

PROCEEDING CONFERENCE PROGRAMME

iconpo 2011

International Conference on Public Organization

CHALLENGE TO DEVELOP A NEW PUBLIC
ORGANIZATION MANAGEMENT
IN THE ERA OF DEMOCRATIZATION
Comparing models in various countries

Yogyakarta Indonesia, January 21-22, 2011

ICONPO 2011 is Organized By

Department of Government Affairs and Administration
Faculty of Social and Political Science
Universitas Muhammadiyah Yogyakarta

In Collaboration with Korea University, Thammasat University
and Universitas Ngurah Rai Denpasar



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ORGANIZATION (ICONPO)
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January, 21-22, 2011
Yogyakarta, Indonesia

ISBN : 979-1707-99-5

Published : 300 copies

Published by
Department of Government Affairs and Administration
Faculty of Social and Political Science
Universitas Muhammadiyah Yogyakarta
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Cover Design :
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Printed @ Yogyakarta, Indonesia
2011

ACKNOWLEDGEMENTS

This proceeding is a collaborative work done between Faculty of Social and Political Science of Universitas Muhammadiyah Yogyakarta, supported by Korea University, Thammasat University Thailand, and Universitas Ngurah Rai Denpasar. We dedicate this proceeding as an academic collaboration momentum of an International Conference on Public Organization "Challenge to Develop a New Public Organization Management in The Era of Democratization" which had held by Department of Governmental Studies Faculty of Social and Political Science of Universitas Muhammadiyah Yogyakarta, on January 21st – 22nd, 2011, in Yogyakarta, Indonesia.

We wish to thank the Rector of Universitas Muhammadiyah Yogyakarta Ir HM. Dasron Hamid, M.Sc for giving the license to drive this conference. We also express my sincere gratitude to Prof. Sunhyuk Kim of Korea University as our Keynote Speaker. Special thanks go to all of the honorable our paper reviewers for the Proceeding those are Assoc. Prof Azhari Samudra of Universitas Ngurah Rai Denpasar, Prof. Dr. Jin- Wook Choi from Korea University, Prof. Dr. Miftah Thoha, MPA from Universitas Gadjah Mada, Prof. Francis Loh Kok Wah, PhD from University Sains Malaysia, Prof. Dr. Azhar Kasim, MPA from Universitas Indonesia, and Dr. Vidhyandika D Perkasa from Center for Strategies and International Studies Indonesia (CSIS), Prof Amporn Tamronglak and Dr. Soparatana Jarusombat from Thammasat University, without their contribution this paper will never come into being. We also thank to the ICONPO committee, and all collagues for their support to this conference. We thank to all the paper presenters and participants who contributed through their papers in this proceeding.

This proceeding is divided into 10 themes, those are:

1. Environmental changes and collaboration in public organization.
2. Need assessment of public issues in public organization.
3. Design of structure organization in democratic era
4. Planning and Decision making .
5. Human resources management.
6. Culture and ethics of public organization in democratic era;

7. Communication practices in public organization
8. Transformative Leadership .
9. Current Management Information system in electronic era.
10. Performance measurement

Reason for selecting these themes is because the wave of democracy has influence the dynamics of public organization, a well known institution model related to governmental, non-profit, and non-governmental organizations. The dynamic of public organization management in response to democratic era, now encompasses more challenging issues. The issues such the shifting paradigm from government to governance could be seen as the trend drives to the reform of government. The concept of governance means that the government must improves the functions of public organization management process. The process must be efficiently, effectiveness, responsiveness, transparently, participative, and accountable. Other important issues are the growing of gender mainstreaming, public policy processes and the dynamic of civil society which have demanded a changing management of public organization. The most important thing so that public organization could challenge in the democratic era is to improve and develop a new public organization management. Therefore, public organization needs to respond, explore and develop innovative management. It challenges the scholars and practitioners to explore and develop new models of public organization management by drawing the experience and lessons learned of their countries

Thus, the proceeding explores the issues and challenges to develop a new public organization management in the era of democratization. We hope this proceeding will benefit the readers, academicians, politicians and scholars on more about a new way to develop public organization in this democratization era.

Yogyakarta January 21st 2011

Head of Government Science
Dr. Suranto

Dean of Faculty of Social and Political Science
Dr. Nurmandi

PREFACE

The first paper as Keynote Speech written by Sunhyuk Kim (Professor, Department of Public Administration, Korea University) entitled **Globalization and Policy Change: The Case of Korea**. This paper emphasizes on "neoliberal" globalization. The writer argues that neoliberal globalization is just one type of globalization, and it is likely that in the future another type of globalization may emerge. "Varieties" of economic, political, and public administration systems in the world will respond differently to the new wave of globalization. It is essential, therefore, to craft a more prudent national strategy to flexibly and comprehensively deal with different kinds of globalization. The writer examines how Korea has coped with the challenge of globalization, by analyzing how the latest neoliberal globalization has affected governmental restructuring and policy transformation in Korea since its democratization in 1987. It is underscored that Korea needs a better national strategy to handle future waves of globalization—potentially of the non-neoliberal nature. I sketch out the main contents of such a new national strategy, primarily focused on the need to build and nurture more effective multi-sector governance system, increasing communicative and collaborative capacity of all the sectors involved.

The second paper was written by Su-jin, Yu, 3rd semester of master's course Korea University entitled **Conflicts in Environmental Policy-making in Korea: The case of Gyeyang Mountain Golf course**. In this research studies about the Gyeyang Mt. golf course development plan (GGDP) which has shown sharp conflict aspect. Commonly, environmental conflicts in the policy-making have two different belief systems such as environmental conservation and environmental development. Based on this two different belief system, various stakeholders united as a policy actor. Coalition actors from two different values enforce a different strategy to policy-making.

The third paper written by Laila Kholid Alfirdaus of Government Department Faculty of Social and Political Science Diponegoro University Semarang Central Java Indonesia titled **Governing the Disaster-Prone**

Community. Public organisation does not only deal with problems which is regular in its nature, periodical, and in orderly situation. More often, public organization faces uncertain circumstances that the way of governing as usual cannot be applied. One of the notable constraints in governing community for public organization to manage is disaster. Firstly, disaster often comes at an unpredictable time. Secondly, disaster often bears considerable risks even beyond a public organisation's capacity to deal with. Its quick attack often results in much longer impacts. Thirdly, any single thing, such as food supply, sanitation, water supply, shelter, and so forth, suddenly turns into emergency, meanwhile the public organization has usually shortcomings in resources. Fourthly, any demand for the public organization quickly moves into a big pressure, therefore public organization easily becomes the subject of failure once they are unable to tackle the complex situation. Considering such the specific nature of disaster, there is a clear need for public organization to apply specific governing strategies. This paper tries to elaborate some thinking on governing the disaster-prone community, especially for developing nations, using experiences in various countries. Such a thinking becomes important since it is the developing nations that use to have problems in their bureaucratic structure. A change of mindset in public organization in which disaster should not be treated as business as usual rather as in a crisis is one of the keys. A deep thinking on how to manage the interrelation with some non-government organizations, economic society, academic society, and the media in emergency and recovery based on context and culture, is also worthwhile.

The fourth paper entitled **The Sustainability of Jakarta as the capital city.** It is written by Hartuti Purnaweni Public Administration Program, Environmental Study, Post Graduate Program, Diponegoro University. This paper aims to find out efforts to be done to Jakarta as the Capital City of the Republic of Indonesia. Jakarta has turned from merely old day traditional port to the present day of a megapolitant figure, where skyscrapers mount in many places. Jakarta is an area with low topographic feature as it is situated at the coastline, in particular North Jakarta. As time goes by, the city becomes less convenient as settlements due to traffic jam, flood, land subsidence, land water deficit, inadequate green space, severe air pollution, etc. Jakarta's carrying capacity has been passed over. New public management system is needed. Therefore, a new paradigm has emerged concerning its status replacement as the Indonesian capital city, and to make it a more livable city. Three alternatives are proposed for the solution.

The fifth paper entitled **Democratization and Environmental Politics of Natural Resources Management** at Local level written by Edi Santosa, Governmental Program, Social and Political Faculty, Public Administration, Post Graduate Program, Diponegoro University. The paper aims to deliver the idea that Environmental democracy is not new in Indonesia since it stated its commitments in Rio Declaration in 1992 and World Summit on Sustainable

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Development in 2002. However, empirical evidence shows that the commitment to implement the ideal is still far behind. In theoretical, policy and empirical area, discussing environmental sociopolitical aspects should include all stakeholders in it. In managing environment and natural resources, both politicians and government officials have the political power as representatives of the state. Their political actions should cover activities of development policies which are oriented towards sustainable development, whether at local, national, regional and global. Rondinelli and Chema (1993) stated that the state should be committed to pursuing sustainable development across the region – it calls for a clean and green environment with fully established mechanisms for sustainable development to ensure the protection of the environment, the sustainability of its natural resources and the high quality of life of its people and neighbours in one earth.

The sixth paper entitled **The Implementation of Social and Environmental Responsibilities's Regulation by PT Karya Tangan Indah Bali** written by Ni Putu Tirka Widanti, Universitas Ngurah Rai, Denpasar, Bali, Indonesia. The paper aims to analyze the most prominent CSR activities of PT Karya Tangan Indah, those are the environmental re-cycling and social religious supports to the traditional village where the company is situated. PT. Karya Tangan Indah's CSR programs are affected by the party receiving supports and the internal organization. From the analysis, it has been found that PT. Karya Tangan Indah's CSR programs on recycling and social religious supports have managed to attract the community's enthusiasm. It is because the ritual ceremonies in the traditional village where PT. Karya Tangan Indah operates are held regularly and involve the entire community members. Based on the analysis findings, it is recommended that the future PT. Karya Tangan Indah's CSR programs should involve the community members commencing from the planning up to the evaluation processes. It is necessary to involve them for sustainable programs and for addressing their needs and priorities. In addition, their involvements are hoped to be able to duly plan and organize the allocated budgets.

The seventh paper is **Impacts Of Decentralization On Environmental Management In Thailand**, written by Soparatana Jarusombat, Ph.D of Faculty of Political Science, Thammasat University, Bangkok, Thailand. This paper describes the process, institutional and legal framework within which the environmental management operates in Thailand. It specifically focuses on the decentralization within central and local government's role in environmental management. The aim of the paper is to examine how interface between the central and local loci of power have affected pieces of legislation relating to management of the environment by central and local government in Thailand.

