

# Performance-Based Remuneration For Civil Servants

<http://dx.doi.org/10.18196/jgp.2011.0007>

**Christoph Behrens**

Director of the Center for Good Governance of Yogyakarta. Email:  
[christoph.behrens@cimonline.de](mailto:christoph.behrens@cimonline.de)

**Pradnya Paramitha**

Bachelor Degree, Gadjadara University, Yogyakarta. Email:  
[pradnya.paramitha@yahoo.com](mailto:pradnya.paramitha@yahoo.com)

---

## ABSTRACT

Within the ongoing discussion about the Governance system in Indonesia and a reform of its Public Administration according to principles of Good Governance, a new remuneration system for civil servants is regarded a strategic key issue. The article outlines dimensions of the issue and gives an insight on discourse and current reform approaches. An outlook on necessary steps ahead stresses, that Administrative Reform is not a topic for the Government only, and defines the role of different actors within a democratic Governance system.

Keywords: Indonesian, Governance, Public Administration Reform, Remuneration, Transparency

## ABSTRAK

Dalam diskusi yang sedang berlangsung tentang sistem Pemerintahan di Indonesia dan reformasi Administrasi Publik yang sesuai dengan prinsip-prinsip Good Governance, sistem remunerasi baru untuk pegawai negeri dianggap isu kunci strategis. Artikel ini menguraikan dimensi masalah ini dan memberikan wawasan tentang wacana dan pendekatan reformasi saat ini. Sebuah pandangan tentang langkah yang diperlukan depan menekankan, bahwa Reformasi Administrasi bukan topik untuk Pemerintah saja, dan mendefinisikan peran aktor yang berbeda dalam sistem Tata demokratis.

Kata kunci: Indonesia, Pemerintahan, Administrasi Publik Reformasi, Remunerasi,

Transparansi

## INTRODUCTION

Connotations to current Governance practice and particularly to the performance of Indonesian bureaucracy are not flattering: publicly shown self infatuation of officials, an arrogant mindset and behavior towards citizens, corrupt administration, with a low level of professionalism, effectivity and efficiency at the same time, within a setting of expanded and intransparent organisational structures are some of the repeating assessments (Behrens, 2008). They reflect daily experiences with a governance culture, which is based on a long tradition of authoritarian rule and traditional patriarchic leadership. They are characteristic as structural principle within the political system from the level of national policy until the smallest units in the villages. They can be found as well in other social relations, particularly in the traditional families, where it is often linked to spiritual issues and thus forms a cultural layer with strong impact on all private and public affairs.

This layer is not perceived yet as problematic in general by political and cultural mainstream. It reflects an understanding of a given order, a top down principle of decision making on a basis of ideals of good leadership and a distribution of responsibilities in society, which was used to secure power during authoritarian rule. Here consequently translated into a high level of centralization within the political system, it is the heritage of Indonesia's past - despite ongoing discussions about decentralization and regional autonomy, which are part of the country's political history from the very beginning (Maryanov, 2009). Yet, a new perception of the political class and of bureaucracy as outlined before indicates, that Indonesia is in a phase of transition. Critical thinking and reflection of the *status quo*, particularly by a growing urban middle class and urban media, as well as by an international audience in times of globalisation are pushing reform. Old elites face growing pressure to open of so far closed systems, speeding up of modernisation and shifting orientation to global development goals and performance standards of other quickly developing and already developed countries. Within this setting, Indonesian citizens are often torn between emotional bonds to the cultural layer that forms their understanding of order and the wish to overcome the

visible abuse of power.

## THEORITICAL FRAMEWORK

With the end of the so called New Order System under President Soeharto, abuse of power for the advantage of few became more and more public and subject to discussion. Since then Indonesia's Governance system is a huge construction site, with progress driven by the shared wish of the people for change towards a better future as well as ambitions of politicians and parties, yet so far seldom twinkling with sophisticated concepts or a holistic approach. Similar to the time after the successful shaking off of Dutch colonial rule, everything that was known so far and regarded as normal and unchangable had lost legitimacy and was challenged. And continuity between colonial times before 1945 and authoritarian rule until 1998 was stressed: a continuity in terms of basic patterns of political thinking and acting, based on traditional - monarchistic - understanding of leadership.

