Perspective of New Public Management and Governance toward Local Governments Accountability in Indonesia

Andy Fefta Wijaya
Public Administration Science
Universitas Brawijaya
Malang, Indonesia
andyfeftawijaya@yahoo.com.au

Abstract—This research review local governments accountability from the perspective of new public management (NPM) and governance. NPM risks to leave the function of public services for the poor and marginalized, therefore, a governance perspective improves weaknesses of the NPM movement. The New Public Management paradigm without accountability will risk it to leave the public interest. Accountability as a basic pillar of the Good Governance paradigm will overcome weaknesses that found in the previous paradigm. The main component to succeed the public accountability is the existence of an information transparency system. This transparency information is the basic capital that can be used to assess the performance of the public sector and to evaluate the accountability of public sector executors toward all their decisions and actions in which to which extent of the results/outcomes and impacts that are beneficial to the public.

Keywords—NPM; governance; accountability

I. INTRODUCTION

The local government accountability has gotten its place with the existence of Act No. 32 of 2004 concerning regional autonomy. The strategy to optimize the accountability of local governments should be in line with the target to make public services efficient and effective as part of the current local democracy to bring justice in government. Even though there are still problems in its realization, especially the huge political intervention into the administrative system that caused problems toward local government's professionalism. According to this regulation, accountability is one of the three dimensions of development that must be owned by local governments in the implementation of regional government affairs. Accountability is an approach in the division of government affairs with the consideration that the level of government that handle a part of affairs is the level of government that is directly or closer to the impact of the matters. Whereas the other two development dimensions are an externality, an approach in the division of government affairs by considering the impact or consequences of the organization of the affairs, and efficiency, an approach in the division of government affairs with consideration of the availability of resources to obtain accuracy, certainty and speed in administering government affairs.

Based on Government Regulation No. 38 on 2007 concerning Division of Intergovernmental Affairs between the Government, it was explained that the implementation of regional government affairs must reflect the values of accountability for the regional government. These values of accountability are sought to create efficiency, innovation and locality. Local government is required to seek public policy with an orientation to advance public services and public interests in accordance with regional needs.

The administrative science in the 21st century cannot be separated from the development of two very prominent perspectives, they are New Public Management (NPM) and Governance. These perspectives give new sight to the perspective of the Weberian bureaucracy that has survived long enough in the central and local governments. Various changes and social demand, economic, political and public environmental that developed and varied give pressure to reform public administration effort through the new public management and governance movement. This NPM and Governance movement requires greater accountability for local governments.

The governance perspective is not something new, it has undergone a long process of reviewing and sharpening. The initial problem was that the commitment toward the conception of governance which was not yet 'wungkul' (intact) among researchers. If we read some literature in the 1990s, the interpretation of governance is varied. Some scientists even equate the perspective of the new public management and governance, even though they have quite significant differences. For example, Frederickson in his book "The Spirit of Public Administration" written in 1997 still equates the perspective of the new public management and governance (see pages 78 - 83). The scientist mentioned:

'The single most interesting facet of the osborne and gaebler perspective is its essential similarity to the governance perspective that is now broadly influential in the "new public management" described and advocated by many leading public administration scholars' (p. 83).

The overlapping concept of governance and NPM is understandable since around 1990 the NPM movement was more prominent and discussed more often by administrative scholars. While the discussion of governance conceptions is often raised in order to explain the NPM.

II. LITERATURE REVIEW

The first difference that stated is NPM as an effort to inject corporate values in the public sector. Even though the application of the business management sector to the public sector does not necessarily heed the 'public' meaning such as the need for equitable and fair public services. In a governance perspective, the public sector is unique and an integral part of the principles of democracy. Public needs (not 'public desire' like most in the spirit of NPM services) and the public sector environment is different from business, not all things can be competed and only a few can be contested.

Second, governance-related with efforts to understand the process of public policy creation, implementation and management. Whereas the NPM is more focused on outcomes, which is more on the question about how much results are obtained than how the policy is managed. Third, philosophy of NPM derived from organizational theory and public choice theory, while governance is more about political theory to explain why the government does what they do and how what they do can be done better. Fourth, NPM tried to chang public management into business management, while governance wants to maintain public service provision under government control, even though those who provide services do not have to be government agencies. In order to draw a clear line of responsibility and accountability between those who serve and those who are served. Fifth, governance is not like NPM which is based on 'market based institutional reform', governance is more on the partnership effort with non-governmental partnership networks.

