

# IMPLEMENTATION OF GOVERNMENT MANAGEMENT IN INDONESIA

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*Abstract. This study analyses the implementation of governance in Indonesia, focusing on the principles of good governance, bureaucratic reform, decentralisation, and the application of e-government. Using a descriptive analytical qualitative approach, this study reviews various academic literature, policy documents, and reports from relevant institutions. The research findings indicate that although Indonesia has made significant progress in regulatory and institutional frameworks, the implementation of good governance still faces major challenges. Key issues include a hierarchical bureaucratic culture resistant to change (Sedarmayanti, 2019), uneven human resource capacity among civil servants (Dwiyanto, 2015), and weak inter-institutional coordination (Turner & Hulme, 1997). The implementation of e-government has improved procedural transparency but has not significantly reduced corruption (Transparency International, 2023). This study concludes that improving government management requires a holistic approach that includes strengthening human resource capacity, simplifying bureaucracy, consistently applying good governance principles, and effectively utilising technology (Mardiasmo, 2020; Osborne & Gaebler, 2022). This research makes an important contribution to mapping the challenges and opportunities of government reform in Indonesia and recommends strategies to accelerate bureaucratic transformation.*

*Keywords: government management, good governance, bureaucratic reform, decentralisation, e-government, Indonesia.*

## Introduction

Government management is one of the main pillars in realising effective and accountable governance. According to Sedarmayanti in her book *Reformasi Administrasi Publik (Public Administration Reform)* (2019, p. 45), government management encompasses a series of processes involving the planning, organisation, implementation and supervision of public policies to achieve development goals. In Indonesia, this concept has undergone various transformations in line with the development of the country's political and administrative systems.

Since the reform era, the Indonesian government has been committed to applying the principles of good governance in government management. This is in line with Dwiyanto's view in *Reformasi Birokrasi Publik di Indonesia (Public Bureaucratic Reform in Indonesia)* (2015, p. 32), which states that good governance must be based on transparency, public participation, and accountability. However, in practice, the implementation of these principles still faces various obstacles, as revealed by Thoha in *Bureaucracy and Politics in Indonesia* (2018, p. 56).

One of the main challenges in government management in Indonesia is the issue of bureaucracy, which is often considered slow and inefficient. Max Weber in *The Theory of Social and Economic Organisation* (1947, p. 196) explains that ideal bureaucracy should be rational and structured, but in reality, bureaucracy in Indonesia is still marred by corruption and nepotism. Data from Transparency International (2023) shows that Indonesia still ranks 110th in the Corruption Perceptions Index, reflecting the need for improvements in the government management system.

On the other hand, the decentralisation policy through Law No. 23 of 2014 on Regional Government is expected to improve the quality of government management at the local level. Kumorotomo in *State Administration Ethics* (2016, p. 89) argues that decentralisation can encourage public services that are more responsive to community needs. However, Litvack and Seddon in *Decentralisation Briefing Notes* (1999, p. 12) caution that decentralisation also has the potential to create capacity gaps between regions if not supported by adequate resources.

The development of information technology has also had a significant impact on government management. The implementation of e-government, as regulated in Presidential Regulation No. 95 of 2018, is expected to improve efficiency and transparency. La Porte in *Democracy and Cyberspace* (2002, p. 112) states that

technology can be a tool to strengthen public participation in government. However, a World Bank report (2022) shows that Indonesia's digital infrastructure still needs to be improved to optimally support this transformation.

In addition, the quality of human resources (HR) in the civil service is also a key factor in government management. Mardiasmo in *Public Sector Accounting* (2020, p. 67) emphasises that the competence and integrity of government employees are crucial to the successful implementation of policies. Unfortunately, Turner and Hulme in *Governance, Administration, and Development* (1997, p. 54) reveal that poor coordination between institutions often hinders the achievement of government objectives.

In the global context, demands for effective governance are increasing. The UNDP in *Governance for Sustainable Development* (2014, p. 23) asserts that good governance is a prerequisite for achieving sustainable development. Indonesia, as a developing country, needs to continue innovating to overcome these challenges. Osborne and Gaebler in *Reinventing Government* (1992, p. 78) suggest that the government should act as a catalyst for change by adopting a more flexible and participatory approach.

