

**Overcoming Good Governance:  
Towards Localized and Contextual Public Administration  
in Indonesia**

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**Abstract.** Public administration in Indonesia is marked by the hegemony of good governance discourse. This discourse is theoretically backed up by New Public Management (NPM). Those two views share the same belief that market and private sector should be the cornerstone of administrative practices. Initially, good governance was promoted worldwide by the international donors as a mean to reform the institutional and governance capacity of state agents, and in Indonesia, its implementation has started since the 1990s through various development schemes and projects. Nowadays, it is still becoming the priority program of government under the title of administrative reform and national competitive advantages. The problem is that good governance fails to achieve its promises since the beginning of its introduction: the disparity is widening and the equality between main actors is far from reality. This should appeal to the awareness by public administration scholars and practitioners that the new approach and paradigm is needed. The effort of building Indonesia public administration must also consider the caution that local context and historical root play a vital role in influencing theory construction.

**Keywords:** Good governance; New public management; Hegemony, crisis; Indonesian public administration.

### **Introduction**

A science will develop in a healthy way if paradigms and theories circulate dynamically in a climate of dialogic and productive dialectic. The described phenomena or problem-solving inquiries did not obtain a single answer because they are influenced by the specificity of the problem so that no single approach can apply to all. The science of public administration in Indonesia is of no exception.

Unfortunately, currently there is a strong tendency that a particular discourse or theory is so strong and undeniable that it gains a hegemonic status. Good governance's propositions and premises are believed by almost all public administration academics and practitioners. It is also believed as a panacea for various problems and used as an effective solution to existing problems. It has been applied in various key programs by Indonesian government, ranging from administrative reform to rural development.

Unfortunately, after has been promoted and conducted in a long time, good governance has never proved its promises in reality. Moreover, what happens is that things

get worse in some ways. This tendency is by no means unique in the region, since fellow Southeast Asian countries have experienced the same pattern (Haque, 2003). Therefore, it is important for scholars and practitioners of public administration to criticize good governance as a paradigm. The search for new paradigms, theories, or approaches that are more in line with the reality of Indonesia are expected to provide a more appropriate solution, rather than blindly adopting Western theoretical recipes emerging from donor agencies.

This paper elaborates not only what is good governance and its relation to new public management that serves as its academic background, but also how good governance evolves into the dominant paradigm of public administration in Indonesia, along with evidence that demonstrates the failure of its application. The paper devise the importance of building public administration theory in Indonesia which is more critical to the dominant discourse as well as more attuned to the local Indonesian context.

### **Good governance and relation to new public management**

In the 1980s, in response to the economic crisis due to the drop of oil prices, emerged a new perspective on how the government and bureaucracy should be managed. The bureaucracy of the day was no longer seen as a solution but as the root of the problem. Therefore, at that time, international donor agencies such as the World Bank and the International Monetary Fund (IMF) developed a Structural Adjustment Program (SAP) which aims to ensure fiscal and monetary discipline, among others are spending savings, devaluation, free trade, market-oriented policies and privatization, as well as incentives for private investment and savings (Nanda, 2006). In the long run, it includes restructuring the role of the state to increase the role of market forces. This phase marks the triumph of a neoliberal outlook that desires the minimal role of the state as well as the victory of the market and private sector actors (Nozick, 1980: 26). Market is assumed to be superior in planning and controlling the allocation of resources, including the project of development (Abrahamsen, 2000).

Along with the wave of democratization, in 1989 the term governance was introduced as a concept in a World Bank report on the development conditions of Sub-Saharan African countries. It is used to describe the need for institutional reform and a better and more efficient public sector (Maldonado, 2010). This also marks a change in the way the World Bank and other communities view development. Good governance with its principles such as transparency and accountability is believed to eradicate corruption, nepotism, bureaucratization, mismanagement, and ultimately to alleviate poverty (Doornbos, 1995). By this shift the notion of government is replaced by governance.

Good Governance is closely related to a theory in public administration known as New Public Management (NPM). In fact, the basis of good governance as a worldview is the NPM itself. Those two terms are even used interchangeably (Hood, 1991). The goal of NPM implementation is to achieve transparent, qualified, and low-cost governance. The

emergence of the NPM theory is associated with increasing popular and intellectual disenchantment with the growth and role of government and increasing taxation and consequently, pressures to curb the expansion of government and shift towards privatization (Larbi, 2003). Public services monopolized by the government are considered unaccountable and not performing optimally. Thus, they are demanded to be more market oriented with an emphasis on service efficiency. The logical consequences of this are the government's budget restrictions on social services and profit-oriented character in public service delivery. The government is required to provide incentives for the private sector or to delegate public services to it (privatization). As a result, the role of the government as a social protector for its citizens is shrunk.