Independence had brought democratic forms, but a democratic culture was not being developed (Behrens, 2011). For employees in the bureaucracy it meant a direct commitment towards *traditional authority* (Benedikt Andersson, 2011): the leader of the country, not towards the country, not to democratic values in the existing legal framework, and not to professional standards and work ethics. This matters in our context, as a vital aspect of Governance and of chances and limits of Governance Reform is the continuity of bureaucratic elites over political systems. Rulers come and go, but civil servants usually stay in office. A bureaucracy that came into office in authoritarian times, can not be expected to be a driving force of democratic reform. It is a key reform target and likely to be an obstructive force in a process of democratization (PERMENPAN No. Per/15/M.PAN/7/2008).

Within a new framework of Governance, Indonesia's civil service is expected to become more effective, efficient, professional, in short: a civil service delivering services. The State Ministry for Administrative Reform has outlined vision and targets of the reform in its General "Guidelines for Bureaucratic Reform" (PERMENPAN No. Per/15/M.PAN/7/2008) with three pillars of reorganisation: 1) Institutional Management (the

organizational setting); 2). Structural Management (the professional work standards); 3). Human Resources Management (the people).

These three pillars shall be understood complimentary in order to achieve the overall goal of Bureaucratic Reform, *Good Governance*. *Governance* is a complex term with different perceptions and its own scientific history. We understand it in our context basically as the system of ruling public affairs in a geographic entity with its diverse actors, issues and processes. The concept of *Good Governance* has the character of a comprehensive political program and became a popular key word particularly in the field of Development Cooperation since the late 1990s. It consists of a technical dimension, targeting professionalism within *Public Management* (Organisational Setting, Standard Operational Procedures, Human Resources Management etc.), and of a political-ethical dimension, adjusting goals of policy making and implementation strategies to global consensual focal points (eradication of hunger and poverty, equal chances etc.). Politicians and civil servants are committed to act as service deliverers to the people according to their needs, excluding self-serving motivation. Indonesia has defined its understanding of Good Governance with seven categories: Rule of Law, Well Organised State Administration, Focus on Public Interest, Transparency, Clear definition of the professional framework of government, Ethical Professionalism and Accountability (Law No. 28 year of 1999, Chapter III, Article 3).

Since the adaption of the idea of Good Governance and the definition of the seven categories, an elaborated implementation concept has not been developed yet, despite intensive assistance by foreign governments. It would operationalize the principles into concrete guidelines for professional acting and indicators for monitoring and evaluation in the public sector<sup>1</sup>. Meanwhile, the understanding of Good Governance as it is visible in the Indonesian Grand Design, contains an immanent weakness: the idea of an optimal arrangement and an ultimate solution, that may replace an old static order by a new one, leaving *Governance* mainly to the *Government*. Traditional patterns of thinking as outlined before are obviously unchanged powerful. Yet *Governance* in a modern understanding, which underlays as well the term *Good Governance*, replaces the idea of the one ultimate solution, by a concept of dynamic

alignment to changing frame conditions, thus: continuous further development. Within this focus on a *process*, Governing involves not only the Government, but also other actors such as Private Sector and Civil Society. Such a dynamic understanding of governance respectively good governance has consequences particularly for a reform project for the civil service.

## RESEARCH METHOD

This research use literature review as method to make analysis more depth. Literature review needed because of an scientific analysis need an argumentation which is include a proove answer in analysis. This research use more than literarature, so that a proove answer can be made because it is proved by more than one scientific literarure.

## RESULT AND ANALYSIS

Employee compensation plays an important role in attracting, motivating and retaining qualified workers to government jobs. This is the matter of factly summary of the Organisation of Economic Cooperation and Development (OECD) on the importance of the issue of remuneration for the public sector in its latest comparism of Public Administrations (OECD,2011).

