

## Organizational Reform of Local Government in Institutional Perspective in the Special Region of Yogyakarta

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### Abstract

*The purpose of this research is to describe and analyze the reform of local government organizations from an institutional perspective in the Yogyakarta Special Region Government. The method in this research uses qualitative methods and data analysis uses spiral analysis techniques. The results show that organizational reform in the institutional perspective of the DIY government has been very effective when viewed in two ways, namely: First, several Regional Organizations have been effective in carrying out government affairs due to the preparation of the organization based on the vision and mission that is passed down in cascading to larger organizations. lean and effective to avoid overlapping of main functions and tasks and develop the organization with a cross approach based on vision (driven by vision) which is mission oriented. Second, the organization of regional apparatus has been adjusted and harmonized with Law no. 13 of 2012 concerning the Privileges of DIY and the Vision and Mission of the 2017-2022 DIY Regional Development based on quality institutions.*

**Keyword:** Organizational Reform, Institutional, Special District of Yogyakarta

### INTRODUCTION

The reform of local government organizations (Pemda) in Indonesia began in the reform era with the fall of the New Order regime (Orba) in the late 1990s. The fall of the New Order regime, indicates the desire of the public and political elites to change the institutional order of government through four (4) changes to the Constitution (UUD). This amendment to the Constitution serves as an entry point for organizational changes in governance in Indonesia, particularly related to the pattern of institutional relations between the center and the regions, as regulated in Article 18 of the 1945 Constitution Amendment IV concerning Regional Government.

Departing from the above constitutional formulation, to strengthen the administrative reform of the local government, Law no. 23 of 2014 concerning Regional Government. The law provides the basic framework for the central government to regulate local governments in Indonesia. The regulation is a manifestation of the decentralization or regional autonomy system in structuring regional organizations with the aim of realizing the effectiveness of regional government administration; accelerate the improvement of community welfare; accelerate the improvement of the quality of public services; improve the quality of governance; improve national competitiveness and regional competitiveness; and maintain the uniqueness of local customs, traditions and culture” (Article 31 paragraph 2 of Law No. 23 of 2014).

According to Yusdianto (2015; 293), Law no. 23 of 2014 is very comprehensive, detailed, and has new breakthroughs in the administration of local government. This can be seen from the significant changes in the pattern of relations between the central and regional governments related to the administration of regional government, the division of government affairs, the role of the governor as the representative of the central government in the regions, organizational structuring of regional apparatus, regional finance, regional regulations, and innovation. local government.

Implementation of Law no. 23 of 2014, the central government makes rules for regional organizations that specifically regulate Regional Apparatus Organizations (OPD) as stipulated in Government Regulation No. 18 of 2016. The organizational reorganization of the regional apparatus is essentially directed at rightsizing, namely an effort to simplify the government bureaucracy aimed at

developing a more proportional, flat organization, short hierarchy and decentralized authority. So that the main purpose of the arrangement is to empower local governments to be able to carry out their main tasks and functions economically, effectively, efficiently, and accountably and adapted to their vision and mission.

One of the regions that has reformed its local government governance is the Special Region of Yogyakarta (DIY) with the highest ranking in Indonesia (Kemitraan, 2013). Since 2012, DIY has been designated as a Special Region which has been strengthened by Law no. 13 of 2012. Where, in the Law, it is stated that DIY is an asymmetrical decentralization which has privileges in the administration of government affairs within the framework of the Unitary State of the Republic of Indonesia (NKRI).

The concept of asymmetric decentralization itself was first introduced by Charles Tarlton in 1965. There are two types of asymmetric decentralization, namely *de facto* and *de jure*. *De facto* refers to differences between regions based on area size, economic potential, culture and language, or differences in autonomy. While *de jure* is a constitutional product designed to achieve certain goals. This relates to the allocation of authority in different sizes or the granting of autonomy in certain policy areas or to certain regions only (Tillin, 2007: 48).