### **Hegemony of good governance paradigm in indonesia**

In Indonesia, the implementation of good governance idea began in the 1990s by international donors, especially the World Bank and IMF, through poverty reduction programs such as Presidential Instruction on Disadvantaged Villages, Development Project of Disadvantaged Villages, Kecamatan Development Program, and National Program for Community Empowerment/Program Nasional Pemberdayaan Masyarakat Mandiri (PNPM Mandiri). Since then good governance has established its hegemony in government circle and policy makers in Indonesia (Hadiz, 2005; Augusta, 2017).

The climax occurred in the post-New Order regime era when the nation experienced a transition from authoritarian rule and economic crisis. The choice to make the market as a main preference appears to be unavoidable since it was required by the donors who supported Indonesia in overcoming the economic crisis hitting Indonesia in 1997-1998. In the donors' view, the fall of Indonesia into the crisis is caused by an improper policy choice. Failure to maintain political stability in the time of crisis propelled the enormous capital flight. Thus, the solution is (re)establishing an effective institutional capacity in facilitating market and ensuring political order (Hadiz, 2005). Hence, post-Suharto government regimes received much influence from international organizations such as the World Bank and USAID, which pushed programs such as good governance, administrative decentralization, and community empowerment. The goal is that the country which at that time was predicted to experience the balkanization would soon rise from the crisis through policies that are friendly to the market. Correspondingly, societal movements from middle class activists invigorate the pressure towards the state to adopt good governance through the lens of economic condition repairment (Thompson, 2004).

As an embodiment of good governance spirit, the administrative reform agenda was set up. In the policy context, it became the main agenda of national development in 2010-2014, legalized by Law no. 17 of 2007 on National Long Term Development Plan and Presidential Regulation no. 5 of 2010 on National Medium Term Development Plan. These policies are derived into Presidential Regulation no. 81 of 2010 on the Grand Design of Administrative Reform 2010-2012, Minister of State Apparatus Empowerment and

Administrative Reform Regulation no. 20 of 2010 on the Road Map of Administrative Reform 2010-2014, and a number of other complementary policies.

The heightening of market's role indicates the government's interest to facilitate the private sector through creating a conducive climate for investment. In 2016, the President through the Minister of Home Affairs announced the deregulation of Local Regulation (Perda) which was considered to restrain the nation's competitiveness. Deregulation is just a part of economic package policies issued by the government to establish a friendly investment climate. During 2015-2017, the government published 15 packages of economic policies covering policy and regulatory reforms to boost Indonesia's economy.

Likewise at the local level, good governance practices which indulge the private sector are embodied through several policies (Eko, 2013). For instance, One Stop Services (OSS) policy through the establishment of licensing offices. As a derivative of Law no. 23 of 2014 on Local Government, Government Regulation no. 18 of 2016 on Local Government Agencies is enacted. This regulation mandates that the affairs of investment and licensing must be contained in a type A agency and should not be combined with other affairs. Therefore, almost all local governments then establish an Investment and OSS Agency. The local governments compete with each other to open themselves to investors through a policy of deregulation or simplification of business permit.

Another example is PNPM Mandiri, a poverty reduction project which adopts community driven development (CDD) scheme developed by the World Bank. This project was implemented by providing development funds directly to the community without going through the hierarchical path of government bureaucracy. Although the implementation was done at the community level in the village or district (kelurahan) level, PNPM worked outside the village system and did not involve the local government at all. The development project was planned and implemented by the community, accompanied by facilitators and consultants managed by the private sector (Eko, 2013).

Furthermore, the good governance adoption can be found in Law no. 6 Year 2014 on Village (Village Law). This Law is considered quite an organic regulation based on the existing village practices that have been rooted in Indonesia. In practice, however, the administration of village governance becomes technocratic, which can be seen through the strict regulation on village fund management that accompanies the granting of village authority. What is more, this regulation still cannot escape from the language of good governance since the principles of good governance are explicitly stated in its article.

