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# Bureaucratic Reform and Dynamic Governance for Combating Corruption: The Challenge for Indonesia

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**Abstract.** This paper discusses the current government bureaucratic problems in Indonesia that are multi-dimensional and protracted as a vicious circle. Government bureaucracy reform efforts in Indonesia will not be successful if they are still carried out in linear mindset that does not address the root of the problem. This paper also discusses how systemic and dynamic approaches to good governance can create the leverage to get rid of vicious circle in innovative ways. The result is in order to solve this complex and dynamic problem we need more comprehensive strategies which include four major areas, that is, political leadership, public policy harmonization (including rules and regulations), the application of merit system in all government agencies, and anti corruption movement.

**Keywords:** Corruption, Bureaucratic Reform, and Dynamic Governance

**Abstrak.** Penelitian ini membahas masalah birokrasi pemerintah di Indonesia, yang multi-dimensi dan berlarut-larut sebagai lingkaran setan, dan membahas bagaimana pendekatan sistemik dan dinamis untuk tata kelola yang baik dapat menciptakan memanfaatkan untuk keluar dari lingkaran setan dan kemerosotan dengan cara-cara yang inovatif. Penelitian ini menggunakan pendekatan kuantitatif. Hasil dari penelitian ini, untuk menyelesaikan permasalahan yang dinamis dan kompleks diperlukan strategi komprehensif yang terdiri dari empat area yaitu, kepemimpinan politik, harmonisasi kebijakan publik (termasuk rules dan regulation), penggunaan merit sistem di instansi pemerintahan, dan bebas dari korupsi.

**Kata kunci:** Korupsi, Reformasi Birokrasi, dan Tata Kelola Yang Dinamis

## INTRODUCTION

Why does the quality of public services delivered by Indonesian government's bureaucracy remains poor? Numerous factors can affect government's bureaucracy performance, including the absence of meritocracy (the using of best talent) which is due to, for instance, recruitment process that does not target all segments of society, selection and advancement of civil servant that is not based on capacity, knowledge and skill, under fair and open competition. In general, the placement of civil servant is not career-based (competency and performance), but rather on political consideration (spoils system) and patrimonialism. The situation is exacerbated by the unfair and uncompetitive compensation system.

Corruption in Indonesia is a chronic and widespread phenomenon that derogates good governance, erodes the rule of law, hampers economic growth effort, increases social inequality, and distorts the nation's competitiveness in global economy. President Yudhoyono admitted that "there are still numerous perpetrators of corruption even in the government, parliament, regional representatives and law enforcers" (www.in-reuters.com). Rent seeking is common practice in Indonesia. Politicians, for instance, are used to seek political campaign fund from bureaucrats in exchange for protection and from big companies in exchange for offers of business opportunities such as

government contracts and procurement, mining, logging and plantation permits. Transparency International report launched in 2010 shows that Indonesia's Corruption Perception Index (CPI) ranks 100 out of 182 countries, with score 3.0 from the scale of 10 (very clean) to 0 (very corrupt) (www.thejakartaglobe.com). Scores 5.0 or below are considered as corrupt state. Furthermore, there is indication of bureaucrats' lack of integrity. Integrity value of public sector in Indonesia is still low and not too far from the minimum integrity standard set up by KPK (Corruption Eradication Commission), which is 6.0 (in the scale of 1 as the lowest to 10 as the highest), and not to mention the widespread of manipulation practices in public financial accountability. Combating corruption is very difficult due to the rule-driven public administration system that focuses on formal truth rather than on substantive truth (the truth of the matter). Most of rent seeking practices cannot be prosecuted since what they did was taking advantage of the existing legal system's loopholes. Formally, the rent seekers obtained personal financial benefits by manipulating social or political environment, although they don't necessarily break any law (KPK, 2010).

In LAKIP (Performance Accountability Report of Governmental Institution) there is a tendency to only report good things, that is, those which are in-line with the rules and regulations, even though when it doesn't

match with the institution's mission, as well as to hide all information which considered as not appropriate to be put in a "good report". The LAKIP is biased because it is a self evaluation report. Furthermore, these practices have become complicated due to many rules and regulations that are not compatible to each other. Moreover, the problems get worsened due to absent of policy evaluation as well as program/project evaluation in Indonesian public administration system; therefore, there is no adequate feedback to policy decision makers as well as to the people. That is why we cannot learn from our experiences and tend to repeat the same mistakes all over again. It appears that corruption becomes vicious circle due to lack of change caused by the status quo (Kasim, 2008).

