The Implementation of Managerial Governance And Organization Theory Crisis

by Wulandari Harjanti

The Implementation of Managerial Governance And Organization Theory Crisis

Pristiwantiyasih
university 17 Agustus 1945 Banyuwangi
pris.wantiyasih@gmail.com

Wulandari Harjanti, Maya Ida Kesumawatie, Parwita Setya Wardhani
school of Economic Mahardhika Surabaya
stiemahardhika.ac.id

Dina Novita
University Kartini
dinanovita2@yahoo.com

Abstract

The economic liberalization, political democratization and governmental decentralization have significantly brought about changes in the public sector management. The dominant roles of the state as a regulator as well as provider of public goods and services have massively eroded, and subsequently replaced by society (non-state actors). Consequently, the vertical relationships among actors either within the state institution or, generally, in social relations are getting out of fashion. At present, the model of government has been replaced by the newly model, that is, governance. In this model, the inter-organizational relationships grow to be much more significant characteristic, rather than inter-organizational patterns. Many practitioners in government, who had habitually employed the hierarchical patterns, faced many difficulties to understand and to place their position in these chaotic and anarchical situations. Meanwhile, the organization theories, which have widely focused in the inter-organizational model, have no significant contributions to cope with these changes. This paper endeavours to search for a new model of relation management, which possibly captures the more horizontal relationships in inter-organizational arenas..

Keywords : Governance, Organization Theories, Horizontal Relationships, Inter-Organizational.

1. Introduction

In Indonesia local government history, Orde Baru era, in 5th constitution in 1974 set a Governor, and Mayor as the only ruler in every district or province. As the vice of the central government, they are the leader of every government bearau in local government, eg: the legislature, the judiciary, the police and the military that became as one as Deliberation of Regional Leaders. They are automatically became the head of supervisors' board of Golkar, as the government party, of their own working area. Worked in authoritarianism political system, those regional leader also had a strong political control capacity over social, political, and economic organisation. Disobedience of the single ruler policy would drag on to subversion constitution that used to keep those disobediences in silence and got follower(Devas, 1989).

Relationship between the single author and the society describing the relationship pattern which is hierarchy and authoritarianism. Regularity in governance is build through authoritarianism mechanism using coercion's instruments, whether it is law or even violence using. Public policy not really built by many partied involved agreement, but it is more about juridical authority in relationship pattern of hierarchy. In a kind of political pattern, leaders were building discipline, obedience and regularity.

But, that condition is no more exist. By the process of democratization, citizen's political rights to deliver their opinion and doing association is guaranteed by constitution and political mechanism. The connection of state officials and society is not always hierarchical. Public policy, regularity and discipline cannot be implemented by ordered, but it should by negotiation mechanism to build a consensus(Budiman et al., 2000). Orde Baru era governance style which is authoritarianism is not effective any longer to be used, so that a new way to guaranteed discipline and agreement are needed.

This study is not discussing about Indonesian politics shifting specifically, more over, not even discuss about decentralization. The symbolization in previous just showing that there is a intra-organizational difficulty to organize the horizontal relationship in new political setting. Discussion will start by the appearance of

economic liberalization and politics that became a phenomenon in recent decades. The shifting pattern of government and governance will bring the needs of finding new governance organizing approach. This study will be ended by the needs of building network approach in between organization connectivity setting instead of internal-organization setting

2. Research Method

This paper will discuss and describe data based on the fact and information in some literatures which is delivering author's deeper thought about government and governance settings and roles through decades in Indonesia, includes in province and district in qualitative one, since reformation changed everything in it. All data is gathered from relevant periods to enhance the analysis.

3. Result And Discussion

Idea's developing of good governance had spread very fast, and became a new perspective in development management. In Indonesia, the effect of good governance's growth spread widely and has complex implication. Since 1997 due to economic crisis, economic reformation perspective that walk side by side with market predominantly became the hot issue of Indonesia's government reformation. He implication is good governance idea that spread in Indonesia become so poor in contextualization and will be only the sound of development management(Pratikno in Prianto, 2011). In this case, good governance will be an administrative issue that only talk about rules and institution design that push a transparent, wide open, efficient and accountable (Leftwich, 1996).

