

# Bureaucracy Reform in Licensing Service at Kupang City

William Djani<sup>1\*</sup> Sumartono<sup>2</sup> Choirul Saleh<sup>2</sup> Bambang Santoso Haryono<sup>2</sup>

1. Doctoral Program Departemen of Public Adiministration Science, Faculty of Administrative Science,  
University of Brawijaya Malang, East Java of Indonesia

2. Faculty of Administrative Science, Brawijaya University of Malang, East Java of Indonesia

E-mail of the corresponding author. [williamdjani@gmail.com](mailto:williamdjani@gmail.com)

## Abstract

This article was intended to provide an answer for some bureaucracy reforms in establishing the licensing service at Kupang City. Indonesian public bureaucracy has experienced the reform significantly, it is as effect of convergence of external and internal factors in supporting the change. Bureaucracy reform can be classified into three groups, such as: institutional reform, apparatus resources reform, and procedure system reform. These reviews & descriptions really on bureaucracy institutional dimension, which provides an evaluation for bureaucracy reform conducted within decade of 2000s. Content and spirit of bureaucracy reform reflected a new meaning of bureaucracy which is very different with classical bureaucracy form. Thus, the reform has potential to bring a big enough change, not only the role of public bureaucracy nationally, but also relationship of Local Government Institutional. However, this review discussed the commitment of Local Government of Kupang City and improving resources as the two factors which was very deterring in implementation of effective bureaucracy reform.

**Keywords:** Bureaucracy, institutional reform, integrated licensing service.

## 1. Introduction

There is urgency to manage the political system and bad governmental bureaucracy toward good bureaucracy governance in this reform era, so Frederickson, (1994), Osborn and Gaebler, (1992) have given an idea of *New Public Administration* and to change the perspective to manage public sector in public administration theory.

Problems and objective condition of bureaucracy climate have been still influenced by theory or classical bureaucracy model introduced by Taylor, Wilson, Weber, Gullick, and Urwick, quoted by Sinambela et al., (2006: p.35), such as (1) structure, (2) hierarchi, (3) authority, (4) centralization. Although the model has maximized value of efficiency, effectiveness, and economic, but the theory can't give an answering factually based on the prior studies in various places.

World Bank (1992) pointed out an importance of *good governance as the response to "crisis of governance" indication* which has been failure of *public service* at the area. The crisis was indicated by "*neo-patrimonialism*," some people called as "*personal rule*", and among other gives the label of "*pre-bendalism*" (Robinson and Persons, 2006, 0h.101). Public policy was signed by personal rule with political support model through clientelism and logical of *patriomonalism* into the bureaucracy has caused the state destruction to develop its capacity as developmental stated and to create unpredictable economic environmental. In other word, bad public sector performance phenomenon in Africa was influenced by the bad bureaucracy institution and public policy (Robinson and Parsons, 2006, p.102; see also Collier and Gurning, 1999). Bureaucracy was also seen as governmental innovation persecutor, so that in solving public problem needs some approach. President, Governor, and Mayor in US have looked for some approach to make more responsive, accountable and effective bureaucracy, so that they can manage the program and give the best public service. (Andrisani and Hakim, 2002, p.119)

If It were observed, then public bureaucracy developmental is really the result of metamorphosis of dialectical theory and long practical of public administration. In recent years, Indonesian public bureaucracy has experienced the multidimensional reform including the substantial of law and structural. This can be said that internal and external dynamics involved in the change process as the supporting factors. The external supporting power to reform bureaucracy is becoming Indonesia to collaborate internationally. When Indonesia is as part of ASEAN, as other countries were also experiencing the crisis in 1997s, Indonesia has reformed comprehensively in some sectors including public bureaucracy with some efforts to build the reliable administration system.

This paper wants to analyze the bureaucracy institutional reform has been conducted in 1997 decade and in this reform era. Thus, the first part of this paper gives description of the bureaucracy institutional reform. The other part will asses the reform by special reference to political system of Indonesian administrative.