In general, public administration and policy practices in Indonesia are still influenced by classical paradigm that relies on hierarchical top-down approach. The activities of government's bureaucracy are supposed to start from policy, planning and then implementation of policy including public services. Yet there is no evaluation, and hence no feedback to the policy and decision makers (Hughes, 2003). Organizational dynamic capabilities are generated by able people, thus forming agile process during policy formulation and evaluation (Anwar, 2010).

The Indonesian experience can be described by prismatic society theory by Fred W. Riggs (1964). Even though freedom to speak does exist, the civic culture is not yet developed accordingly. Citizen participation in political processes does not yet exist or very minimum. Political activities are dominated by ruling elite whose subjective particularistic value and orientation consist of nepotism, religious-based, ethnic-based consideration and other forms of narrow political orientations. This condition causes the declining of concern paid to common interest such as nationalism and public interest. The linear mindset remains dominant force in government's bureaucracy, and therefore its proponents work hard to preserve the status quo. Nowadays, Indonesian government's bureaucracy is still very much based on rigid yet obsolete rules and regulations that are not responsive to citizens' need for efficient public services (World Bank, 2003). Systemic thinking approach such as dynamic governance that favors comprehensive analysis of government's bureaucratic problems and innovative problem solutions is not yet flourishing in Indonesian government's bureaucracy.

## RESEARCH METHODS

This study uses a qualitative approach by literature review. Literature review as a research method in its own right, the newly emerging systematic or meta analysis review has found a new paradigm. This study also involved in a project which is on an existing

theory, therefore will be discussing published data in the same context as the original authors, and involved in a reappraisal of published data using an entirely different paradigm or in a context that was not considered by the original authors (Jesson and Fiona, 2006). This paper also constructing some literatures. This research first studies the contents of Indonesia's bureaucratic policy as well as its political and legal system and practices.

## RESULT AND DISCUSSION

Government of Indonesia has launched bureaucratic reform that aims to develop clean, efficient, effective and productive bureaucracies. The reform is designed to create transparent bureaucracy which serves the people and accountable to the public. The purpose of bureaucratic reform is to increase government's bureaucracy performance [See: 9 Acceleration programs of Ministry of State Apparatus Empowerment and Bureaucracy Reform (MENPAN & RB)]. The question is, will this bureaucracy reform effort be able to improve the performance of government's bureaucracies in delivering public services and citizen empowerment? If we compare the essence of the problems faced by the bureaucracy with the scope of bureaucracy reform effort, it is obvious that the effort is not adequate because it focuses mainly on the implementation of the existing rules and regulations. The effort unfortunately still reflects what government wants to do, based on the existing law, and focuses on the implementation of the existing policy. In other words, it is not about the change of mindset or harmonization of policy contents, rules or regulations. This is ironical, recalling the fact that major problem of government's bureaucracy in Indonesia is caused by disharmony of existing public policies, rules and regulations. For example, the disharmony between Law No. 32 of 2004 on Re-Local Government and Law No. 17 of 2003 Re-State Finance, as well as one that is found between nine laws and hundreds of regulations on land use management that conflicts each other depicts this situation well (KPK, 2006).

The condition of government's bureaucracy becomes more complicated due to following practices; (1) There is a tendency of people to do rent seeking, bribe, or submit gratification to government's officials in order to gain special treatment in public services and especially, to get concession permit for exploitation of scarce natural resources deposit such as mining concession and palm oil plantation permits; (2) Collusion between government's officials and business actors that leads to mark-up practices in government procurements, and giving gratification as kickback to the officials; (3) Political intervention in civil servant recruitments as well as in government procurements and contracts (spoils system);

(4) Corruption in law enforcement agencies, i.e. police, attorney, court, and tax officials (www.economist.com).