In Indonesia reformation context, good governance principles that adopted and spread in the same time with decentralization system and local autonomy implementation in Indonesia. In many workshop and training that designed, good governance principles as the foundation of governance will be introduced on regions that having governance stuttering phase in the frame of local autonomy. So that, principles in good governance nowadays is not only be a driving force for making a good governance, but also becoming a standard for general governance(Hamzah, 2019).

In administrative level and public management, the idea of good governance will be developed in many variants, such as New Public Management, Market-based Public Administration, Entrepreneurial Government, or many other homogen idioms(Hughes, 2012). As the idea of good governance that is going to minimize government function, idea variety in public administration will run along. The point is on the effort which is going to adopt market logic in government bureaucracy mechanism.

It must be able to understand the stages of crisis, apply the crisis management model and crisis communication in Table 1

Table 1. Crisis Management and problem solving

Crisis Stage	Crisis Management Model	Crisis Communication Model
Pre-Crisis	Signal detection, prevention, preparation	Establish knowledge of the crisis (more internal), equate perceptions among members of the organization
Crisis	Know trigger and response events, damage containment	Influence public perception of the crisis, perception of the organization and all efforts of the organization to overcome the crisis (initial response and corrective & reaction)
Post-crisis	recovery, learning, follow up information with the public, cooperation for investigation, trying to return to normal	Restoring reputations and restoring reputations that were lost in the crisis. (evaluation)

According Rhodes, new wide as in public administration model in previous having two main meanings, as managerialism and the new institutional economics. The meaning of managerialism refers to private sectors managerial principles that adopted as new method of public sector management(Roderick Arthur William Rhodes, 1996). Managerialism system is emphasizing on the important of professional management application, explicit performance appraisal, target oriented, customer satisfaction oriented and money value (Hughes, 2012).

On the side of public administration meaning as the new institutional economics, Rhodes refers to incentive structure experience into the process of providing public service. The idea of the new institutional economics emphasises on how important to restrict bureaucracy role in public service directly and delivering options of service on public service for society by market mechanism or market-quasi by contracting-out mechanism or

even make us of private agent. So that, public administration idea just the same with good governance idea which going to minimize state role.

In a simple level, those idea being interpreted in Ted Gabler and David Osborne's book "Reinventing Government" which is famous in Indonesia. This book became a kind of manifesto for a new model government auction which adopt entrepreneurship principles in government(Osborne, 1993). In this entrepreneurial government context, governance interpreted as steering capacity, the ability to manage complex actors in public policy formulation and implementation. In Rhodes' statement, "more governance is more steering", which also meant as less-government and less-rowing(Roderick Arthur William Rhodes, 1996).

As the idea of reducing state role and intervention, study on governance, thus more of them lead to actors' roles out of governance. The interesting side is, even though in the beginning of this study, was based on the effort of government, but this study is developing dynamically. Even in some levels showing a very sharp difference toward governance idea as the study of entrepreneurial government has been discussed. Let's take governance definition as the example that delivered by Tokyo Institute of Technology. Tokyo Institute of Technology's opinion, governance concept refers to "the set of values, norms, processes, and institutions by which society manages its development and resolves conflict, formally and informally" (Weiss, 2000). In this context, governance relates to behaviour and capacity of community in managing common interest and resolving conflicts between them in institution context whether it is informal in daily routine(Hamzah, 2019).

Still connected with governance definition and community roles, UNDP formulated governance definition as "the exercise of economic, political, and administrative authority to manage a country's affairs at all levels (which) comprises mechanisms, processes, and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligation and mediate their differences"(Weiss, 2000). In UNDP conception, participation principles, transparency, accountable, rule of law, responsive, consensus oriented, equity also inclusiveness being the important foundation for establishing governance.

In last two formulas definition of governance, the key words are consensus building and interest accommodating as the basic of building synergy. Instead of counting on state institution works well, governance definitions push market institutions and civil society strengthening. So that we can say, interest accommodating functions and building consensus of governance will be balance. In this case, government's role will be in the same level more and less and power relationship between state, market and community will become relatively autonomous and horizontal.