In most member states of the European Union as well as in anglo-saxonian countries, performance related remuneration components have been introduced in context of the crisis of the social welfare state and a mainstreaming of market economy logic into the public sector. Intention is to reduce public expenditures by cutting the number of employees while raising motivation and thus efficiency and effectivity of remaining women and men in public administrations at the same time (Demmke, Christoph, 2009). This development has been accompanied by a tendency to decentralise responsibility for the remuneration systems and give competencies from national to regional or local level, or even to substructures of an Administrative Unit. Thus, the terms “Administrative Reform”, “Decentralisation” and “Performance Based Remuneration” are linked in public perception and professional discourse - even if a clear conceptual basis is often missing. Where “reform” takes place, remunera-

tion is discussed and “performance oriented components” have become a trend. Yet its positive effects may be limited and if they can be shown empirically, prerequisite is a highly professional handling by the responsible management.

This cluster of terms, “Reform”, “Decentralisation”, “Remuneration”, can be observed also in Indonesia, although the context is different. While the social welfare state in developed countries has reached its limits, Indonesia belongs to the countries where basic welfare, social security and services for the people are *starting* to be developed. The role of bureaucracy in this context is being reflected, and a shifting demanded for the so far the agents of the powerful in the state towards serving the citizens<sup>2</sup>.

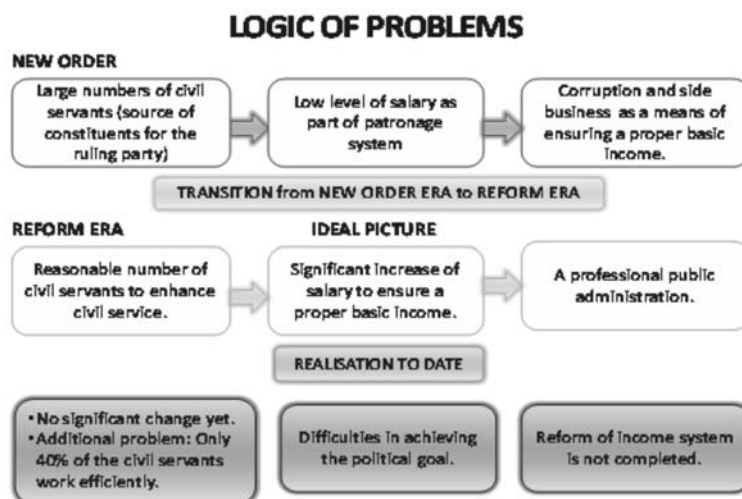
Discussions concerning the remuneration system started with the enactment of Law Number. 43/1999 on Civil Service. Target as defined in the regulation were fair and decent wages related to workload and responsibilities, and the demand for a holistic approach linking Remuneration to a Career Pattern, Job Descriptions and Performance Assessment<sup>3</sup>. Since this basic statement, Indonesia has started to discuss details of an appropriate remuneration system for its civil service, focussing on following aspects:

- a. *Transparency of the income situation*; currently this is not guaranteed due to a complex set of different allowances complementing the basic income and an often non existing general overview;
- b. *A better remuneration as framework for effectivity, efficiency and improved performance*; the so far low income of civil servants is leading to side jobs or the parallel running of private businesses, a lack of discipline and low motivation at work, creating ground for a high level of corruption<sup>4</sup>; a performance based component is missing;
- c. *Legally drafted responsibility of the employer for the welfare of its employees* (Law No. 43/1999), so far, the income level is highly depending on good personal relations with the supervising officer due to missing legal and professional basis; the pension system is insufficient, giving jobs of civil servants in Indonesia often a precarious character (Beck, Ulrich, 1992), obstructing accountability and professionalism in public institutions;
- d. *A stimulating function for general capacity improvement*: an attractive in-

come in combination with a clear career prospect should motivate qualified young professionals to apply for a position in the civil service; in this context the question of competitiveness with the private sector is a further issue (Sugiharto, 2011).

Regarding Indonesia's *status quo*, the World Bank summarizes: "Efforts to shape professional, accountable government institutions that deliver quality services are being hampered by an outdated grading, pay, and allowance structure that is not oriented towards rewarding improved performance and providing the right incentives (World Bank,2011)."

Similar to the current mainstream in western countries, the assessment of the World Bank focusses on a *performance based* remuneration. Meanwhile the internal actors in Indonesia are in discussion on very basic questions of the organisational framework, how to ensure basic social welfare for public employees and, related to both, the effects of a restructured Remuneration System for fighting corruption. Issues of raising effectivity and a steered performance improvement by routine application of professional evaluation tools and a link between performance and salary payment appear as an outlook into the future.