## 2. General Description of Bureaucracy Institutional Reform.

Two recent decades, public bureaucracy reform was more real in some countries, including Indonesia. Lenvine, Peters & Thompson (1961), and Caiden (1991) believed that public bureaucracy reform is very important, because heavier challenges of classical bureaucracy. Cooper, (1998) and Hughes, (1994) are believed that *the*

*Old Public Administration (OPA)* proposed by Wilson (1987) had been criticized by various experts, and leaved gradually, because OPA can't accommodate the people situation and condition changes.

Within Indonesian contexts, the public bureaucracy term is really related with the history of all Indonesian governmental management pattern which indicated the centralized state. Almost activities of people are started from state, and the state rule has the greatest role. *Stakeholders* in this state management are state actor or government only. Public in meaning people doesn't have the role except as an object and target of state policy. Two recent decades have been changing the public bureaucracy orientation quickly. Failure faced by the state has been realized as effect of unreliable public bureaucracy. This indicated that attention for public bureaucracy effect to be higher. Thus, an ideal bureaucracy definition would be determined by people hope and environment demand for bureaucracy.

To improve licensing bureaucracy performance basically has been tried by some policy makers before Presidential Instruction Number 3 of 2006, such as by policy about formulation of One Building Integrated Service (OBIS) which stated in Circular Letter of Minister of Home Affairs Number 503/125/PUOD of 1997 regarding formulation of One Building Integrated Service (OBIS) and Minister of Home Affairs Instruction Number 25 of 1998 regarding One Building Integrated Service. However, expectation to simplify licensing through OBIS was less maximum, so it is important to improve some fields.

As follow up of Presidential Instruction Number 3 of 2006 regarding Policy Package of Investment Climate Improvement, Central Government published Regulation of Minister of Home Affairs Number 24 of 2006 regarding Implementation Guidelines of One Building Integrated Service (IGOBIS). Basic idea of this regulation is asking the local government to simplify the publishing process of licensing and non licensing related with business through development of implementation system of One Building Integrated Service. Basically, there are two Out puts want to be achieved by this Regulation of Minister of Home Affairs, such as: First, extending public access for the quality licensing service. Second, encouraging an increasing of investment, by simplify the licensing process. The impact obtained is an increasing Locally-Generated Revenue (LGR) from licensing sector and the decreased of corruption in licensing sector.

## **2.1. Institutional of Bureaucracy in Governmental of Kupang City.**

Before reform era, institutional and Government Organization Structure of Kupang City showed an additional of institutional number, bureaucracy is dominating almost people life sides. If related with Hamilton's view was quoted by Darwin (1988) which emphasized on the importance of strong bureaucracy on government level, so that institutional of bureaucracy becomes great and strong, called rich structure and poor function. Before reform era and during reform era give comparison from institutional aspect has experienced an increasing. Amount of institutional, before reform era and during reform era increased significantly.

This condition needs to be reviewed critically whether it is suitable with condition of city's needs? Inclination to proliferate the institution in Kupang City Government, according to Osborne and Gaebler (1992) is really more supported by political-bureaucracy pressure which develops persistently without considering effectiveness, efficiency and accountability aspects within local autonomy implementation principles, so this proliferation produces the monopoly bureaucracy. Really, not all duties can be given to Kupang City Government for automatically developed in the local service form. Really, there are many duties can be done by City Government with work partner between the government and private sector, for example by privatization policy depends on the duty urgency (Provan and Kenis, 2007). Lane (1995) was more looking at the reform as privatization and marketization aspects, so if all duties were given by Central Government and accommodated in the service would be producing the high overhead cost for the formed institution, then it reduces the cost allocation at other sector very related with public service.

Bureaucracy institutional before reform showed that arranging of local government organization is more relied on bureaucracy interest and not reflecting people interest. This condition is not different with classical bureaucracy according to Weber (1947). Local government organization is not formed as a place and cooperation system to achieve an objective determined by effective and efficient ways, but accommodating person or official. Structure in government bureaucracy has been formed and filled in to accommodate person, but not vice versa, the person should be placed on right place based on their competency. According to Caiden (1991), this phenomenon would be causing the greater government organization structure, but poor function.