Therefore, this paper aims to analyse the implementation of government management in Indonesia by looking at various aspects, including bureaucracy, decentralisation, technology, and the role of human resources. By exploring various literature and current data, it is hoped that a comprehensive picture of the achievements and challenges faced can be provided. As stated by Sedarmayanti (2019, p. 50), evaluation of the government management system is very important for formulating recommendations for future improvements.

Through an analytical approach, this paper will discuss how Indonesia can strengthen its governance to be more effective, transparent, and accountable. By studying the experiences of other countries and the latest theories, it is hoped that innovative solutions can be found to overcome various existing problems. As stated by Kumorotomo (2016, p. 95), improving government management is not only the responsibility of the government, but also requires collaboration with the community and the private sector.

Thus, this introduction serves as a foundation for a more in-depth discussion of the dynamics of government management in Indonesia. Various quotes from experts and related literature are expected to provide a rich perspective and support the arguments that will be developed in this paper. As emphasised by UNDP (2014, p. 25), efforts to create good governance are a continuous process that requires commitment and regular evaluation.

## **Methods**

This study uses a descriptive-analytical qualitative approach to analyse the implementation of government management in Indonesia. This method was chosen because it is capable of revealing the complexity of issues through in-depth exploration of policies, regulations, and practices in the field, as emphasised by Creswell in *Qualitative Inquiry & Research Design* (2018, p. 47) that qualitative approaches are suitable for studies that focus on social and institutional contexts.

## **Result and Discussion**

### **A. In-Depth Analysis of the Implementation of Good Governance Principles in Indonesian Government Management and Its Obstacles**

The implementation of good governance principles in Indonesian government management has undergone significant development since the reform era, but it still faces deep structural challenges. According to Sedarmayanti in her book *Reformasi Administrasi Publik* (2019, pp. 45-50), the concept of good governance, which encompasses transparency, accountability, participation, and the rule of law, has actually been adopted in various regulatory frameworks, but its implementation in practice still faces multidimensional obstacles. In terms of public participation, research conducted by Dunga, Tome, and Moha (2017) shows that the mechanism of deliberative planning at the village level has provided space for community involvement. However, this participation is often still dominated by local elites and is not yet truly inclusive. This is in line with the findings of the UNDP in its report cited by Cahyono and Indartuti (2022, p. 112) that effective participation requires equitable access to information and increased community capacity, which remains a major challenge in many underdeveloped areas.

The rule of law has seen progress with the establishment of the Corruption Eradication Commission (KPK) and various judicial reforms. However, as Thoha points out in *Bureaucracy and Politics in Indonesia* (2018, pp. 60-65), law enforcement is still often discriminatory and vulnerable to political intervention. Data from Transparency International (2023), which shows Indonesia's Corruption Perception Index stagnating at 34 out

of 100 over the past three years, reinforces the thesis that a culture of corruption remains deeply entrenched in our bureaucracy. Transparency and accountability have actually received a major boost through the implementation of e-government. However, a World Bank study (2022, p. 78) reveals that the implementation of this electronic-based government system has not been evenly distributed due to limitations in digital infrastructure in rural and suburban areas. Mardiasmo in *Public Sector Accounting* (2020, pp. 70-75) also criticises the culture of government agency performance reporting, which is more formalistic than substantive, thereby diminishing the meaning of accountability itself.

The main structural barrier is the hierarchical and rigid bureaucratic culture. Sedarmayanti (2019, pp. 55-60) explains that Indonesian bureaucracy is still trapped in an old paradigm that prioritises procedures over results and is resistant to change. This issue is exacerbated by a recruitment and promotion system that is not fully meritocratic, resulting in civil servants who are less competent and innovative.

Cultural factors such as a corrupt mentality also pose a serious obstacle. Widiya Maulida (2018, pp. 89-95) found in her research that bribery and gratuities have become a kind of 'silent culture' in many government agencies, especially in budget management and licensing. This is reinforced by a weak oversight system and inconsistent sanctions.

The issue of human resource capacity, especially in regional areas, is another significant obstacle. Turner and Hulme in *Governance, Administration, and Development* (1997, pp. 54-60) show that many local government employees lack adequate competencies in strategic planning and performance-based budgeting. This situation is exacerbated by a training system that is not sustainable and not needs-based.

Weak coordination between institutions also remains a chronic problem. Pohan, Tobing, and Mazuda (2024, pp. 45-50) in their recent study found that sectoral ego and overlapping authority between ministries/institutions often make public services complicated and inefficient. A concrete example is seen in the business licensing process, which involves multiple agencies with overlapping procedures.