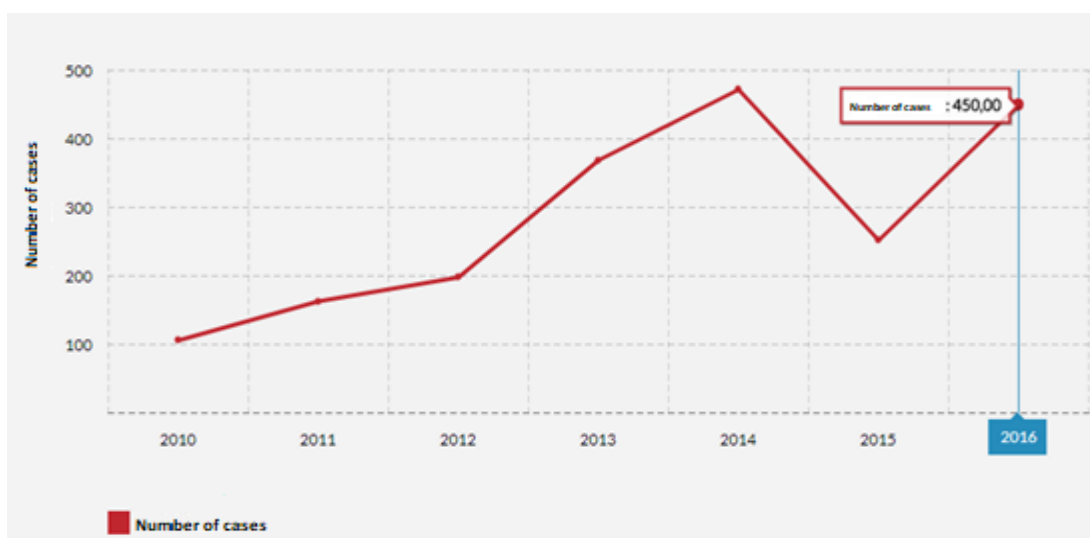
### **The Impacts of Good Governance Implementation**

All of those programs and regulations confirm that good governance as a pro-market reform model becomes a very popular concept and becomes the mainstream model of administrative reform, both at the national and local level. Almost all local governments cannot avoid the pro-market reform model wrapped in the concept of good governance because it is ordered by national government, so that all local governments must implement it (Eko, 2013). Its supporters believe that transparency, participation, accountability, and

commitment to the market are the main values of good governance that will make the state becomes more democratic and prosperous.

In a review about reform efforts undertaken by the local government after the New Order era, Eko (2013) argues that the concept of good governance carried by the World Bank and other international donors agencies is hollowing out the state. Good governance reduces the role of the state in public service and economic development, whereas it enhances the market role through privatization, deregulation, and public-private partnership. Furthermore, it appears that all those programs cannot accomplish the expected results. This is shown by empirical data that reflect the chaotic conditions in Indonesia after good governance has plugged its hegemony over the years.

The Land Reform Consortium/Konsorsium Pembaruan Agraria (KPA), for example, notes that every year during 2010-2016 the number of agrarian conflicts in different parts of Indonesia had shown an increase (KPA, 2016) (see Graph 1). Between 2010-2014, the number of agrarian conflicts had dramatically increased up to four times, from 106 conflicts in 2010 to 472 conflicts in 2014. In 2015, it had dropped to 252 conflicts, then rose drastically in 2016 as many as 450 conflicts. While in the year 2017, the number became progressively greater, for it reached 659 agrarian conflicts. The conflicts involved at least 652,738 heads of households. Most of the agrarian conflicts occurred in the plantation sector as many as 208 conflicts (32%), followed by 199 property conflicts (30%), and 94 infrastructure conflicts (14%). Still according to KPA report, the main cause of the rampant agrarian conflict was the regulations that view land and natural resources must be managed by large-scale investors, both national and foreign investors. Other causes included corruption and collusion in the granting of land and natural resource concessions and the wrong government's mindset, especially by the police and the local government when facing the agrarian conflicts in the field.



**Graph 1.** Number of Agrarian Conflicts in Indonesia in 2010-2016

Source: KPA, 2016

Additionally, in the last few decades there has also been a massive land conversion in the agriculture and forestry sectors. First, in the agriculture sector, the Corruption Eradication Commission (2016) found that each year an average of 60,000 hectares of paddy fields in different regions was converted to other function. The amount of land was equivalent to 300,000 tons of rice. This was a very contradictory finding with the government agenda to realize food self-sufficiency, including rice. Furthermore, the results of this study found the role of local governments in facilitating the conversion of agricultural land to the interests of developers in the property sector.

