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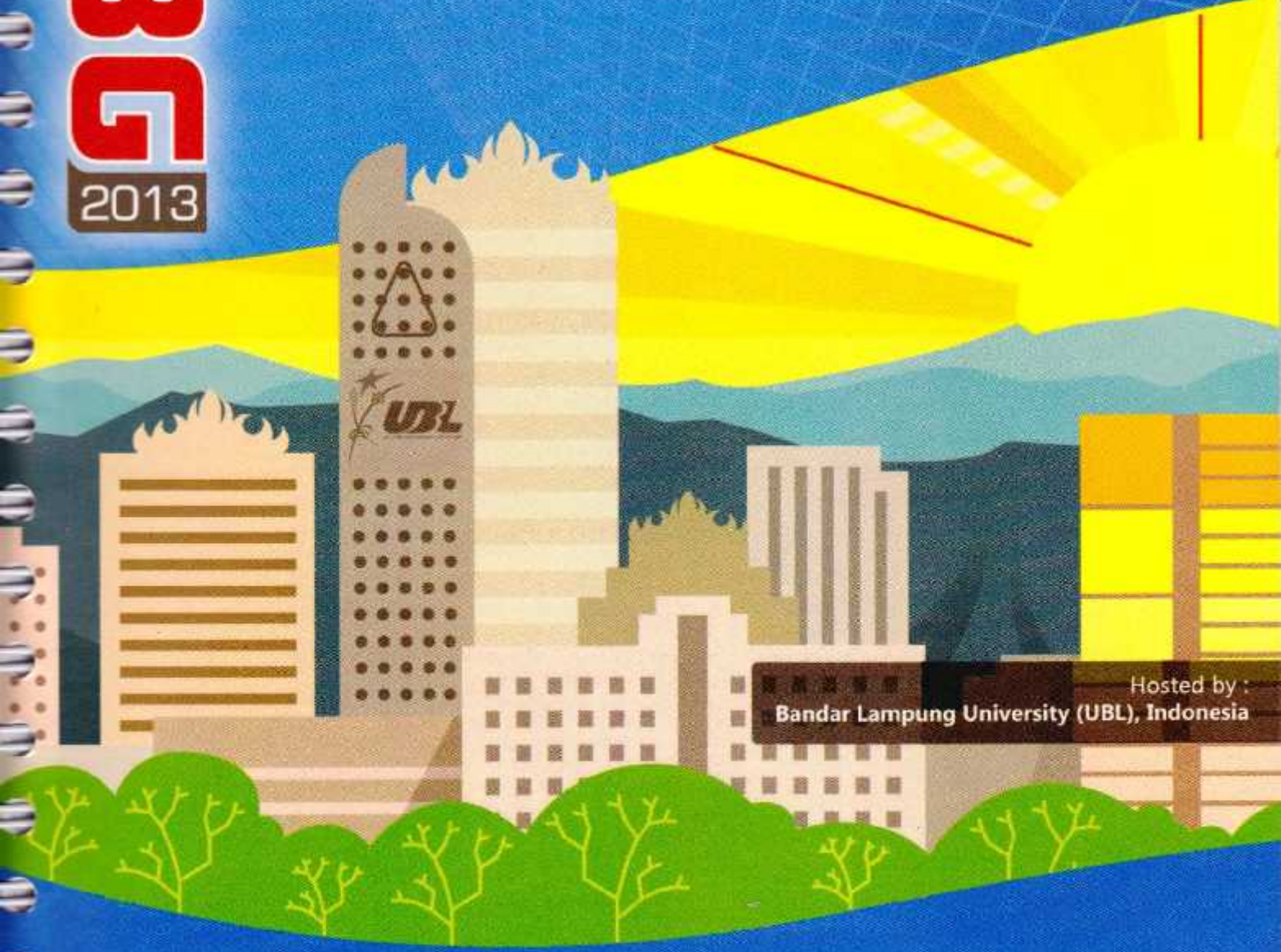


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THE FIRST
INTERNATIONAL CONFERENCE ON
**LAW, BUSINESS
& GOVERNANCE**

23-24
OCTOBER 2013
BANDAR LAMPUNG
UNIVERSITY (UBL),
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THE FIRST INTERNATIONAL CONFERENCE
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22, 23, 24 October 2013
Bandar Lampung University (UBL)
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PREFACE

The Activities of the International Conference are in line and very appropriate with the vision and mission of Bandar Lampung University (UBL) to promote training and education as well as research in these areas.

