

THE IMPACT OF NEW PUBLIC MANAGEMENT APPROACH TOWARD DIGITAL GOVERNMENT IN INDONESIA

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Abstract: *This research is a qualitative method research that uses literature review to seek the impact of New Public Management (NPM) approach toward the implementation of digital government in Indonesia. Digital government is looking for more open, collaborative, and innovative government and it goes along with NPM ideal purpose to provide effective services to citizens, and also emphasizes efficient government. However, previous research stated NPM approach did not suitable for developing countries. This research tried to look if NPM approach is a challenge for the implementation of digital government in Indonesia. As the result, NPM approach became a big challenge for the implementation of digital government in Indonesia because it resulting sectoral ego and not integrated e-services application. Indonesia government needs to look another approach to develop digital government in Indonesia towards a better way.*

Keywords: *Digital government, New Public Management, Indonesia*

Introduction

Globalization and modernization make people rely a lot on technology in this era. The usage of internet is keep growing, so the urgency to improve digital platforms quality become important as well. Today era is also known as Industrial Revolution 4.0 (4IR), when everything is shifting toward modern smart technology, machine-to-machine communication, and internet of things (IoT) because 4IR emphasizes advances in communication and connectivity. In the beginning of 4IR, the concept for 4IR is technological change as a driver transformation for industries and society. Also, the purpose of 4IR is to improve efficiency by increasing automation, improving communication, and self-monitoring (Moore, 2020; Philbeck & Davis, 2018; Schwab, 2016). 4IR does not only have effect on private businesses, but it is also transforming social norms, international relations, and government. In government world, the use of information and communication technologies (ICT), particularly internet, is not a new thing. The United States of America has used ICT in their government since 1993, and it known as electronic government (e-government). Furthermore, the United States of America declared an e-government act in 2002. Estonia, a former Soviet Republic, instituted a system of e-governance in 1997 and now 99% e-services are available to Estonia public. Even, Estonia ranked top three in E-government Development Index and E-participation Index. South Korea also established single national e-government act in 2001 and become the first rank in Asia for E-government Development Index and E-participation Index (United Nations, 2020; Chung & Kim, 2019).

The next level of e-government is known as digital government, which focuses on digital technologies for more open, collaborative, and innovative government. According

to Organisation for Economic Co-operation and Development (OECD, 2019), the purpose of digital government is the government can create public value through ICT, so every government in the world, including governments in developing countries and least developed countries, could build more resilient and responsive government, especially in emergency. Indonesia, as a member country of OECD, is also trying to build a high-quality digital government. Indonesia began the implementation of e-government by initiated a collaboration with Telecommunication Company (PT Telkom) in 2000 and in 2003, Presidential Instruction (Inpres) Number 3 of 2003 was issued to strengthened the implementation of digital government within government framework.

Digital government had become one of five priority sectors in 2014–2019, and in 2018, the President issued Presidential Regulation (Perpres) Number 95 of 2018 concerning Electronic-Based Government Systems which became the legal umbrella for implementing digital government in Indonesia. Indonesia have been trying to implement digital government for around two decades to have more efficient and effective public service as a part of bureaucracy reform, also to simplify the bureaucracy and open easier access for investment. This purpose also went along with New Public Management (NPM) approach that has been implemented in Indonesia since 1999 by the issuance of Presidential Instruction (Inpres) Number 7 of 1999 concerning Performance Accountability of Government Agencies. NPM is an approach that sought to change the rigid, slow, and inefficient bureaucracy by importing private business concepts, techniques, and values, so government could provide effective services to citizens, and also emphasizes efficiency (Waheduzzaman, 2019).

In 2019, Indonesia rank was getting better for Digital Government Index (DGI), belonged to High E-Government Development Index (EGDI) countries, and joined in Very High E-Participation Index (EPI) group countries in 2020 (United Nations, 2020; OECD, 2019). Indonesia's experience in building digital infrastructure also has become one of the discussions in 2022 G-20 Indonesia Presidency Digital Economy Working Group Forum (Aisyah, 2022). However, despite Indonesia government's effort for almost two decades, and the improvement that have been made so far, Indonesia is still lagging behind the other countries, even in South East Asia. We need to look if NPM approach is a challenge for Indonesia in implementing digital government. If it is, then we need to seek the possible solution to improve digital government in Indonesia.