Source ; Paramitha, Pradnya,2010

FIGURE 1. REMUNERATION OF CIVIL SERVANT – LOGIC OF PROBLEMS

The figure above illustrates the logic of problems. It was created on the basis of an assessment of need for review of the regional Remunera-

tion system at the Provincial Government of Yogyakarta by the Center for Good Governance (CGG). While civil service with its role in the new order system provided small salaries, the ideal picture as outlined end of the 1990s has not led to a consequent reform until today. A mutual effort for reform by the national government, regional and local governments is needed to implement existing concepts.

Within the national Government, the Ministry of Finance is one Pilot Institution for the implementation of a new remuneration system according to priorities defined by the Ministry for Administrative Reform<sup>5</sup>. In its understanding, remuneration is a supporting element to the three pillars of Bureaucratic Reform: Institutional Management, Improvement of Business Process and Individual Performance. Thus, remuneration is a catalyst for the achievement of bureaucratic reform objectives. This model is directly focussed already on the improvement of public services and the function of financial incentives<sup>6</sup>. Progress and experiences with the implementation are not subject to a visible public discussion. Yet similar to other countries, the introduction of a performance based component to the remuneration system seems to face low acceptance from employees who expect individual disadvantages from the new system, particularly as the current income is basic for many employees and hardly sufficient to ensure a decent life for them and their families. Therefore, the technical implementation of a performance based salary component needs to create a win-win-situation instead of winners (those who will have in result a higher salary) and losers (those who will face a loss of income) of the reform process. It requires protection of vested rights and - raising budgets or a reduction of the total number of employees in order to balance higher expenditure for the individual.

Also on subnational level, reform initiatives are on the way. The Center for Good Governance has conducted a survey on this question, comparing reform status in six Provinces and several local governments (Paramitha, 2010). Within an Interprovincial Dialogue in February 2011, facilitated by the Center for Good Governance, five provincial governments exchanged conceptual approaches and implementation experiences (Center for Good Governance, 2010).

The most developed initiative on the subnational Governance level so



far may be the regulation on Remuneration at the Provincial Government of Jakarta from 2010 (Governor Regulation, Number 41/2010). Here a performance assessment is one tool to calculate the monthly income of the civil servant at DKI Jakarta. The provincial government also conducted – as the only province - a first evaluation of the experiences with its remuneration system and documented among others a significant improvement of discipline in being on time at the work place and of the availability of services for the public. Further effects are a general simplification of financial administration related to expenditures for personnell and satisfaction among the employees with a more transparent and secure monthly income.

But the review of practice in Jakarta also shows that not the idea of an *incentive* for good performance is guiding the action. Behind the term “performance assessment”, a merely quantitative definition of “good performance” can be found. Benchmark is a 100% performance, which means fullfilling of all given duties. The performance assessment leads then to a deduction (thus a punishment), if the employee has not reached the complete expected work results. This understanding of a good performance is linked to the thinking of *Reward and Punishment* from authoritarian times. Target remains a standard work result, while in an incentive oriented system, performance beyond the standard would be rewarded. An incentive for excellency in terms of *quality* is not part of the assessment yet and a discussion about an effective approach for such a quality oriented assessment is also in Jakarta still at the beginning.

TABLE 1. LOGIC OF DIFFERENT APPROACHES OF PERFORMANCE BASED REMUNERATION

Systematic Logic	Reward and Punishment	Incentive for Excellency
Benchmark	Standard Performance	Standard Performance
Objective of Performance Assessment	Documenting lack of discipline, attendance at workplace etc. (quantitative focus)	Documenting Excellence in work performance (qualitative focus)
Focus	The bad performers	The best performers
Consequences for Remuneration	Deduction of Salary for not achieving Quantitative goals	Additional Salary for achieving Qualitative Goals
Consequences	Loss of salary for bad performers	Higher income for good performers
Character of approach	→ fear dominated work culture	→ outputoriented work culture