On behalf of the First International Conference on Law, Business and Governance (Icon-LBG 2013) organizing committee, we are very pleased with the very good response especially from the keynote speaker and from the participants. It is noteworthy to point out that about 67 technical papers were received for this conference.

The participants of the conference come from many well known universities, among others : International Islamic University Malaysia, Utrech University, Maastricht University, Unika ATMA JAYA, Universitas Sebelas Maret, Universitas Negeri Surabaya, Universitas Jambi (UNJA), Diponegoro University, Semarang, Universitas 17 Agustus 1945 Jakarta, Universitas Bandar Lampung, Universitas Andalas Padang, University of Dian Nuswantoro, Semarang, Universitas Terbuka, Universitas Airlangga, Bangka Belitung University, President University, Tujuh Belas Agustus University Jakarta, International Business Management Ciputra University, Surabaya, University of Indonesia, Business School Pelita Harapan University, STIE EKUITAS, Bandung, STAN Indonesia Mandiri School of Economics Bandung, Lampung University.

I would like to express my deepest gratitude to the International Advisory Board members, sponsor and also to all keynote speakers and all participants. I am also gratefull to all organizing committee and all of the reviewers who contribute to the high standard of the conference. Also I would like to express my deepest gratitude to the Rector of Bandar Lampung University (UBL) who give us endless support to these activities, so that the conference can be administrated on time

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LOCAL AUTONOMY AND INTER-SECTOR PERFORMANCE-BASED-GOVERNANCE IN LAMPUNG PROVINCE

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Abstract

Paradigmatic shift in the management of local government in Indonesia, from a centralistic-authoritarian under New Order Era to a democratic-de-centralistic system under Reformation Era, demanded a shift in the system of evaluating institutional capacity of any local government in Indonesia. This paper intend to compare inter-sector performance-based institutional capacity of 3 regencies in Lampung using a ten inter-sector performances method developed by Sustainable Capacity Building for Decentralization, a project funded by Ministry of Home Affairs, Republic of Indonesia.

Three separate surveys in three regencies in Lampung between 2007-2009 used ten inter-sector performances to evaluate institutional capacity of each regency. The data came from surveys used a 10% sample from population of all civil servants in each rank in the respective regency.

This paper demonstrates that local government institutional capacities in Lampung Province have not only varied in terms of regional differences, but also in terms of sector differences. For the inter-sector performance, the poorest performance of the three regencies falls on inter-sector function of information and communication whilst the highest performance was on provision process of goods and services. Comparing the three regencies, the highest average of inter-sector performance-based institutional capacity of the three was East Lampung and North Lampung as the lowest, while South Lampung was the second. This paper then drew conclusion that the single recipe of symmetric decentralization needs to be replaced, or at least considered to be replaced with asymmetric decentralization which is more suitable with the varied local governments' institutional capacities.

Keywords : Performance-Based-Governance

1. INTRODUCTION

The process of reformation in Indonesia, started since 1990s, has yet yield any progress as aspired by the frontrunners of the movement. One important reformation agenda that remain intact is reformation of bureaucracy in the context of more decentralized and autonomous local government. This is a signal that political process which has more less occurred at the community level (in the form of more democratic society in Indonesia) has not been followed by a more accountable and responsible government administration. According to Heather Sutherland¹, these two political and administrative process is inseparable, a failure in one is caused by and influenced the other.

