

Occasional Paper 2/1998

**Commentary on the Draft Paper (11/97)
of the Indonesian Ministry
of Administrative Reform (MENPAN):**

**“Vision, Mission and Organisational Profile of
the Government Bureaucracy in the 21st
Century”**

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January 1998**

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1. Background

The above-mentioned paper¹ is a draft paper outlining the present thinking of the Ministry of Administrative Reform (MENPAN) on the future development of the organisations and institutional set-up of the government administration in Indonesia in the next 25 years. It was presented at a seminar of senior civil servants on 6 November 1997, and is still subject to further discussion and modification. It contains some concrete suggestions and proposals for the set-up of the government administration in the next two five-year periods. Since the inception of the Presidential Decrees (KEPPRES) Nos. 44 and 45 (1974), it is the first effort to conceptualise a possible comprehensive reform of the administrative structure of the government. To what extent the paper's ideas will be implemented in the present form, or will be modified during the ongoing discussion remains to be seen.

2. Summary of the main points

The changing framework conditions of government (like globalisation and free trade, global and regional economic competition, technology development especially in the field of communication, the development of a "borderless" world) require the anticipation and preparation of the government administration in the four fields of "institutions" (*kelembagaan*), "personnel" (*kepegawaian*), "procedures" (*ketatalaksanaan*) and "supervision" (*pengawasan*).

The vision (*visi*) of organisation is put in the context of the long-term development plan PJP II with its focus on improvement of human resource development and the achievement of welfare for the Indonesian people by developing the economy as the prime motor of development. Specifically for the administration, the requirements of a clean, accountable, service-oriented and professional administration (*aparatur negara yang bersih, bertanggung jawab, penuh pengabdian dan profesional*) remain valid. Service orientation is the key conceptual approach towards government administration (*aparatur yang mampu memberikan pelayanan prima atau pelayanan terbaik kepada masyarakat*).

The mission (*misi*) of organisation in the next 5-10 years is seen as supporting the emergence of self-reliance of the Indonesian people in the improvement of human resources and the welfare of the people, the priorities being the development of the economic sector (with interrelatedness between industry and agriculture) and of the human resources. The state administration is to be developed to support an effective and efficient implementation of government tasks by an professional, accountable and clean administration with high integrity, correctness, and justness. The improvement of the administration has to concentrate on the quality and efficiency of services, protection (*pengayoman*) of the society, professional capability and the welfare of the apparatus.

Strategic factors in this context are the social, economic and security conditions (*kondisi Ipoleksosbud hankam*), intensification of regional cooperation and regional competition, and the global free trade and development of a borderless world. A fourth factor are the principles of modern management like customer orientation, rational decision-making, networking and team work, a system-oriented organisation, decentralisation, privatisation, and openness.

The present conditions of the government organisation are described as based on a structural approach, with a focus on placing people without considering existing tasks and functions, an effort to maximise power and influence by establishing as many organisations

¹ Visi, Misi, dan Profil Organisasi Birokrasi Pemerintah pada Abad Ke-21 (Draft), Kantor Menteri Negara Pendayagunaan Aparatur Negara, Jakarta 1997 (mimeo).

as possible under one's jurisdiction, orientation at high Eselon levels in order to increase available resources and facilities, and an overlapping of responsibilities between government agencies.

By contrast, the new approach to the organisation of government agencies is build around the following main ideas:

- **Preference for a flat organisations** with only two or three hierarchical levels (*organisasi datar*)
- **Preference for a compressed structure** (*organisasi ramping*), meaning not too many vertical divisions within the organisation.² The review of the organisational structures of government agencies should be based on the assumption that government tasks lie basically in the field of regulation, facilitation, and guidance (*hal-hal yang bersifat pengaturan, fasilitasi, dinamisasi, bimbingan dan pembinaan*), while technical implementation of tasks and services can be carried out in cooperation with the private sector or be given completely to the private sector. Privatisation of tasks would set free administrative resources (like staff, funds, infrastructure).
- **Focus on the use of functional positions** (*jabatan fungsional*) as compared to structural positions
- **A pyramid-like structure of the government administration** with the base (dati II) broader than the middle part (dati I) and with only a small top level (central government)
- **Locally-specific organisations of the regional governments:** they should be designed according to the specific local conditions.