The implication is the process of interest negotiation (not the regulation) became the centre in every formulating process, decisioning process and implementing public policy (Peters et al., 1998).

But, even though New Public Management (NPM) and governance are the response of governance idea limitation at the beginning, in the next step, the developing process and consequences which delivered are different. Table 2 describes the difference

Table 2
Model Comparison between NPM and Governance

	New Public Management	*Governance*
Problem Dimension	Effectiveness	Dependency / interdependence
Ideology Orientation	Ideology moreover, implementing free trade ideology in public sector	Setting up important element in democration by maximizing participation and accountability of government administration
Focus	Connect to *outcome*	Connect to process
Relation scope	Part of intra-organisational reformation	Variation of inter-organizational perspective
Reform instrument	Administration control	Facilitation, mediation, co-governance
Reform idea	Business principle adoption	Government as the manager
Indicator of success	Mechanism and measurement standard is the same, based on market ideology	More dynamic and no standard type that have to be set (should be contextual)

Source : processed from various source

In Indonesia government reform practice, the frame of New Public Administration point of view had been replaced with governance point of view. In government scope, political liberalization has implications for institutional relations of government that is getting horizontal. State auxiliary institution appearance e.g: Constitutional Court, Corruption Eradication Commission, and many other, require more on the interest of new

coordination mechanism. Inspire of that, the relationship between state, business sector and civil society has been changed. In line with its relatively autonomous, the connectivity of state and those two sectors are no longer subordinate. The state can no longer be effective using authoritative mechanism managing those connectivity, but has to negotiate for its interest with other sectors. Institution reform mechanism as New Public Administration which adopted market effectiveness mechanism in institution management, not significant anymore due to the importance of managing complex governance(Kickert et al., 1997).

Horizontal relation that is getting stronger and wider in governance processes also felt in public policy processes. By governance practices, social actors that were out of the state institution will get a space to play a wider role with stronger effect. These social actors could be grass root political power, but could also be the socio-economic elite in national or global level. The policy process becomes open in the pattern of equal relations and horizontal, which are often coloured with difficulty in building collective agreements.

In an increasingly horizontal context, issues and problems develop in a kind of cross-cut and can not be solved in particular way, under license of a department for instance. In the same time, there are many actors involved due to participation requirements in governance. It is not only the actor in government organization scope itself, but they are non-governmental actors' positions are getting significant. As Rhodes had been visualized that governance is very representative way to show the problem of this new interaction. "Governance means there is one centre but multiple centres, there is no sovereign authority because network have considerable autonomy"(Rod A W Rhodes, 1997).

In context of political institutional relationship, the phenomenon of state capacity weakness in handling one side coordination control, and new actors' centuries are getting wider on the other side, asking for a model of a new effective organizational relationship management model. To answer this question, developing organization theories are facing number of limitations. The problem is there are no serious efforts to response as soon as possible due to empirical changes in organizational relationship between organization. As long as organizational theory did not modify itself to catch horizontals phenomenon, organizational theory will be pulled aside since it will having relevance crisis. As the first trial to find out an alternative for a new organizing, we had better make comparison study on an exist organizing model to measure its limitations and compatibility potential to be developed.

3.1. Hierarchy Model

In traditional literatures of policy and organization, there is a general assumption that hierarchy is an ideal pattern to make sure the organizational relationship runs well (Jennings Jr et al., 1998). If we track on it, this general assumption will walk in line with ideal form of government organization public bureaucracy which conceived by Max Weber. According to Weber, ideal bureaucracy should has a system which has a possibility for administrators not doing everything as their own wish and their own will. Mechanism that had been build is a hierarchy relationship between politicion and bureaucracy, and hierarchy relationship in internal bureaucracy (Thoha, 2003).

Weberian's bureaucracy model was built based on pluralist public sector principle(Kjaer, 2004). The meaning is, each people sovereigns to access public sector and each of them may use their power through representative election mechanism. This representative institution will define "common interest" that going to do by government (executive power). Executive power is the highest level of administrative authority, that prepare the policy and implementation formulas of "common interest". In this organizing relationship, there is a firm separation between politics and administration. The politicians duty are making the goals, meanwhile the administrators are finding out and determining how to reach that goals. In other words, formulation and implementation of policy is a process that must be done one by one.