Bureaucracy as the backbone of local government, and therefore supposedly be the frontrunner of a good local governance, has faced public distrust, and this distrust has even been worse since the fall of Suharto's regime.² This is marked by many protests and demonstrations directed towards public bureaucracies as well as public occupation, destruction, and disruption over government offices and facilities in many places in Indonesia.³ Public dissatisfaction and distrust over bureaucracy and local government in Indonesia has been triggered by previous public experience with bureaucracy under Suharto Regime in which it has become the political vehicle of those regime. Suharto's regime was well-

¹ Heather Sutherland, 1983. *Terbentuknya Sebuah Elit Birokrasi (The Formation of Bureaucratic Elite)*. Jakarta: Sinar Harapan. Page 160

² Agus Dwiyanto, 2008. *Reformasi Birokrasi Publik di Indonesia*. Yogyakarta: Gadjah Mada University Press. P. 1.

³ Ibid.

known of using Abri (military), Birokrasi (bureaucracy), and Golongan (political groups) as it's effective political machinery; and under this situation, bureaucracy was never able to prioritize public to serve. Instead, it puts political elite as it's boss.⁴

Related to bureaucracy and local autonomy, the reformation movement in Indonesia has mandated that the principle of good governance (which mean accountable and responsible government among other principles) must be prioritized. Yet, according to Syarief Makhya⁵, there still so many problems faced by the government of Lampung Province. Those are: (1) dispute of interests among local governments; (2) maladministration in the government; (3) low public satisfaction over government service provision; (4) rampant corruption; (5) inability to run efficient budget; (6) poverty and unemployment; (7) the failure of local house of representative to develop check and balance culture which cause inability of that institution to control the local government; (8) public skepticism and dissatisfaction over civil servant recruitment process, circulation and promotion of government employees; (9) expansion of regencies that did not lead to more public welfare; (10) crisis of local finance; (11) un-pro-poor local budget; (12) domination of regents and governor in local politics; (13) inability of regencies and province to overcome serious local problems; (14) un-innovative local governments.

Other scholar⁶ stated that government and bureaucracy are faced with difficult challenge to conduct structural adjustment administrative change, civil service reform, and privatization. Those three agendas which are assumed as the structural adjustment to face the era of globalization are mostly difficult to conduct to any local government, including local governments in Lampung Province. In a different paper⁷ I list four important aspects to improve local government performance, those are: (1) improvement of the local government institutional system and management; (2) improvement of human resource system and management; (3) improvement of financial and goods system and management; and (4) improvement of information system and management.

A team from Government Science Department of Gadjah Mada University states in a book⁸ that governments, both at Central and Local Levels, face important problems related to local autonomy, such as: (1) authority relationship between Central and Local Governments; (2) financial relationship between Central and Local Government; (3) incompatibility between the will for government decentralization and centralization of political party management in Indonesia; (4) management of local politics; (5) vertical relationships between different levels of government; (6) horizontal relationships between or among different local governments; (7) relationship between local executive and legislative; (8) relationship between state and community at local level.

Indeed, globalization and domestic political democratization have put local governments, in this case local governments in Lampung Province, in a position of no choices other than performing accountable governance. In the era of local autonomy, accountable governance is therefore a meeting point between the demand of both Central Government supervision authority and the demand of public interests as customers of government services. Fulfilling one is not easy, indeed it is more difficult to fulfill both demand and interests. This paper intends to demonstrate the institutional capacity of three regencies in Lampung Province in fulfilling inter-sector performance standards set by Central Government of Indonesia.

2. CONCEPT CLARIFICATION

Local autonomy is not a new concept; it is sometimes called as regional autonomy. As a concept in the field of government science, local autonomy is defined as a capacity of a region to conduct it's

⁴ Ibid.