The eighth paper is titled **An Empirical Study of the Autonomy of Thai (Autonomous) Public Organizations** written by Associate Professor Amporn Tamronglak, Head of Public Administration Department and Director of Executive Public Administration (EPA) Program, Faculty of

Political Science, Thammasat University, Bangkok, Thailand. The latest Administrative Reform in Thailand in 1999 reflected the influence of New Public Management (NPM) perspectives, leading to a drastic restructuring of age old bureaucracy. "Agencification" or creating new single purpose agencies was one of various approaches to face lift bureaucracy in the name of "Public Organizations or Autonomous Public Organizations (APOs)" to be free from tedious regulations and hierarchical commands of politicians. Since (Autonomous or Quasi-autonomous) Public Organizations Act has been issued in 1999, there are approximately 29 agencies created. This paper aims at attacking and analyzing the issue of autonomy of Public Organizations in Thailand, which is the main reason in hiving off from their original organizations. The theoretical basis of autonomy employed in the study is drawn from Peters Verhoest and others, particularly in the areas of personnel and financial management. Constructive questionnaires were employed and collected between June and August 2010 from all 29 Public Organizations. In-depth interviews with the agency's executives were conducted to gain insight knowledge of the concept in practice. The statistical analysis shows that Thai APOs are more or less independent from the politicians. Though the legal and administrative structure of their establishment, they somewhat recognize and are responsive to the demands of the relevant Ministries. On the contrary, they are able to maintain the balance and handle the pressure in such a way that the agencies can carry out and accomplish the government policies professionally and cost-effectively.

The ninth paper written titled **Government Antismoking Campaign: Quixotic Dream Or Confident Expectation?** By Subiyanto of Wijaya Putra University. Smoking habit was one of global problems, but the effects of it are very dangerous on smoking related diseases, so Indonesian Government had to take the genius actions. This study investigated the effects of Government Antismoking Campaign on Behavior of Smoking in East Java. Research model was adopted from the Theory of Reasoned Action dan the Theory of Planned Behaviour introduced by Ajzen and Fishbein modified by DeVries et al. The population were smokers or someone who have experience with cigarette smoking in East Java, sampling method by Multistage Cluster Random Sampling in three stages. Data analysis utilized Structural Equation Modelling (SEM) used AMOS 4.01. Hypothesis analysis used regression Weight standardized estimates, compare p value in 5percent significancy, if p value < 5percent is mean significant. This study found four negative significant hypothesis and two not significant hypothesis. The effect of Government antismoking campaign on Attitude toward smoking behaviour and on Subjective norm of smoking are not significant, while effect of Attitude toward smoking behaviour on Refusal skill, the effect of Subjective norm of smoking on Refusal skill, are negative significant. The effect of Refusal skill on Behavioural intention to smoke, and the effect of Behavioural intention to smoke on Behaviour of smoking are also negative significant. There were

recommendations for Indonesian Government, cigarettes industries and collaboration among government and cigarettes industries.

The tenth paper entitled **Leading to Improvement? The Politics of ISO 9001:2000 Transfer to Local Service Delivery** and written by Wawan Sobari, Lecturer and Convenor of the Department of Political Science, Faculty of Social and Political Science, University of Brawijaya Malang. This paper addresses three main questions concerning the process, impacts and external evaluation of the transfer of ISO 9001:2000 to service delivery at the local secretariat office in the Regency of Malang Indonesia. Its methodology applies qualitative approach to build understanding by intensifying the research process aimed to obtain the full picture of the transfer. This paper shows some important findings around this transfer; first, the decision to transfer is a result of social process aimed to build better image of the office. As well, a policy network, ranges from local to international actors, has constructed the ISO 9001:2000 implementation as the best practice in service delivery. Finally, the certificate attributed to the implementation of ISO 9001:2000 cannot adequately assures the improvement of technical capacity of the office. Rather, it has created dependency on assurance server to sustain the performance improvement. Thus, this transfer has created a qualified office, not an educated office that is self-achieved fulfilment in delivering better service.

The eleventh paper **Democracy and Growth Revisited : An empirical study using fsQCA** written by Dong-Hyun Choi, Graduate Student, Department of Public Administration, Korea University. This paper will analyze The relationship between political freedom and economic growth has been a much scrutinized topic over the past few decades. According to Barro once the impact of other exogenous factors are controlled for, the effect of democracy on growth is weakly negative. He further raised the possibility of a nonlinear relationship between democracy and growth. Barro's work, while convincing in terms of methodological rigor and interesting in terms of the observations made, nonetheless is hardly free from the flaws that may potentially undermine the credibility of his arguments. This is the point of departure for this article. The first section of the article discusses the potential flaws evident in Barro (1996), and suggests ways to improve upon his work. The second section introduces fuzzy set qualitative comparative analysis (fsQCA) as an alternative methodological approach, and analyzes the relationship between democracy and economic growth using fsQCA. The analysis generally concurs with the nonlinearity hypothesis suggested by Barro (1996): democracy does in fact disparately impact economic growth at different levels of democracy. For full democracies and authoritarian regimes, causal combinations indicate that democracy has a positive impact on economic growth. For flawed democracies and hybrid regimes with intermediate levels of democracy, the dynamic between democracy and economic growth is revealed to be negative.

The twelfth paper entitled **Competition for jurisdiction over food industry in Korea** was written by Sung Eun Park, Korea University. This paper points out the matter of food safety management system with a view of competition for jurisdiction over food industry among the Ministry of Health and Welfare and the Ministry for Food, Agriculture, Forestry and Fisheries and affiliated organizations. Each ministry has separate basic positions and approaches to food industry policy: regulation and promotion. The policy image has been changed into "regulation" as public anxiety and concern for hazardous foods has grown since the end of 1990. They complete take charge of promoting or regulating the food industry by establishing or amending laws, expanding organizations and mobilizing a coalition. Coordination by policy committee, cooperation between agencies, and integration of agencies were introduced as measures to eliminate unnecessary competition for jurisdiction.

The thirteenth paper written titled **Making Strategic Plan Works In Local Government: Challenge And Problems, A Case Study of Strategic Plan Implementation in Yogyakarta Special Province** by Achmad Nurmandi and Eko Priyo Purnomo of Universitas Muhammadiyah Yogyakarta. The term of strategic plan is a new type of plan in Indonesian government that introduced since 1999 based on Law No. 22/1999. As a new approach, government organization has tried to set priorities and allocated scarce resources according to the formulated vision and mission. Meanwhile, these strategic efforts have not been successful achieved yet, including in Yogyakarta Province. This essay examines the implementation of strategic plan in Yogyakarta Special Province. The Yogyakarta has vision and missions that are looked at this paper as basis of analysis. Measuring on how they can reach their goals and missions is an appropriate way to analyze the how the strategic plan works. Using qualitative data and choosing a case study method, this research also have conducted in-depth interviews with bureaucrats in Yogyakarta. First of all, the Yogyakarta province tried to providing the strategic plan to be followed by government officer in their activities according to strategic design and planning school approaches. Secondly, most of local government's agencies are less understand on their vision and missions. Thirdly, Zero-sum game effect, reaching the goals and mission are difficult because most of their budget is spending their salary. Fourthly, The strategic plan has been implemented but it has not executed the strategic zone whose it support for dealing with mission from number two to six .

The fourteenth paper written titled **Improving Indonesia Civil Servants REVITALISASI PELAYANAN PUBLIK MELALUI ANALISIS JABATAN 'Performance Through Job Analysis** by Dyah Mutiarin "Dr. Dyah Mutiarin" Department of Government Affairs and Administration Universitas Muhammadiyah Yogyakarta. The red tape phenomenon in Indonesia civil servants performance Khusus berkaitan dengan birokrat pemerintah, banyaknya persoalan yang timbul dalam pemerintahan selama ini pada

dasarnya menunjukkan rendahnya kemampuan dan kurangnya sikap dari aparaturnya untuk mencoba peduli dan membantu masyarakat serta pengguna jasa pemerintahan lainnya dalam memenuhi kebutuhannya. This shows the lack of ability and lack of capacity to carry government tasks. This phenomenon needs improvement. Improving the quality of the state apparatus resources is directed to realize the professional human resources, neutral, and prosperous for civil servants as well as citizen at large. Hal itu merupakan faktor penting dalam menunjang peningkatan kapasitas dan akuntabilitas kinerja instansi pemerintah. This is an important factor in supporting capacity and accountability of civil servants as well as state apparatus. Analisis jabatan diperlukan dalam pengembangan pegawai yang pada hakekatnya adalah suatu upaya pemenuhan kebutuhan tenaga kerja secara kualitatif sesuai dengan persyaratan pekerjaan yang ditentukan dengan mempertimbangkan kepentingan-kepentingan individu pegawai untuk dapat mengembangkan potensinya seoptimal mungkin mencapai karier setinggi-tingginya di dalam organisasi. Therefore, in order to achieve the quality of human resource in civil servants, the government need to continue to improve the application of merit system in the administration of personnel management by implementing job analysis. The future of structure bureaucratic organizations as public organization tend to be slender but rich in function. The concept of 'the right man in the right place in the right time' needs to be applied correctly in order in filling the vacancy actually forward the principle of professionalism through the process of job analysis.

The fifteenth paper titled **Career Path Development for Indonesian Public Servant** by **Utami Dewi, S.IP, MPP and Dra. Atik Septi Winarsih, M.Si** of Government Affairs and Administration Department, Universitas Muhammadiyah Yogyakarta. Decentralization demands more competent and professional public servants, so that they can perform jobs well particularly in delivering services to society and in maximizing local resources. However, several problems surrounding civil service management have hampered this decentralization goal. These obstacles come from government regulations, institutional relationship and human resources. There are some regulations on civil service affairs but many of them are incompatible. Ironically, moreover, the important regulation on public servant management-career path development- has not been formulated yet. This career path development is crucial since it guides the staff to plan their job position in the future. Moreover, it is beneficial for manager in the public sector to conduct staff placement and promotion. Therefore, the formulation and implementation of career path development is a must to find the best staff in the right job. In doing so, performance measurement that consists of performance appraisal, competency test and fit and proper test may be chosen as a model. This paper will reveal this career path development by firstly evaluating the practice of recruitment; promotion and mutation; salary; and performance appraisal system in recent Indonesian studies.