Secondly, in the forestry sector, the Ministry of Environment recorded at least 5.3 million hectares of forest had been converted into oil palm plantations over the last three decades (1987-2016) (Walhi, 2017). This number was likely to increase because until 2016 the total area of oil palm plantations reached 11.7 million hectares. Of the total area of oil palm plantations, large private-owned companies hold 6.15 million hectares, smallholder plantations hold 4.76 million hectares, and state-owned companies only possessed 0.75 million hectares. Meanwhile, according to data from Sawit Watch, the area of oil palm plantation until 2016 was 16.18 million hectares with plans to expand palm oil plantation until 2012 reaches 28.9 million hectares (Sawit Watch, 2016). Even during the policy of moratorium on primary natural forest and peatland between 2009-2014, there was a release of forest area with total area of 7.8 million hectares. The conversion of forest land was carried out in various ways, including spatial revisions, partial removal of forest areas for oil palm plantations, releasement of forest areas for infrastructure development, licensing of new industrial plantations, and borrowing forested areas for mining. The shrinking of forest land is certainly the most real and direct threat to Indonesia's remaining forests. In addition, forest conversion also generates significant emissions of greenhouse gases, especially when it occurs in peatlands, and poses a threat to biodiversity as forests are habitat for various types of animals and plants.

**Table 1.** The Extent of Forest Areas Removal During 2009-2014 (in hectares)

<b>Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
<b>Total</b>	59.503	23.604	159.300	1.890.571	2.439.273	3.277.257	7.849.508

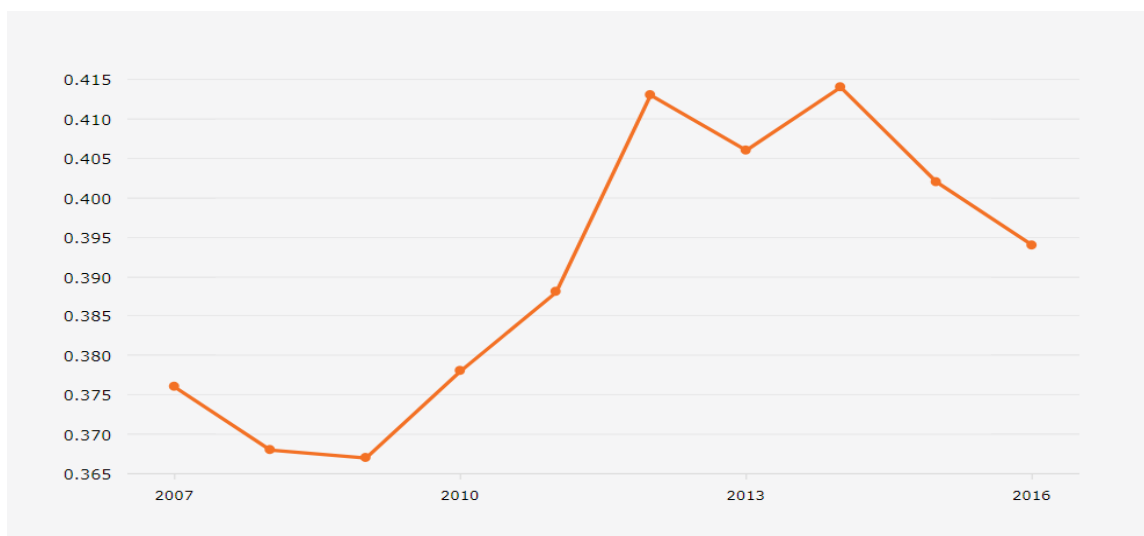
Source: Walhi, 2016

The vast agrarian conflicts and massive environmental damages as evidenced above shows that the prioritization of private sector through good governance heading does not lead to the betterment of public well being and environmental preservation. Corporations play as a key actor who create agrarian conflicts since the licences given to them are often given by grabbing people's land and livelihood.