⁵ Syarief Makhya, 2010. *Demokrasi Bermasalah (Catatan Dinamika Politik Lampung)*. Bandarlampung: Penerbit Universitas Lampung

⁶ Setiyono, Budi. 2005. *Birokrasi dalam Perspektif Politik dan Administrasi*. Semarang: Pusat Kajian Otonomi Daerah dan Kebijakan Publik, Fakultas Ilmu Sosial dan Ilmu Politik Universitas Diponegoro

⁷ Ari Darmastuti, "Tantangan dan Peluang Reformasi Birokrasi dalam Rangka Peningkatan Tata Kelola Pemerintahan di Provinsi Lampung (Challenges and Opportunities of Bureaucratic Reformation for the Advancement of Government Management in Lampung Province)", a paper presented at National Seminar on Bureaucratic Reformation in Indonesia, conducted by General Secretariat of Regional Representative Council of the Republik of Indonesia and the Faculty of Social and Political Sciences, University of Lampung, Indonesia. Bandarlampung, 14 November 2011

⁸ Karim. Abdul Gaffar, et.al. 2003. *Kompleksitas Persoalan Otonomi Daerah*. Yogyakarta: Pustaka Pelajar.

authority based on its own capability. In Indonesian context, however, a true local autonomy is considered a new concept, and accordingly... “marking a transitional phase from authoritarian rule towards a new democratic system of government in which civil society played a more prominent role... moreover, accompanied by a process of decentralization, bringing regional autonomy and democracy while making government more transparent⁹. Local or regional autonomy, therefore, is an un-separable concept with democratization and decentralization and accountable government.

According to Law number 32/2004 concerning Local Government, local autonomy is the right, authority, and responsibility of any autonomous region to self-regulate and self-manage all of its government affairs and all public interests based on the prevailing laws and regulations. This definition contains several important aspects. *First*, local autonomy means self-regulating and self-managing capability. The terms “self-regulating” and “self-managing” are problematic since it is always debated the range of regulating capabilities, should it be a broad or limited ones. The issue was settled by setting the terms that provinces have limited autonomy while regencies have broad autonomy.

Second, locus of autonomy must be well defined, whether in provincial or regency level. In the periods preceding the commencement of the Law number 32/2004, there was different opinions among academics over issue of locus of autonomy, some aspires for provincial level, others want it at regency level. This issue was also resolved by putting provincial government more as “intermediary body”, linking Central Government and Regencies in the respective province.

This new arrangement of local autonomy was originated on the previous Local Government Law number 5/1974. Under this Law, local autonomy was also placed on the level of Regency and City due to several considerations.¹⁰ *First*, political consideration. Placing the locus of autonomy on regency level is important since regencies and cities are considered as having less regional fanaticism, therefore have less incentive to engage on any separatist and federalism movement. *Second*, administrative consideration. Putting local autonomy on regency level is important since regency has better closer proximity to provide government service to the people than province. *Third*, regency is the “forefront” of development since they know people’s interests better than provincial government. Finally, regency level government is seen as has more potential to improve local government accountability (note by writer: to the people/) than provincial level government.

Those two different laws, though, have similar paradigm in charting the principles of local autonomy in which local autonomy must be real/actual, accountable, and dynamic. Actual means local autonomy is actually needed by objective conditions of any region. Accountable means the deliverance of autonomous power to any region is in accordance with development of greater region and national interest. Dynamic means that implementation of local autonomy is a process to be better and more advance.¹¹

According to Wahyudi Kumorotomo¹², decentralization¹³ as a political will is not always accompanied by fiscal decentralization. A political decision for fiscal decentralization is more difficult to be made since it means giving away of wealth from national level to regional level. However he noted that fiscal decentralization is important since it will give more benefit such as improvement in public service, higher economic growth, poverty alleviation, better macro economic management, and better good governance.¹⁴ In short, it can be inferred that a region will never be able to carry out its autonomous functions without a more or less strong fiscal power. A region has to be able to sustain its functions with financial self-reliance.