Development of institutional or local government agency (LGA) of Kupang City Government showed a high institutional organization profile for local agency and making echelon, if compared with amount of institutions before reform. Based on institutional side, according to Nugroho (2008), the main weaknesses are on the organization design which was not designed specially in giving public service. Full of hierarchy makes a tricky bureaucracy and not coordinated well.

Normatively, Act Number 32 of 2004 regarding Local Government had given very big authority for local government to regulate and manage their own household accordance with the local needs and characteristics. When entering into reform era, some policies has come, such as Government Regulation Number

84 of 2000, Government Regulation Number 8 of 2003 and Government Regulation Number 41 of 2007 was applied, institutional of Kupang City Government is still high in term of structural occupation aspect, functional occupation and non-structural occupation. On other side, institutional of public service is still to be problems because public service attaches on every local government agency which has the service function. As a result, public service becomes tricky and costly. Institutional which handles public service is still decentralized on the related units. Of course, this would be implicated to community when they want to handle licensing document.

Bureaucracy institutional reform is based on Government Regulation, Number: 41 of 2007 and Regulation of Minister of Home Affairs Number 53 of 2008 gave the local agency, in order to answer local complexity and able to do the duty and function. Before Government Regulation Number 41 of 2007, there was Head of Administrative occupation with III B echelon level, and when application of Government Regulation Number 41 of 2007, the same occupation was called as secretary with echelon II A level. This secretary occupation has been applied and uniformed on overall Indonesian local government bureaucracy. But, in other hand, there is structural changing from echelon IIIb on every Local Government Agency with total number 6 - 7 of echelons, but in applying of Government Regulation Number 41 of 2007, the total number should be four (4) echelons in maximum. The institutional reform based on regulation requirements is more oriented to structural occupation in the implementation, if compared with functional occupation. Both structural and functional occupations need to get the attention in institutional reform. For example, aspirator, planner, translator and other professional are not paid attention as functional occupation in condition of Kupang City, so that too much structural orientations have implication to additional of structural. But it can't be avoided that in one side, many bureaucracy apparatus are qualifying with of occupation requirements based on regulation to hold structural occupation, but in other side, the functional occupation is not much getting an attention. There are many complementaries or not available for widyaswara occupation, researcher and so on, to implement the related activity with that function. Structural occupation is more promising than functional occupation, if the two occupations were planned well, than they can fulfill the local needs and issues. Hammer and Champy (1994) called it as *re-engineering* for bureaucracy.

Bureaucracy reform was conducted in institutionalization of bureaucracy form, improving competency of apparatus resources, upgrading system and work procedure, management operational, and transformational of organization culture which ended on improvement of service quality based on public perception. Management of one gate bureaucracy licensing structure should simplify management of business licensing demand in the local, changed from fragmentation approach into integrated approach. According to the experiences, the fragmented and long structure, slow service procedure, inefficient, less responsive bureaucracy for public issues need re-adaptation of public bureaucracy organization structure (Chang, 1992).

Handling licensing in bureaucracy through many stages, both horizontal or vertical are simplified today, so that people are only coming twice to One Stop Service unit, the first coming to bring licensing application with requirements, and the second coming to take the licensing published. The people handling the licensing should not via many tables as like before, but only giving the licensing document to one table in front office. Restructuration of licensing in bureaucracy scheme of Integrated One Stop Service gives a new hope for creating the licensing bureaucracy structure in healthier and accountable local government. This bureaucracy reform structurally is also called as de-bureaucracy concept, it is meant that trial to improve people relation with bureaucracy by reduction red tape, eliminating unintended regulations, law demystification and process with reducing or rationalizing of servant (Caiden, 1991).