Similarly, the impact of the good governance implementation also shows quite paradoxical results in the economic field. Although the macro-economic level shows a



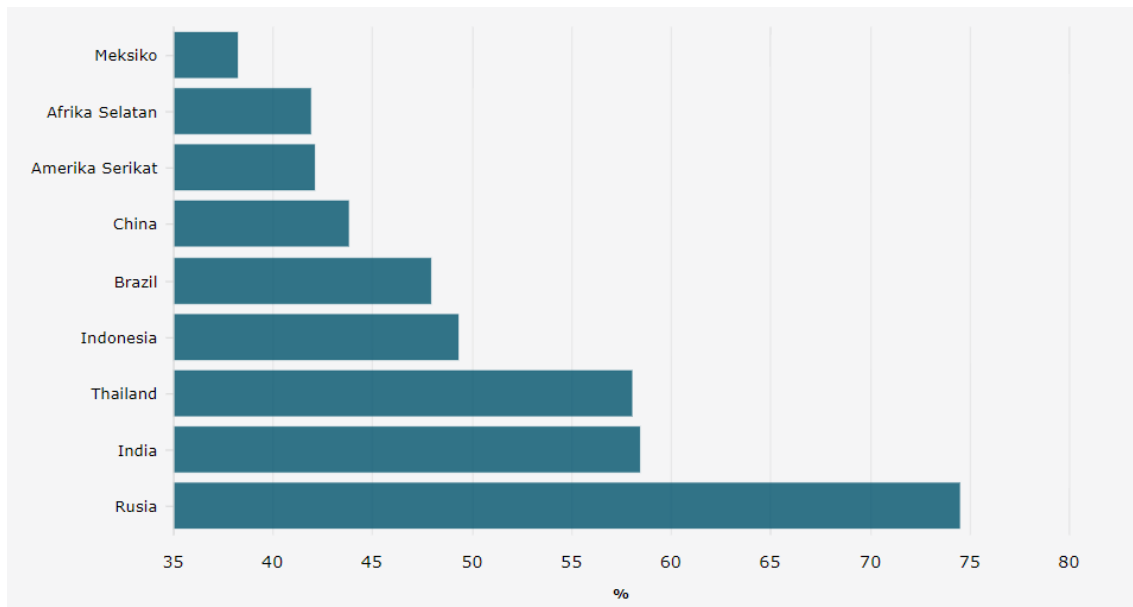
relatively constant economic growth rate, which is above 5% average, but the distribution is not spread evenly. This is a critical point considering the fact that the inequality of income getting pump up extremely for more than a decade. Since 2009-2012, Indonesia's gini ratio had continued to climb from 0.36 in 2009 to 0.41 in 2012. For the last three years it had declined but in a very slow pace as the rate of decline was very small. Gini ratio per March 2017 was 0.393, relatively stagnant compared to the gini ratio in September 2016 which reached 0.394 or only decreased by 0.001 points.



**Graph 2. Gini Ratio 2006-2016**

Source: BPS, 2018

Meanwhile, based on a study by Credit Suisse on the wealth imbalance in various countries, Indonesia is included in the top 9 countries with the most uneven wealth in the world. Only one percent of the richest people in Indonesia controls 49.3% of national wealth.



**Graph 3.** The Percentage Comparison between the wealth of the 1% of richest Indonesian and national wealth

Source: Katadata, 2017

In contrast, the decline in poverty in Indonesia tends to run very slow. National Statistic Board/Badan Pusat Statistik (BPS) data shows that for almost three periods of government between 2004-2017, the number of poor people decreased from 36.15 million people (16.66%) in 2004 to 26.58 million people (10.12% ) in 2017, only 6.54% for 13 years (see Table 3).

**Table 2.** The Number of Poor People in Indonesia, 2004-2017

Year	2004	2009	2014	2017
<b>The number of poor people (in million)</b>	36,15	32,53	28,28	26,58
<b>Percentage</b>	16,66	14,15	11,25	10,12

Source: BPS, 2017

The persistent economic inequality and slow poverty reduction in the swift flow of investment into Indonesia indicate a serious problem in the economic and policy system in this country that must be resolved soon. Moreover, the facts above also indicate that the promises of good governance, which have so far been insisted on by international donors and echoed by the national government, on the development benefits, effective public services, and welfare leaves some questions: who is the most benefited from public service reforms such as good governance (simplification of business permit process, OSS, etc.)? What kind of welfare and for whom exactly is good governance promises?