The five points that stated before showing the difference between governance and new public management perspectives. This is similar to Rhodes in Pierre that stated [1]:

"Governance is part of the fight back. It is a description of the unintended consequences of corporate management and marketization. Also, marketization fragmented service delivery systems by drawing in actors and organizations from the public, private, and voluntary sectors. The networks so central to the analysis of governance are a response to this pluralization of policy making."

In accordance with Rhodes' opinion above governance is a fight back against the unintended consequences of the application of corporate management and marketization in the public sector. Marketation of the public service system makes network analysis the main thing in the governance perspective. Peters and Pierre in Frederickson & Smith also states that network dominance is one of the 4 basic elements in governance discourse [2]. The other three are the declining capacity of the government to exercise direct control, the utilization of public and private resources merging, and the use of various instruments.

The governance perspective has a vision and mission to realize good public governance, good corporate governance and good community governance. "Networks" is a governance analysis unit that balances networks between the public, private and community sectors. Governance analysis is not sectoral, meaning this is only a public problem, or a private problem or a community problem. Things that mapped are not only structured and formal but also superstructure and informal.

The governance approach in looking at public problems seeks to map these problem networks in interactions that can be complex between the three sectors. Public problems are seen in the broader context of the future development of philosophy, vision, mission, character and mentality of the nation. The efforts to manage public problems is also by synergizing the maximum interaction pattern among the three sectors.

Public problems will always arise and orientation to solve it is not the only answer, although it is also necessary. Bureaucrats and politicians are sometimes briefly oriented to 'problem oriented approach' in 'day to day public management'. The issue of public policy issues in Indonesia starts with unemployment, corruption, natural disasters, inefficiencies, poverty and so forth. The thing that needs to be criticized from the outset is whether we put these problems as 'the end' or the final goal as the completion target or actually the problem is only a tool ('means') to reach a specific goal.

A simple illustration to criticize the 'problem oriented approach' which is known in the public policy science as the philosophical term 'garbage cans'. The garbage that is put into the can will be released again by the garbage officer in the shelter in the form of garbage too. The terms "carbage in" and "garbage out" or garbage that enters, a garbage will out. A brief solution to answer the problem is to provide shelter, however the new problem that will arise is how about the smell that is inhaled by the people around the shelter, the condition of the underground water if the waste is not immediately managed, the possibility of developing diseases around the area etc. Although it did not rule out the possibility of the garbage also carrying provisions for scavengers. Though the problem should be managed in order to succeed in a certain 'value' to be achieved. These values or values are usually wrapped in the form of philosophy, vision, mission, strategy, programs etc [3]. Therefore, every effort to overcome the problem is a step to realize a certain vision and mission for the government and the local community.

Therefore, a strong character of leadership with a clear vision and mission will be the main capital to direct all strengths and weaknesses (problems) as well as the opportunities and challenges to achieve these pointed values. Problem solving is just one component in achieving the values that you want to build.

III. METHODOLOGY

This study is a literature review study that gained a deep investigation about a new public administration toward local government accountability.

IV. DISCUSSION

A. NPM: Problem of Service toward the Poor and Marginalized People

The ten principles of 'reinventing government' in his book Osborne and Gaebler are mostly referred by researchers as the basic principles of developing the NPM perspective [4]. Like a spirit to prioritize the function of 'steering rather than rowing', it means that the government acts as a regulator and controller rather than a direct implementer. The executor of public services can be given to the private sector. Privatization and marketization of government functions is a policy strategy choice in the 'New Public Management' era. Pierre mentions this perspective promoting public sector marketization, the use of contract management, privatization, opening alternatives service so that consumers have choices [5].

The function of government was strangled or in Rhodes's terms at the time of the presentation with the author at the 2004 APSA (Australasian Political Science Association) conference in Adelaide - Australia, calling it 'hollowing', which is shrinking government functions in direct activities related to public [6].

The government bureaucracy function besides being delegated to non-governmental sectors also experienced a paradigm shift to times where the use of private sector management techniques was used in the government sector. On the opening page of Lane's book "New Public Management" [7], it was written:

“New public management is a topical phrase to describe how management techniques from the private sector are now being applied to public services”.