Local autonomy and decentralization as the process of giving away power from central and higher level of governments to lower government requires a strong supervision, monitoring and evaluation process to guarantee that decentralization and local autonomy does not create fragmented government. Several models of government management evaluations have been developed by different institutions. Zethami, et.al¹⁵ (1990), for instance propose conceptual model of service quality to evaluate government

⁹ Henk Scholte Nordholt and Gerry van Klinken. 2007. *Renegotiating Boundaries, Local Politics in Post Soeharto Era*. Leiden: KITLV Press. P. 1

¹⁰ Sudrajat Kuncoro. 2002. *Otonomi dan Pembangunan Daerah*. Jakarta: Erlangga. P. 3.

¹¹ Ibid.

¹² Wahyudi Kumorotomo. 2008. *Desentralisasi Fiskal*. Jakarta: Kencana Prenada Media Group. Pp. 1-5

¹³ Sudrajat Kuncoro, op.cit. Decentralization is defined as the giving of government affairs from a higher level of government to lower level of government.

¹⁴ Ibid.

¹⁵ V.A. Zethami, A. Parasuraman, and L.L. Berry. 1990. *Delivering Quality Service: Balancing Customer Perceptions and Exception*. New York: Free Press

performance in providing service to the public. Under this model, six variables need to be studied; they are: personal needs, expected service, and perceived service of the public and providers' management perception of customer satisfaction, service quality specification and service delivery. Ministry of Civil Servant Empowerment of the Republic of Indonesia, through Ministerial Decree number 63/Kep.Pan/7/2003 concerning General Guidelines for the Implementation of Public Service (Pedoman Umum Penyelenggaraan Pelayanan Publik) sets several indicators for evaluating quality of government's public service; they are: simplicity/easiness, clarity, accuracy, promptness, responsibility, completeness, accessibility, and kenyamanan.

For the broader concept of local autonomy, common variable to evaluate local government's capability is the capability of local government to collect regional original-income (pendapatan asli daerah) compared to Central Government subsidy in the local budget. Fiscal decentralization as has been stated earlier is a policy that need to accompany decentralization of authority to enable local government financing their budget and sustaining development.

Other than those evaluation models, the Ministry of Home Affairs has launched different model to evaluate local government institutional capability. This model consists of two different surveys, the first one is audit survey for local government performance and the second one is customer's satisfaction survey. The first survey is internal survey for inter sector performance and the second survey is external/customer survey for government's public service capability.

The theoretical reason for the first type of survey is that in the era of decentralization and local autonomy, Central Government has lost it's rigor instructional function over lower regions and local governments. Local Governments may or may not choose certain sectors to manage other than mandatory sectors stated by it's respective establishment regulation and Local Government Law. Accordingly, Central Government need to adjust it's approach in conducting it's authority over local government. For that purpose, the Ministry of Home Affairs then runs this model of evaluation since this inter-sector performance must be conducted by any local government and offices and does not depend on choice of sectors run by the local government .

3. DIFFERENT INTER-SECTOR PERFORMANCE OF THREE LOCAL GOVERNMENTS IN LAMPUNG PROVINCE

Comparing results of three separate surveys for internal inter-sector performance based governance in three regencies (East Lampung, South Lampung and North Lampung), it is clear that among the 10 inter-sector performances, information and communication is the most difficult function to perform. In the initial survey in the three regencies, information and communication was perceived as bad by the respondents. It only increased into category of "not good" or "fair".

The reason for such poor performance was caused by huge gap between standard set by the Ministry of Home Affairs and the capability of regency governments to fulfill it. The Ministry expects that offices of regencies are not only internally linked, but also externally linked and accessible by the public. In short, the Ministry sets the standard of a total e-government in regency level. This expectation is beyond actual capacity of most regencies in Lampung Province. Results of interviews shows that most regencies lack of stable power supply and are not equipped with necessary supports to run an e-government, such telephone line and internet connection. Another more subtle reason is that e-government as a transparent government means less chance for any wrongdoings, less room corruption. This has become, in some versions of the interviews, the political constraint for implementing e-government in those regencies. Failure to have good information and communication system will affect significantly the capacity of the local government to manage local governance. Information and communication definitely relate to transparency, participative, and accountable governance. Transparent governance means people must be able to access and influence government's policies, activities, and budget. On the other hand, government agencies need to communicate government's