Asymmetric decentralization is not only understood as a special transfer of authority granted to certain regions, but as a form of compromise from a demand for local identity into a distinctive local government system (Pratama, 2015; 8). Asymmetric decentralization in DIY in the form of a Special Region is a demand for local identity into a distinctive local government system based on attributive authority as outlined in Law No. 13 of 2012. Where, in the legal position owned by DIY based on history and origin rights according to the 1945 Constitution to regulate and manage its special powers. Special powers are certain additional powers that DIY has in addition to the powers as specified in the law on regional government. The scope of the regulation of authority in matters of privilege includes: procedures for filling in the positions, positions, duties and authorities of the governor and deputy governor; institutional; culture; land and spatial planning.

In the context of administering mandatory affairs, elective affairs, and privileged affairs, local government institutions are established as stipulated in the Special Regional Regulation (Perdais) No. 03 of 2015 which was later updated with Perdais N0. 01 of 2018 concerning Yogyakarta Special Region Institutions. Where, the purpose of institutional arrangement in the Special Region of Yogyakarta is to achieve effectiveness and efficiency in the administration of government and public services based on the principles of responsibility, accountability, transparency, and participation by taking into account the form and structure of the original government.

Based on the above background, the research question in this research is how to reform the organization from an institutional perspective in the Special Region of Yogyakarta?

## **THEORETICAL FRAMEWORK**

### **1. Local Government Reform**

After World War II, local government in a large number of western countries has undergone fundamental changes. Organizational reform has expanded at the local government level in several countries in Europe and America. Efforts have been made to reorganize the structure, function of the organization and its financial system. The nature of local government organizational reforms varies widely from country to country.

In some cases, organizational reform relates to the administration of the metropolitan area. Whereas in other cases, organizational reform is to change the scale of local government by rearranging boundaries or to create new levels of government. Organizational reforms have also been carried out to distribute competencies at the local government level. Thus, administrative reform is aimed at changing the internal organization in improving the functions and capacities of local governments.

Dollory and Robotti (2008) propose five (5) typologies that describe the characteristics of the nature and process of local governance reform. The typology consists of five elements in the local government reform process, namely: First, structural reform. Second, jurisdictional reform. Third, functional reform. Fourth, financial reform. Fifth, internal reforms related to governance and management.

Brans (1992; 429-448) identifies three main theories explaining the organizational reform of local government. First, it explains organizational reform related to the welfare state. Second, identify urban and

functional problems as the main factors behind organizational reform. Third, the political perspective of administrative reform which can be divided into behavioral and structural approaches.

## 2. Organizational Reform from an Institutional Perspective

Institutional theory is the dominant approach in understanding organizations (Greenwood, et al, 2008; 6). Institutional theory thinking in organizational studies cannot be separated from the development and dynamics of existing society. This is because the development of community organizations is colored by a framework of values and norms that often change according to the context of the era. These norms and values are strongly influenced by the history of that society's civilization.

Institutional theory that refers to organizational behavior is a product of values and beliefs that originate in an institutional context (Meyer & Rowan, 1977; Zucker, 1983). Organizational survival is highly dependent on the organization's ability to accommodate institutional demands, even these demands have absolutely nothing to do with the technical aspects of performance (Scott, 1981). Therefore, institutional theory describes how organizational behavior does not always respond to market pressures, but rather to pressures from the context of the institutional environment.

In late 1949, Philip Selznick was the first to develop a study of institutional theory in formal organizations in his research at the Tennessee Valley Authority. Where, Selznick distinguishes two conceptions of organization, namely; First, organizations that are rational instrumental mechanisms designed to achieve certain goals. Second, the organization as an organic social system that adapts to its environment from time to time and in some cases is influenced by its external values and elements (Baba, et al, 2013; 81).

Selznick helps explain why organizations can survive for so long and there is stability in society. Selznick opposes the opinion which says that task-oriented rational goals in organizations are neutral, because organizations are loaded with the interests of certain organizational members and/or external elements. So that rationality, technicality, and instrumentality cannot be separated from social influences formed by the orientation of actors in social and political relations reinforced by norms and ideology – or often called "organization infused by values beyond the technical requirements of the tasks at hand" (Baba, et al, 2013;81). Selznick's institutional study looks at the behavior of actors in running organizations no longer to maximize the interests of individual actors, but is more influenced by socio-political relations that are strengthened by norms and ideology. So Selznick is often referred to as the early pioneer of institutional studies in formal organizations or is often called the old institutional thinker in the study of organizational theory.