In more detail, the MENPAN paper suggests the following changes (based on the general assumption that the structure of an organisation should always be based on its tasks and functions):

a) *General suggestion:*

- The functional control units of the government agencies (Inspectorates-General of the departments, *Deputi Bidang Pengawasan*, the *Inspektorat Wilayah Propinsi* and the *Inspektorat Wilayah Kabupaten/Kotamadya*) will be dissolved, their control functions will be taken over by a special agency with departmental status which will be in charge of functional control both at the central and regional government level.
- The secretarial units (Secretariats-General in the departments, Deputies for Administrative Affairs in the non-departmental agencies, *Sekretariat Wilayah/Daerah*) should include holders of functional positions.
- Supporting units (*unit penunjang*) must only be established if they provide services to all technical units of the respective organisation, they should include functional positions.
- Training and research functions (*diklat dan litbang*) will be privatised.
- Each organisation should have a data and information management unit (*unit pengolahan data dan informasi*).

² For the central government, this could mean the possible merging of coordinating ministries, departments and non-departmental organisations; for the regional governments, it could mean the merger of *dinas* and other agencies, or the privatisation of organisations which are not regarded as essential.

- The *staf ahli* (special advisors) of the departments and non-departmental agencies (LPND) will have non-structural positions, and should be professionals. Their number should be limited according to the needs of the organisation.

b) Organisation of the departments:

- The organisation of the Directorates-General could be differentiated according to the three fields of economy/finance/ industry (*ekuin*), welfare (*kesejahteraan rakyat*) and politics and security (*polkam*), with the number of DGs in the economy/finance/ industry group larger than in the other two groups. The DGs should also have functional positions.
- The *Kantor Wilayah* (provincial offices of the national departments) can have a number of sub-units according to the number of DGs of the department, and according to the work load (*beban kerja*), they can also have functional positions. Local offices of the national ministries (*instansi vertikal*) at the dati II-level (*Kantor Departemen*) should be dissolved.

c) Organisation of Coordinating and State Ministries:

The secretarial unit should have the status of a *biro* only, the Assistant Ministers (*Asisten Menteri*) should also have functional staff.

d) Organisation of Non-departmental agencies (LPND):

A *Deputi Administrasi* should be formed selectively if necessary in accordance with the work load. The number of technical deputies in the LPND can differ according to the sectoral grouping as in the case of the departments (economy/finance/industry, welfare, politics and security), they should also have functional positions in their work units. Local offices of the LPND at provincial and local level will be dissolved.

e) Organisation of the provincial government (Pemda Tingkat I)

The number of bureaus in the *Secretariat Wilayah/Daerah* shall be determined in accordance with the workload, they should include functional positions. *Dinas* should be formed if there are basic or transferred responsibilities and in accordance with the capabilities of the regions, they can have sub-*dinas* and include functional positions. UPTD Dinas Tk I. should be dissolved. The institutional structure of the Pemda Tk.I should be smaller than the structure of the Pemda Tk. II.

f) Organisation of the local government (Pemda Tingkat II)

The number of units in the *Secretariat Wilayah/Daerah* shall be determined in accordance with the workload, they should include functional positions. *Dinas* should be formed if there are basic or transferred responsibilities and in accordance with the capabilities of the regions, they can have functional positions. The institutional structure of the Pemda Tk.II should be larger than the structure of the Pemda Tk. I.

As a pre-condition for the outlined structure of government organisation, the MENPAN paper mentions the political will to achieve the suggested changes. Each government institution shall be given the opportunity for an annual self-assessment and self-evaluation. The zero-growth policy for personnel will be maintained tightly. The assessment of the institutional set-up (*kelembagaan*) shall be accompanied by an assessment of the working procedures (*ketatalaksanaan*) by means of deregulation and de-bureaucratisation. Private-public partnerships should be improved.