## 2.2. Bureaucracy Institutional Reform

According to Chatab (2009) that planing an effective organization needs parameter as references in managing local institutional. Bureaucracy institutional should be capable to response people's issues, or referring to the needs and challenge faced by local government. Jefferson within Darwin (1998) stated that a good bureaucracy is with simple procedure (*simplicity*). To make ideal condition of institutional management needs slim, flexible, quick move and decentralized structure. Frederickson (1997) calls it as transformation of centralized organization image into delegated and decentralized organization image. Osborne and Gaebler (1992) and Federickson (1997) believed that demand of institutional management is not only based on mechanistic structure or tricky instruction paths, but organizer must be flexible, enlarging delegation of authority, triggering staff's role and responsible functionally and having not too long range in managing modern institution. According to Wijaya and Danar (2014) formulation of One Stop Service tries to change value, norm, and culture service of government institution which has negative connotation in public service process (long procedure, tricky and slow) into public service based on of people's expectation.

Development of integrated licensing service as new structure in Indonesia is one of real action for bureaucracy reform. Farazmand, (2002) called them as the manifestation of bureaucracy reform with structure and procedure changing approach in public service to produce social and economic transformation. Integrated licensing service is an implementation of licensing process which starts from application stage until publishing

documents conducted at one place (Wijaya and Danar, 2014). Thus, integrated licensing service should accomplish an objective of bureaucracy reform. Minister of Home Affairs Regulation Number 24 of 2006 regarding Implementation Guideline of Integrated One Stop Service is as one of bureaucracy reform regulation. As implementation form in local government, Local Government of Kupang City has arranged the formulation of Integrated One Stop Service institution and has operated since 2010 under coordination some Local Agency Service which has handled public service, and the in 2008 was published the Local Regulation number: 07 of 2008 regarding formulation of Integrated Licensing Service Board of Kupang City. Bureaucracy reform in formulating a new institutional of public service is a response for public service problems which manifested in Implementation of Integrated One Stop Service must be conducted by local government (Kubicek and Hagen, 2001; Gaspersz, 1997 within Zein 2011). Implementation of Integrated One Stop Service is an activity of licensing and non-licensing with its management process starts from application process until publishing document stage to be conducted in one place.

Bureaucracy institutional reform in public service specially, the Kupang City Government and Local House of Representative responded with forming a new institution within organizational structure of city government which responsible for duty and function to give more responsive service, responsible, accountable, transparent, and having the certainty of law. The new institutional was called as integrated licensing service board of Kupang City referring to normative regulation of formulation for local agency organization relying on Minimum Organization Structure with break down: 9 (nine) structural occupation with echelon based on structure needs. Beside structural occupation, there is the functional occupation which is not fulfilled yet by staff and technical staff which their existence attached on parent institution.

Based on institutional aspect, bureaucracy reform is not only for structural occupation, but also for functional occupation, which not getting attention from Kupang City. Indeed, there is functional occupation, that is Integrated Licensing Service Bureaucracy in Kupang City, but it is not fulfilled yet. This formed institutional should be oriented to functional occupation because related with competency of staff in giving public service. Bureaucracy Reform approach was conducted in some upgrading for bureaucracy simultaneously, lining with view of Dwiyanto, (2001), (that is harmonizing regulation, institutional management, repairing structure, forming an orientation and new work value, bureaucracy culture), simplification of work process and development of health political environment.

Within democracy system, accountability mechanism are attaching on public service both in central government or local government. Act Number 32 of 2004, Regulation of Government Number 41 of 2007, regarding Local Instrument Organization as a basic for restructuring public bureaucracy. Decentralization policy is to help local government in managing their household with autonomy including overcome the conflict arising from local government action and operation. But, this Act was assumed failure to resolve in the local problems. In this reform era was formulated some institutions to response and resolve some problems, one of reform efforts is Act of State Civil Apparatus (ASCA) Number 5 of 2014 which efforts the apparatus should have competency and professional in implementing their duties based on important principles to improve public transparency and accountability. Regulation and procedure would be produced is in important requirements in transparency of administration. Finally, the act of State Civil Apparatus was established, although there is phenomenon in Indonesia about long history to determine principles and procedure regarding administration action. But, it could be stated that Regulation of Government related with State Civil Act is still on preparation stage after several years of effort. This State Civil Act Planing was issued becoming State Civil Apparatus Act in late of 2014, to give a new spirit for State Civil Apparatus in doing their function within a new national leadership, as a new leadership in managing government with new face of bureaucracy.

