

Dynamics Innovation of Local Government in Indonesia

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ABSTRACT

Innovation is seen as a drive in the success of local government. Both theoretical and empirical analysis indicates those things. However, in Indonesian local government, less than 25% of the local government is innovative. Research conducted using a Stella analysis indicated that there are 3 influential factors having a role in this matter, which are leadership of local government leaders, organizational environment, and politics. From those three factors, political factor is as seen as a drive of the success of local government innovation.

Keywords: innovation, local government, success

INTRODUCTION

Innovation, a word firstly known as a public administration literature during 1990's and 2000's, appeared as a follow up of the development of a management knowledge analysis. This appeared as a result of responses among the increased competitions in a global structure. An organization is not only effectively, efficiently and qualified-framed, but it also capable of encountering the existing competition. This encountered condition, in fact, prerequisites that knowledge management.

As a result, the development of a local area, public welfare as well as the capability to compete no longer merely depends on the central government to make it happen. It is an unfortunate fact that the gain of this goal has not entirely been a targeted achievement of cities and regencies in Indonesia. There are 33 provincial governments, 497 central / regency governments in Indonesia. However, not all understand the importance of innovation. The low indication of Human Development Index, a low competitive level of local area as well as the dependence of financial were aspect to illustrate the figures. On the other hand, the local government is strongly encouraged to be independent.

Some innovative local governments indicate to be able to improve a wide range of public living aspects. In addition, the local governments have given substantial effects on the economic growth as well as improving social welfare. This can be clearly seen from the example of Gorontalo innovative province. From 2002-2009 a significantly increased public welfare can be seen from its Human Development Index.

A similar situation can also be noticed from Jembrana regency, not markedly different from the previous case. Its local revenue rose 650% within only one period of the leadership of regency. Solo city also shows a similar situation whose APBD/local revenue grew into 175%. There was an increase of its public welfare in 2005 measured from its Human Development Index. In 1999 Jembrana Regency's IPM (Human Development Index) was 65.5, which grew into 68.9 in 2002, finally increasing into 70.4 in 2005.

The result of high economic growth or improved its public welfare could not be separated from the innovative policy breakthrough done by local government. Some innovative policies and Jembrana Regency's primary policies such as health innovation, educational innovation, governmental one (J-smart, Free National Identification Card, e-Voting) provide inputs and the meaningfulness of innovation for local government. Growth and improved values achieved by Jembrana Local Government can be described as follows:

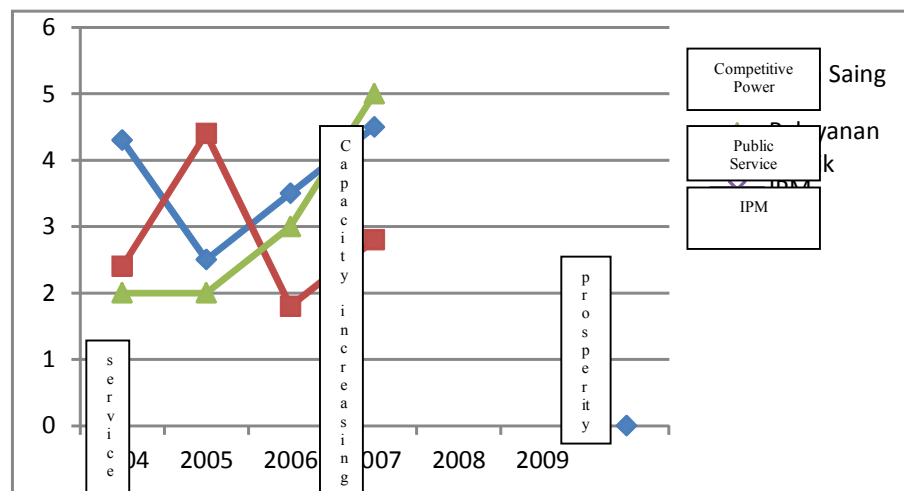


Figure 1 Growth and improved values achieved by Jembrana Local Government

The first graph gives an understanding that there was marked improvement regarding innovative programs held. Starting from this point, the importance of understanding innovation for local governments emerged.

Also, some academic discussions also include the importance of innovation in public sectors or government. This is traced from the analysis of scientific writings within the last decade [1][2][3][4][5][6][7][8]. Furthermore, some paper specifically analysed the importance of innovation in local government, such as Public report [9], SCALES, Research Report H200303 [10], CESIS [11].