In the connection with other entity, Weberian ideal model take a state and society as entity that firmly separated. Due to state position as manifestation and representation of individuals interest, so behalf on common interest, a state may require the rules and insist on it. By the way, the relationship between central government and local government as sub-government, although local government has a great autonomy level, the central government will not give up some of legal authority. Making sure the coordination through hierarchy mechanism including how to manage good relationship between state and its society, and how to manage internal relations of state itself (Peters et al., 1998).

3.2. Market Model

In hierarchy model, there is connectivity that has a directly proportional connectivity between coordination function and control function. The meaning is, the higher control structure in an organization or institutional, so that a coordination can be established. In contrary to this hierarchy model assumptions, coordination model through market mechanism denied each great form of government. In market model, a great form of government will be assumed as the source of all kind of ineffectiveness (Ewalt et al., 2004).

The connection between government and society in market model is not a power structure connection as the first model, but it is a connection between provider and customers. This market model is arisen since part of it is a response of a phenomenon which is called a democracy deficit. Most of time, people sovereignty that had given to representative institution directly can not be accountable for its constituents. Meanwhile, constituent can not control its representative institution. Democracy deficit describes disconnection situation between representative institutions which duty to determine and to formulate society needs with its constituent that had given its command (Peters et al., 1998).

In this kind of situation, inspite of counting on policy due to society needs on government institution which is not really to be responsible to its constituent, will be more effective if only government put on market principles in policy formulating and public service. Here, society that is considered as customers may choose it directly through transaction mechanism.

3.3. Networking Model

Since an organization distributes its functional systems on other units and departments, start on that time, needs of coordination arisen and developing more complex. In intra-organizational connections, might be needs of coordination can be established through hierarchy-control mechanism. But, since those connections involving organizations wider, so, the effort to make sure the coordination into inter-organizational setting will be more difficult. Because of it, coordination mechanism with wider reach is needed and most of time it is virtual, without clear appearance. This called networking mechanism.

The consequents of networking mechanism is public policy will be depend on actors' needs that connected with negotiation process. Government's relationship with other actors seems to be equal and government can not insist on its interest easily anymore. In this context, even though networking mechanism is intended for managing public sector based on interest of relevant actors, government still asked to be accountable to its society (Pierre et al., 2000; Peters et al., 2000).

The connection of government had networking mechanism is dependent. Networking is a shape of massive representative needs which consists of people with capacity, of that potentially become an important element in policy processes. But, networking is also build based on needs alliance between groups that might threatening government needs. In tension of any kind of relations, networking mechanism has it specific uniqueness.

4. Conclusions

The changes of relational pattern and other consequences that already been discussed previously, is a part of contemporary change of society in reform era. According to Under and Peters, political world in reform era having two bid tendencies. First, the development of policy-making sector as the consequences of issue complexity of each sectors and professional groups growth. The implication is policy-making model which is monopolistic by state will be not popular any longer. Processes of policy-making will be done more often in a relatively open with relatively autonomous actors.

Second, political world in this era also asking for society involving more in policy-making process. Nowadays developments put on participations not only as an instrument or a process of democratically policy-making, instead of participation become its own goal. It is very clear in good governance principles that become a dominant perspective in government reform. Its implication is policy-making is a bargaining process and negotiating nowadays, not to be insisted on and formulated by higher power hierarchy centrally.

Problem which has to be answered by organizational theory is how to manage the connection of intra-organizational which area is open wider and its relations pattern is getting more horizontal. No wonder any kind of organizing models which applied will always set on its instrument, and at the end will define whether those processes are worth developing or not. in this context, the way to manage relations by networking model has a great potential to be developed in organizational theory.