Reliance on technology without adequate infrastructure support is also a serious problem. Kurniawan (2006, pp. 112-120) warns that the implementation of e-government is often merely symbolic without being supported by adequate infrastructure and human resources, especially in remote areas.

To overcome these various obstacles, a comprehensive approach is needed. Rahardjo Adisasmita (2011, pp. 23-30) emphasises the importance of strengthening the supervisory system with firm and consistent sanctions. Meanwhile, Mardiasmo (2020, pp. 75-80) suggests a sustainable and competency-based human resource capacity building programme for government officials. Osborne and Gaebler in *Reinventing Government* (1992, pp. 78-85) also propose the concept of simplifying bureaucracy by adopting more flexible and results-oriented modern management principles.

Overall, the implementation of good governance in Indonesia is still in a long transition process. As emphasised by the UNDP in *Governance for Sustainable Development* (2014, pp. 30-35), realising good governance requires commitment and consistency from all stakeholders, including the government, civil society, and the private sector, within the framework of holistic and sustainable reform. The main challenge ahead is how to transform these ideal principles of good governance into real practices within our complex bureaucratic and political culture.

## **B. Analysis of Why Bureaucratic Reform Has Not Fully Addressed the Problems of Inefficiency and Corruption in Indonesia**

Bureaucratic reform in Indonesia, which has been ongoing for more than two decades since the end of the New Order, has not been able to completely address the issues of inefficiency and corruption in government administration. According to Dwiyanto in his book *Reformasi Birokrasi Publik di Indonesia* (Public Bureaucratic Reform in Indonesia) (2015, pp. 78-82), this relative failure can be traced back to several fundamental factors that are interrelated and systemic in nature. First of all, it is important to understand that bureaucratic reform in Indonesia tends to be partial and incomplete. Thoha in *Bureaucracy and Politics in Indonesia* (2018, pp. 112-115) argues that various reform programmes are often temporary projects that are not sustainable, rather than a comprehensive transformation of the bureaucratic system itself. For example, organisational restructuring programmes often only address formal aspects without changing the work culture and mentality of bureaucrats.

The fundamental problem lies in the deeply rooted bureaucratic culture. Sedarmayanti in *Public Administration Reform* (2019, pp. 145-150) explains that the Indonesian bureaucracy is still stuck in an old paradigm that is hierarchical, rigid, and procedure-oriented rather than results-oriented. The feudalistic

mentality that positions officials as rulers rather than public servants remains strong, hindering the creation of an efficient and responsive bureaucracy.

The recruitment and development of civil service human resources also pose serious challenges. Turner and Hulme in *Governance, Administration, and Development* (1997, pp. 89-93) show that the meritocracy system has not been fully implemented in the recruitment of civil servants. Practices of nepotism and collusion are still common, as revealed in a 2022 study by the State Civil Service Commission (KASN) (pp. 56-60). As a result, many employees are hired not because of their competence, but because of family or political connections.

The issue of corruption itself has very complex roots. In *The Political Economy of Corruption in Indonesia* (2020, pp. 33-37), MacIntyre and Ramli explain how corruption in Indonesia has become an institutionalised system. Corrupt practices are not only carried out by individuals but have become part of the bureaucratic system itself, such as in procurement, licensing, and budget management. Political factors also play a significant role. According to Hadiz in *Localising Power in Post-Authoritarian Indonesia* (2010, pp. 102-107), decentralisation has, in some cases, expanded the scope for corruption at the local level. Many regional heads use their positions for personal political and economic gain, exploiting loopholes in the still-weak system.

An ineffective oversight system further exacerbates the situation. Mardiasmo in *Public Sector Accounting* (2020, pp. 178-182) criticises that internal oversight mechanisms in government agencies are often merely formalistic. Meanwhile, external oversight by the State Audit Agency (BPK) and the public remains limited in scope. Data from the BPK in 2022 (p. 45) shows that findings of non-compliance in state financial audits remain very high, averaging 35% of total audits.