Indonesian Local Government, some stimulus given to local governments has not been a starter/ a driver of local government. In a public sector, however, there is some innovation that can be developed which is: invention-based defined as that the organization develops a new process to provide a service and a diffusion-based in which an organization reapplies innovation to provide a service developed in another area. This is regarding an adoption and readaptation of technology and re existing process to produce innovation-based diffusion.

As a result, innovation drivers are highly needed from the local government itself. This can be gained by learning all the entire successful factors of a certain local area, which is then compared to those of the area having not been successful yet. Understanding the more added values of other areas will allow us to get innovation leverage of local government. Importantly, an entire understanding from local government is highly needed to be more innovative. This can be possibly done by using systematic thinking, a way to approach a problem by focusing on the search of a correlation pattern.

METHODS

In the implementation, this research used the steps used in a dynamic system. Based on a literature study, there are three elements used to form an innovation system of local government which are (1) Leadership; in this part, there are certain characteristics that becomes attention in this research, which are (a) a leadership vision and (b) a leadership style. (2) Organisational Climate, There are two influential factors in an organizational climate which are (a) Reward and (b) Organizationall Structure and (3) political environment which is an interaction of several authority components having a strong influence to local government seen from supra structure and a political infrastructure. In one side, the planned change aims to improve local government's working practices which aims to improve public welfare, improve public service and has a local competitive capacity. Based on the definition of this concept, there are three components, which comprise (a) social welfare, (b) Public service and (c) local competition. Based on a model construction which is based on some theoretical analysis, the three sub elements related to innovation are illustrated in a diagram of the influence of local government innovation.

The output produced regarding the working of component and the sub component as illustrated above is the gain of local government objective which constitutes competition, welfare, and public service in which this output provides an effect of the working system of both a leadership component and the existing organizational climate. The result of the description/illustration uses Sella v. 9.1.3 software.

RESULTS AND DISCUSSION

There are three concept developed in this research which are : (1) leadership, (2) Organizational climate and (3) political environment. From the three concepts it will then be developed further to form an indicator frame based on analyses and the previous research which is then developed to make a dynamic system model illustrated in a causal loop diagram. To understand a model of innovation development behaviour model, we can see in the second graph as follow:

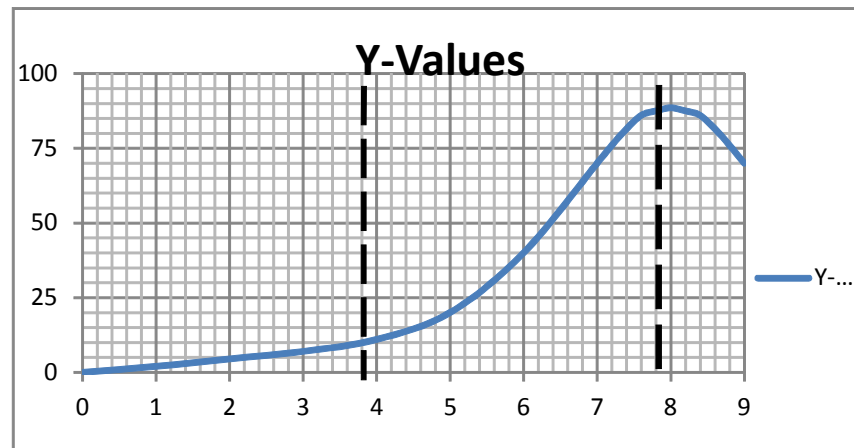


Figure 2 A dynamic behaviour of innovation model through a leadership component, organizational climate and political environment

If we look at the graph, the graph produced forms “s curve”. A growing pattern reaching a balanced point was almost 100%. In Inflection time, an exponential growth occurred which means a feed back in a causal loop having a positive value. This growth took place in the second tenure period of a local government leader in developing his innovative program. The second feed back is in a turning point in the fourth year. In the second phase, the balanced innovative growth was occurred.