Table 1 : Total Score for 10 Performance Parameters by Respondents in All Offices of East Lampung Regency

No	Function	Score			
		2006		2009	
		Score	status	Score	Status
1	General Administration	41.90	Not good	61.33	Fair
2	Finance Management	33.49	bad	63.33	Fair
3	Audit	57.11	Fair	75.66	Good
4	Legal	57.41	Fair	67.81	Fair
5	Organizational development	59.15	Fair	77.01	Good
6	Human Resource Management and Development	36.65	Bad	55.54	Fair
7	Information and communication	21.61	Bad	47.24	Not good
8	Development Planning	51.61	Not good	73.99	Good
9	Program and Activity Implementation, Monitoring, and Evaluation	56.74	Fair	78.10	Good
10	Procurement of Goods and Services	72.26	Good	83.21	Good
	Average	46.19	Not good	68.32	Fair

Source: Surveys in 2006 by Ari Darmastuti, Pujo Suharso, Nusirwan, and Asrian Hendi Cahya and 2009 by Ari Darmastuti, Endri Fatimaningsih, and Sripto.

policies and activities to the people to get feedback from the people. In short, public accountability and transparency as parts of a good governance¹⁶ require good information and communication capacity.

Contrary to information and communication, procurement of goods and services is inter-sector function that is easier for regencies to perform. The three tables show that

Table 2 : Total Score for 10 Performance Parameters by Respondents in All Offices of North Lampung Regency

No	Function	Score			
		2007		2009	
		Score	Status	Score	Status
1	General Administration	54	Not good	50.88	Not good
2	Finance Management	44	Not good	51.56	Not good
3	Audit	22	Bad	34.71	Bad
4	Legal	26	Bad	53.61	Not good
5	Organizational development	56	Fair	61.95	Fair
6	Human Resource Management and Development	34	Bad	57.87	Fair
7	Information and communication	21	Bad	34.09	Good
8	Development Planning	46	Not good	60.85	Fair
9	Program and Activity Implementation, Monitoring, and Evaluation	34	Bad	70.20	Fair
10	Procurement of Goods and Services	56	Fair	75.47	Good
	Average	39	Bad	55.12	Not good

Source: Survey in 2007 by a Team lead by Ayi Ahadiat and 2009 lead by Ari Darmastuti

this function fell only into two categories, *fair* and *good* in three regencies in the two surveys; much better than information and communication that fell into categories of *bad* or *not good*. According to the data collected through FGDs and interviews, the main reason for this is that procurement of goods and services is clearly guided by formal regulation, which is Presidential Decree number 80/2003 regarding Procurement of Goods And Services for Activities Funded by Local and State Budget.

¹⁶ Elizabeth Drake, Ambreen malik, Ying Xu, Ioanna Kotsioni, Rasha El-Habashy, Vivek Misra. 2001-2002. *Good Governance and the World Bank*. University of Oxford: research report. See also Mary McNeil and Carmen Malena. 2010. *Demanding Good Governance: Lessons from Social Accountability Initiative in Africa*. World Bank. Here the World Bank concluded that overriding problems of access to information and the low readability of information influence social accountability of local and national governments, ranging from politically decentralized to centralized systems of government.

Procurement of goods and services is considered a critical government activity since it may lead to corruption through loophole of the disbursement of huge local budget. Local budget is the instrument to alleviate poverty and improve people's welfare. Therefore procurement of goods and services must fulfill good budget principles, which are¹⁷ transparent and accountable,

Table 3 : Total Score for 10 Performance Parameters by Respondents in All Offices of South Lampung Regency

