

# **Indonesia's Bureaucracy: From Reform to Transformation**

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# History of Indonesia's Bureaucracy

The civil service is the backbone of the state that support the entire system of government

- During 35 years of New Order Era, the civil service had been a stable working system and organisation, serving the nation
- However, they have been perceived as inefficient, slow, corruptive, unable to perform the expected level of services and cannot keep up with the development and the growth of the economy

# History of Indonesia's Bureaucracy

## Bureaucracy in The Reformation Era

- The Reformation Era which started in 1998 had made it possible for the Indonesian Government to reformed its bureaucracy and public services systems.
- Institutional reform were initiated through the introduction of new state finance and auditing systems and establishment of Ombudsman of Republic Indonesia and the Corruption Eradication Commission.

## Background for Reform

High cost – low performance bureaucracy

- In 2014 national government expenditures for civil servant administration has reached almost 25% of total national budget and 65% of provincial budget, which left only 35 % for public services and capital expenditures in the provinces.

# Background for Reform

## Complexity Architecture

- Large and complex Public Administration Architecture, consisted of total of 217 government agencies, both at national as well as provincial level and total of around 5 million civil servants. (31 ministries, 98 statutory agencies, 34 provinces, 516 regencies).

## Background for Reform

High Public Expectations and continue to increase

- Improve public services, especially basic public services such as health, education and transportation.
- Improve transparency in managing public sector's funds and resources as there is a very volatile possibility of misuse, fraud, and corruption in using public resources.

# **Bureaucracy's most important stakeholders have changed rapidly**

## **Pre-2000**

**Man  
Centralized  
Money  
Authority  
Local  
Static**

## **Post-2000**

**Women  
Interconnected  
Information  
Empowerment  
International  
Dynamics**

# Roadmap for Bureaucracy Reform

**WORLD CLASS PUBLIC SERVICE**



**3rd Five Year Plan  
(2020–2024)**

**2nd Five Year plan  
(2015–2019)**

**1st Five Year Plan  
(2010–2014)**

**Dynamic  
Public Service**

**High  
performance  
public service**

**Regulatory driven  
public service**

# Reform Agendas

1. Decentralization as an enabler for local improvement in Civil Service.

Decentralization system has generated various improvement of local government performance to support the growth of Indonesia's macro economy as it allows the heads of the local government to lead their region with own innovation breakthroughs public service.

## Reform Agendas

2. Law No 5/2014 on ASN (National Civil Apparatus) was passed by the Parliament. The law establishes:
  - Indonesian Civil Service as a politically neutral profession and consists of employees with the status of Civil Servants (PNS) and Contracted Employees (PPKK).
  - The positions of the Civil Servants are Higher Leadership, Functional and General Administrative Services.
  - Heads and employees of government agencies must observe ASN Code of Ethics and Code of Conducts.
  - Merit principles be applied in HRM practices within ASN.

# Reform Agendas

## 3. Reform Leaders Academy – *new culture*

### From Public Sector Leader that is ...

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- Indecisive, leading to stagnation and slow progress
- 'Wrong way' – with hidden intention
- 'Goes with the wind' – easily changing mind and opinion
- Problem-oriented
- Stressed by complexity
- Bound by system

### To Public Sector Leader that is ...

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- Confident and proactive
- Open, honest, and clean
- Visionary – set direction and inspire others to stay the course
- Solution-oriented
- Able to leverage complexity
- Create system to unleash potential

# Bureaucracy Transformation

Build departments

Create regulations

Make procedures



**OUTSOURCED JOB**

**Build communities**

**Create cultures**

**Make innovations**



**LEADERS' JOB**

# Transformation Moving Forward

Key factor for a successful bureaucracy transformation in Indonesia

Government should be the **Vision Setter** and able to show :

- Readiness to change its institutions and governance systems
- Persistence and strong commitment towards change
- Role Modelling

## Conclusions

- Public administration is the catalyst of the nation's economic and political development
- The quality of the public policy as the output of bureaucracy reflect the capacity of the bureaucracy processes and its personnel (civil servants)
- The strategy of change management to reform the public administration should be directed to transform the bureaucracy through capacity building and empowerment to improve the quality of the public policy produced

## Recommendations

Transformation of Bureaucracy should be aimed at changing the behaviour of the civil servant so that the public policies produced are not just regulate, supervise, control and evaluate, but they should also be able to be an enabler, collaborative and influencer.

**Closing...**

**Don't create regulations. Create Cultures.**

*“When you have disciplined people, you don't need **hierarchy**.”*

*When you have disciplined thought, you don't need **bureaucracy**.”*

*When you have disciplined action, you don't need **excessive controls**.”*

Taken from “Good to Great: Why Some Companies Make the Leap and Others Don't”

***Thank you...***

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