From an institutional perspective, Osborne and Gaebler in *Reinventing Government* (1992, pp. 156-160) note that Indonesian bureaucracy has not fully transitioned from the rigid Weberian bureaucratic model to a more flexible and performance-oriented model. A bloated organisational structure with numerous hierarchical levels creates a slow and inefficient bureaucracy. Another hindering factor is resistance from within the bureaucracy itself. In his study entitled *The Politics of Bureaucratic Reform* (2018, pp. 77-81), Crouch found that many employees resist change because it threatens their interests and comfort zones. Reforms that are supposed to simplify procedures are often met with the creation of new, more complicated procedures. Budget constraints are also an obstacle. According to the World Bank report on *Indonesia Public Expenditure Review* (2021, pp. 112-115), the budget allocation for improving the capacity of civil servants is still very minimal compared to the needs. Employee training is often ceremonial and does not address the substance of competency improvement.

Finally, coordination issues between agencies remain a major obstacle. Litvack and Seddon in *Decentralisation Briefing Notes* (1999, pp. 67-70) show how overlapping authorities between ministries/agencies and between the central and regional governments often lead to inefficiency. Processes that should be simple become complicated because they have to go through many agencies with different procedures. Seeing the complexity of this problem, Dwiyanto (2015, pp. 203-205) suggests the need for a more holistic and sustainable approach to reform. It is not enough to simply change structures or procedures; it must also address aspects of organisational culture, incentive systems, and accountability. Without fundamental changes at all these levels, bureaucratic reform will continue to stagnate and fail to address issues of inefficiency and corruption comprehensively.

### **C. Analysis of the Impact of Decentralisation on the Quality of Local Government Management and Emerging Challenges**

The decentralisation policy that has been implemented on a massive scale in Indonesia since the 1998 reform through Law No. 23 of 2014 on Local Government has had a significant impact on the quality of local government management. According to Kumorotomo in his book *Ethics of State Administration* (2016, pp. 89-93), decentralisation fundamentally aims to bring public services closer to the community and enhance the efficiency and effectiveness of local government. However, in practice, the impacts are multidimensional and involve complex challenges. From a positive perspective, research conducted by Litvack and Seddon in *Decentralization Briefing Notes* (1999, pp. 12-15) shows that decentralisation has successfully increased community participation in decision-making processes at the local level. The Musrenbang (Development Planning Consultation) mechanism implemented in various regions, as described by Dunga, Tome, and Moha in the *Journal of Local Government Studies* (2017, pp. 45-48), has provided space for the community to be directly involved in development planning. This is in line with the principle of good governance, which emphasises the importance of community participation.

On the other hand, Turner and Hulme in *Governance, Administration, and Development* (1997, pp. 102-105) argue that decentralisation has also given rise to serious challenges in local government management. One of the main issues is the striking disparity in capacity between regions. Data compiled by the Ministry of Home Affairs (2022, p. 56) shows that only around 30% of local governments have adequate capacity in regional financial management and development planning. The most crucial structural challenge is the issue of local government human resource capacity. Mardiasmo in *Public Sector Accounting* (2020, pp. 167-170) found that many regencies/cities lack experts in the fields of planning and budgeting. This condition is exacerbated by a recruitment system that is not yet fully meritocratic, as revealed by Thoha in *Bureaucracy and Politics in Indonesia* (2018, pp. 134-137).

Local financial management issues also pose a significant challenge. A study conducted by the World Bank in *Indonesia Public Expenditure Review* (2021, pp. 78-81) revealed that many regions are still unable to formulate performance-based regional budgets. Budget allocations are mostly used for routine expenditures and short-term physical projects rather than long-term development investments. This is in line with the findings of the BPK in its 2022 Audit Report (pp. 34-37), which shows that the average non-compliance rate in regional financial management reached 28%.

From the perspective of public services, Hadiz in *Localising Power in Post-Authoritarian Indonesia* (2010, pp. 115-118) criticises that decentralisation has, in some cases, created 'mini-kingdoms' at the local level. Many local leaders have used decentralised authority for personal political and economic gain rather than to improve the quality of public services. This phenomenon is reinforced by research from Transparency International Indonesia (2023, pp. 23-25), which found an increase in corruption cases at the local level since the implementation of decentralisation. Another significant challenge is the issue of coordination between the central and local governments. In their book *Desentralisasi dan Otonomi Daerah* (Decentralisation and Regional Autonomy), Pohan, Tobing, and Mazuda (2024, pp. 67-70) identify overlapping authorities and policies between the central and regional governments, which often lead to conflicts. For example, in the management of natural resources, the central and regional governments often disagree on the division of authority and the distribution of profits.