The sixteenth paper was written by Jin-Wook Choi, Associate Professor, Department of Public Administration, Korea University entitled **Anticorruption Agencies and Reform: The Case of the KPK in Indonesia**. This paper analyze the establishment of an anticorruption agency (ACA) due to reduce corruption in a county in this case is Indonesia. This paper examines the effectiveness of anticorruption law enforcement functions of the KPK, the Indonesia's ACA that was created in 2003 and identifies key challenges that lie ahead of the KPK. By adopting key performance indicators, this paper finds that the KPK has been successful in carrying out three-pronged anticorruption strategies—repression, prevention and public relations, which is congruent with strong public support to and trust in the KPK. However, the KPK faces several challenges posed by inherent structural limitations and external political forces that may threaten the efficacy of the Commission's anticorruption functions. While the public has to show continuous strong support to the KPK, the Commission must effectively perform legally mandated and socially expected anticorruption functions with high integrity and discipline in order to become a de facto ACA.

The seventeenth paper written by Bonefacius Bao entitled **Robust Ondoafi Powers in Central Urban Communities (Studies Authority Ondoafi in Jayapura Papua)**. This paper aims to find out Ondoafi in the capital to actualize its power, and care for it so the power of capital in the middle of an urban community. There are three power capital Ondoafi namely social capitals, symbolic and material. Assuming the persistence of capital even living in urban areas had to survive because they have the ability to manage symbols, manage social relationships and manage the economy. Allegations were proven because of the discussion about the workings of the three capital Ondoafi power, can be in the know that Ondoafi respond to change with the actualization of such capital through a revitalization strategy, adaptation and repositioning. Those capitals are not working alone but comes along. Ondoafi convert into equity capital one another so that there is a logical relationship with his rule. Capital-capital is reproduced and exchanged with each other. In practice the power to show how the three capital Ondoafi able to manage its power to make strategic changes. Ondoafi thus becomes very important and strategic for anyone who needs it.

The eighteenth paper was written by Arundina Pratiwi, entitled **Transformation of public organization Culture in Indonesian Democratic Era**. The main problem discussed on the paper provide an understanding about the transformation of public organization culture in Indonesian democratic era. Literatures research, both from books and media publications, on current development of transformative public services performed by several regional governments provides the primary conceptual foundation for investigating the effect of democratization process on the transformation of public organization culture in Indonesia. Additionally, this paper reveals the specific example on transformation of

organizational culture in the regional government of Jembrana in Bali which is currently often used as the best example for other regional governments across Indonesian archipelago. Jembrana case can be classified as a success of public organization culture transformation, with its main goal to overcome the bad image of Indonesian public institutions in serving public needs. The achievement of Jembrana can be used as an important example to motivate other regional governments to improve their commitment on providing good public services.

The nineteenth paper is **An Analysis of the Effect of Press Freedom on Corruption: Evidence through a Cross-Sectional Data Analysis** written by Songhee Yoo, mastercourse student, Korea university. This study attempts to find the relationship between the government corruption and the media based on Latham's democratic theory. First of all, the empirical results of this study show that the autonomy of the media reduces corruption. It can be seen as an element of direct democracy that makes up for the constraints of indirect democracy. In addition, the writer further investigated the impact of the economic level and social globalization on corruption through the empirical research. Therefore, when the anti-corruption policy is established, the administrator should carefully consider whether the policy runs the risk of suppressing the economic growth of a country. And globalization is an opportunity to establish anti-corruption agencies and institutions. Because increasing the level of trust with other countries brings down corruption in the field of related work. Finally, determinant element of reduced corruption is identified as femininity. However, the simple increase in the employment of women may not be the solution. If the organization wants to reduce corruption, they must increase the culture of femininity. Efforts should not stop at recruiting more female workers, but rather focus on the improvement of organizational culture.

The twentieth paper entitled **Organizational Communication licensing Office of Yogyakarta City to Achieve Service Performance** and written by Yeni Rosilawati lecturer of UMY, Communication Department majoring in Public Relations subjects, Krisna Mulawarman, lecturer of UMY, Communication Department, majoring in a broadcasting subjects, and Dian Kusumadewi alumni of Communication Department UMY, graduated in 2009. The paper focus on Licensing Agency it is an organization in the field of services still relatively new, however Licensing Office of Yogyakarta city has a strong commitment in carrying out its functions. Awards obtained Jogjakarta City Government Licensing Service Award include Investment Award from BKPM as City Best One Stop Service Providers in 2007 later in the year 2008 Licensing Office Title again awarded the Excellent Service Award 2008 as the image of one government agency that has the quality of public services best. This study sought to describe the steps the Licensing Office of organizational communication Jogjakarta City Government to improve service performance.

The twenty first paper entitled **Potential Users and Critical Success Factors of e-Government Services: the Case of Indonesia** written by Ali Rokhman, Post Graduate Program in Administration Science, Jenderal Soedirman University. This paper elaborated more on Implementation of e-government in Indonesia began in 2003. However, until then the public services that provided through e-government are still very limited in quantity as well as quality. Based on the research the internet users are they who have the characteristics in majority consist of: female, have age in twenty one to thirty years old, have bachelor education degree, and they have been using the Internet for a period of seven to nine years. Considering this phenomenon therefore from the government's perspective, the most critical factors for successful implementation of e-government are the e-leadership and the opportunity to develop employees' capacity in the technical training on e-government.

The twenty second paper entitled **Bureaucracy Culture and Leadership in Indonesian E-Administration Implementation: Based on Perspective of Knowing and Learning Organization** written by Ayuning Budiati and Rudiant Komara the paper focus on Indonesian E-administration implementation involves bureaucratic culture and leadership issues. Those issues appear due to the change that occurs if e-administration is implemented nationally. Implementing e-administration can be risky, expensive and difficult because public employees are not being motivated to improve and provide policy about ICT. This situation causes a lack of policy including operational guides at every level of government to improve ICT. Improvement of ICT literacy and skill is needed in Indonesia's e-administration implementation. The paper will analyze those factors regarding the organization's paradigms: organization as learning and knowing organization.

The twenty third first paper written by Gyuseong Park, Korea University entitled **Internet Regulatory Policy in Korea: Its Origins, Impact, and Changes**. The paper aims to show the reason why the Korean Internet regulatory policy to ensure safety has its own uniqueness which cannot be observed in other countries; using external plug-in program instead of built-in and highly dependent upon specific platform. According to the study following the institutional approach of regulatory policies, these "Korean-style" regulations were created to solve technological constraints in the early beginning stage of development of Internet transactions, but these regulatory policies results in many "unexpected outcomes," such as strengthening monopoly in Operating system and Web browser market, customers' inconvenience, and paradoxical outcome which regulations intended to enhance security eventually weaken the safety. These regulations have been challenged, and recently announced its abolishment by Korean government due to its negative consequences. Based upon this case, the paper argues that the technological factor, inertia of institution, and various actors and their interests around regulatory policies are important to understand these

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regulatory policies, and it contends that IT regulatory policies should be technologically neutral because these policies cannot catch up the rapid evolution of these industries.

The twenty fourth paper entitled **Decentralization, accountability and local government performance in Indonesia** written by Sujarwoto, PhD Student at Institute for Social Change University of Manchester UK and Yumarni, Lecturer on the Department of Public Administration, Jenderal Soedirman University Purwokerto Central Java Indonesia. This article contributes to an understanding the linkage between local government accountability, corruption, and citizens' participation. Departing from critiques on fiscal federalism theory, we propose hypothesized pathway through which decentralization can lead better local public service performance. The basic hypotheses underlying this research is that decentralization will result in better local public service performance only if mechanisms for strengthen political accountability are established within local governments. Without strong political accountability, decentralization only creates powerful incentives for political and bureaucrat agent to capture local political process and misallocate public resources. The writer tested these hypotheses against evidence from 155 newly empowered local governments in Indonesia. Governance Decentralization Survey Data (GDS) is used to examine the linkage between decentralization, accountability and local government performance in the country. The results of simple and multilevel regression model broadly support the hypotheses. Less corruption, higher local government accountability and citizen's political participation are all associated with better local government performance. In contrast, poorly performing local public services are often deeply rooted in their political and social contexts. Local governments often fail to provide better public service when political accountability is absent due to weak checks and balances, lack of transparency, and weak electoral incentives. These effects remain statistically robust across all regression specifications.

The twenty fifth paper written by Septiana Dwiputrianti, Senior Lecturer and Head of Postgraduate Program School of Public Administration, the National Agency for State Administration (STIA LABandung, West Java, Indonesia entitled **How Effective is the Indonesian External Public Sector Auditing Reports Before and After the Audit Reform for Enhancing the Performance of Public Administration?**. The research aims to enrich the existing administration, accountability, and auditing of public sector literature. Two main research questions; firstly, how is the quality of information in the audit reports of the BPK; secondly, what are the key factors influencing the effectiveness and ineffectiveness of information in the audit reports.

The study revealed that the executive's history had historically neglected the roles and functions of BPK. Auditors lacked independence as the executive influenced the administration and finances of BPK. Auditors also had lack of opportunity to increase their professionalism. Since there was little incentive

for auditors not to accept audit fees from auditees, the objectivity and integrity of auditors was reduced significantly. Since the third amendment of 1945 Constitution in 2001, the Indonesian government had reformed laws and regulations related to public sector auditing for strengthening BPK. In situation where the Indonesian public administration needs immediate reform, BPK keeps trying to improve its professionalism and independence to provide qualified audit reports. BPK has been given much attention to education, training, and the development of other skills and knowledge; implemented remuneration; applied a rewards and sanctions. This study revealed a significant improvement in the amount and quality of in audit resources, including numbers of qualified auditors, representative offices, information and technology, and modern equipment. However, many new auditors lack of experience and lack of diverse educational backgrounds in addition to accounting and finance for conducting performance auditing. To enhance the quality of public administration and accountability, this study gives recommendations for BPK in (1) strengthening its independence, (2) expanding auditor's professionalism and competency in risk management (3) improving the facilities of the training centers, (4) increasing follow up of audit reports, (5) evaluating laws and regulations, (6) enforcing the implementation of performance auditing.

The twenty sixth paper Titled **The Strategy For Improving Public Services Delivery In Indonesia** by **Dr. Suranto**, Department of Government Science, Muhammadiyah University of Yogyakarta and **Awang Anwaruddin** of Center of Research and Development for Information System and Administration Automation, National Institute of Public Administration of the Republic of Indonesia. The crisis of public services in Indonesia has spread out to almost all sectors for decades. The poor level of public services performance suffered by customers is mainly indicated by sluggish service processes and excessive service cost. Various public policies have been undertaken to improve public services performance; however, no significant improvement is perceptible.

