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## The Policy of Open Bidding of High Officers in Indonesia: Present Challenges and Future Direction

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### Abstract

*This study aims to identify the problems of implementation within open bidding system in Indonesia through literature reviews. From six cases throughout Indonesia, it is found that open bidding policy is influenced by two types of environment: external environment of political system in the form of power, influence and control of political actors; internal environment of institutional dynamics in bureaucracy, which includes communication, bureaucratic structures, available resources, and tendency of behavior of policy implementers.*

### Keywords

open bidding; human resources management; merit system



### I. Introduction

A new policy in the career system of Indonesian bureaucracy has been implemented since 2014, through the Law 5/2014 on State Civil Apparatus. The Law states that merit system is a management based on qualifications, competencies, and performance without discrimination on political background, race, color, religion, gender, marital status, age, and disability conditions. The policy includes the application of open bidding system in the appointment of high officer's equivalent to Echelon I and II. Previously, the appointment of these higher officers was carried out based on prerogative rights of leaders emphasizing on administrative requirements. At present, the appointment of high officers must be through open selection conducted by the Independent Team. The team assesses competencies of the participants, and will choose three highest grades. The leaders or Regional Head can only choose candidates who passed the selection and met the minimum standard of competency.

The implementation of open bidding is an effort to implement a merit system in Indonesian bureaucracy. In private sector, the system is implemented for a long time. However, in government sector, the system is relatively new, hence did not run smoothly. KASN (2018) reported only 97% provinces and 63% district governments conducted open selection. These mean there is a delay in the implementation of the merit system in local government. Further, only 71% of them were procedurally accepted. A total of 154 (21%) of the selection should be improved, and 56 (8%) are revoked, canceled or postponed. By 2016, there were 356 complaints toward implementation of the system.

This study aims to identify the problems of implementation within open bidding system in Indonesia through reviews on literatures. The results are expected to help academics and policy practitioners in understanding open bidding problems and the way forward of the policy. This paper is organized as follows: Section 2 discusses the related concepts; Section 3 reviews findings from various cases in Indonesia; Section 5 develops discussions; Section 6 withdraws conclusions and policy implications.

## II. Review of Literature

<sup>1</sup> Human Resources (HR) is the most important component in a company or organization to run the business it does. Organization must have a goal to be achieved by the organizational members (Niati et al., 2021). Development is a change towards improvement. Changes towards improvement require the mobilization of all human resources and reason to realize what is aspired (Shah et al, 2020). The development of human resources is a process of changing the human resources who belong to an organization, from one situation to another, which is better to prepare a future responsibility in achieving organizational goals (Werdhiastutie et al, 2020). Organization must have a goal to be achieved by the organizational members (Niati et al., 2021). The success of leadership is partly determined by the ability of leaders to develop their organizational culture. (Arif, 2019).

Pynes (2009:3) defines Human Resources Management as "...the design of formal systems in an organization to ensure the effective use of employees' knowledge, skills, abilities, and other characteristics (KSAOCs) to accomplish organizational goals". The concept covers recruitment, selection, development, compensation, retention, evaluation, and promotion (Bernardin and Russell, 1993:2). It is a strategic concept, as human element is not passive but active to develop themselves for the survival and purpose of the organization.

<sup>2</sup> Merit is often defined as a good quality which is deserved to be praised. It is a system based on performance regardless of their gender, race, class, or other non-merit factors (Castilla & Benard, 2010:543), which reinforces the notion of equality and competence and rejects patronage, nepotism, corruption, and incompetence (Low, 2013:50). Meritocracy thus means the application of an assessment system that prioritizes people having achieved good things. More specifically, meritocracy is a formal, organized, planned effort to achieve a balance between individual career needs and organizational workforce requirements (Bernardin & Russell, 1993:340).

Tjiptohijanto (2007:15) once propose operationalization of meritocracy into activities of developing the capacity of civil service to fulfill its mandate. It addresses issues of recruitment, promotion, salary, number of employees, and performance appraisal. However, there is still no single form of merit system universally applied by all countries. The form of merit in each country is adapted to the political and sociological background of the community. Sen (2000) argues that meritocracy, and more generally the practice of rewarding merit, is essentially under-defined, and is vague until some further specifications are made. The norms and organizational goals define the concept themselves based on their needs.

