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REFLECTIONS ON THE DEVELOPMENT OF THE INDONESIAN SPACE INDUSTRY

Abstract

This paper aims to reflect on the developing Chinese space industry particularly relational strategy between government and domestic private business groups in Indonesia. China became the first Asian country to have a rapid development of the space industry through independent development, less of foreign assistance. So, it becomes necessary to know how the potential to success in space industry by using this strategy in other Asian countries, especially, Indonesia? Previous research only looked at the dominant role of the state. The research gap on non-state actors especially domestic private business groups in the development of the space industry in China become significant to study. Then, reflect it in case Indonesia which had comprehensive strategic partnership with China since 2013. Indonesia is searching model of developing commercialization and space industry. Therefore, China's best practice eligible to applied in Indonesia. Using Evans's embedded autonomy theory, this paper gives political economy explanation in this phenomenon. State and business relations could be cronyism or nurturing industry. The method used in this study is qualitative by case study in Indonesia. The technic analysis is causality analysis that describes the Indonesia's efforts to build space industry using Chinese strategy according to the embedded autonomy theory. Using primary and secondary data, primary data collected by in-depth interviewing using structured interview with head of centre aerospace policy studies, national institute of aeronautics and space. Secondary data collected from document related Indonesia towards space industry with Chinese characteristics. From the results of the analysis, it is known that relational strategy between government and domestic private business groups in China to nurture Chinese space industry. Otherwise, in Indonesia it becomes cronyism. First, state interacts closely with business entrepreneurs so that the former knows the current conditions to incorporated into a policy. In Indonesia rather the information become policy based national interest, it become policy by business agenda because of Indonesia's democracy. Second, state is sufficiently distance from the business entrepreneurs to avoid cronyism. On contrary in Indonesia, state significantly approach business entrepreneurs so open the role of business entrepreneurs to developing project so cronyism more can happen. The implication of that result is Indonesia needs role of strong state in industrialization likes other Asia countries. This paper is limited to the cases of Indonesia in adjust Chinese strategy. As a recommendation for the next research should observe Indonesia using other strategy to find best model for nurturing Indonesian space industry.