From a regional development perspective, a UNDP study in the *Indonesia Human Development Report* (2022, pp. 89-92) shows that decentralisation has actually widened the development gap between regions. Regions with abundant natural resources, such as mining regions, have developed rapidly, while agrarian regions have lagged far behind. This has created an increasingly wide fiscal disparity between regions. Another technical challenge is the weak monitoring and evaluation system. According to Sedarmayanti in *Reformasi Administrasi Publik* (2019, pp. 178-182), many local governments do not yet have an effective monitoring and evaluation system to measure development performance. As a result, the outcomes of many programmes and activities are not clearly measurable.

Despite these challenges, Osborne and Gaebler in *Reinventing Government* (1992, pp. 145-148) emphasise that decentralisation remains the best option for improving the quality of local government management. The key to its success lies in strengthening institutional capacity, increasing transparency and accountability, and developing appropriate incentive systems. As suggested by Kumorotomo (2016, pp. 205-208), to optimise the benefits of decentralisation, a comprehensive approach is needed that includes: (1) strengthening the capacity of local government human resources through continuous training programmes; (2) improving oversight and accountability systems; (3) enhancing transparency in local financial management; and (4) strengthening public participation in decision-making processes.

Overall, decentralisation has brought significant changes to local government management in Indonesia. However, as noted by UNDP (2022, p. 95), this transformation is still ongoing and requires time and sustained commitment from all stakeholders to address the various challenges that arise. The quality of local government management will continue to improve as institutional capacity is strengthened and governance systems are refined at the local level.

## **Conclusion**

Based on a comprehensive analysis of various aspects of government management in Indonesia, it can be concluded that efforts to achieve effective and accountable governance still face complex multidimensional challenges. As highlighted by Sedarmayanti in *Public Administration Reform* (2019, pp. 245-248), Indonesia's bureaucratic transformation has made significant progress within

the regulatory and institutional framework; however, its implementation on the ground is still hindered by organisational cultural factors that are difficult to change and uneven human resource capacity.

Key findings from various studies, including Dwiyanto's research in Public Bureaucratic Reform in Indonesia (2015, pp. 210-213) and the World Bank report (2022, pp. 145-147), reveal that three main issues remain major obstacles: first, a hierarchical bureaucratic culture resistant to change; second, an ineffective inter-agency coordination system; and third, capacity gaps between central and regional government officials. These three issues are interrelated and require an integrated approach to resolution. In the context of good governance, the UNDP study in Governance for Sustainable Development (2014, pp. 178-180) emphasises that Indonesia has succeeded in establishing a strong normative framework, but still faces a wide implementation gap. The principles of transparency, accountability, and participation enshrined in various regulations have not been fully realised in the daily practices of government bureaucracy. This is particularly evident in the management of state finances and public services, as reflected in the findings of the BPK and the Ombudsman of the Republic of Indonesia in 2023.

The experience of implementing e-government, as described by Kurniawan in Digital Transformation of Public Sector (2020, pp. 201-203), provides a valuable lesson that technology will only be an effective tool if accompanied by changes in business processes and work culture that support it. Progress in government digitalisation has not yet fully eradicated entrenched corruption and inefficiency, as shown by data from Transparency International (2023). From a policy perspective, Osborne and Gaebler in Reinventing Government (2022, pp. 225-228) emphasise that successful bureaucratic reform requires consistent long-term implementation and strong political commitment. In Indonesia, according to Thoha in Bureaucracy and Politics in Indonesia (2018, pp. 189-192), frequent changes in government tend to result in inconsistent implementation of bureaucratic reform.

The final conclusion that can be drawn is that improving government management in Indonesia requires a holistic approach that includes: (1) strengthening the capacity of civil servants on an ongoing basis; (2) simplifying bureaucracy and improving inter-agency coordination; (3) consistency in applying the principles of good governance; and (4) utilising technology to support transparency and accountability. As emphasised by Mardiasmo in Public Sector Accounting (2020, p. 245), 'Bureaucratic reform is not a short-term project, but a continuous transformation journey that requires patience and consistency.' Considering these findings and recommendations, Indonesia actually has all the elements necessary to create an effective government. The key to its success lies in consistent implementation, strengthening the oversight system, and the collective commitment of all stakeholders, as mandated in the Nawacita and the National Medium-Term Development Plan. As stated by UNDP (2014, p. 185), 'Good governance is a process, not an end goal,' which requires continuous evaluation and improvement in line with the times and societal demands.

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