Research Methods

This research uses a qualitative research method. Qualitative research method is usually used for small number of observations or study of unique events, and more focus on interpretation and understanding (Gabrielian et al., 2008). By that, qualitative research method is trying to look more for theories, concepts, and models. Also, we can find some information, have insight into how to approach or solve a problem, and learn to prompt a new program or strategy (O'Sullivan et al., 2017). This research employed a literature review with the main sources of the previous researches that relevant with this research. Literature review is a systematic approach of previous studies related to a research question, either in wide or narrow scope (Bearfield & Eller, 2008). There were some previous researches and studies about NPM and digital government that can be used to help answer the questions in this research. Also, this research used secondary data.

Results and Discussion

Generally, NPM was known as an approach of reform in public sector management in 1980s. NPM was surfaced to improve public sector or government by importing private business concepts, techniques, and values. The characteristics of NPM are emphasizing on performance, goals, and measurement of outputs; small size organizations; substitution of contracts for hierarchical relations; market-based mechanisms; and treating user services as consumers. NPM approach seeks government as a small size institute that can maintain high quality public services (Yeboah-Assiamah et al., 2016; Fishenden & Thompson, 2012).

According to Dunleavy et al. (2006), NPM has three main components, which are incentivization, competition, and disaggregation. Incentivization emphasizes in performance-based pay systems and mandate contracts. Incentivization also has correlation with meritocracy, as a way of distributing income, power, wealth, opportunity, honor, and social recognition based on what they deserve (Sandel, 2021). The second component is competition, which is implying competition within internal markets in public sector and contracting out to the private sector. The third one is disaggregation, which refers to a separation of provision and production (Lapuate & de Walle, 2020).

The characteristics and main components of NPM that usually emphasizing efficiency, and even innovative solutions, might be work well in private business. However, besides having an efficient and innovative government, government and public sectors also need to think public values, such as fairness, justice, representation, and participation, are important values to be achieved (Rajiani & Jumbri, 2011). Another factor to consider is national culture, which means NPM could be very suitable for government reform in developed countries, but in developing countries, NPM could lead to more corrupt government because there is a flaw to meet the accountability principle (von Maravic & Reichard, 2003; Feldman & Khademian, 2001; Jorgensen 1999). Even, according to Barth (2006), NPM might lead to unjust outcomes that happened because of decentralization.

In case of Indonesia, Indonesia has been implementing NPM approach since 1999. NPM approach in Indonesia is also supported by the implementation of Performance-Based Budgeting, that known as Results-Oriented Government, which become one of best practices that developed in principles of NPM according to Osborne & Gaebler (1992). According to Geraghty and Klosek (2016), PBB is a system that allocate funds based on programmatic results that contribute to organizational goals and focusing on measurable goals during a budgeting process or cycle. So, if there is a successful program during budgeting cycle, PBB allows to maximize the budget allocations, but if there is a less successful program, PBB will reduce the budget allocations. By that, PBB is linked to expectations of results (Marsus & Mas'udin, 2020).

Indonesia has been implementing PBB system since the issuance of Law Number 17 of 2003 about State Finance. Based on Law Number 17 of 2003, President as the head of government holds the power to manage state's finance, then delegate the power to Minister of Finance as fiscal's manager or as Chief Financial Officer (CFO). Minister of Finance, usually represented by Directorate General of Budget (DJA), then delegate the power to every minister, head of agencies, and governors to allocate the budget for one budgeting period because the ministers, head of agencies, and governors now can act as

Chief Operational Officer (COO). So, the relationship between CFO and COO can be seen as Directorate General of Budget (DJA) acts as budget allocators and ministries/agencies act as proposers and recipients of budget allocators. CFO and COO have responsibility for the effectivity and efficiency of programs' goals, the safety of the managed resources, obedience to the regulation, and accountability and openness of the data and information (Ristriawan & Sugiharti, 2017).