The S curve of innovation development dynamics can be described as follow. In the first phase of tenure period, it was an adaptation or adjustment of a local government leader particularly in introducing an innovative program. Supported by a conducive political environment, the first idea will create an organizational climate triggering to implement an innovation idea proposed by a local government leader. That's why; the first phase of a tenor period is a critical time/inflection time of the innovation development whether it has a positive or negative exponential growth. In the case of Jembrana local government, the exponential growth value is positive, leading to an increased growth, reaching to a balanced innovative development/growth. In this phase of a balanced peak, innovation will go to a stability period.

The simulation of three components with a dynamic system gives clues although the organizational climate does not give an effect directly to innovation development. The ignorance toward this factor will result in a negative effect for innovation growth. Different from the two other factors which are leadership and political environment, they have a very important role in innovation development. An exponential innovation development follows those two factors. Both positive exponent and negative one are affected by those two factors directly.

A leadership giving a positive value in the innovation development is greatly affected by a leadership style factor, an innovative leadership vision and a winning political party. Leadership style and leadership vision are influenced by political support addressed to a local government leader and has a positive effect on an organizational climate. The organizational climate that gives an effect on innovation growth for a local government is affected by a reward and an organizational structure as well as the style of leadership of a local government leader, each of which is heavily affected by a winning political party. Consequently, both supra factor and political infrastructure included in a political environment is crucial factors to develop innovation of a local government. This finding shows that an analysis in developing a local government innovation is heavily influenced by those factors.

A political environment as an interpretation of legislative power and a political party, in one side, can be used as a triggered of the success of the innovation. On the other side, it can also be used as an obstacle for the success of planned innovation. Consequently, the understanding of the political environment will be a factor that should be concerned in developing local government innovation. A political environment power which is based on UU no 12 2008 concerning Second Change of UU no, 32 in 2004 regarding local government enables the

local government leader to pay more attention to a political environment especially a demand toward the local democratic environment.

This condition needs a further understanding toward the meaning of a local democracy which integrate a real involvement of the political consciousness, a consciousness which exists not because of an intervention of a political elite or a push/pressure from a leading political party, but as a consequence of a clear understanding of awareness of political party. This condition can only be achieved if legislatives as a continual political party have awareness to create good governance. As a result, a local democratic process will only be created if local politics understand a political authority in managing its need and its political party. This is a process in a decentralisation paradigm.

The broad area of political environment scope gives flexibility to an individual in expressing his political rights. As a result, a political environment gives a crucial point, even a driver/a starter for local areas in developing its innovative local government. Political environment (legislatives or political party) can create success or failure of the planned/designed innovation. That's why; a political environment factor should be a concerned factor.

Based on the give analysis, a theoretical construction made in this research evaluates that a leadership based on vision ground and leadership style can understand the public values, an organizational climate which understands an employee working environment as hypothesised by Jong in 2003 *regarding Climate is a situational characteristics that can easily affect innovative behaviour of co-worker* as well as conducive politics as hypothesized by Kim and Chang in 2009: "*innovation in governments heavily influenced by politics and political process*", is a prerequisite in developing local government innovation. As a result, a model developed in this research provides the justification toward the given factors above (internal and external). Leadership, organizational climate and political environment, simultaneously give a significant effect on the innovation development in local government organization.

A simulation result by correcting a value of political environment toward the development of innovation by interventioning a political value indicates the same result. The value intervention is related to the understanding of harmony among local government leaders with the existing political environment. By changing the dominant value in a political environment (both supra and infrastructural politics by around 25%, there was a fall in the innovation development in the intended local areas. This condition is even lower if there is no harmony between a local government leader and the existing political environment (an intervention level is raised into 75%). The disharmony can be in the form of withdrawal of support from the political party toward the leadership of a local government leader or even the conflict incidence among legislatives concerning some policies done by a local government leader.