This paper attempts to find a strategic solution to improve the public services in Indonesia. Through a depth analysis, a positive answer is recommended: The Indonesian Government should carry out a comprehensive approach of bureaucratic reform, including the bureaucratic institution, management, human resources, and service culture. Since the reform is complicated and massive, however, it should be carried out incrementally, through preliminary, implementation, and evaluation stages.

The twenty seventh paper titled **Analysis Of Democratic Public Service Network Case Study in Urban Transportation Service in Makassar City**, South Sulawesi Province, Indonesia by: **Dr. Alwi, M.Si**. In general, public services organized by government bureaucracy are still serious problem, including urban transportation services/public transportation in Makassar City. In this case, urban transportation services in Makassar City have not

been able to provide service as expected by citizen. As principle of democracy, citizens are "masters" who must be delivered service satisfactorily by state officials. Therefore, government bureaucracy, in fact, must understand the needs of citizens and this is what writers call democratic public service. Theoretically, to solve complex problems such as problems of urban transportation services necessary inter-organizational networks, because many institutions and associated with it. Merging the two concepts into the concept of democratic public service (urban transportation) network is a new concept in the science of public administration. Inter-organizational network aims to use resource efficiently and effectively, as well as a democratic public service aims at making citizens as the focus of public service through their involvement in the process of solving public problems. This study aims to describe the implementation of democratic public services (urban transportation) network in Makassar City. This study used qualitative methods and case study research strategy to uncover the deeply democratic public services network. Data collection techniques used was observation, in-depth interviews, and documents. Processing technique and data analysis is the analysis of qualitative descriptive case study. The result of research pointed out that the implementation of democratic public service (urban transportation) network in Makassar City has not been effective.

The twenty eighth paper titled **Balance Theory** by Dr. Inu Kencana Syafii. When people ask why today Islam is blasphemed throughout the world — forbidden wearing headscarves in France, in the United States its presence is examined and in Australia its organizations were disbanded — with various accusations we did not expect, this was because Islam is one of the world paradigms worried shifting all previous paradigms. After weakened communism socialism and capitalistic liberalism is the only wide world paradigm, they concerned about the return of the — according to them — tyrant rule, then it is anticipated with slander and propaganda. However, inevitably, humankind will understand goodness, truth, and the beauty, also in ethics, logic and aesthetics. So where are the ideologies sitting in case Koran assembled all the disciplines of science, moral ethics, and nuances of art? How about Al Fatihah which became Prolegomena and *preamble*, in addition to reading of the prayer becoming the rhythm of worship? It should be impregnated that Al-Fatihah is the core essence of transcendental thinking in three world grand narrative

Yogyakarta, January 21th, 2011

Editors:

Dr. Dyah Mutiarin
Eko Priyo Purnomo, SIP, M.Res.
Utami Dewi, SIP, MPP

CONTENTS

ACKNOWLEDGEMENTS ~ iii

PREFACE ~ v

KEYNOTE SPEECH : Sunhyuk Kim (Professor, Department of Public Administration, Korea University)
Globalization and Policy Change: The Case of Korea ~ 3

THEME: ENVIRONMENTAL CHANGES AND COLLABORATION IN PUBLIC ORGANIZATION.

The Implementation of Social and Environmental Responsibilities's Regulation by PT Karya Tangan Indah Bali

Ni Putu Tirka Widanti ~ 27

The Sustainability Of Jakarta As The Capital City

Hartuti Purnaweni ~ 41

Democratization and Environmental Politics of Natural Resources Management at Local level

Edi Santosa ~ 55

Governing the Disaster-prone Community

Laila Cholid ~ 67

Conflicts In Environmental Policy-Making In Korea: The Case Of Gyeong Mountain Golf Course

Su-jin, Yu ~ 83

Impacts of Decentralization on Environmental Management in Thailand

Soparatama Jarusombat ~ 107

THEME : NEED ASSESSMENT OF PUBLIC ISSUES IN PUBLIC ORGANIZATION

Leading to Improvement? The Politics of ISO 9001:2000 Transfer to Local Service Delivery

Wawan Sobari ~ 121

Democracy and Growth Revisited : An empirical study using fsQC

Dong-Hyun Choi ~ 155

Government Antismoking Campaign: Quixotic Dream Or Confident Expectation?

Subiyanto ~ 177

An Empirical Study of the Autonomy of Thai (Autonomous) Public Organizations

Amporn Tamronglak ~ 195

The Strategy For Improving Public Services Delivery In Indonesia

Suranto and Awang Anwaruddin ~ 213

THEME : TRANSFORMATIVE LEADERSHIP

Potential Users and Critical Success Factors of e-Government Services: the Case of Indonesia

Ali Rokhman ~ 231

Bureaucracy Culture and Leadership in Indonesian E-Administration

Implementation: Based on Perspective of Knowing and Learning Organization

Ayuning Budiati and Rudiati Komara ~ 245

THEME : CURRENT MANAGEMENT INFORMATION SYSTEM IN ELECTRONIC ERA
Internet Regulatory Policy in Korea: Its Origins, Impact, and Changes
Gyuseong Park ~ 259

THEME : DESIGN OF STRUCTURE ORGANIZATION IN DEMOCRATIC ERA
Competition for jurisdiction over food industry in Korea
Sungeun Park~ 277

THEME : PLANNING AND DECISION MAKING
Making Strategic Works In Local Government: Challenge And Problems, A Case
Study Of Strategic Plan Implementation In Yogyakarta Special Province
Achmad Nurmandi and Eko Priyo Purnomo ~ 295

**THEME : CULTURE AND ETHICS OF PUBLIC ORGANIZATION IN DEMOCRATIC
ERA;**
Transformation Of Public Organization Culture In Indonesian Democratic Era
Arundina Pratiwi ~ 327
Anticorruption Agencies and Reform: The Case of the KPK in Indonesia
Jin-Wook Choi ~ 337
Robust Ondoafi Powers in Central Urban Communities (*Studies Authority Ondoafi
in Jayapura Papua*)
Bonefasius Bao ~351
Balance Theory
Inu Kencana Syafie ~ 367

THEME : PERFORMANCE MEASUREMENTT
How Effective is the Indonesian External Public Sector Auditing Reports Before
and After the Audit Reform for Enhancing the Performance of Public
Administration?
Septiana Dwiputrianti ~ 381
Decentralization, Accountability, And Local Government Performance In Indonesia
Sujarwoto and Tri Yumarni ~ 409
Analysis Of Democratic Public Service Network (Case Study in Urban
Transportation Service in Makassar City, South Sulawesi Province, Indonesia)
Alwi ~ 437

THEME : COMMUNICATION PRACTICES IN PUBLIC ORGANIZATION
An Analysis Of The Effect Of Press Freedom On Corruption : Evidence Through A
Cross-Sectional Data Analysis
Songhee Yoo ~ 453
Organizational Communication In Licensing Office Of Yogyakarta City To Achieve
Service Performance
Yeni Rosilawati, Krisna Mulawarman and Dian Kusumadewi ~ 469

THEME : HUMAN RESOURCES MANAGEMENT.
Improving Indonesia Civil Servants Performance Through Job Analysis
Dyah Mutiarin ~ 483
Career Path Planning for Indonesian Public Servant
Utami Dewi and Atik Septi Winarsih ~ 499

DECENTRALISATION, ACCOUNTABILITY, AND LOCAL GOVERNMENT PERFORMANCE IN INDONESIA

Sujarwoto^{*)} and Tri Yumarni^{**)}

Abstract

What makes local governance working effective after decentralisation? Why some local governments are achieve better performance than others in managing decentralised public services and resources? How can malfunction local governments be reformed in order to perform effective and efficient? This article contributes to our understanding of these overarching questions by exploring the linkage between local government accountability, corruption, and citizens' participation. Departing from critiques on fiscal federalism theory, we propose hypothesised pathways through which decentralisation can lead better local public service performance. The basic hypotheses underlying this research is that decentralisation will result in better local public service performance only if mechanisms for strengthen political accountability are established within local governments. Without strong political accountability, decentralisation only creates powerful incentives for political and bureaucrat agent to capture local political process and misallocate public resources.

We test these hypotheses against evidence from 155 newly empowered local governments in Indonesia. Governance Decentralisation Survey Data (GDS) is used to examine the linkage between decentralisation, accountability and local government performance in the country. The results

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of simple and multilevel regression model broadly support the hypotheses. Less corruption, higher local government accountability and citizen's political participation are all associated with better local government performance. In contrast, poorly performing local public services are often deeply rooted in their political and social contexts. Local governments often fail to provide better public service when political accountability is absent due to weak checks and balances, lack of transparency, and weak electoral incentives. These effects remain statistically robust across all regression specifications.

Keywords: decentralisation, political accountability, and local government performance.

Introduction

In recent years, there has been considerable discussion on the merits of decentralisation. The discussion has often focused on the provision of a greater variety of public goods that may result from decentralisation. More recently, greater emphasis has been placed on political accountability issue at local governments. Recent decentralisation reforms substantially focus on political decentralisation rather than administrative and fiscal decentralisation (Crook and Manor 1998:1, Bardhan and Mookherjee 2006a:4, World Bank 2008). Political decentralisation emphasizes the working of political participation and political institutions, such as political parties and civil society, to ensure the accountability of local politicians and local officials. Proponents of political decentralisation argue that bringing citizens closer to government and allowing them to hold politicians accountable are an important foundation to enhance local public services performance. They argue that better quality of representation and greater transparency will be created when citizens are allowed to be more actively engaged in public affairs.

Although political decentralisation promises better government and deeper democracy, in practice this approach meets challenges. Under decentralisation citizens should have greater say in the policy making and programme choices of government, but evidence at many developing countries suggests that this is not often the case. In some cases, local governments may actually be more subject to capture by vested interests than national ones after decentralisation (Bardhan and Mookherjee 2000; Bardhan 2002; Bardhan and Mookherjee 2006b). Bardhan and Mookherjee (2006b:164) elucidate some of the basic trade-offs involved in the delegation of decision making to local government: decisions are made on the basis of

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better (local) information, but they are made by an agent whose incentives differ from those of the principal thus leading to a loss of control or an abuse of power. In decentralised government, local governments may be more vulnerable to corrupt because local power groups can easily collude beyond the control of higher level institutions. Bienen and colleagues (1990:72-73) identify that decentralisation created opportunities for local elites to capture resources and decision making at the local level in Nepal. Rusia has faced a fast-moving decentralisation process since the early 1990s, when it was transformed from a centrally planned economy into a decentralised market economy. During the process of devolution, local leaders have been empowered and local governments have been captured by initial rent holders (Blanchard and Shleifer, 2000). This has led to very high levels of corruption, which are still a significant problem facing the Russian economy and society today (Lessmann and Markwardt 2010: 631). In Bangladesh, under President Ershad's decentralisation reform, the decisions over allocation of resources continued to be made by elites of political factions that corrupted and controlled the local governments (Sarker, 2008: 1425). Instead of facilitating equity in participation, representation, influence and benefit sharing, decentralisation can lead to local government corruption. With corrupt local governments, there is a tendency for lack of accountability and inefficiency of public services.