### 2.1 Teluk Wondama District

Torey and Keban (2012), based on their research in Teluk Wondama District, find that the work patterns used in the District Government of Teluk Wondama are old patterns fully dependent on leaders. The system is spoil system of career management. Corruption, collusion and nepotism are found in policies of transfer of duty and promotion. Open bidding cannot be effectively implemented due to weaknesses in communication, disposition, resources, organizational structure and culture. The local Human Resources Department did not understand well about merit system, and the district head prioritize more its crony. The study recommends to modify merit system as according to local conditions, and raises the needs to develop more applicable and understandable method of assessment for the district government.

## **2.2 West Java Province**

Rosmiati (2015), through a research on open bidding of higher officers in West Java's Department of Education, finds that open bidding has several advantages: Producing officers professional in their fields; Encouraging fair competition; Increase confidence and motivation for officers who pass the selection; Increasing employee objectivity; Support the achievement of government missions. At the same time, several weaknesses are discovered. The process takes a long time and is costly. There are still opportunities for certain elements to make maneuver. In addition, there are a limited number of civil servants who are professionals in their fields. There is also resistance to the policy from some local leadership.

Paskarina (2017) argues that psychologically, open bidding is a good process though not the most valid to transform bureaucracy. In West Java, application of open bidding was considered the most important part of the entire bureaucratic reform policy.

## **2.3 Yogyakarta Province**

Atmojo (2016), through a study in Yogyakarta province, elaborates political influences of local elites in open bidding. Yogyakarta is a region that never conducts direct election for governors, thus the study hypothetically assumes that promotion of high officers will be free from political interests. However, the results present that election is not the only factor influencing promotion of civil service. Many other factors influence the promotion, which can be grouped into two categories: Invisible actors consisting of political parties, ethnicity, race, religion, alimater, and the kingdom family; Visible actors consisting of the Governor, the Regional Secretary, and the Regional Civil Service Agency.

Another problem was discovered by Yahya and Mutiarin (2016), who analyze dynamics of the open bidding for the officers in Yogyakarta. The study finds that lack of implementation rules creates multi interpretations or meanings to the policy of open bidding. This difference in interpretation, for example, occurs in determining who can participate. The names of candidates are determined by local Human Resources Department solely. The agency searches and investigates the profiles of officers considered capable enough to participate. This is different from the methods implemented in other areas, where employees register themselves to participate.

## **2.4 Jambi Province**

A documentary study on implementation of open bidding in Jambi province find that in measuring the managerial competence of participants, the Selection Team employs assessors. The assessors measure several indicators of thinking ability, self-management ability, ability to manage others, and ability to manage tasks. These indicators are complemented by the results of psycho-grams, which include intellectual abilities, attitudes and ways of working, and ability of social relations. The scoring method is entirely carried out by the team to make a list of three candidates recommended to district head to be selected and appointed .

The policy of open bidding across the districts in Jambi experience several problems. From 2016-2017, only East Tanjung Jabung district, West Tanjung Jabung district, Tebo district and Kerinci district whose the results of open bidding are approved by KASN. In 2016, out of 173 vacant positions, only 163 can be filled from open bidding. There are many revocation, cancellation and delays in bidding process.



In the province, there were issues of disharmony between the regional leaders and high officers. In Bungo District, the results of open bidding in August 2017 are challenged by participants through court lawsuit. The causes are that open bidding was not procedurally conducted based on regulations. In Merangin District, the open bidding in February 2017 faced low enthusiasm of civil service to participate. The same problem also happened in Muarojambi District, where open bidding in November 2017 had to be extended because number of applicants does not met the quota. Open bidding in Sungai Penuh District is also reported to have lack of interest of applicants.