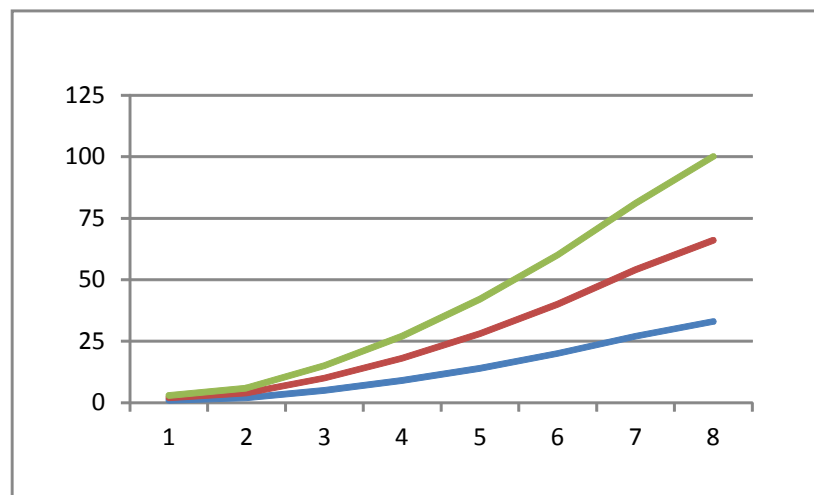


Figure 3 A dynamic behaviour of innovation result through intervention of political environment related to innovation development

Note:

Line 3: The actual dynamic behaviour of political environment in Jembrana

Line 2: A dynamic behaviour of political environment of intervention result 25% (adequate)

Line 2: A dynamic behaviour of political environment of intervention result 75% (high)

In the fourth line, it gives a clue that the high innovation development in the researched area is strongly correlated with the low political environment intervention in government. The higher political intervention toward the local government will contribute to a negative aspect of the innovation development. This can be seen from the following graph:

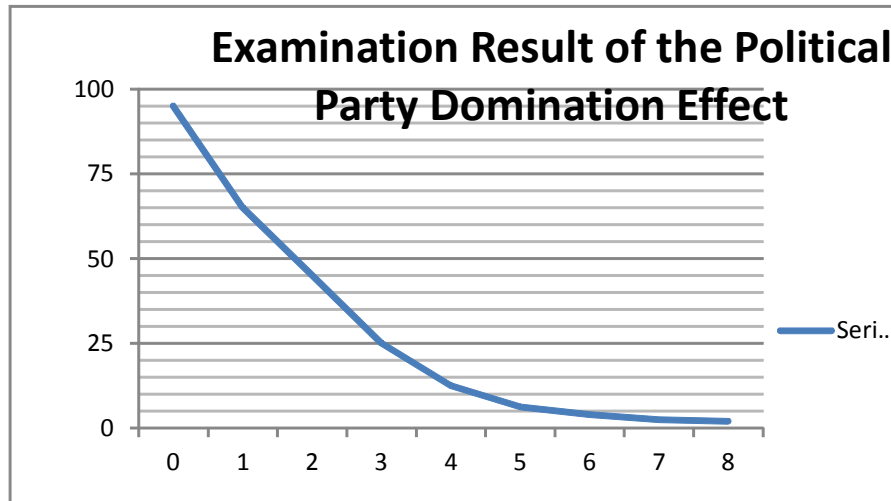
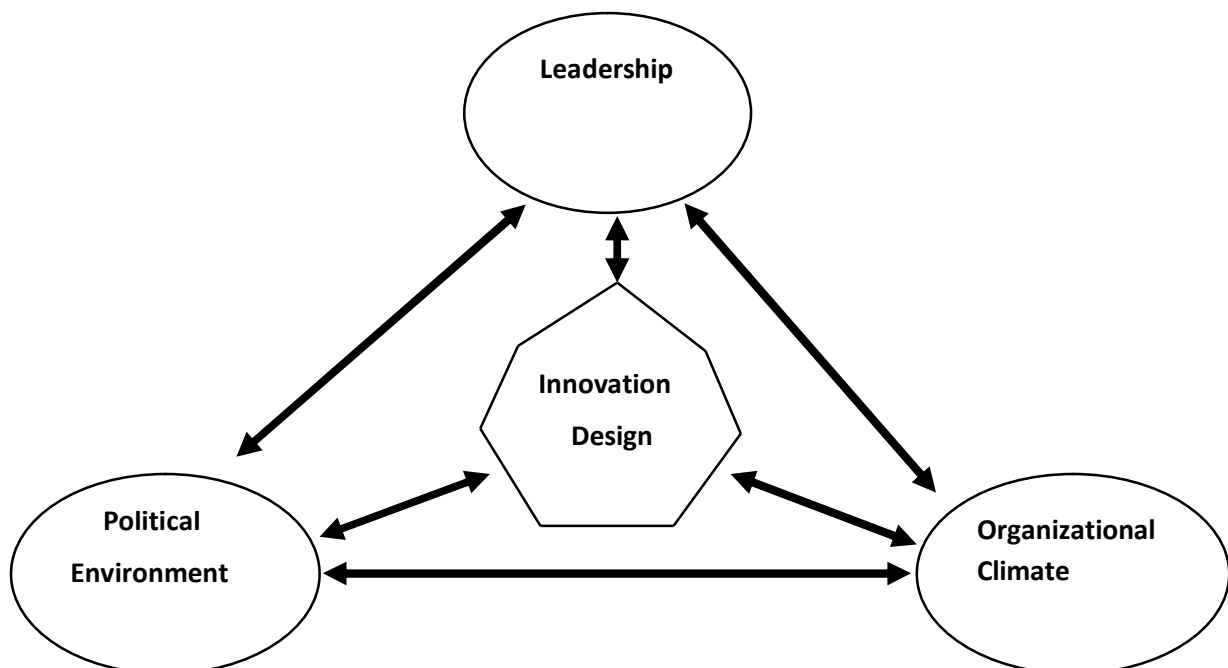