This study from Selznick was later developed by John Meyer and Brian Rowan in their 1977 article "Institutionalized Organizations: Formal Structure as Myth and Ceremony" which said that formal organizations are reflected not only in technical demands and dependence on resources, but are also shaped by institutional forces. , including myths, ceremonies, institutional rationality, knowledge passed through the education system, public opinion, and law. The essence of this idea is that organizations are highly dependent and influenced by the social and political environment, so that organizational structures must reflect on the rules, beliefs, and conventions that are built into the wider environment.

DiMaggio and Powell (1983: 147) see Meyer and Rowan's thinking in a highly homogeneous organizational context. Because organizations become more homogeneous through the process of bureaucratization and rationalization. Therefore, a change in the structure of the organization does not necessitate competition or the need for efficiency. They seek to explain homogeneity, not heterogeneity. In the early stages of the organizational life cycle, the organizational arena displays considerable diversity, both in approach and form. Once this organizational arena is established, there is an inevitable push towards homogenization. The organizational arena is an area recognized in an institutional context, such as: suppliers, consumer resources and products, regulatory agencies, and other organizations that produce similar services and products.

## RESEARCH METHODS

The approach used in this dissertation research is qualitative. There are several reasons in this study using a qualitative approach with primary data collection techniques with in-depth interviews and observations as well as secondary data from relevant journals and books. While the technical analysis of data using technical spiral analysis.

## FINDINGS AND ANALYSIS

The reform of local government organizations in DIY has been started since 2005 by establishing the Integrated Civil Service Reform (ICSR) as an effort to empower the local bureaucracy in accordance with the historicity of the privileges of DIY. The cultural base that is expected to not only organize systems and governance, but also leads to a change in the mindset of the actors and the administration of government that cares about the public interest. The goal of building a bureaucratic system is to change the mindset from pangreh praja to civil service, which is no longer normative but more oriented to the quality of public services (Purbokusumo, 2006; 61).

Even to strengthen administrative reform, the DIY government established a culture of SATRIYA government (Harmony, Noble Intellect, Exemplary, Willing to Serve, Innovative, Confident and Confident, Expert-Professional) in Governor Regulation (Pergub) No. 72 of 2008. Governmental culture in DIY is a form of commitment from the DIY Government in realizing a bureaucratic transformation based on local wisdom values based on the philosophy of *Hamemayu Hayuning Bawana* by holding the moral teachings of mustard, *greget, sengguh, ora micah* (concentration, enthusiasm, confidence, humility, and responsibility). *Hamemayu Hayuning Bawana* implies an obligation to protect, maintain and foster the safety of the world and is more concerned with working for the community than fulfilling personal ambitions. The world in question includes all aspects of life, both on a small scale (family), or society and its environment, by prioritizing dharma filial piety for the lives of many people, not selfish.

But over time, the DIY Government was able to carry out organizational reforms from an institutional perspective. There are two things that make organizational reforms in DIY run effectively, namely: First, several Regional Apparatus Organizations were derived from the vision and mission of the Governor which were then cascading to form leaner institutions with the addition of special institutions. This is done to avoid overlapping main functions and tasks and to develop an organization with a cross approach based on a vision (driven by vision) that is mission-oriented. Second, the organization of regional apparatus has been adjusted and harmonized with Law no. 13 of 2012 concerning the Privileges of DIY and the Vision and Mission of DIY Regional Development 2017-2022. .

Therefore, a synergy of vision is needed by carrying out organizational reforms, so that it will create an institution that is able to combine responsibility with morality based on the adopted culture. Therefore, organizational changes from an institutional perspective need to be carried out to overcome these problems.

By looking at the various problems above, administrative reform is needed to make substantial organizational changes in order to solve the problems of current government administration (Brunsson, 1989; 219). Administrative reform in some literature is often understood as a substantive change related to how to organize governance in running the organization (Campbell, Peters, 1988), or also known as organizational merger/agency merger (Hult, 1987), or reorganization (Peters, 1992) to create high performance for government organizations (Popowevich, 1998).

Administrative reform is a deliberate change in organizational structure and processes caused by concerns at the macro-organizational level of the government system, so that it can run according to its objectives. As stated by Pollitt and Bouchaert (2011; 2): "deliberate changes to the structures and processes of public sector organizations with the objective of getting them (in some sense) to run better".