3. Comments

1. In a number of areas the MENPAN paper confirms trends of the administrative reform policy of the past years, like the focus on strengthening professionalism in the public administration by emphasising the use of functional positions instead of structural positions. It also underlines the need for a stricter review which functions really have to be carried out by the government agencies (like regulation, facilitation, guidance), and which can be taken care off by non-governmental and private organisations. The paper also confirms the zero-growth policy of the government regarding personnel (which however not always seems to have been followed by the various institutions).

2. The proposal regarding the future organisation of government departments (flat organisation with a limited number of hierarchical levels) reflect the worldwide discussion on lean management. Combined with a concentration on core functions of the government (regulation, facilitation, guidance) the suggested approach would open the way for smaller departments with shorter decision-making processes. However, the paper does not yet address the issue of what will happen with the existing staff: A reduction of the hierarchical levels in the department from the current 4 levels (Eselon IV - Eselon I) to only three levels (Eselon III - Eselon I) would require a repositioning of the existing Eselon IV staff (which for instance in the Ministry of Agriculture account for around 75 percent of the Eselon-positions). A general reduction of the staff numbers of the departments is not mentioned in the MENPAN paper, and putting all other Eselon-staff in functional positions would neither help to reduce the total number of staff in the departments nor be in line with the idea of the functional positions. There is apparently no consideration yet whether the concentration on core government functions (with smaller number of staff) would go parallel with transferring other functions (and staff) to other government institutions (like UPT) which are under the supervision of the departments.

3. A very positive aspect of the paper is the emphasis on networking and teamwork. Both within and between government institutions there is a strong culture of compartmentalisation, where only the vested interests of the respective work unit or institutions are taken care off, while tasks and functions, policy and programme objectives are neglected. Breaking up this narrow perspective of staff and institutions, encouraging and enabling stronger networking and teamwork would have a very healthy impact on the work of government organisations. It should be combined, however, with an emphasis on transparency and openness of the networks.

4. While rightly pointing out some of the weaknesses of the present administrative structure (like the focus on structural positions, concentration of power, neglect of analysing tasks and functions of institutions), the paper leaves out some other weaknesses: lack of individual and institutional performance evaluation, lack of result orientation, lack of setting clear targets and objectives, and lack of transparency in decision-making and resource utilisation.

5. Another positive aspect of the paper is the acceptance that the institutional structure at the local government level has not to be identical in all regions but could be modified according to the local needs and conditions. Allowing the local governments greater discretion in determining their institutional set-up would be a real step in giving concrete decision-making power to the regions. The idea of a pyramid-form of administration (with the large basis of government administration at the local *dati* II-level) supports the decentralisation policy with the continuing transfer of functions to the local level, which result in more and more implementation functions being done at the lower levels of

administration. However, this requires a transfer of funds and resources as well: the present situation where functions are being transferred to the local governments, but funds kept by the central government ministries is not a very healthy one. However, the decision where to place staff (and resources) depends always on the functions of an organisation. In this context the suggestion that UPTD at the *dati I*-level should be abolished had to be reviewed in view of the functions of the *Pemda Tk.I*.

In this context the issue of personnel should be mentioned again. Presently, the majority of civil servants is officially employed by the central government, even if a huge percentage of them is seconded to the regional governments (as *PNS dikerjakan* or *PNS Dibantukan*) and in fact works at the *daerah* level. In order to increase the cost awareness at the regional level, and in line with the idea that a greater share of responsibility should be accompanied by a greater share of resources, the factual transfer of staff to the regional governments should be legalised by making all *PNS dikerjakan* and *PNS dibantukan* to *PNS daerah*, in other words to put them under the responsibility of the *daerah* government. At the same time the government should look into the option to make more use of civil servants with limited contracts.

6. The idea of an annual assessment of institutional set-ups and workings procedures needs more clarification: a substantial organisational review every year would clearly overburden the available resources of the existing ORTALA units. More realistic is an emphasis on a continuing review of various institutional aspects in the context of the normal operations of the ORTALA units, supported by a determined effort to strengthen analysis and consultancy skills of the ORTALA units.