One of conceptual based of PBB is the budget allocation for programs or activities is based on the work unit functions that are attached to the organizational structure or we could say as "money follow function". So, this is when unjust outcomes as weakness of NPM approach can be seen. The implementation of NPM in Indonesia gives power for every echelon two (unit work, usually called as directorate or division) to set and handle their own output and budget allocations. If we talk about the relation between NPM approach and digital government, we could think digital government as a good implementation of NPM approach for efficient and innovative government. However, the implementation of NPM approach in Indonesia has not gone well for the development of digital government in Indonesia. Since NPM seeks innovative government, that supported by the ideal of digital government, and put competition for incentive, every unit work tries to make their own e-services application and allocates ICT budget. Because of this, as of 2022, Indonesia has around 24,000 e-services applications (Uly, 2022). It is such a wasting for national budget and it is not applying the principle of efficiency as the ideal of NPM approach.

NPM approach towards the implementation of digital government in Indonesia only resulting in sectoral ego. Sectoral ego makes government institutions, either ministries or local governments, compete to create platforms, only to show who is the best in implementing digital government. This is shown by the data, although Indonesia government has 24,000 platforms for digital government, the quantity is not matched with technical and substantive quality. Also, the database is not integrated at all. Beside this problem, digital government in Indonesia is still built from the logic of one-way communication because each government institution only thought about innovation and incentive, not showing attention for public needs and interests (Wahyuni et al., 2020; Suwarno & Sejati, 2017).

Indonesia government needs to remember that digital government must be used to serve public needs and interests, not for competition. So, Indonesia government needs to change NPM approach into a new approach that sought to apply more holistic strategy, which is know as Whole-of-Government Approach (WGA). WGA is a "joined-up" government that performed by diverse ministries, public administrations, and public agencies to provide solution and achieve unity towards a shared goal. WGA could be used in any levels of government, even for enhancing local level integration and involving public-private partnership. WGA could be seen as the best approach to increase integration, coordination, and capacity (Christensen & Laegreid, 2007). So, WGA might be the possible solution for the implementation of digital government in Indonesia since Indonesia needs an integrated digital government system because the maturity stage of successful digital government needs full integrated platform and database (As'ad et al., 2017). The example of WGA in digital government is establish one-stop portal service because it is a basic integrated digital government concept that developed in many countries, such as Denmark, South Korea, Finlandia, Estonia, Singapore, and Japan (Rohman, 2020).

Also, the government needs to start having two-way communication to build digital government in Indonesia because public participation is believed to be core in digital government. When developing digital government, Indonesia government needs to start having public involvement in the design, so the platform is not only built from the government's perspective only. The government can try bottom-up approach because it works from the citizens, businesses, and stakeholders, also allows for more interaction, experimentation, and bargaining for what is needed at the bottom (Imperial, 2021). Public participation and citizens engagement are also connected with New Public Service (NPS) approach. NPS approach considers democratic values and citizenship in terms of building communities and this approach is believed to make government work even more effectively (Denhardt & Denhardt, 2015). In NPS approach, government and public servants have role to help citizens to meet their interests. So, from NPS point of view, it is important for government and public servants to create and emphasize public values and dedicate the public good for citizens. NPS has four elements, which are collaborative relationship with citizens, encouraging shared responsibilities, disseminating information to elevate public discourse and to share understanding of public issues, and seeking opportunities to involve citizens in government activities (Robinson, 2015).

Conclusion

From this paper, we can conclude that Indonesia government has tried to build digital government for around two decades, as a consequence of the implementation of NPM approach. However, NPM approach only became a big challenge for the implementation of digital government in Indonesia because it resulting sectoral ego and not integrated e-services application. If Indonesia wants to improve its digital government toward better way, Indonesia government needs to make some changes on the system and the approaches. Indonesia government can stop use NPM approach, then try to adopt WGA and NPS approach. Also, Indonesia government needs to start making integrated one stop portal service and use two-way communication and bottom-up approach to engage public participation in building digital government.

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