In view of the above phenomena, it seems that the problems faced by Indonesia government's bureaucracy is not linear, but rather systemic, complex and dynamic ones. There are many variables and interconnection between agencies as well as individuals involved in this problem, including cultural aspects such as society's values, beliefs and norms. With regard to Indonesia's high government official behavior, the Economist wrote that "some societies are controlled by guilt, others by shame. Then there's Indonesia, which is rarely controlled by either" (www.economist.com). While American (as well as Japan, Korea, India and European countries) officials step down quickly enough over sex or corruption scandals, Indonesian leaders are known for their long track-record of refusing to resign their position regardless how serious the allegations against them are, as well as how big the public pressure is. It is a challenge Indonesia has to tackle, i.e. to find the right form of administrative reform and national development strategy that maximize the opportunity for dialogue among all stakeholders that represent all segments of society.

The above problems need to be addressed by all Indonesians and especially the Government. This should be done through appropriate public policies that can serve as leverage to get rid of the vicious circle, and to be able to empower government apparatus and citizens alike. Furthermore, we need to answer the following questions; (1) What bureaucratic reform strategies should be chosen?; (2) Who are responsible to lead this bureaucratic reform, and from which point we should start?

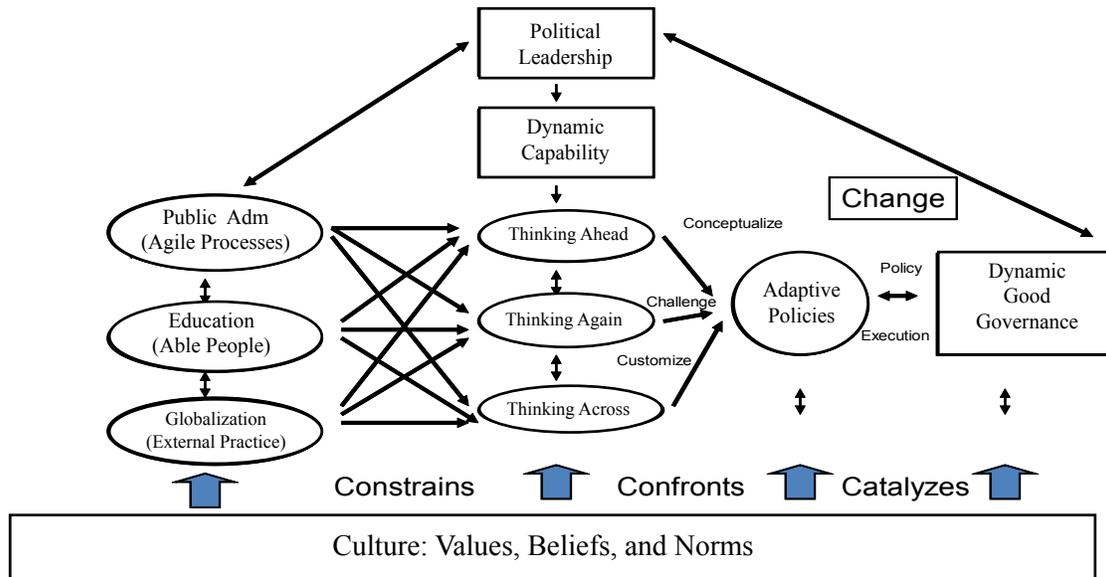
In order to solve this complex and dynamic problem we need more comprehensive strategies which include four major areas, i.e. political leadership, public policy harmonization (including rules and regulations), the application of merit system in all government agencies, and anti-corruption movement.

Firstly, we need transformational leadership in order to lead radical change. Patrimonialism, nepotism, the rules-driven orientation, and the practices of rent seeking are very common among Indonesians regardless their ethnicity and religious backgrounds. These values and beliefs obviously do not fit with democratic government system. Therefore, it is difficult to initiate radical change through the existing democratic mechanism due to the absent of civic culture. Transactional style of leadership tends to reinforce values and beliefs from the top. On the other hand, bureaucracy reform or administrative reform is a top-down approach; therefore, it must be led directly by the top official: the President of Indonesia. To start a change, bureaucracy reform needs strong, visionary and transformational leadership to motivate people and create

synergy in national development (Farazmand, 2002). And he or she should have the capacity to lead anti-corruption movement and eliminate high cost economy phenomena in order to create efficient and reliable government. Leadership must demonstrate strong personal integrity and commitment. He or she must make difficult and dilemmatic decisions in order to overcome various political, economic and social problems. Transformational and charismatic leadership can play more important role in cultural change effort to create more conducive values and paradigm leading toward dynamic good governance (Wart and Dicke, 2008).