Other provincial governments limit themselves so far to a formal check

TABLE 2. REMUNERATION OF CIVIL SERVANTS BY PROVINCIAL GOVERNMENTS IN INDONESIA:

Employee: Pak G., Sample Month: May 2011		
<ul style="list-style-type: none"> <li>- Civil servant in Gol III b</li> <li>- Recorded Absence from duty: non-permitted 3 days, permitted: 2 days, due to sickness: 1 day</li> <li>- Late arrival at duty: totally 125 minutes, early leaving from duty: 100 minutes (documented by electronic system)</li> <li>- Performance assessment by supervisor for the sample month: 85%.</li> </ul>		
A. Basic Salary (national regulation) for Gol III b =		
Rp. 3.067.900	Rp. 3.067.900	Rp. 3.067.900
B. Additional Salary components and deductions (regional regulations) =		
I. DKI JAKARTA	II. DI. YOGYAKARTA	III. EAST KALIMANTAN
Basis: Attendance/Absence record plus Performance Assessment (Governor Decree 41/2010)	Basis: Individual and Institutional Value (Governor Decree 34/2009, under revision)	Basis: Attendance at the office (Governor Decree Number 027/K-665)
Additional Remuneration for Gol III B: <b>Rp. 3.950.000</b>	Additional Remuneration for Gol III B: <b>Rp. 464.100</b>	Additional Remuneration for Gol III B: <b>Rp. 2.350.000</b>
Deductions from Additional Remuneration related to work presence		
Non perm.absence 3 days x 5% = 15% Perm.absence 2 days x 2,5% = 5% Absence due to Sickness 1 day x 1% = 1% Late arrival / Early leaving = (125 + 100)/450 x 1% = 0,5% <b>Total Deduction = 21,5%</b>	Non perm.absence 3 days x 2% = 6% Perm.absence 2 days x 1% = 2% Absence due to Sickness 1 day x 1% = 1% Late arrival = 0,5% Early leaving = 0,5% <b>Total Deduction: 10%</b>	Non perm.absence 3 days x 5% = 15% Perm.absence 2 days x 5% = 10% Absence due to Sickness 1 day x 5% = 5% Late arrival / Early leaving = not recorded <b>Total Deduction: 30%</b>
Additional Salary after Deduction related to work presence		
Rp. 3.950.000 – 21,5% = <b>Rp.3.100.750</b>	Rp. 464.100 - 10% = <b>Rp.417.690</b>	Rp. 2.350.000 – 30% = <b>Rp.1.645.000</b>
Deduction based on Performance Assessment		
Rp.3.100.750 -15% = <b>Rp. 2.635.637</b>	No Deduction based on Performance Assessment = <b>Rp. 417.690</b>	No Deduction based on Performance Assessment = <b>Rp. 1.645.000</b>
C. Final Calculation: Basic Salary + Additional Salary = Total Income (before Tax)		
Rp. 3.067.900 + Rp. 2.635.637 = <b>Rp. 5.703.537</b>	Rp. 3.067.900 = Rp. 417.690 = <b>Rp. 3.485.590</b>	Rp. 3.067.900 + Rp. 1.645.000 = <b>Rp. 4.712.900</b>

Source: Governor Regulation of DIY, Number 60/2010

of presence respectively absence from office and do not review work results, example East Kalimantan (Provincial Government of East Kalimantan: Governor Decree No 027/K-665). The new Remuneration Regulation of the Provincial Government in Yogyakarta from 2011 limits the current assessment similar to East Kalimantan to the aspect of “discipline”, which is understood as presence at the work place. But it gives a development perspective, targeting the implementation of a per-

formance assessment as a second step (Provincial Government DI Yogyakarta Governor Regulation Number 60/2010).

An important aspect to be observed are growing disparities between the regions, even between institutions within one government in terms of income level. Additional salary components as parts of the remuneration are granted by the provincial governments, and within the provincial Government's responsibilities even delegated to respective administrations. Such a diverse handling also can be found in the different national ministries. *De facto*, Indonesia is moving towards a parallelism of Civil Services with diverging structures in the Remuneration system. In result, the income situation of a civil servant is varying, and for the same work the payment is different depending on location and administration, as shown in the following calculation sample. It compares the monthly remuneration for a civil servant in the hierarchic level (Golongan) III b between three provincial governments.

