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Transformation, reform, better utilisation: the Indonesian public administration at the beginning of the second long-term development period (PJP II)

As the 20th century approaches its final years, the public administration system of Indonesia is confronted with a rapidly changing environment creating new demands and new challenges for the problem-solving capabilities of the system. Whether it is the era of globalisation with its "borderless economy" and the free flow of capital, goods, labour and information, whether it is the growing role of the private sector in stimulating economic development in Indonesia, whether it is the social change (like an emerging middle class) brought about by economic development, whether it is the political maturity of a society that has experienced nearly 30 years of stability under the "New Order"-government of President Suharto: the capability of the public administration system to identify and to solve problems in the best interests of social and economic development depends on its ability to adapt to these changes in its environment.

The need for change arises in a multitude of areas: it concerns the **role and the tasks** (*tugas dan fungsi*) of the administrative system, its **institutional set-up** (*kelembagaan*), its **processes and procedures** (*ketelaksanaan*) and its **human resources**.

The **role and the tasks** of the public administration will have to be re-defined in view of a greater role of the private sector to stimulate economic development. Instead of emphasising direct intervention of the government and the administration in all spheres of society, the public administration system has to focus more on the setting of policy directions, on formulating guidelines and on monitoring their implementation by others. The traditional self-image of the public administration, which saw the bureaucracy as the main promoter of economic and social development, has to be replaced by an approach that regards public administration as supporting and facilitating development efforts that originate from the society in general, and from the private sector in particular: "The task ahead is for improving the enabling and empowering capacity of the bureaucracy towards the

society." (Bintoro 1991:361) In a development process which is dominated by private sector initiatives the public administration has to create conducive conditions for private sector engagement (like a reliable legal framework, or the removal of unfair market conditions), to guarantee the observation of rules and regulations by all parties concerned, to monitor development efforts and to take the appropriate corrective measures if policy objectives are jeopardized (for instance policy objectives of regional development, protection of the environment, health and work safety). In this context the quality of laws and legal regulations in Indonesia has to be improved to reduce ambiguities and uncertainties.

A changing role and task of the administration invariably affects the **institutional set-up** of the system. Required is a thorough review of the functions of the government institutions ("mapping") and a clear distribution of tasks between them. Such a review should also scrutinise which administrative functions continue to be genuine public functions, and which functions could be handed over to the private sector. First steps in this direction have been done with more private sector involvement in the provision of electricity and road infrastructure.

Decentralisation becomes a central element in strengthening the **institutional set-up** of the administration. A political, and not just a functional approach to decentralisation could tap existing resources and know-how at the local level that will not be utilised under a centralised, top-down decision-making system. Giving genuine power for policy-making and policy-implementation to the autonomous regional governments will greatly enhance the capability of the administrative system to identify and solve problems, it will shorten the line of decision-making by bringing decision-makers closer to the problems "in the field". Relieving the central government level from implementing routine tasks would increase its resources for policy-development, for the formulation of policy objectives and for policy analysis. Appropriate mechanisms of monitoring and coordination can ensure that despite greater decentralisation and greater focus of administrative execution at the regional level a system-wide focus on the formulated policy objectives remains.

Steps to speed up decentralisation would include increasing local autonomy through additional sources of revenue, upgrading the local capabilities through better training and the placement of competent staff at the local level, and a phased approach to decentralisation whereby local governments with greater capability are progressively given more autonomy than others (World Bank 1994a). In the context of strengthening the human resources of regional governments, the integration of the staff of the *instansi vertikal* into the regional civil service, and the improvement of career and transfer opportunities for regional government civil servants (*PNS Daerah*) should be examined.

Apart from the institutional framework of the administration, its **processes and procedures** have to reflect the changing roles and functions of public administration. A self-image which is centered around the service functions of the administration for the society requires more participation of the society and its various segments in the decision-making process of the administration, greater transparency and openness, and a two-way communication: "The state apparatus as the state and public servant is increasingly called for to be more open and sensitive in reacting to the dynamism of public participation." (GOI 1993:25) "Customer"-orientation and public accountability have to be reflected in administrative processes and in the way public administration interacts with the society. Institutional decentralisation has to be accompanied by procedural decentralisation, by giving more decision-making authority to the lower levels in the administrative hierarchy based on clear guidelines and policy-directions from the top. Giving the private sector a greater role in the development process necessitates the deregulation of control and licensing requirements (which in turn might effect the institutional set-up of the administration) and the concentration of the administration on policy-making and monitoring.

The internal working and management processes of the public administration have to be brought in line with the changing environment of the administrative system. Delegation of authority, concentration on targets and objectives rather than on procedures and attitudes have to be accompanied by the better use of modern information and data processing technology, and by the implementation of modern management techniques. In order to increase flexibility and efficiency of government institutions, the *swadana*-concept⁽¹⁾ should be implemented fully to make public agencies self-sufficient and self-financing. While *swadana*-units could be free in the way they operate, the setting of targets and objectives by the authorities would ensure that political control is maintained.

The role of the public administration has to be less paternalistic, more as an *abdi masyarakat* than as a *dalang*⁽²⁾ who tries to have everything under control. Public administration has to become more open, more customer- and service oriented. In this connection the public administration has to accept and encourage greater external control from the society: political control by the parliaments at the central and regional levels, by the administrative law (PTUN), or by non-legal means like the P.O. Box 5000⁽³⁾ and control through the mass media.

The **human resources** of the public administration are the central point of intervention in the process of reforming and improving the administrative system. Their attitudes, skills and mental orientation constitute basic factors that determine the capabilities of the administration. The expansion of the functional positions in the civil service is an important step towards more professionalism. Beside a continu-

ing emphasis on the recruitment of better qualified candidates for the civil service, in-service training programmes have to be linked to career and personnel planning (Bintoro 1991: 321). Training must be better linked to the work tasks of the participants. The comprehensive introduction of job descriptions in all administrative institutions would facilitate matching individual qualifications and job requirements, and at the same time would help to define the overall size of an institution's work force. Together with the general review of the administration's tasks and functions a review of the overall size of the civil service, its composition and of the qualification of staff is required. Greater use of flexible personnel instruments (like the status as *PNS tidak tetap*) would help to adapt size and composition of the civil service more easily to changing demands and necessities. A *conditio sine qua non* for the improvement of the effectiveness and efficiency of the civil service, however, is a comprehensive review of the income situation of the civil servants. Without ensuring remuneration that would cover the basic cost of living, any attempts to increase dedication, honesty and service orientation of the public service personnel, and to improve the overall efficiency and productivity of the system will fail because of the civil servants' need to look for other sources of income.

The trends and issues described above are both medium and long-term issues that the government has to address in the framework of administrative reforms. As economic reform, economic development and social change continue, the government has also to look into the improvement and adjustment of its own administrative apparatus. Since administrative reform is not just a neutral process of rationalizing and improving procedures and structures but is in itself a political process involving issues of politics, of power, of the distribution of resources and of access to resources, the success of the government in addressing these issues will depend on its political will and on the existing political constellations. The policy direction, however, has already been formulated in the 1993 Guidelines on State Policy (GBHN) which await their full implementation.

Notes

1. Under the *swadana*-concept as regulated in the Presidential Decision KEPPRES No. 38 (1991) certain government institutions (like schools and hospitals) can operate commercially. Profits do not have to be transferred to the budget but can be kept and used by the respective institution.
2. Lit. traditional puppeteer, but also "mastermind", "the power behind the scene".
3. Since 1989 the public can use the P.O. Box 5000 - address of the Vice President to file all kinds of complaints against the administration or against individual officials.