One of important component of public bureaucracy is having law and institutional mechanism to establish participation, collaboration from non-governmental organization. But, because the state unity structure, strong tradition of state and very centralized organization, became constraints that Indonesian public bureaucracy system has mechanism to establish an effective participation from civil people. There is also difficulty related with strong civil community tradition which can meet controlling function of administration machinery.

Thus, the challenges are not only forming the structure formally, but also giving authority, autonomy, and resources to do their function.

### 3. Implication of Bureaucracy Reform in Recent Era

It can be said that bureaucracy reform today is like explained briefly above, have an important implication for public service. Commitment of local government bureaucracy to establish One Stop Service is not suitable yet with an expectation. Certainly, this would be implicated to public, so that principle to emphasize on public interest is really not implemented yet comprehensively, although there is an effort and intention from bureaucracy through one stop service. Therefore, according to Carlson and Schwars (Denhard and Denhard, 2003) purposed public service measurement approach by more public nuanced related with public available degree which easy to access and available for *citizen*, so that there is easiness in servicing.



Easiness for service procedure given is suitable with standard mechanism, but according to people, it is more procedural because it should be covered by not procedural mechanism, if they want to get quick access, they must pay with greater than standard determination. In this manner Mgonja and Tundul, (2012) developed a new approach which was not focused on *old institutionalism*, but this wants to make a *new institutionalism* as public service solution.

Therefore, implication of Bureaucracy Reform without satisfaction of public service means wasting of money. So that satisfaction of service becomes an objective of bureaucracy reform itself (Denhard and Denhard, 2006; Hughes, 1998; Gilley and Maycunich, 2000). Therefore, quality service becomes an important dimension for public service bureaucracy reform implementation. Relating with design and scope of mechanism and structure has been just formulated, there are some weaknesses which can influence public service effectiveness which needs correction, and as constraint not only to form structure formally, but also giving authority, autonomy, and resources to do their duty.

#### 4. Conclusion

An Integrated Licensing Service Bureaucracy Institutional Reform in Kupang City has been conducted without paying attention of public service need comprehensively and conducted by formal legal for fulfill institutional appropriateness only. Because an activities stage were not overall implemented well, such as: a) less preparation; b) discussion is only conducted in internal bureaucracy and PIAR of East Nusa Tenggara as self-people institution and Local House of Representative for legitimation, without involving other stakeholders; c) in implementation stage is less paying attention the personnel preparation, instruments, funding (PIF); d) an implementation of evaluation was conducted by bureaucracy internally, so that it can be given entry to Local Head as consideration material in determining of the following policy. New Institutional Reform in public service does not answer yet needs and public problem related with licensing service, which includes some aspects: (1) new institutional form (2) regulation, (3) authority (4) permit which was managed in new institutional as important component to increase public service quality. Bureaucracy reform in establishing one stop service system at Kupang City does not give adequate result yet. The institutional structure is not reviewed yet profoundly in long term, so that it can accommodate licensing and non-licensing issues. Top down approach in bureaucracy reform model from its institutional aspect is still dominant.

Therefore, the local government should review profoundly for institutional structure, so that it can manage all licensing type in long term. It needs a strong political will from Local Head and Local House of Representative at Kupang City for bureaucracy reform survival of public service. Institutional reform must be done based on scientific review with involving the related components (University, Self-Community Institutions, bureaucracy, community).

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**Table 1.1. Amount of Institutional in Kupang City Government Scope**

No.	Amount of Institutional Growth	Amount
1.	Before reform (based on Act Number 05 of 1974)	18
2.	Entering into reform (Government Regulation Number 8 of 2003)	22
3.	Post-Reform (Government Regulation Number 41 of 2007)	35

Source: Processed from Document of Kupang City Government.

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