The difference in payment as documented here, can be understood as active competition between different regions or even administrations on one Governance level to provide the most attractive remuneration system and best salary level. But economically strong regions will have an advantage in such a competition for qualified specialists compared to those with limited regional budget. While this and other aspects like the attractiveness of the respective region, work environment, living costs etc. still need to be taken into consideration, a consequence out of the current development will be a further diversification of an already complex system. This complexity will make future discussions not easier and includes a risk of losing the focal points for a reform of the Remuneration system as mentioned above.

Reform of Public Administration is a difficult business. Factors that determine success or failure and general obstacles are widely analysed: neglecting administrative culture (particularly a problem if administrative reform is managed by managers without professional background in public administration); limited benefits to be expected from reform; drowning of initial reform enthusiasm; doubts regarding applicability of management concepts; decreasing trust in leadership of the top management; passivity and keeping aloof of politics are some of them (Hofmeister,

2003). Beside these general risks that may compromise a reform process, the current approaches to modernize Indonesia's remuneration system face some specific key challenges, related to local frame conditions.

The current debate shows a lack of common understanding about the used terms and particularly the character of additional salary components. While the practice in Jakarta shows an emphasis on performance improvement by assessing work results, even if still in a quantitative perspective, East Kalimantan is focussed on a general lack of discipline and attempts to reach, so far, just a higher office presence. Both perspectives are legitimate, have a basis in assessments of the status of Indonesia's civil service and reflect regional differences in professionalism. But a growing gap in the underlying ideas of the function of an additional income - incentive for quality work vs. securing basic living standards and general welfare of the employees - may bear the risk to consolidate different Governance cultures and different quality levels of service delivery to the public, if the emphasis is not on further development and continuation of the reform process. Finding a new common ground in terms of a shared understanding of principles, problems and reform goals must be the basis for further Administrative Reform in the country.

Some of the focal points in current public discussions (remuneration as framework for effectiveness, efficiency and performance improvement, urgency for a good legal framework, role and responsibility of the public employers for their work force and organisational development) are general aspects of Governance, Civil Service and Human Resources Management. We can refer here to an extensive amount of existing literature and therefor shall not discuss them further in detail. Yet the *public* discourse about them is new in Indonesia. It is important for the country to find common ground, a result that is accepted by a wide majority within the society, in order to build a fundament for the reform process as well as to link up with standards in the international professional debate. The debate is from our understanding part of a *Democratic Project*, which Indonesia needs in order to develop its democratic culture, complementing the formal democratic setting in order to achieve sustainable development. The debate will also contribute to find a new public legitimacy for the civil service, who has to overcome its role in the authoritarian past.

The discourse and the role of the different involved actors must be subject to further research. We see here an important mission for the academic sector.

In our context, the specific issue for Indonesia is that “*the overall compensation package is characterized by a wide range of allowances and honoraria, many of which are non-transparent, discretionary and prone to abuse*” (World Bank, 2011), thus the set up and application of a system of payment, and the link of the current system to corruption. The following key challenges need to be faced for a successful reform. *First*, raising awareness about the consequences of intransparency, the loss of resources and future prospects for Indonesia resulting in the current system. *Second*, a pragmatic approach for a professionalisation of the discussion, both within the Government and within the public discourse on Governance.

## CONCLUSION AND RECOMMENDATION

An income that allows a decent living for employees is basis for the necessary focus on their duties. Without proper salaries and social security, motivation will remain low and the need to earn money beside the official remuneration will remain high. Both scenarios - officials taking bribes to raise their income or being absent from duty for running side businesses - contribute to poor capacity. They damage accountability and credibility, the fundament for prosperous development.

High qualification and excellence deserve salary levels, that are competitive with work conditions for comparable jobs in the private sector. In times of globalisation, Benchmark for a fair remuneration is also the income in other countries, which are in competition with Indonesia to attract the best.