## 2.5 Ministry of Finance

Napitupulu, Haryono, Riani, Sawitri, and Harsono (2017) analyzed the effect of career development on employee performance in 15 agencies of Ministry of Finance. The study finds that a good career development system has a direct positive effect on employee perceptions toward organizational support, as well as increasing motivation and commitment. However, no significant effect is found between career development and employee performance, which means that there is an intermediate variable that links them. Career is not the only factor that motivates employee performance. For most employees, career is only one part of the reward system. The finding can be interpreted that career development and strengthening employee competencies do not always lead to improved performance. The study presents the importance of developing an employee performance-based reward system.

## 2.6 Ministry of State Apparatus and Bureaucracy Reform

Study conducted by Azhzhahiri (2013) on open bidding policy in Ministry of State Apparatus and Bureaucracy Reform finds that the policy has not gone well. The causes are unclear legal base, time constraints, unclear job descriptions of the vacant positions, and limited media used in socialization. Based on these findings, this study underscores the need to establish standardized rules regarding open bidding, the need for job analysis in recruitment stage. It is also needed to add information disseminated through newspaper about the vacant position.

## 2.7 East Nusa Tenggara Province

Kristiansen and Ramli (2016) find that the position as a civil servant has become object of illicit transactions. The comfort of a stable income and lack of transparency in recruitment make the practice of buying and selling career very possible. The implementation of decentralization also makes it unclear which institutions responsible for the management of staff. Through a case study in the province of East Nusa Tenggara, they find that practice of buying and selling the promotion has occurred in large quantities. The money to be paid varies greatly depending on how large the project is managed and the potential income from the position being traded.

It was found that the strong patronage network in local bureaucracy adversely affects management of civil service. The patronage network is closely related to fraud during entrance examination, recruitment, selection, placement, promotion and transfer of duty. Ultimately, this practice has a negative impact on quality of public services (Blunt, Turner, & Lindroth, 2012).

### III. Results and Discussion

Studies as mentioned above have found that the policy of open bidding is a good concept in the framework of implementing a merit system. An open bidding system will support bureaucracy reform, while increasing its performance in achieving government goals. This system is widely used after the issuance of Law 5/2014 on State Civil Apparatus. It is implemented in context of decentralization, in which a lot of government affairs and financial resources are delegated to local governments. However, apparatus resource management lacks policy attention. From the six cases presented above, it is found that whatever policy and design, basically the reform policy still applies many pre-decentralization practices.

Most problems within open bidding come from differences in interpretation of rules, inefficiency of time, emerging resistance from some regional leaders, and absence of guarantees that open bidding is free from political intervention. Based on results of theoretical and practical studies described previously, it can be drawn a conceptual relationship that open bidding policy is influenced by two types of environment: externally and internally. The external environment consists of mainly political interference through power, influence and control of political actors. The internal environment includes institutional dynamics such as communication, bureaucratic structures, resources, and behavioral tendencies of policy implementers.

Political environment is the most dominant external environment that influences the policy. This happens because bureaucracy does not work in a vacuum but political environment. The relationship between politics and administrative actors is to function as policy input from the external environment. Political actors influence open bidding through power, influence and control. Power can be obtained from laws or regulations, from which an actor influence or control the policy for their interests. A political actor still has opportunity to influence open bidding though they do not have power or authority written in regulations.

The interesting one is that most problems occur because lacks in clarity of legal rules and guidelines for implementing open bidding. The success of policy of open bidding will rely on ability of the central government to make clear procedures and regulation in order to prevent political intervention. Without these, there will be uncertainties of environment making the policy failed.

### IV. Conclusion

<sup>2</sup> The concept of merit system places employee competency and performance as main considerations in promotion. Until now, there has not been a single universal design, but open bidding has been broadly practiced to promote merit system. Implementation of open bidding policy has been influenced by two types of environment: external environment of the political system including power, influence and control of political actors; internal environment of institutional dynamics of communication, bureaucratic structures, available resources, and tendency of behavior of policy implementers. To reduce the adverse effects of these two environments, the government needs to make clear regulation and technical guides of open bidding. In addition, a centralized exam can be considered to improve the quality of policy outputs.

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