Secondly, the harmonization of existing policies, laws, rules and regulations. Almost all existing laws, rules and regulations are in disharmony to each other due to lack of coordination and synchronization among various public agencies in policy making as well as in implementation processes. For example, in agrarian sector there are nine laws and 285 rules and regulations that do not match to each other. Ideally, public policies must be in harmony each other in order to become effective leverage in national development initiatives (Osborne and Plastrik, 1998). Strong, visionary and transformational leadership are needed to lead the effort to bring change in legal system that will serve as the basis of bureaucracy reform. Indonesians must be free from the trap of vicious circle of protracted problems of corruption and inefficiency. Although Indonesia has some comparative advantages in natural and human resources, but in the long run, those alone are far from sufficient to survive in global competition. Thus, national development programs must be focused on the development of various industrial clusters that can compete in global economy (Fukuyama, 2004).

Thirdly, the application and protection of merit system including reward and punishment system in all government bureaucracies can prevent and reduce the chance to commit corruption among bureaucrats. Shafritz, et al. (1983) explicitly describes merit system principles clearly as follows; (1) Recruitment process that targets all segments of society, and selection and advancement on the basis of capacity, knowledge and skills, under fair and open competition; (2) Fair and equitable treatment in all personnel management matters, regardless political orientation, race, color, religion, and national origin, sex, marital status, age, or disabled condition, and with proper regard for individual privacy and constitutional rights; (3) Equal pay for work of equal values, considering both national and local rates paid by public employers, with incentives and recognition for excellent performance; (4) High standards of integrity conduct and concern for public interest; (5) Efficient and effective use of the (government)



**Figure 1. The Frame Work Of Dynamic Good Government**

Source : Adapted from Neo and Chen (2007)

work force; (6) Retention of employees who perform well, correcting the performance of those whose work is inadequate, and separation of those who cannot or will not meet the required standards; (7) Improve performance through effective education and training; (8) Protection of employees from arbitrary action, personal favoritism, or political coercion; (9) Protection of employees against reprisal for lawful disclosures of information.

Fourthly, anti corruption movement should include preventive as well as curative measures. Law enforcement only may not be sufficient to prevent corruption due to disharmony of existing laws, rules and regulations. The weak legal system is a part of the problem. Ideally, legal system reform should be undertaken prior to bureaucratic reform. We should consider that Indonesian legal system also adopts the principle of presumption of guilt in anti-corruption, money laundering and taxation domains, in order to reduce the chance for corruption to occur. Good governance enables government’s bureaucracy to perform quality and efficient public service delivery. The existing LAKIP (Performance Accountability Report of Government Institution) cannot be considered as objective measure as it is more a sort of self-evaluation prepared by the head of government institution, and there is a tendency to report only the good things and hide all deviations such as the practice of mark-up in government purchase/procurement. Citizens and public

in general should participate in controlling government’s bureaucracy because they are the major stakeholders, to whom government’s bureaucracy should be accountable for. Government’s bureaucracy must be strengthened not only by planning and implementation of its activities but also by evaluation of the results of their activities by external and professional evaluators.

The four strategies could create strong organizational capabilities of government’s bureaucracy that serve as leverage that enables people to get rid of vicious circle of corruption and backwardness, and to create clean government and agile process. Government’s bureaucracy should have dynamic capabilities and be able to participate in the process cycle of think ahead, think again, and think across. In order to stick relevant with people’s needs, national development programs should be dynamic, systemic and sustainable (Neo and Chen, 2007). The framework of dynamic good government can be described as figures 1.

Strong and visionary political leadership can play important role in improving government’s bureaucracy performance. Three other strategies discussed above can create conducive condition for bureaucratic reform especially in improving dynamic capacity in public service and citizens’ empowerment. Government’s bureaucracy will always be relevant with the changing needs of society if it always adapts to its surrounding environment in innovative ways.

## CONCLUSION

In rapidly changing world, there is no guarantee that the current Indonesia's economic growth will be sustainable in the future. The situation will be even worse if the current government's bureaucracy becomes part of the problem. This paper discusses about the current government's bureaucratic problems in Indonesia that are multi-dimensional in nature and have been for long a vicious circle. Government's bureaucracy reform efforts in Indonesia will never succeed if it is still carried out in linear mindset that does not address the root of the problem. This paper has elaborated how systemic and dynamic approach to good governance can create leverage to get rid of vicious circle in innovative ways.

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