Approaches to install a new Remuneration System in Indonesia are so far half hearted, show a lack of coordination and of necessary sophistication for this complex matter. To introduce a modern remuneration system, that allows integration of regionally different components, is a strategic key issue for Administrative Reform and needs priority attention from the top decision-makers. Twelve years after its start, the discussion in Indonesia also needs to focus on the real issues: how to reframe practically the current unproductive and undemocratic setting in the civil

service, and how to align it practically, step by step, to the political and economic imperatives. This requires expertise and political sensitiveness at the places where decisions are made and implementation of policy monitored, in short: a leadership that does not limit itself to catchy phrases, but commits itself to practical action following the principles of Good Governance. And it needs civil servants who take their commitment to serve the community seriously and contribute actively and in a supportive way to the reform process.

Particularly the subnational governments who were merely executing directives from Jakarta in the authoritarian past, have a long way to go in order to overcome this past and to execute their part of responsibility within the framework of decentralisation. To create salary components with a regional focus and to link them up to the national regulatory framework, they have to develop professionalism on issues of Human Resources Management and Remuneration. And beyond this, they have to literally learn how to govern. The Interprovincial Dialogue on current Remuneration of Civil Servants, facilitated by the Center for Good Governance Yogyakarta, demonstrated the Room for Improvement, and has potential as a productive setting to enhance professionalism on subnational Governance level.

Regarding the Remuneration for Civil Servants, the way for Indonesia to go we propose is complementing the still applying targets which were set at the beginning of the reform era: a reduction of the number of current employees by using socially acceptable tools<sup>7</sup>. This needs to be combined with work scheme optimization and a new remuneration system, that works as an incentive for productivity and excellence, both in terms of a competitive salary level and an income component based on individual performance.

Precondition for such a complex reform project is a change of mindset: not the number of employees is an indicator for importance or quality of an administrative unit, but achieved results in terms of quantity and quality for the development of the country and the welfare of its people, related to goals, targets and binding work plans. Such a new output oriented culture needs to find its reflection in public appreciation of good performance and by incentives for good performers as a component both

of the remuneration system and promotion.

A professional assessment of performance quality needs again excellent expertise, clear descriptions of responsibilities and definition of goals as well as a strict ongoing top down performance monitoring, which includes effective sanctions for non compliance. Managers in public administrations must be treated as managers, both in terms of allowing self responsibility and demanding it!

Prerequisite to create a win-win situation, the basis for acceptance of such a shift of paradigm and thus for a success of reform, is a tight coordination with available budget scope. To ensure a parallel speed of reform on national and regional level, support must be provided for regions with limited resources by an upgraded national system of financial balancing, focussed on a fair distribution of resources according to challenges and responsibilities. Within the respective subnational governments, the Governors will have to ensure consequent and transparent implementation. National and regional parliaments and also Civil Society will have to play an important role as “watchdogs”, particularly as the risk for abuse is always high when big amounts of money are involved.

A key issue within such a reform process will be to find a solution for the unqualified and unproductive part of the public workforce. Where individual qualification (training and education) in combination with a solid basic income, allowing to focus on professional duties, still does not lead to the targeted result, retirement for the older ones and alternatives to an employment in the civil service for the younger ones have to be realised. If calculations are correct that at least one out of three civil servants is unable to perform her or his duties as required, this will be a big national project which needs a show of strength, intelligent solutions and time.

This leads to the question: are the actors within Indonesia’s Governance System capable of contributing their respective part to such a complex reform project? Finally only the concrete trial will bring an answer to this question. Current public discourse about “hot political issues” like Nepotism or Corruption show, that Indonesia is on the right path. Citizens, NGOs, parliaments and other actors are learning to play successfully their respective roles. They do not leave public issues of vital impor-

tance for the future of the country only to the Government any more, which acts within its own logic. We understand quality and impact of public discourse as an indicator for maturity of Indonesia's young democracy, for the level of democratic culture beyond the legal form, that is reached already. To continue and strengthen this public discourse is maybe the most important issue for a further democratisation of former authoritarian structures and mindset.

In a democracy, civil servants work for society. Society needs to accept them in their role, to articulate clear expectations towards them, which are translated into standards, and to support fair payment for their work. A shared understanding of these pillars of professionalism for the public sector is under development, and an intersection between Professionalism and Good Governance needs to be defined. Broad public discussion will contribute to a new basis for a modern civil service in Indonesia, to progress towards a democratic Governance system and to civic education in general. Indonesia needs all of this.