In general, administrative reform in public organizations is often synonymous with reorganization (Farazmand, 2002; 1) which aims to make government work better, more efficient, effective, increase power or overcome pressing problems (Sistare, 2004). More specifically that administrative reforms in public sector organizations are aimed at improving services with better transparency and leadership, reducing the level of corruption, involving clients, reducing overlap and duplication between programs, so as to improve performance oriented to the public interest (Vreis , 2013).

Therefore, the reform of public organizations from an institutional perspective in DIY is an important requirement for the successful implementation of development policies and programs for the government. This is because administrative reform in functional public sector organizations is indispensable for successful development.

Based on the findings that the managerial concept developed by the DIY government implements good governance based on high-performing organizations. Being oriented to results is not a process based on

inter-sectoral synergy based on the spirit of encounter by synergizing in cross-economic, cross-institutional, cross-regional spatial, cross-bureaucratic and cross-cultural.

The DIY government is strengthening its organizational management towards a high-performance organization (performance based organization) in determining priority programs that focus on the direction of DIY development in the next Five Years 2017-2022 guided by the spirit of "Encounter" and "Economic Crossing" which is placed as a cultural strategy. to overcome inequality and poverty that is still high in the DIY Region as a whole, within the framework of increasing the human dignity of Jogja, through encounter and cross-examination steps: between strong economic actors and weak economic actors, between urban economic actors and rural economic actors, between modern economic actors and traditional economic actors, between large-cap economic actors and small-capital economic actors, and between international economic actors and local economic actors. In short, through the "Encounter and Cross Strategy", then in the next five years, economic development in the Yogyakarta Region is directed not only to increase economic growth, but also to be able to increase people's income, especially low-income people and the less fortunate.

The application of high-performance organizational management applied by the DIY Regional Government is in line with the characteristics of high-performing organizations proposed by de Wall (2007) which reveals that there are eight (8) characteristics that animate high-performing organizations so that they can run successfully.

With the effectiveness of organizational reform from an institutional perspective, the DIY regional government is expected to be able to respond to problems that are external in nature. The point is that organizational reform in DIY so far has not only focused on internal or managerial solutions, but has been able to adapt to the external environment which causes administrative reforms in effective organizations. Administrative reform in public sector organizations related to this environment, actually wants to position and place the organization's strategic position appropriately, so that it is able to shift roles by reviewing existing institutions or forming new institutions in order to be able to maintain the stability and legitimacy of public sector organizations. Baez and Abolifia (2002; 527-528) state that institutional change in public sector organizations rests on three basic assumptions, namely:

First, organizational actors must be able to understand or interpret the organization in its environmental context. They do this to simplify the organization, reduce uncertainty and increase stability. They interpret by seeking out information about events and then assessing the impact of those events in order to establish their position, importance and organizational capacity.

Second, pressure from the environment causes actors in the organization to change the organization in unexpected ways. These environmental pressures can originate in society, ideology or politics and can be sudden or gradual. They are under pressure in certain policies, lack of good coordination, problems with resources, regulatory changes, or technological advances. As a result of these environmental pressures, organizational actors began to shift roles by increasing the capacity of actors to take action, increasing or decreasing available opportunities to pursue their own interests, and changing existing institutions.

Third, the extent to which organizational actors respond with variations to environmental pressures. This environmental pressure is caused by the complexity and shift of the environment. To respond to this, it must be seen from several aspects of making changes that are considered disturbing or even breaking the attachment of actors to existing institutions by forming new institutions or redesigning them.

## **CONCLUSION**

The conclusions in the study show that organizational reform in the institutional perspective of the DIY government has been very effective when viewed in two ways, namely: First, several Regional Apparatus Organizations have been effective in carrying out government affairs due to the preparation of the organization based on the vision and mission that is passed down in cascading to a larger organization. lean and effective to avoid overlapping of main functions and tasks and develop the organization with a cross approach based on vision (driven by vision) which is mission oriented. Second, the organization of regional apparatus has been adjusted and harmonized with Law no. 13 of 2012 concerning the Privileges of DIY and the Vision and Mission of the 2017-2022 DIY Regional Development based on quality institutions

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