Even though there is a great chance of lose and win, but the problem is no longer on epistemological level (problem point of view) but on strategic level. Success in this model can be measured by the capability to build collective action based on common goals-making. Strategy which might be develop is, first, upgrading incentive structure in order to this networking become a magnet pole for actors to make a coordination and build a consensus-making. Second, upgrading actors managerial capability for network-making innovatively, so that, it will invite actors' interaction in networking. Even though it is not easy to create theory formatting to formulate common action between actors that are not uniform and autonomous, but it is a challenge that must be answered by organizational theory.

Acknowledgements

who provided expertise that greatly assisted the research, although they may not agree with all of the interpretations provided in this paper.

References

Budiman, A., Hartley, B. and Kingsbury, D., Harapan Dan Kecemasan Menatap Arah Reformasi Indonesia, *Jogjakarta: Bigraf Publishing*, 2000.

Devas, N., *Keuangan Pemerintah Daerah Di Indonesia*, Penerbit Universitas Indonesia, 1989.

Ewalt, J. A. G. and Jennings, E. T., Administration, Governance, and Policy Tools in Welfare Policy Implementation, *Public Administration Review*, vol. **64**, no. 4, pp. 449–62, 2004.

Hamzah, M. B. N. W., Transparency in the Implementation of Good Corporate Governance in Indonesia Public Company, 2019.

Hughes, O. E., *Public Management and Administration: An Introduction*, Palgrave Macmillan, 2012.

Jennings Jr, E. T. and Ewalt, J. A. G., Interorganizational Coordination, Administrative Consolidation, and Policy Performance, *Public Administration Review*, pp. 417–28, 1998.

Kickert, W. J. M., Klijn, E.-H. and Koppenjan, J. F. M., *Managing Complex Networks: Strategies for the Public Sector*, Sage, 1997.

Kjaer, A. M., Governance: Key Concepts, *Cambridge, UK*, 2004.

Leftwich, A., *Democracy and Development: Theory and Practice*, Polity Press, 1996.

Osborne, D., Reinventing Government, *Public Productivity & Management Review*, pp. 349–56, 1993.

Peters, B. G. and Pierre, J., Governance without Government? Rethinking Public Administration, *Journal of Public Administration Research and Theory*, vol. **8**, no. 2, pp. 223–43, 1998.

Peters, B. G. and Pierre, J., Citizens versus the New Public Manager: The Problem of Mutual Empowerment, *Administration & Society*, vol. **32**, no. 1, pp. 9–28, 2000.

Pierre, J. and Peters, G. B., Governance, Politics and the State, 2000.

Prianto, A. L., Good Governance Dan Formasi Kebijakan Publik Neo-Liberal, *Otoritas: Jurnal Ilmu Pemerintahan*, vol. **1**, no. 1, 2011.

Rhodes, Rod A W, *Understanding Governance: Policy Networks, Governance, Reflexivity and Accountability*, Open university press, 1997.

Rhodes, Roderick Arthur William, The New Governance: Governing without Government, *Political Studies*, vol. **44**, no. 4, pp. 652–67, 1996.

Thoha, M., 1. BIROKRASI 2. POLITIK, 2003.

Weiss, T. G., Governance, Good Governance and Global Governance: Conceptual and Actual Challenges, *Third World Quarterly*, vol. **21**, no. 5, pp. 795–814, 2000.

Biographies

Pristiwantiyasih, is a lecturer at University 17 Agustus 1945 Banyuwangi , active in the field of research and community service

Wulandari Harjanti, is a lecturer at STIE Mahardhika, active in the field of research and community service
Maya Ida Kesumawatie, is a lecturer at STIE Mahardhika, active in the field of research and community service

Parwita Setya Wardhani is a lecturer at STIE Mahardhika, active in the field of research and community service

Dina Novita is a lecturer at Universitity Kartini , active in the field of research and community service

The Implementation of Managerial Governance And Organization Theory Crisis

8% SIMILARITY INDEX

7% INTERNET SOURCES

3% PUBLICATIONS

4% STUDENT PAPERS

PRIMARY SOURCES

1	www.scribd.com Internet Source	**5**%
2	Submitted to Padjadjaran University Student Paper	**4**%

Exclude quotes	On	Exclude matches	< 2%
Exclude bibliography	On		