Figure 4 The examination result of political party domination effect
Source: Data analysis using Stella v.9.1.3

Political environment, a political party through a legislative institution concussively gives a positive effect on the development of innovation in local areas, and another way around. A less political environment gives a negative effect of innovation development for local areas. This manifestation can be attempted in the intervention of a political environment. The understanding of political environment is unconducive environment for the intended local government environment. This may result in conflicts between legislatives and a political party toward the leadership of a local government leader. This condition emerges in a phenomena when an executive governmental authority is occupied by one party while legislative authority (local representatives) is occupied by other parties, known as a divided government (Indonesian survey circle, 2007),

Based on the three factors having a role in developing innovation which are leadership, political environment and organizational climate, we can form a model in developing innovation or in developing innovation labelled a LPC model, that can be described as follow :



A LPC model is a theoretical construction of factors which is very influential in developing innovation. A model developed adopts national system innovation developed by B.A. Lundvall in 1985 which was then used by United Nation during 90's. National System Innovation is based on the concept of system theory in which it proposes that innovation is a chain of interrelationship of actors in a system. Understanding an actor relationship which forms innovation as a system as proposed by OECD (1997) can help policy makers develop approaches for enhancing innovative performance. Meanwhile the focus of this model is in the relationship in the society,

business organization and institution. However, in the further development, there are many approaches in understanding and implementing that model which focuses on an internal factor in an organization. This is because innovation is more focused on how to achieve the competitive aspect of the organization especially in the organization of local government level in a modern country, especially political environment in the countries using this model such as modern countries as Korea, Europe, and New Zealand which are already in a stable environment).

So, this can be concluded that the sensitive level of innovation system occurring in an unstable political environment is high; there will be a delay in developing innovation. That's why there are two possibilities that can be done in this situation. In the first place, when the innovation sensitivity in the local government is low and there is a relatively stable political environment, consequently the institutional reformation in a governmental body needs to be done by motivating an organizational environment. Conversely, when the innovation climate in the governmental institution is adequately good but having an unstable political environment, then the strengthening of innovation rooted in value creation is highly needed.

Starting from the real condition which exists in local government in Indonesia, a LPC model developed in this dissertation indicated three factors having an important role in developing innovation in Indonesian local governments. Leadership, organizational climate and political environment are an integrated factor in developing innovation in local government. Innovation will not emerge in a local area if its local leader, as a leader, is not innovative. Conversely, innovation developed by a local leader will not work optimally if the organizational climate and the existing political environment in that local government does not support the development.

CONCLUSION

Innovation is a nonlinear line. It is heavily influenced by many factors. For that thing, developing innovation in public organization especially in local government really needs comprehensive knowledge toward values surrounding local government. Theoretically, a model developed in this research really supports in understanding an innovative design. However, it needs a further analysis from the political perspective. This is caused by a less comprehensive political aspect in this research despite a very influential political variety in developing a LPC model offered. For that purpose, further research regarding a LPC model is highly recommended for local areas, resistant to political environment. This research only sees one perspective from the success of innovative local government. The local comparison needs to be done as well, especially in the examination of a model offered. The comparison between an innovative area and a less innovative one as well as the values of success of an innovative area in other areas should be done simultaneously.

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