Despite the recognised importance of local accountability system in determining decentralisation performance and an extensive descriptive literature, there have been surprisingly few empirical studies. Most of empirical research on decentralisation has dealt with the impact of intergovernmental administrative and fiscal relations on the performance of local governments. Insufficient emphasis has been paid to the varying patterns in the adjustment of local accountability systems to the new institutional environment created by decentralisation reform. There are several empirical studies which explore how exactly local accountability systems are transformed or created and how they in turn affect local public service delivery in developing countries. However, most of them are descriptive in nature and use qualitative methodology (see for example Bienen and colleagues 1990, Hadiz 2003, and Sarker 2008). Few quantitative studies have been conducted to examine accountability and decentralisation reform, but they either use province or village as unit analysis (see for example Blanchard and Shleifer 2000, and Bardhan and Mookherjee 2006). In addition, most of them use limited sample so that the results can not be generalized on the population. This study addresses those gaps by using a large sample of households and local governments. Various factors which determine the working of local accountability are examined to explain local public services performance in the new empowered local governments in Indonesia.

Following economic and political crisis in the mid 1998, political system in Indonesia changed from highly centralised government to decentralised government. The passing of the bill on regional government (22/1999) and the bill on fiscal balance between the central government and local government (25/1999) transformed the rhetoric of political decentralisation and regional autonomy into reality. These bills devolved resources and responsibilities from the central government to around four hundred local governments in Indonesia in all governments' administrative sectors, except for security and defence, foreign policy, monetary and fiscal matters, justice, and religious affairs. Significant public expenditure has been devolved to all districts amounting to around one-third of total national expenditure. In particular the bill on regional government 22/1999 prompted a major reorganisation of political accountability chains in this country. First, it eliminates the hierarchical relationship between the central, provincial, and local governments/districts. Citizens have freedom to elect their local leaders and parliaments through direct election. The major and district government officials are elected by and responsible to the locally elected assembly (*Dewan Perwakilan Rakyat Daerah*). Second, for locally assigned responsibilities, the branches of ministries in the districts are placed under the jurisdiction of local governments. Indonesia's decentralisation, therefore, neatly reflects the concept of political decentralisation.

In this article, we seek to find answers to several questions: when local governments are charged with new responsibilities and are equipped with more resources, to what extent they can enhance performance? How is the performance of local governments affected by the citizens' participation, accountability, and local government corruption? What is the likely pathways connecting decentralisation and performance? What is the implication of political decentralisation for better government? To find answers to these questions, we use the 2002 Governance Decentralisation Survey (GDS) data collected from a stratified random sample of around ten thousand respondents nested in one hundred and seventeen districts in the country. We use the data to measure the performance of districts as perceived by citizens and seek to explain why districts perform as they do. GDS is designed to collect information both at the level of citizens and districts. This nested or multilevel structure allows the use of multilevel analysis to capture unobserved variations between local governments.

The rest of the paper is structured as follows. We begin by proposing a model linking political decentralisation, accountability, and performance. Next, decentralisation change in Indonesia as the context in which study based is introduced. Then, we present hypothesis and discuss some methodological problems on measurement. After that, we present empirical results and discuss some key findings before conclusion.

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Decentralisation, accountability and performance

There is a long theoretical literature on the advantages of decentralization. The following are some of the advantages that decentralization will make information revelation as citizen preferences are easier to perceive at the local level (Manin and Stokes 1999), improve accountability since it is easier to link the performance of local services to local political representatives (Peterson 1997), match with citizens and policy preferences as decision making move to local jurisdictions, improve fiscal management, and improve economic growth and market security (Wibbels 2000). All these benefits lead to enhance efficient and less corrupt governments (Fisman and Gatti 2002), and to increase democratization and participation (Crook and Manor 1998).

While there is an array of theoretical reasons why decentralization should be expected to improve local government performance, the empirical evidence has not been as supportive. The empirical results of decentralization throughout the world have been mixed at best (see Agrawal and Ostrom 2001, Bardhan and Mookherjee 2003; and Ribot 2004). Litvack, Ahmad, and Bird (1998) present evidence from Eastern and Central Europe and suggest that public services can suffer as a result of decentralization, at least in the short run. In a similar vein, Crook and Sverrisson (1999) have provided evidence that despite extensive strides of devolution of authority and resources to democratically elected local governments, decentralization in Colombia, West Bengal and Brazil has achieved little in improving service delivery. Rather than improving local government performance, some authors find that decentralization increased potential for elite capture in Nepal and Bangladesh (Bienen and colleagues 1990, Sarker 2008), rent seeking and corruption in Russia (Triesman 2000, Blanchard and Schleifer 2000), exclusion of local minority populations, and conflict for new resources in local government in other developing countries (Prud'homme 1995; Ribot 2004).

Why is it, then, that decentralization-more of than not-does not live up to the expected benefits? A number of studies suggest that the outcome of decentralization crucially depends on the extent to which central management is replaced by democratic institutions ensuring that the community can exercise control over local government (Agrawal and Ribot 2000, Ostrom 2000, Anderson 2003, Rodden 2003). In a well functioning democratic system, citizens are able to exert pressure on local elected representatives to provide needed goods or services. However, in many cases the fundamental prerequisites democratic institutions and local accountability are missing (Crook and Manor 1998, Bardhan and Mookherjee 2000). If political accountability is incomplete, decentralization may in fact create powerful incentives for local elites to capture the local political process

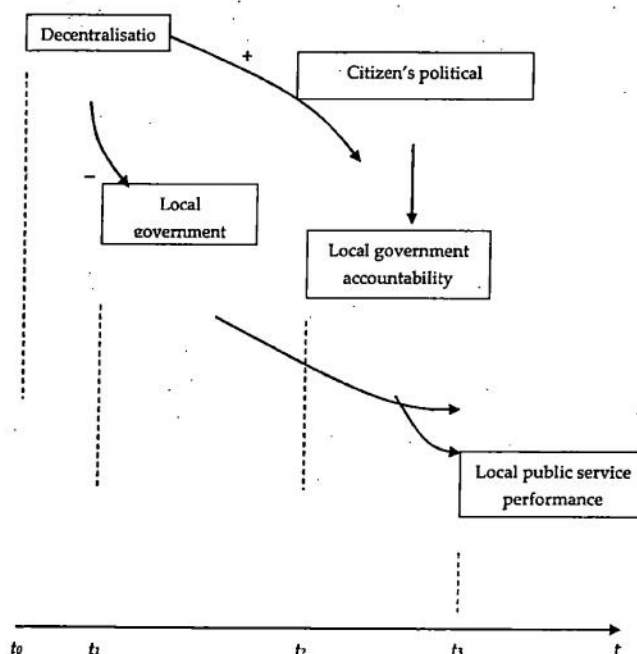
and divert public resources to match their own aspirations rather than those of the broader community. In this case decentralization implies a power shift from central to local elites rather than improvement of the external accountability of the public sector (Bardhan and Mookherjee 1999, 2000).

Recent studies hint that thinking about sequence of reform is important to understand the working of institutional reform such as decentralization and local democracy in developing countries (Grindle 2004). Putting decentralization on its sequences will provide clues when local democracy works to achieve effective decentralization. Indeed, traditional theory of fiscal federalism, which is developed in a Western context, has been challenged in terms of their political applicability for designing and implementing decentralization in developing countries (Bardhan 2001). Fundamental to the workings of this normative model is a precondition that local governments already have sufficient institutional capacity which enables them to discharge their responsibility (Dillinger 1994). This model implicitly assumes well-established systems and mechanisms that enable citizens to express their preferences and local governments to respond to their demands. In many developing countries that embraced decentralization, however, these preconditions or process are lacking or are still in the process of being established and developed. Hence, undertaking analysis on sequences of decentralization reform would provide insight into time dimension of change and promote greater tolerance for local governments in developing countries to establish preconditions for effective decentralization.

Thinking in sequences, we present hypothesised pathways through which decentralisation lead to better local public service performance. In figure 1, we present a model of these pathways. It is assumed that the process of decentralisation in post-centralistic developing countries will grow from t_0 to t_3 where $t_3 > t_2 > t_1 > t_0$. Here, the duration does not matter, only the sequence does, because development on each phase depends on local government's achievement on some preconditions. For example, improving local public service performance (t_3) requires existing political accountability (t_2). How long local government takes time to achieve accountability depends on the development of effective citizens' political participation. Similarly, we also do not know how long local government takes time to reduce corruption. It may reduce along with the increasing citizens' political participation. Here, political participation is a necessary precondition to achieve improved public services.

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Figure 1: hypothesised pathways through which decentralisation may lead to better local public service performance



From this model, we can divide decentralisation into two phase, say t_0 , t_2 for earlier phase and t_2 , t_3 for the next phase. The first phase take places when the central government formally transfers their power to local governments. As experiences in many developing countries show this phase focuses on securing the legitimacy of the state and on consolidating national stability (Bardhan 2002; World Bank 2002; Bardhan and Mookherjee 2006a). For instance, World Bank (2002) notes that the widespread of decentralisation in Latin America, Asia, Africa, and Eastern Europe since the 1980s is mainly to enhance the legitimacy of state due to the failure of centralised government in those countries. Similarly decentralisation in Indonesia has occurred following the failures of Soeharto's authoritarian government and economic crisis in 1998s. Decentralisation in the country is key political choice of central government to secure national unity and stability. Here, the initiatives of reform mainly come from the central government rather than local governments. Meanwhile, the second phase of decentralisation is initiated when preconditions of effective decentralisation are developed. What make the second phase is different from the first phase is that decentralisation in this phase is established by effective citizens' political participation and local government accountability. Along with increasing local government

empowerment, the main actor of decentralisation is changed from central government to local governments. Hence, the initiatives of decentralisation grow partly from the initiatives of local citizens.