No	Function	Score			
		2009		2011	
		Score	Status	Score	Status
1	General Administration	54.48	Not good	61,19	Fair
2	Finance Management	37.45	Bad	61,16	Fair
3	Audit	55.32	Fair	60,30	Fair
4	Legal	51.09	Not good	50,15	Not good
5	Organizational development	67.44	Fair	54,09	Not good
6	Human Resource Management and Development	47.91	Not good	53,55	Not good
7	Information and communication	34.21	Bad	48,67	Not good
8	Development Planning	48.65	Not good	64,36	Fair
9	Program and Activity Implementation, Monitoring, and Evaluation	60.52	Fair	69,82	Fair
10	Procurement of Goods and Services	71.27	Good	65,44	Fair
	Average	52,83	Not good	58,87	Fair

Source: Surveys lead by Ari Darmastuti

discipline, efficient and effective, and just. For the purpose, the Presidential Decree states that all of procurement of goods and services must strictly follow the rule. Violation is considered corruption and subject to incarceration. That is why all government offices and officers strictly follow the Decree. This is totally different from the function of information and communication which up to now does not have any clear guidelines as to what must applied and achieved by local governments in Indonesia. There is no sanction for government/s that do not apply good information and communication.

For overall inter-sector performance, the surveys show North Lampung has the poorest performance based governance in which it had **bad** status¹⁸ in the previous survey, and changed only into the status of **not good** in the second one. The other two regencies, East Lampung and South Lampung, on the other hand, had performance status **not good** in the previous surveys and improved into the status of **fair** in the second ones. If compared, East Lampung is highest, South Lampung came in second, and North Lampung was the third. The data also show that both East Lampung North Lampung Faired best in the inter-sector performance of procurement of goods and services while South Lampung faired best in program and activity implementation, monitoring, and evaluation.

The different performance may be explained from work culture in those three regencies. FGDs and interviews showed respondents¹⁹ in East Lampung were always eager to attend FGDs and very opened in answering as well as explaining things in interviews. Informants and resource persons in North Lampung, on the other, tended to be restrained and un-opened during interviews; it was even harder to hold FGDs. The writer even faced difficulties to find people who were willing to be interviewed. The respondents in South Lampung can be ranked in between, not very easy and open-minded for interviews and FGDs, but not as hard and closed as their counterparts from North Lampung.

However, it must be critically analyzed though that this performance-based-government surveys were involving answers from government internal civil servants; therefore it involved defects that maybe the answers were not so honest, showing exactly what the condition in each regency was. External survey, or called customers' satisfaction survey tells different pictures. According to Syarief Makhya²⁰, public in North Lampung as customers of government service provision were more satisfied with government

¹⁷ Ratnawati, Gender Budget dalam APBD in Abdul Gaffar Karim, et.all. op.cit. p. 297.

¹⁸ Lembaga Administrasi Negara. 2006. *Audit Kinerja Pemerintah Daerah*. Module: Anonim

¹⁹ In this survey respondents were 10% civil servants from all rank status

²⁰ Interview with Syarief Makhya as Team Leader of Customers's Satisfaction Survey for North Lampung and South Lampung in 2009 and 2011.

services than public in South Lampung. Again, the data then need to be read more cautiously and carefully.

4. CONCLUSION

Back to the original idea of this paper, it can be inferred that local or sometimes called regional autonomy in Lampung Province has shown different inter-sector-performance-based governance in the three regencies. In general, North Lampung shows lowest inter-sector-performance-based governance compared to South and East Lampung. East Lampung show the highest performance. Looking at more closely, the three regencies show low performance in information and communication function and have high performance in provision of goods and services, except for South Lampung which show that the highest inter-sector performance for program and activity implementation, monitoring and evaluation.

The variation of local government capability to perform inter-sector performance imply that institutional capacity of local governments to carry out their local autonomy were varied. This, then, drew attention to consider asymmetric decentralization²¹ as the alternative to symmetric decentralization that so far has been applied as “a single recipe” guiding central-local authority relationship by Central Government of Indonesia. This asymmetric recipe might be more suitable for the varied institutional capacity of local governments in Indonesia, at least shown by this survey of three regencies in Lampung Province.

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