### **Towards a new search**

The hegemony of good governance paradigm in the discourse and practice of public administration in Indonesia shows that there is something problematic in the practice of public administration scholarship in this country. When a paradigm clearly shows that it fails to fulfill its promises, even reveals a contrary outcome to what is expected, it is a high time to evaluate and criticize the paradigm. The main problem is that today good governance, which is actually a dynamic and evolving discourse, is being used dominantly as a tool to perpetuate the interests of the private actor. Many logical fallacies nested in the discourse of good governance, not only in the lack of coherence within the theory (such as in the conflicting principles between participation and efficiency), but also in how the good governance is translated. The principle of partnership, for instance, is not viewed as an equal relationship between state, private, and community, but in the division of roles that run in the following causal flow: the state facilitates the private sector to grow their businesses so that the community could enjoy the benefit through the opening of employment. In this regard, partnership is used as a rhetorical and instrumental tool to exert power relations (Crawford, 2003).

How do we get out of the trap of good governance, or in other words, how do we escape the entanglement of the dominance of a good governance paradigm? The first thing to do is to realize that there is a crisis in Indonesian public administration. The crisis arises from the acceptance of the dominant paradigm in an uncritical and even semi-dogmatic fashion. Currently, the paradigm appears in the form of good governance discourse. The most dangerous thing about the dominance of this discourse in the context of public administration is not the theoretical flaws or the weakness of the norms it contained, but from its instrumentalization as theoretical legitimacy to brutally promote the interests of one party while at the same time marginalize the public interest and fail to fulfill its promises as well. In other words, the practical effects and ethical consequences of a good governance application are the main considerations in the attempt of paradigm reversal.

In this case, public administration scholars in Indonesia need to pay attention to Ventriss' stance that public administration needs to be both critical and confrontive to political and economic realities by examining ideological assumptions behind every discourse, mainly the dominant one (Ventriss, 1998). Nowadays around the world, including in Indonesia, the most dominant ideology is market ideology. Public administration fails to criticize market ideology that infiltrates in many theories, including good governance. Therefore, public administration is becoming increasingly distant from any genuine sense of politics and obscure the changing role of the state.

With the dominance of market ideology entrenched in the mind set of policymakers, administrators, and even the public itself, the challenges faced by public administration today are not administrative nor managerial in nature, but political. The public

administration needs to return to its essence as something related to the exercise of power that affects the lives of ordinary people; it is actually a political philosophy (Stivers, 2000).

The need to overcome the inequality problem go far beyond the need to accommodate investors. Thus, public administration needs to state their allegiance to the public as the party who suffered the most from inequality when their voices and aspirations are negated. As a consequence of such a one-sided position, public administration must abandon its long-time tendency to preoccupy with the search for scientific truth. The search for objective and impartial scientific truth as a tool for administrators to guard themselves from political interferences becomes counterproductive now. The situation of crisis allows public administration to be on a certain position. The position of political, critical, and aligned scholar is indeed marginal in the public administration circle. Stivers calls these scholars the conscious pariah (Stivers, 2000).

The refusal of dominant paradigm in public administration is also closely linked to the issue of history and context. Historically, public administration was introduced in Indonesia as a science imported from the United States in the 1950s. The introduction of public administration was concerned with the attempt to establish what is called the managerial state and administrative state. Training and development of public administration in Indonesia was a part of an international aid scheme promoted by the United States for developing countries. The purpose behind it was to produce professional, white-collar administrative experts for the government offices who able to implement the efficiency principle which determined the success of development efforts (Fakih, 2014).

From the historical point of view, it appears that the emergence of public administration in Indonesia has been emerged from foreign assistance as a part of social engineering. The dependency on foreign countries has started from the beginning, so it is natural that public administration scholars in Indonesia have the difficulties in developing distinctive paradigms or theory rooted in the Indonesian context. However, the opportunity is not absent at all. The notion of 'sound governance' as proposed by Farazmand (2004, 2017) or 'good enough governance' as formulated by Grindle (2004, 2007) show that alternative line of thought is a bright possibility. It can be done through tireless efforts to consider local context and distinct condition as the ingredients of aspired alternative theory.

The excavation of a distinctive Indonesian contexts accompanied by the awareness on the failure of the dominant paradigm in overcoming the problems will lead to the effort on developing Indonesian public administration expected to contribute to the corpus of public administration science. However, the attempts to build the Indonesian public administration will be made without completely rejected the outside theory in general or the West in particular. A robust theory does not depart from a priori rejection and a demonization of science coming from a particular source, but from a critical and continuous dialogue between existing theory, wherever it may come, and the local contexts.

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