforeseen challenges while keeping projects on course.

Effective project monitoring is enhanced when the team establishes targets within a pre-arranged schedule. Developing a tight timetable helps to prevent delays. In the Madiun project, the GCA set a target for operations to commence on 18 July 2023, coinciding with the anniversary of Madiun Regency. Meeting such targets becomes more feasible when the GCA ensures that every team member clearly understands their roles and responsibilities. This may involve setting individual performance indicators and fostering an environment in which team members are held accountable for their contributions. During the PPP's permitting process, the PPP node and the GCA conducted discussions with the environmental agency to ensure that permitting proceeded smoothly. Open dialogue allowed issues to be addressed under the appropriate authority and helped external agencies, such as the environmental office, to understand the project's implications.

Finally, the GCA maintained focus by establishing clear

targets, such as setting the operational commencement date to coincide with the Madiun Regency's anniversary. This created a tight timetable and fostered accountability. By celebrating milestones along the way, the leadership motivated the team and reinforced stakeholder confidence. Through every stage, the GCA's use of informal communication and stakeholder connection supported a process that remained focused on the ultimate project goals.

Conclusion

This study investigated the role of facilitative leadership in the success of the Madiun Street Lighting project, Indonesia's first small-scale regional Public-Private Partnership (PPP) to reach operational status. The findings indicate that the GCA (Government Contractual Agency), embodied by the Regent of Madiun, employed a facilitative leadership style that was instrumental in navigating the project's complexities. This leadership approach successfully fostered trust, collaboration, and a strong sense of ownership among diverse stakeholders. Key practices included the strategic empowerment of a dedicated PPP Node (Simpul KPBU), the cultivation of trust through both formal and informal communication channels, and proactive conflict resolution rooted in active listening. By remaining adaptive and flexible, the leadership effectively managed challenges such as material price volatility and stakeholder disagreements, ensuring project continuity and success.

Theoretically, this research contributes to the limited empirical literature on leadership in small-scale PPPs. While much PPP literature focuses on large-scale projects, often associated with transactional or transformational leadership, this study provides empirical validation for the relevance of facilitative leadership in the distinct context of small-scale, regional projects. It demonstrates how the core components of facilitative leadership—namely empowerment, collaboration, active listening, and adaptability—serve as critical mechanisms to overcome common small-scale PPP barriers, such as local government fiscal constraints, low institutional capacity, and complex stakeholder management.

From a practical standpoint, this study offers several implications for regional leaders and GCAs. First, it highlights the imperative of establishing a well-structured and empowered PPP Node and delegating clear authority to it. Second, regional leaders must actively champion the project, using both formal and informal communication to build trust and a shared sense of ownership among all stakeholders, particularly the regional legislature (DPRD) and private partners. Third, overcoming the common barrier of limited technical understanding is essential; leaders should proactively facilitate capacity building for their teams through consultations and training with central government bodies and other experienced institutions. Finally, this case demonstrates the value of flexibility and active listening in conflict resolution, such as adapting procurement rules to maintain private sector interest during economic shocks.

This study is subject to several limitations. Its qualitative, single-case study design, while providing depth, limits the generalizability of the findings. The analytical framework was intentionally focused on facilitative leadership, potentially overlooking the influence of other leadership styles. Furthermore, the data, while triangulated, relied in part on publicly available multimedia content which may not capture all nuances of the project's internal dynamics. Future research would benefit from comparative case studies analyzing leadership styles across multiple small-scale regional PPP projects to provide more robust empirical evidence. Additionally, subsequent studies could explore the interplay between facilitative leadership and other styles, such as transactional or transformational, within the small-scale PPP

context.

Author contributions

The author conducted all stages of this research. This includes the conceptualization of the study, development of the research framework, data collection through interviews and focus group discussions, analysis and interpretation of both primary and secondary data, as well as the drafting, revising, and finalization of the manuscript.

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Conflict of interest

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