Following this model, local public services are suffered in the first phase. This is due to the extent of corruption and elite capture are unchecked by local governments. Corruption tends widely occurs in this phase due to decentralisation acts through local leaders as channels for distributing resources from central government. These actors are on the privileged position to use or misuse resources directly. Platteau (2004:227-230) suggests that the probability of resource misuse by local elite is increased when decentralisation act through local leaders. This is because decentralisation enables leaders and outside agencies to channel considerable amount of resources from communities. Experiences from several countries show the evidence of local corruption and elite capture in the early decentralisation. Blanchard and Schleifer (2002) provide evidence on local elite capture on Russian decentralisation in the early 1990s. Instead improving local democracy and performance, Russian decentralisation creates empowered local leaders who capture local government power and resources. This has led to very high levels of corruption, which are still a significant problem facing the Russian economy and society today. Similarly, Sarker (2008) illustrates how decentralisation reform in Bangladesh has dominated by elite of political factions rather than open opportunity for citizen participation particularly on the decision over allocation of resources for local development. In Indonesia, Hadiz (2003) provides qualitative study on how local political context became charged with elite capture and corruption in three newly empowered local governments at North Sumatra. With corruption and elite capture, local democracy may not function appropriately, thus limiting accountability of local governments (Lieten 1996; Crook and Manor 1998; Bardhan 2002; Bardhan and Mookherjee 2006b). Local government may be susceptible to capture by special interest groups or reduce effort to improve public services without facing any risk of losing their positions. Hence, there is a tendency for the local government to over-provide the service to elites at the expense of the non elites. In that case public service delivery may worsen under decentralisation.

Decentralisation will result in better local public services in the second phase. In this phase, some pre-conditions of political accountability are established. Citizens' political participation grows along with political awareness, regular and fair election, and effective civil society organisation. Political awareness improves along with increasing literacy and socio-economic status within the communities, apart from exposure to independent media sources. Regular and fair election will ensure accountability of governments through threat and reward of re-election. It

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is a form of 'incomplete contract' which permits citizens to express their displeasure with corrupt and incompetent official by refusing to re-elect them (Seabright 1996). Furthermore, existing civil society organisations will not only demand good performance, they can also provide models of how improvements can be made, participate in decision making and implementation activities, and take an active role in monitoring the performance of elected and administrative officials. All of these are necessary to foster effective citizens' political participation, and thus for strengthening local government accountability. As proponents of democratic decentralisation argue, when local citizens have the opportunities to participate in political process, they become more effective at rewarding and punishing the behaviour of local officials (Tiebout 1956, Oates 1972). This condition will create forceful incentives for elected officials and civil servants to reduce opportunistic behaviour and improve public service provision, thus enhance local government performance.

The important of citizens' participation and civil society organisation in determining better local public services performance is supported by decentralisation experience at *Illave* Peru and *Porto Alegre* Brasil (Baiocchi 2003:45; Grindle 2007:1). Both cases are well known as an example how community participation and social groups within community has predominantly role in achieving success decentralisation. As identified by Baiocchi (2003) and Grindle (2007), local democracy and services are more effective in *Illave* and *Porto Alegre* because community and their social groups are more active to pressure and support, demand making, and ensuring local government accountability. In the contexts of developed countries, Putnam's analysis of Italy's local governments and the impact of civil society and social capital (Putnam, Leonardi and Nanetti 1993). Putnam posits that the degree to which devolution of authority lead to better local government is based on the level of organization of civil society and the extent to which civil actors are able to monitor and hold local officials accountable. This bottom-up approach places agency not in politicians, but rather citizens themselves and their ability to organize and interact with the formal political structure. The role of citizens' participation and civil society is particularly important in the Indonesian context with strong corporatist traditions and powerful executives, where local politicians have historically been accountable to political parties and a small handful of elite supporters.

Indonesian decentralisation experience

Indonesia has made remarkable progress in creating a decentralised system of government. Since the 1999, decentralisation bills (bills 22/1999 and 25/1999) were enacted and implemented in 2001. The enactment of these

bills has changed Indonesia from a highly centralised state to a decentralised state. In particular the bill on regional government 22/1999 prompted a major reorganisation of political accountability chains in this country. It eliminates the hierarchical relationship between the central, provincial, and local government. In a break from the past, the local government officials are elected by and responsible to the locally elected assembly. In addition, for locally assigned responsibilities, the branches of ministries in the districts are placed under the jurisdiction of local governments.

Furthermore, the bill no 25/1999 on fiscal arrangement transferred additional fiscal sources to local governments. More than a third of national budget was transferred to local governments. The central government and donors have continuously increased the pool of resources transferred to local governments in relative and absolute term. This fiscal reform is followed by reassigning more than 2.5 millions of civil servants to districts. This makes the local governments have authority to manage human resources and capacity. In addition, a second round of democratic election took place in 2004 at both national and sub-national levels in a credible fashion. Now, all local governments have freedom to elect their local leaders and parliaments through direct election. With these changes, local governments are more independent in electing their own leaders, promoting their own interests, developing their own institutions, initiating their own policies, managing their own financial resources, and mobilizing support from their own communities.

Like many other developing countries, Indonesian decentralisation was accompanied by hopes and worries. Local governments' performance increasingly varies depending on the extent to which they took advantage offered by decentralisation. A significant number of local governments have forged ahead with reforms and became the locus for innovative form of government and better public services. Elsewhere, however, local political contexts became charged with lack of accountability and failure to respond to local needs (Asia-Foundation 2002). There is some evidences that suggest key political accountability mechanisms are only weakly developed in some of the newly empowered local governments (Kaiser and Hofman 2003; Malley 2003; World Bank 2003a). Local corruption and suspected bribes in the annual local government account report have occurred in several local governments (World Bank, 2003a). These suggest that decentralisation in the country does not have a uniform impact on local government's capacity but rather lead to a differentiation process with regard to both performance and level of accountability across localities. Hence, the principal aim is to understand how these different outcomes are brought about and if accountability and local government performance are interconnected.

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Hypothesis

Based on the foregoing discussion, we hypothesise that local public services performance in decentralised government is a function of citizens' political participation, local government accountability, and local government corruption. Corruption and local capture in the early phase of decentralisation decreases local public service performance. On the other hand, citizens' political participation and local government accountability will increase local public service performance. The degree to which decentralisation lead to improvement on local public services is depend on the extent of citizens' participation and the existing social groups within community.

Data

This paper used several data sources to test our hypotheses. First, Governance Decentralization Data survey wave 1 (GDS 1) which was fielded by the World Bank Indonesia in conjunction with the Centre of Public and Policy at Gadjah Mada University during 2002 one year after a radical decentralization implemented. Previous studies used this data to examine decentralization public services in Indonesia (Kaiser and Hofman 2003, World Bank 2003a, and Eckardt 2008). GDS 1 covered a randomized sample of 177 districts. Quantitative indicators for both local public service performance and most of the explanatory variables are derived from this source. The sampling ensured representativeness at both the national and the district level. In each of the sample districts, about 60 households were questioned using structured questionnaires covering their perceptions of various issues relevant to the analysis. In particular, the questionnaire included about perceptions of the quality of public services, perceptions of the workings of various political process, transparency, and participation. In this paper, I restrict only on respondents who already have political right to vote in Indonesian national election (age 17 years or older). In addition to these survey data, district-level fiscal and socio-economic data were merged into the dataset. The fiscal data were retrieved from the Regional Finance Information System. Fiscal data used refers to years 2001 one year after decentralization.

Measuring performance

This study use citizens' responses to measure both performance and some of the explanatory variables mentioned above. We realize that using perception indicators raises some methodological problems. The concept of public service performance are rather elusive and therefore measuring or observing this variable posses considerable difficulties. Compared to most parts of the private sector, performance measurement in the public sector is

fraught with problems (see for example Andrew and Shah 2003: 64-65; de Silva 1999: 1-3; Uphoff 2003). There is no agreed upon and readily available set of indicators to measure the performance of public institutions comparable to profit margins, market share, and productivity to measure the performance of private sector. In practice, this has often led to the application of several parallel criteria in the assessment of performance, including various perception-based indicators. Such perception-based indicators are commonly applied in research on public service performance. Even so there is widespread agreement that they should be treated with cautions³.

Despite these limitations, citizens' responses on performance can provide valuable information that it is noteworthy for understanding local public service problems. Putnam (2003: 53-55), for instance, uses public satisfaction measure and find valuable information about the different performance between local government at Southern and Northern Italy from 1977 to 1988. Next, Deichman and Lall (2003:1) use citizen satisfaction measure to evaluate service delivery performance at two Indian cities, Bangalore and Jaipur. They find that citizen satisfaction can provide valuable information to evaluate the impact of decentralization on service delivery in urban areas. But, they warn that responses in satisfaction survey are at least in part determined by factors that are unrelated to decentralization performance like age, gender, education, income, and ethnicity, as well as attitudes and predispositions related to political beliefs or past experiences. By controlling various socio demography and economic characteristics, Lewis and Pattinasarany (2009:85) find a significant correlation between objective measures of education services and household satisfaction levels in Indonesian local governments. In addition, the use of citizens' response on performance is also better than simple satisfaction rating (Swindell and Kelly 2000). This is because this measure eliminates the effect of different qualities at the outset of decentralization and focuses on changes that occurred since decentralization. Even if this measure have limited precision, they are sufficient to derive ordinal scale variables.

The satisfaction data used in this study are more useful since the

³ Perceptions are in fact often noisy proxies for the underlying concepts, e.g. they are unsystematically influenced by factors other than the ones in question. In interviews, individuals may simply have difficulty understanding and responding to certain questions, they may answers strategically, or provide responses that they deem socially acceptable. In addition, perceptions will reflect the personal characteristics and expectations of the respondent. For example, respondents' level of education or prior experience is likely to impact upon his or her assessment. It is thus important to control for some of these by including personal characteristics in the estimation.

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questions are measured before and after decentralization. In the survey, respondents are asked "in your opinion, how is the quality of (services) in the districts, comparing year 2002 and year 2000?" The services include school, local public health service, general public services, water management, and cleaning services. The study focuses on changes in three particular areas where the local government provides front end services that are directly consumed by citizens: public health services, public education services, and general public services including the issuance of permits, identity cards and various licenses. These service areas were chosen since they represent the bulk of local public expenditure. Taken together, they account for between 40 and 50 per cent of local public expenditure. These services are also crucial with regard to human development and they allow for a representative and plausible appraisal of government performance.

Based on the survey responses on perceived service performance, an index is calculated using factor analysis. Variance of factor one is 2.3 (eigenvalue = 2.3) with proportion 75 per cent. The ranges of performance index vary from -3.1 to 1.3. Table 1 presents the description of performance index and variables used to develop the index.