7. The centralisation of control functions in one government agency has positive and negative aspects. While there is no doubt about the unsatisfactory impact of the existing functional control units, the external control units like BPK and BPKP have not shown much better performance. The system of internal control can only function in combination with more external control by the society and more transparency in the decision-making of the government institutions. Abolishing functional control units in the government institutions must not give the wrong signals to the staff that in future there will be less control and supervision than before. The paper does not mention whether the future control agency with departmental status will be the upgraded BPKP, or a new organisation. It also does not deal with the division of functions between the BPK and a new control agency.

8. The proposed abolition of the training (*diklat*) and research (*litbang*) units would constitute a major modification of the existing structure of government institutions. Again the paper is silent regarding the personnel impact of the proposed changes: are the staff of the units to be maintained in other functions in the administration? Or will there be a programme to reduce staff numbers (release staff to the private sector, early retirement etc.)? Privatisation of *diklat* and *litbang* would have an immediate effect for the functional positions of functional trainer (*widyaiswarah*) and researcher (*peneliti*) - what are the plans of the government for these functional positions? If there is a long-term perspective of privatising training, growth in both functional positions should be managed carefully in order to avoid a surplus of functional staff in these two fields once privatisation becomes effective.

Privatisation of training and research activities does not mean that there should not be a work unit in the department dealing with these issues. However, this unit should focus more on policy formulation and evaluation, and developing appropriate instruments to implement policies, than on the implementation itself. In other words a *litbang*-unit should be in charge of developing research objectives and of evaluating research policies, and might decide for instance about subsidising research activities in the private sector. This *litbang*-

unit, however, will probably not be of an Eselon I position. Regarding training, there is of course the need to have a functional unit to develop human resource development policies, conceptualise training programmes and evaluate the results of training. However, implementation could be done by private sector organisations and trainers. In order to concentrate the human resource functions within an organisation, these planning and evaluation function for HRM could be combined with the personnel administration functions of the present *Biro Kepegawaian* in one *Biro Sumber Daya Manusia*, this could also help to integrate training and institutional manpower planning.

9. The beginning of the new government cycle in 1998 opens the way to implement the proposed “compression” of the administrative structure and to merge departments and other government agencies. However, there should be no illusion that in the end the number and structure of departments and non-departmental government agencies has as much to do with politics as with considerations of administrative efficiency.

10. The paper suggests the abolition of regional offices (*instansi vertikal*) of the non-departmental agencies. While this might be in line with the decentralisation policy, a decision has to be made whether the functions of these *instansi vertikal* will be decentralised to the regional governments (and if yes, to which level), or whether there will be a re-centralisation of functions. LPND which would be affected from such a policy are for instance the Badan Pertahanan Nasional (BPN) or BULOG, both of which have offices in all 27 provinces.

11. The focus on the work load (*beban kerja*) as a starting point for designing the structure of an organisation requires that instruments and mechanisms are developed which help to translate this *beban kerja* into numbers of positions and units. The focus for such an assessment should be the ORTALA-units of each organisation, which will need much more expertise and skills in job analysis, organisational development, and management consultancy.

12. The centralisation of data and information management in one unit can be a positive instrument to strengthen the institution’s top management (which ideally would be able to obtain data and information from one source), while at the same time improving the accessibility of information by the society at large. Where exactly such a unit is to be placed (as separate staff unit under the top management or as part of another unit like the planning units) depends on the character and amount of the data and information to be managed, and who the main users are.

13. There remain a number of unsolved issues which require further clarification:

- In the cases of the coordinating and state ministries (*Menko* and *Meneg*), will there be another hierarchical level under the Assistant Minister or will these institutions have only one Eselon level?
- Will the number of special advisor (*staf ahli*) be determined by the respective organisation itself?
- Does the proposal that supporting units (*unit penunjang*) should only be established if they support all other units of the organisation mean that the DGs and Badan of the departments would not have their own secretariats any more?
- Will the *Pemda Tk.II* be allowed to have UPTD for carrying out their activities?