This perspective reforms the previous public service management approach with the Weberian bureaucratic approach. For example, the forms of regulation involving the non-government sector in management "public utility", King and Maddock divide the three basic models for public utilities characterized by infrastructure [8]. The first model, companies operating are under government and under political control, referred as State / public companies. The second model, private companies are permitted to operate public companies owned by the government but they are regulated by strict regulations to prevent abuse of authority due to having monopoly rights to business management. The Third Model, private companies are permitted to compete to obtain monopoly rights to manage an area.

Management techniques commonly used in the business sector have been used in the government sector, such as the preparation of strategic plans and performance measurements for local government, BUMN and BUMD. Inefficiencies in the elements of the government sector such as government units, BUMN and BUMD have led to this approach stronger, especially supported by the reality of the deficit government budget and the obligation to pay off foreign debt. So that BUMN and BUMD as well as other form of government units that drain the government budget are privatized by the private sector.

The later problem that arises is the function of 'serving' from the public service that has been privatized, especially for the poor and marginal people who are structurally and culturally in a disadvantageous position to compete and have competency in accessing services (see Denhardt and Denhardt, 2003 his book 'The New Public Service'). Critics of the NPM include doubts about public services that still uphold the principles of justice, equity and appropriateness, especially for the poor and marginalized people.

B. Governance: Necessity or Mode Only

The urgency of 'good governance' in this context is to restore the spirit of public service to the poor and marginalized people, even though the situation in the public service sector has been managed by the private sector. In this context, Rhodes stated 'good governance marries the new public management to liberal democracy' [1]. Good governance mix between the 'new public management' and advocacy of liberal democracy. Although the researcher prefers 'participative democracy' compared to 'liberal democracy' for the Indonesian context. Because liberal democracy has individualistic characteristics does not necessarily fit the typology of togetherness of the Indonesian people, while 'participative democracy' still opens up space to incorporate local wisdom.

The three sectors in 'Good Governance', are government, private and community sector should have clear rights and responsibilities, that usually regulated in contracts (legal, formal, social, economic and political), where these contracts are the product of a joint arrangement involving the three sectors. Contracts contain norms that regulate the pattern of relations between the actors of the three sectors and become a reference for the implementation of their accountability.

The government function to regulate and to secure the results of regulations based on the mutual agreement of the three sectors should be prioritized. Communities have direct rights and roles such as access of information (information freedom) to oversee the performance of government institutions and their partners guaranteed by the legal-formal system. The system can give juridical implications if these institutions neglect their function in realizing information transparency and public accountability. The involvement of the direct community to participate or to supervise activities related to public services is one of the foundations for implementing 'Good Governance'. The community sector shares responsibility and accountability with the public and private sectors in the functions of overseeing public services.

"Good governance" is not merely a matter of management of public services such as making efficiency, conducting privatization , management contracts and reducing employees. However, 'good governance' also step in public policy field where the public who give the mandate of democratic authority and political legitimacy needs real rights that regulated in public policy products (such as the law) to oversee the process of public service activities, such as the Indonesia's regulation on Public Freedom to obtain public information, which is a product of public policy to empower the public sector. The regulation is intended to guarantee the rights of the community to participate in directly overseeing public service activities.

Referring to analyzes that stated before it would be quite appropriate to define the concept of governance based on Kooiman which prioritizes on the social and political side, such as "arrangements in which public as well as private opportunities, and aim at the care for the societal institutions within which are governing activities take place" [9]. Governance is not merely a 'day to day management' magazine and technical problems, but also including the arena of 'societal opportunities' where 'trust' plays a very important role. Trust is a 'glue' which has been a very valuable social capital in the community. M. Yunus's success with Greemen Bank in Bangladesh by providing capital loans without collateral and only with the trust of the poor who are their customers is evidence of public trust that can be useful social capital, since some borrowers still return loans.

Some other good governance principles that have not yet been discussed in this brief paper as mentioned by the World Bank (The World Bank 1992) that the implementation of 'Good Governance' is carried out through joint management of public service management with the principles of information transparency, public accountability, pro-community legal framework, and management that is efficient-effective in responding to public services. Bappenas mentions 14 principles of good governance: visionary, openness and transparency, participation, accountability, rule of law, democracy, professionalism and competency, responsiveness, efficiency and efficiency and effectiveness, decentralization, private and civil society partnership, commitment to reduce inequality, commitment to environmental protection and commitment to fair market [10].