Table 1: descriptive of dependent variables

Variables	mean	sd	min	max
Primary school services	2.4	0.6	1	3
Community health services	2.4	0.5	1	3
General services	2.4	0.5	1	3
Local public service performance index	0	1	-3.1	1.3
N	5602	5602	5602	5602

Source: GDS 2002

Three different regression specifications: OLS regression, random effect with GLS regression, and fixed effect regression model are used to estimate the relationship between local public service performance and the explanatory variables. The multilevel models include residual at the citizen and local government level. Thus, the residual variance is partitioned into between local government's components (the variance of local government residuals) and within local government (the variance of citizen level residuals). The local government's residuals represent unobserved local government characteristics that affect citizens' satisfaction. It is these unobserved variables which lead to correlation between citizens' satisfaction for citizens from the same local government.

Measuring accountability, corruption and citizens participation

Political accountability refers to specific conditions within the political system under which citizens have the ability to demand answer from agents within the public sector about their proposed or past behaviour, citizens' ability to discern that behaviour, and to impose sanctions upon the public sector in the event that their behaviour is believed to be unsatisfactory by the citizens (Schmitter and Karl 1991, Keahone 2002). This definition entails three essential features of political accountability. First, accountability is thought of as an inherently relational term: a person or organisation has to be accountable to someone else. Second, accountability includes the obligation of actors that are accountable to provide information and explanations for their actions. Third, accountability requires the ability of those to whom these actors are accountable to apply sanctions when these actions are deemed unsatisfactory. Scott (2000) points out that questions of "who is accountable to whom and for what" are the heart of all concepts of accountability. Following those features, we use three indicators to measure accountability including (1) suspected bribes in annual local government's account; (2) information dissemination regarding local development budget; (3) the ability of local government to apply sanction on corruption. We expect the first and third indicators likely reduce local government performance, while the second indicator likely increases performance.

Local government's corruption is measured by perceive corruption of household on community health services, basic education services, and general services. In the survey respondents are asked "have you heard any corruption cases in schools, community health services, village and district where you living?" Perceive corruption has been most commonly used in previous work in the economic literature (Bardhan 1997). Previous studies use this indicator to measure decentralization performance (see for instance Brueckner 2000, Fisman and Gati 2002, and Gong 2006). This variable is meant to capture the likelihood that local government officials will demand special payments, and the extent to which illegal payments are expected throughout local government services. Consistent with the hypotheses, we expect that higher perceive corruption in the beginning of decentralization is likely reduce local public service performance.

Citizen participation is measured by indicators including (1) participation in local election, (2) participation in community development (i.e. village health services and village development improvement), (3) membership in social organisation (i.e. youth organisation, women groups, and religious groups), and (4) the existing village decision making. Participation in local election is viewed as a mean for ensuring accountability of government. Through fair election, citizens can express their displeasure

with corrupt and incompetent government by refusing to re-elect them. Hence, higher citizens' participation in local election likely improves local government performance. Next, participation in community development and membership in social organisation not only provide channel for exert pressure on the public sector to provide better service, but they can also provide models how improvement can be made. Furthermore, the existing social groups both created by government such as village decision making provide opportunity for citizen to participate in policy process. Through these groups, citizens can take an active role in monitoring the performance of elected and administrative officials-and sanctioning and rewarding them at election time. Thus, we expect the existing social groups in community likely improves performance.

Other explanatory variables

Previous studies indicates several socio demography and economic variables which strongly affect responses in satisfaction surveys (Deichman and Lall 2003; Lewis and Pattinasarany 2009). These variables include age, gender, education, household expenditure, and household living in rural areas. Education and household expenditure likely have negative association with service performance. The higher economic status and more educated people likely have higher expectation with public services quality compare with the lower economic status and less educated people. Therefore, we expect the higher economic status and education likely reduce satisfaction. On the other hand, female and household living at rural areas is likely having lower expectation with quality of service delivery. We expect both variables have positive association with local public service performance. We also include geography in the model since this variable is an important factor which determines citizens' characteristics in Indonesia. As an archipelago state, Indonesians are separated on different islands which have different on ethnicity, culture, religion, and economic development achievement. Hence, including geography variables in the model will control the association of those variables on local government performance.

In addition, a number of variables capturing fiscal conditions are included in the analysis. Controlling for fiscal condition is important since it allows us to asses how far local government budgets matter in local service provision. On the expenditure side, the model controls for share of wage on total expenditure. Higher wage bill is expected to be associated with lower performance since higher wage bill pressure lack of budget for public services. On the revenue side, the model controls for share of general allocation grant on total revenue. In the early decentralization, most of local governments depend on the central government grant. This is because most

of local governments have lack of fiscal capacity to mobilise tax and resources. Thus, we expect higher share of general allocation grant on total revenue to be associated with higher performance.

Empirical results

Following the model proposed, we expect local public service performance will suffer in the earlier phase of decentralization. In contrast with the expectation, services seem to have improved in the eyes of a large majority of respondents. Decentralization apparently does not lead to a breakdown in service at the local governments, but sparked considerable improvement in reported satisfaction with services. As can be seen from figure 2, the survey results draw quite an optimistic picture of the effects of decentralization. Two years after

government is the main revenue for most districts, particularly for less developed districts. These are deemed to lack of capacity in mobilising resources in the early phase of decentralization. Hence, grant allocated from the central government and international donors are important to support the operation of local public sectors. Respondents in districts with less wage costs are more likely to report less improvement on performance. Higher share of wage on local expenditure may create budgetary pressure that restrains the local government from investing in the service improvement. Or conversely, lower wage bills are related to more fiscal flexibility since the government has more resources at its disposal to allocate to sectors of particular importance. Moreover, higher wage bills are presumably associated with lower physical infrastructure and part of the effect may be attributed to the fact that changes in infrastructures may be more visible to respondents than other characteristics of service quality and thus driving perceptions.

Discussion

While interpretation of the results should be viewed in light of certain data limitations, there are a number of important findings. Previous studies recognize that decentralization not only can improve local government performance, but also can lead to inefficiency on local public services and corruption (Bienen and colleagues 1990; Blanchard and Shleifer 2000; Sarker 2008). Reflecting from decentralization experiences in Nepal, Russia, and Bangladesh, this study confirms that the potential of corruption and capture is serious when local government accountability is weak. This study finds both perceive corruption and suspected bribes in local government's account report are important determinants in explaining poorly performing local services. The index of local services performance decreases along with perception of corruption and bribes in local public services.

This study confirms that various channels enabling citizens to be involved in providing services and to articulate their voices in policy making improve performance. Membership in social groups which is designed by community such as youth organization, women association, and religious

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However, we have to be careful in interpreting this result. This is because survey responses of citizens may suffer from social desirability bias. For instance, respondents may be responding in a polite manner to survey questions about satisfaction, but not in away that necessarily represent their real views. Respondents may also have low expectations about service delivery, which when compared to actual quality of service lead to relatively high levels of satisfaction. Therefore, it is probably best to understand this result as indicative of relative and not absolute levels of performance.

Next, a brief look at the data suggests a variation with regard to respondents' characteristics, local conditions of local government accountability, citizens' participation, and performance. Table 2 presents descriptive statistic of the explanatory variables. Most respondents are male and tend to be older (range above 43 years old). Most of them are graduated from senior higher school. Respondents tend to have lower expenditure. The per-capita monthly expenditure in the average respondents is about 540.000 rupiah (equal with US \$ 54). In term of geography, most of respondents live at Java, Bali, and Sumatra Island. Few of them live in Eastern part Indonesia and remote islands.

Table 2: descriptive statistic of explanatory variables

Variables	mean or %	sd	min	max
Age	43	12.3	17	99
Female	30 %	0.5	0	1
Education	4	1.3	1	8
Household expenditure	Rp. 540.000	0.3	Rp. 300.000	Rp. 7.000.000
Citizen lives at rural areas	50 %	0.5	0	1
Citizens living at Java and Bali	43 %	0.5	0	1
Citizens living at Sumatra	30 %	0.5	0	1
Citizens living at Eastern Indonesia	10 %	0.3	0	1
Citizens living at remote Islands	5 %	0.2	0	1
Perceive corruption in community health service, schools, and local development programme	30 %	1.1	0	3
Perceive suspects bribes in local government annual account report	20 %	0.4	0	1
Presence of sanction on corruption	8 %	0.4	0	5

Citizen follow local election	59 %	0.5	0	1
Citizen participation on community development activities	1	1.0	0	4
Citizen membership in civic organisations	41 %	0.5	0	1
Presence of village decision making institutions	60 %	0.5	0	1
Share of general allocation grant on total revenue	54.5 %	19.3	3.0	97.0
Share of wage on total expenditure	72.9 %	16.4	72.9	93.3
N	5602	5602	5602	5602

Source: GDS 2002 Survey, Regional Fiscal Information System 2001

Corruption in local public services as perceived by respondents ranges from 0 to 3. Only few respondents report suspect corruption on the local public service during decentralization. Likewise, only around 20 percent respondents' reports that annual local government accounts are suspects. Respondents' report presences sanction of local corruption also very low with 8 percent. With regard to transparency as measured by dissemination on local development budget, only few respondents report that they were informed. Respondents' participation in local election is relatively high. Participation in various civic organisations also shows variation ranging from none to almost half of respondent reporting involve in various civic organisations. Overall, participation in community development activities as measured by attendance in village health post meeting or "posyandu" is low.

Controlling for fiscal condition is important since it allows us to asses the effect of local government budget on local service provision. Decentralization has resulted in vast differences in fiscal conditions of local governments. The variation in the importance of the general allocation grant as revenue source (from 90 percent to around 15 percent) reveals considerable difference with regard to the revenue side of local budgets. Whereas the civil servant wage bill consumes 97 per cent of the budget in the district with highest salary outlays, it only accounts for 3 per cent in the district with the lowest.

Table 3 presents regression results for a range of explanatory variables in both simple and multilevel models. First, elaboration about several individual control variables is presented. The older respondents perceive decrease in performance of local public services. Women are more satisfied with local services compared to man. Those with higher education perceive less improvement. In contrast with the expectation, households who relatively have higher expenditure tend to perceive improvement. In terms of geography, they who live at main Islands (Java-Bali, Sumatra, and Eastern Indonesia) likely perceive better performance. In contrast, respondents who

live at remote Islands likely perceive less improvement on local public services. Citizens who live in rural areas perceive better local public service than they who live in urban areas.