#### **(FOOTNOTES)**

- <sup>1</sup> One example from the United Kingdom: the "Good Governance Standards for Public Services", published by the Independent Commission on Good Governance in Public Services.
- <sup>2</sup> For a basic analysis of Human Resources Management within Civil Service see exemplaric: Dewi, Utami/Winarsih, Atik Septi (2011): Career Path Planning for Indonesian Public Servant.
- <sup>3</sup> For a holistic Approach see the Reform Concept for Yogyakarta. Center for Good Governance (2009): Ten Milestones  
– Peta Perjalanan Jogja.
- <sup>4</sup> Indonesia is on position 110 in the latest Corruption Index published by Transparency International.
- <sup>5</sup> Minister for Administrative Reform Regulation: General Guidelines of Bureaucratic Reform.
- <sup>6</sup> Ministry of Finance: Bureaucratic Reform Pillars. <http://www.reform.depkeu.go.id/mainmenu.php?module=3pillar>
- <sup>7</sup> OECD Countries such as Germany who had to reduce the number of public employees due to budget contrains over the last years may



give here strategic assistance. See: OECD (2011), Government at a Glance

## REFERENCES

- Diana, Dina. 2011. "Tension between Legal Authority and Traditional Authority". Project Presentation, <http://drchristophbehrens.wordpress.com/courses/documentation-researchcenter/policy-briefs/>
- Andersson, Benedict. 2007. *The Idea of Power in Javanese Culture*. In: Holt, Claire). Culture and Politics in Indonesia.
- Banner, Gerhard. 1993. *Das Neue Steuerungsmodell*.
- Beck, Ulrich. 1992. *Risk Society. Towards a New Modernity*.
- Behrens, Christoph. 2008. "Administrative Reform in Yogyakarta". *Initial Assessment*.
- Behrens, Christoph. 2011. *Historic continuity of Governance in Indonesia*. In: Behrens, Christoph (Ed.). Governance Modernisation for Indonesia.
- Bogumil, Jörg and Jann, Werner. 2005. *Einführung in die Verwaltungswissenschaft*. Center for Good Governance. 2009. "Ten Milestones". *Peta Perjalanan Jogja*. Center for Good Governance (CGG). 2010. "Interprovincial Dialogue, A documentation". <http://drchristophbehrens.wordpress.com/home/good-governance/interprovincial-dialogue/>
- Demmke, Christoph. 2009. "Leistungsbezahlung in den öffentlichen Diensten der EU-Mitgliedsstaaten - eine Reformbaustelle". In: *dms - der moderne staat*, vol. 2009, no. 1.
- Dewi, Utami, Winarsih, Atik Septi. 2011. "Career Path Planning for Indonesian Public Servant". In: *Universitas Muhammadiyah Yogyakarta (Ed.): Iconpo 2011, Challenge to develop a New Public Organisation Management in the Era of Democratization*.
- Hofmeister, Albert. 2003. "Warum stockt die Verwaltungsreform?". In: *Verwaltung und Management*, 9. Jahrg., Nr. 2.
- Maryanov, Gerald S. 2009. *Decentralization in Indonesia as a political problem*.
- Nugroho, Johannes. 2011. "A Civil Service Untouched by Reform". *Jakarta Globe March 9, A 10*.
- OECD. 2011. "Government at a Glance 2011". <http://dx.doi.org/10.1787/>

*gov\_glance-2011-en*

Paramitha, Pradnya. 2010. "Remuneration Systems on Subnational Governance Level". *A study on status quo in Indonesia*.

Provincial Government of DI Yogyakarta: Governor Regulation No. 60 year of 2010 concerning Additional Income for Civil Servants.

Provincial Government of East Kalimantan: Governor Decree No. 027/K-665 concerning Determination of Goods and Direct and Indirect Services Price Standardization of the Provincial Government of East Kalimantan 2010.

Sugiharto, Ferry. 2011. *Civil Service Reform in Comparative Perspective*. Transparency International. 2011. Corruption Index, [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results)

World Bank. 2011. *Civil Service – Modernizing Policies and Practices*.