Besides the principles of democracy and orientation on the vision and mission that have been reviewed, public accountability, information transparency and public participation will get separate discussion in the next sub-chapter.

C. *Public Accountability, Information Transparency and Community Participation*

Governance concept has several main pillars including public accountability and information transparency. We often find comments like this; "the current system of supervision and accountability is good, however the implementation is not good and deviate". The definition of "Good" according to them is occurred since there are already those who carry out supervisory functions such as internal auditors from the relevant director general, Regional Supervisory Agency, BPKP. There is also a Government Agency Performance Accountability Report system (LAKIP). The results of the information have also been reported to the Board. However, it only involving elements from the government sector which is currently considered insufficient. Current demands are broader to involve the participation of the public, both individuals and groups such as social observers, NGO activists, lecturers, students, the press and other elements of society who want to access public information, especially the performance of the public sector. Although sometimes the demand for access of deeper information, including sensitive category information such as financial reports, human resources, government business partners, etc. Formal and legal systems make the government must provide such information to the public, either it is requested or not.

Public participation requires of public accountability which is the main factor to realize good governance. Public accountability requires information transparency to carry out the accountability function. Accountability and transparency are the main norms to realize good governance.

Pollitt simply says accountability is a relationship in which a certain party is required to report its actions on the other side [11]. Therefore, in accountability there are i) the party who responsible for carrying out accountability, ii) the parties who have the authority and the right to sue the responsible parties, iii) the measures which used as a benchmark for the assessment of accountability, and iv) the norm or value which is the moral spirit of the accountability system.

This type of accountability is distinguished by Paul in Module 1 AKIP LAN & BPKP [12], becoming i) democratic accountability, which is a combination of administrative and political accountability, where public service providers are responsible to the ministers and heads of government then responsible for their performance on political leaders such as legislative institutions; ii) professional accountability which is the accountability of professionals in accordance with professional standards, and iii) legal accountability which is the accountability of existing laws and regulations that are in accordance with the needs and public interests in good and public services.

Based on governance implementation; Yango in Module 1 of AKIP LAN & BPKP [12] distinguishes it into i) traditional or regularity accountability, an accountability which focuses on regular or fiscal transactions, ii) managerial accountability which prioritizes to safe and to use funding and power sources effeciently, iii) program accountability, a program which focuses on achieving government business results, iv) process accountability is a process which focuses on the organization's implementation and activity processes in accordance with the moral corridor and public ethics, and the last can be included in this category outcome and impact accountability which focuses on the results and impact of the activities and activities of public organizations on society.

The concept of accountability contains five main dimensions, which include [13]: transparency (have the organization open the facts of its performance?), Liability (has the organization noticed the consequences of its performance?), Control (has the organization implemented the recommended principles?), responsibility (has the organization followed established rules?), responsive (has the organization fulfilled the demands and needs of the community?).

Some of the analysis above shows that the principles of good governance are not separate and independent, but they are elements that are related to one another to realize the good governance. It is quite easy to talk about but it will be difficult to implement, especially in the context of the public sector environment that is not conducive to changes, which often arise from the bureaucrats themselves with the old mindset and still want the 'status quo'.

The second lesson is that the governance perspective still requires the people on the earth so that good ideas can come into contact with public need, accountability, transparency and public participation are connecting elements with feet that are embedded in the earth that is. As concluded in the doctoral dissertation of Andy Fefta Wijaya that the current governance study still requires practical tools and models to ground these governance ideas [14]. Wijaya concluded that: 'governance studies such as Kooiman, Fredercikson and Smith, Bevir and Rhodes, and Kettl has been being developed, but practical means as the outcome of the less developed performance measurement web model for evaluating performances in the three governance sectors [3,9,14-16]. Thus governance studies offer enormous opportunities for scientists to conduct studies and research in this field. The challenge for the development of administrative science in the 21st century.

V. CONCLUSION

Several theoretical and practical implications for the governance and behavior of individual and government institutions today clearly show the significance of the development of NPM perspectives and governance. The likes or dislikes of NPM and governance have reformed the public sector either in a piecemeal or outward manner, or either directly or indirectly. Although the Weberian bureaucracy has been considered 'out of date' by many scientists, it still dominates the governance of the public sector, especially in developing countries. This is also the biggest challenge for experimenting with the NPM perspective and governance in the 21st century.

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