Table 3: OLS, random-intercepts, and fixed-effects regression models for explanatory variables

	OLS			random intercepts			fixed effects		
	coeff.	se	p	coeff.	se	p	coeff.	se	p
Individual									
Female	0.084	0.030	0.010	0.087	0.030	0.000	0.099	0.030	0.000
Age	0.004	0.001	0.000	-0.004	0.001	0.000	0.004	0.001	0.000
Education	0.024	0.011	0.030	-0.023	0.011	0.040	0.022	0.011	0.050
Household expenditure	0.009	0.005	0.050	0.009	0.005	0.050	0.008	0.005	0.080
Citizen lives at rural areas	0.052	0.028	0.070	0.054	0.029	0.060	0.068	0.029	0.020
Citizen lives at Java-Bali	0.245	0.042	0.000	0.225	0.044	0.000	0.136	0.051	0.010
Citizen lives at Sumatra	0.218	0.042	0.000	0.211	0.044	0.000	0.194	0.045	0.000
Citizen lives at Eastern Indonesia	0.549	0.069	0.000	0.531	0.071	0.000	0.469	0.076	0.000
Citizen lives at remote Islands	0.300	0.087	0.000	-0.301	0.090	0.000	0.277	0.095	0.000
Perceive corruption in community health service, schools, and local development programme	0.113	0.021	0.000	-0.114	0.021	0.000	0.114	0.021	0.000
Perceive suspects bribes in local government annual account report	0.185	0.033	0.000	-0.184	0.033	0.000	0.177	0.034	0.000
Perceive presence of sanction on corruption	0.056	0.034	0.100	0.051	0.034	0.130	0.046	0.034	0.170
Receive information regarding local development budget	0.031	0.008	0.000	0.031	0.008	0.000	0.029	0.008	0.000
Citizen follows local election	0.147	0.030	0.000	0.145	0.030	0.000	0.134	0.030	0.000
Citizen participation on community development activities	0.097	0.014	0.000	0.096	0.014	0.000	0.091	0.014	0.000

	OLS			random intercepts			fixed effects		
	coeff.	se	p	coeff.	se	p	coeff.	se	p
membership in civic organisation	0.064	0.027	0.020	0.061	0.028	0.030	0.057	0.028	0.040
presence of village decision making institutions	0.022	0.028	0.440	0.024	0.029	0.410	0.024	0.029	0.420
government									
of general allocation grant									
total revenue	0.107	0.023	0.000	0.115	0.024	0.000	0.124	0.026	0.000
of wage on total									
contribution	0.141	0.027	0.000	-0.148	0.028	0.000	0.154	0.031	0.000
constant	0.304	0.077	0.000	-0.292	0.078	0.000	0.272	0.078	0.000
variance	0.060			0.060			0.060		
				0.050	0.000	0.000	0.050	0.040	0.000
variance ratio test (Chi-squared)				484.33		0.000			
	5602			5602			5602		

Note: factor analysis-perception of local government performance on primary school service, community health service, and general administration.

The next block of results provide some support for the hypothesis that corruption in local public services is consistently associated with lower scores in the service performance. Similarly, perceived bribes in the local government annual accountability report is likely to decrease performance; again this result holds across various specifications of the model. The coefficient of perceived bribes is relatively high compared to other variables with 18-19 per cent. Meanwhile, perceived presence of sanction on corruption have no correlation with local public service performance. The use of perception based indicators to measure the extent of corruption and bribes in annual accountability report, however, requires caution in the interpretation of these results.

Higher citizens' participation in local election, community development and social groups makes better service outcomes more likely. Citizens who follow local election perceive improvement on local public service since decentralization. The coefficient of citizens follow local election is relatively high compare with other variables with 13-14 percent. Interpretation of this result however should be careful. Participation in local

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election generally is viewed as a mean for ensuring accountability of government. Through fair election, citizens can express their displeasure with corrupt and incompetent government by refusing to re-elect them. Higher citizens' participation in local election thus can improve local government performance through circulation of local government officials. Given perception as a measure of performance in this study, the association between both variables can also be driven by other factors. For example, citizens' perception can directly change due to they follow local election. This is because citizens who follow local election have more informed about local government development.

Participation in community development activities (i.e. voluntary health services or "posyandu") and membership in various types of civic organisation (i.e. women association activities, child development group, youth organisation, and religious organisation) is also associated with perceived improvements in local public services. The effect remains in all regression models. In contrast, presence of village decision making institution which originally designed by government has no correlation with performance. Getting citizens involved directly in the lowest structure of government can improve local governments' capacity both in improving and in providing services. Community participation and social groups which is built from community can affect this capacity by, for example, proposing types of services which they needs as well as providing direct material benefits or helping to target material resources most efficiently within a community.

Next, transparency, as measured by dissemination on local development budget, is likely to improve local public service performance. Engaging citizens to monitor local development activities through village decision making institution encourages local bureaucrats to respond to communities demands. In the lowest structure of government, citizens can better oversee the way local agencies use public fund and deliver services in daily life. Here, information dissemination can be understood as channels for improving citizens' political awareness. By providing information about how government spent their money, they will have opportunity to monitor and to evaluate local government activities. Whether or not we can attribute this effort as a causal chain, between participation and transparency to more accountable local governments and therefore improved services can be contested. The results may also be driven by other factors. For instance, participation might by itself change respondents' perceptions of services, simply by providing more information about changes and improvements in service delivery.

Some of the measures for difference in fiscal conditions are related to variation in the service. The share of the general allocation grant in total revenue improves performance. General allocation grant from the central

government is the main revenue for most districts, particularly for less developed districts. These are deemed to lack of capacity in mobilising resources in the early phase of decentralization. Hence, grant allocated from the central government and international donors are important to support the operation of local public sectors. Respondents in districts with less wage costs are more likely to report less improvement on performance. Higher share of wage on local expenditure may create budgetary pressure that restrains the local government from investing in the service improvement. Or conversely, lower wage bills are related to more fiscal flexibility since the government has more resources at its disposal to allocate to sectors of particular importance. Moreover, higher wage bills are presumably associated with lower physical infrastructure and part of the effect may be attributed to the fact that changes in infrastructures may be more visible to respondents than other characteristics of service quality and thus driving perceptions.

Discussion

While interpretation of the results should be viewed in light of certain data limitations, there are a number of important findings. Previous studies recognize that decentralization not only can improve local government performance, but also can lead to inefficiency on local public services and corruption (Bienen and colleagues 1990; Blanchard and Shleifer 2000; Sarker 2008). Reflecting from decentralization experiences in Nepal, Russia, and Bangladesh, this study confirms that the potential of corruption and capture is serious when local government accountability is weak. This study finds both perceive corruption and suspected bribes in local government's account report are important determinants in explaining poorly performing local services. The index of local services performance decreases along with perception of corruption and bribes in local public services.

This study confirms that various channels enabling citizens to be involved in providing services and to articulate their voices in policy making improve performance. Membership in social groups which is designed by community such as youth organisation, women association, and religious group has an important role in improving performance. Likewise, citizens' participation in community development activities particularly volunteering in village health posts improves performance. In Indonesian contexts, the positive association of community participation on local service provision is also reported by Miller et al. (2006:1094-1096) on their study about social capital and health. They identify that community which have higher participation and denser social groups likely have better health. The link between citizens' participation, social groups, and local services performance can be explained through several mechanisms. As citizens have

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opportunities to participate, they become more effective at rewarding and punishing the behaviour of local officials. As a consequence, local officials have incentives to be responsive to local needs and concerns. Meanwhile, social groups not only can exert pressure on local government to provide better services, but also can provide models of what kind of services and how improvement can be made according to local concerns. For example, earlier studies find that many community health post or *posyandu* in Indonesia have an important role in providing preventive health care, immunization, vitamin supplements, and health information, below the cost of comparable services in the private sector.

In terms of the relation between various control variables and local public services performance, this study finds both contrast and similar evidences with previous studies. This study confirms that local public service performance of most local governments still depend on transfer of grant from central government. In the early decentralization, most of local governments have lack of fiscal capacity to mobilize own resources, so that grant from central government is the main source for running local public services. As identified on this study, there is a relatively strong correlation between shares of general allocation grant on total expenditure on performance. Local governments which have higher share of general allocation grant on total expenditure likely have better local service provision compare with they who have smaller share. This finding contrast with previous study by Eckardt (2008) which identifies no significant effect between shares of general allocation grant in total revenues on local public services performance. The reason of this different result perhaps because in his study Eckardt do not take into account random intercepts between local governments as well as local government fixed effects in the analysis.

This study also confirms that geography has strongly correlated with local government performance. This study finds that citizens in remote Islands less likely perceive less performance than they who live in main islands particularly Java and Bali, and Sumatra. As an archipelago country, geography has major challenges for local governments to deliver service delivery (Lewis and Pattinasarany 2008). As a result, most of citizens in remotes islands have lack access of services both in terms of quantity and quality. Here, negative correlation between remote islands and public services performance may reflect lack of local public services performance at these areas.

Conclusion

The general hypothesis tested in this article is that the performance of local public services is to significant extent determined by the existing

citizens' participation, local government accountability, and local government's corruption. The results are broadly consistent with the predictions of the hypothesis. Higher local government accountability, less corruption, higher citizen's participation and presence of social groups in communities are all associated with higher performance perceptions. These effects remain statistically robust across all regression specifications. While we should be cautious in interpreting the results as causality in the strict sense, they still provide an interesting pattern that should be addressed in further empirical analysis.

Poorly performing local public services are often deeply rooted in their political and social contexts. Local governments often fail to provide better public service when political accountability is absent due to weak checks and balances, lack of transparency, and weak electoral incentives. If political accountability is incomplete, decentralisation will create powerful incentives for political and bureaucrat agent to capture local political process and misallocate public resources. Conversely, better performing local public services are consistently with higher citizens participation and active social groups within community which strengthened local government to be responsive and deliver service more efficient. Higher accountability will increase the political costs of inefficient and inadequate public decisions and public service performance is likely to improve. This requires a politically active community that able to broadly participate directly and indirectly in examining accountability.

Future research on explaining local government performance with public services will do well to concentrate some of its efforts on improving the information base related to local government environments. The collection of data on additional aspects of local corruption will be important in order to appraise the potential pitfalls of decentralisation. More broadly, additional work on specifying and collecting data on objective indicators of local public service performance, as contrasted with perceptions, while quite difficult, will be most helpful in enhancing the robustness of these types of analyses.

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