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RESEARCH ARTICLE

BUREAUCRATIC REFORM IN INDONESIA: LESSON LEARNED FROM BUREAUCRATIC REFORM MODEL IN JAPAN.

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Abstract

Since the implementation of decentralization in 1999, Bureaucratic reform has continuously become one of the main issues in the development of Indonesia, that is currently supported by the Grand Design and Roadmap for Bureaucratic Reform. However, the implementation of bureaucratic reform starting from the institutional level to national scale encounters many obstacles. One of the obstacles is the low capacity of bureaucrats who implement related policies regarding various issues such as decentralization and corruption. This study examines the 'gap' between the existing condition in Indonesia that applies the principle of Weberian model and implements New Public Management model stated by Law No. 5 Year 2014 regarding the State Civil Apparatus and what has happened in the bureaucratic reform in Japan to see how the model can be applied effectively in Indonesia.

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Introduction:-

The governments of many developing countries, including Indonesia, are confronted with bureaucratic issues as challenges in development. As an institution, bureaucracy essentially runs the governance in the context of daily life and serves as an agent that implements the policies. It is in line with the opinion of Gina Kartasasmita (Kartasasmita, 2007) that bureaucracy is a working system, based on the system of relationship of cooperation between positions (or officials) officially (directly on the problems or the subject), formally (proper, according to relevant procedures and regulations), and impersonally (no sentiment, no emotion or favoritism, no strings attached or without prejudice).

This crucial role of bureaucracy shows the importance of bureaucratic institutions to operate effectively and efficiently and hold the principles of good governance. The implementation of those principles into the bureaucracy will encourage the changes on development paradigm related to the role of the government from the regulator and market participant to facilitator and a place to create a conducive climate for the public.

The inability of the bureaucracy to achieve such situation results in so-called bureaucratic reform, where the bureaucracy is both systematically and institutionally considered underachieved, undergoes a transformation, improvement and reinforcement in hopes that it can function properly and achieve good governance principles. Various problems that consistently occur in the bureaucracy leads to a bureaucratic reform, continuously performed since the end of the New Order in 1998.

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This study examines the model of bureaucratic reform in Indonesia by using a model of bureaucratic reform at international level that has been successfully implemented to be later framed in the national framework of Indonesia.

This study begins with the first section that discusses the model of bureaucratic reform conceptually. The second section discusses the background and the situation of the bureaucracy in Indonesia that still faces the same obstacles despite having undergone bureaucratic reforms. The third section is a study of bureaucratic reform models that can be implemented in Indonesia. The fourth section is the conclusion as well as the closing of the study.

Concept and Model of Bureaucratic Reform:-

Concept of Bureaucratic Reform:-

Reform can be interpreted as an action of improvement for a deficiency without changing the existing institutions (Kristiadi, 2002). Institution is a system of official social behavior, as well as customs and norms that govern the behavior and its entire elements in a variety of human complexity in society. Max Weber (Weber, 1946) characterizes bureaucracy as an efficient institution run by people who are specifically trained, and view their job as a career and a division, whose jurisdiction is structured by the laws and rules, and whose duty is to implement the clear general rules in a particular field.

Bureaucratic reform can be interpreted etymologically as a change in the working system based on the relationship of cooperation between formal and impersonal positions without any damage (to change without destroying). In other words, it is to change while preserving; it is initiated by leaders in a system that is on the verge of destruction based on the awareness that the change is needed to save the system gradually and continuously (Rashid, 2001; Kartasasmita, 2007).

Bureaucratic reform is a process to improve or change the government bureaucracy towards clean (free of corruption, collusion, and nepotism), law-abiding, responsible, professional, ethical and moral bureaucracy (Kartasasmita, 2007). BintoroTjokroamidjojo also emphasizes the same idea in the concept of bureaucratic reform, as the process of improvement or change in the institutions in the governmental system towards good and clean governance (Tjokroamidjojo, 1995).

Model of Bureaucratic Reform:-

The history of bureaucratic reform cannot be separated from its association with the development of economics and public administration theory. Those branches of science are specifically intended to encourage the emergence of bureaucratic models. There are three models most commonly encountered in the history of bureaucracy: 1) the model of patronage; 2) Weberian model; and 3) the model of New Public Management (NPM) (Setiawan, 2014).

The model of patronage is the most common form of bureaucracy during the reign of the monarchy, where the power of management and control of government lies in the hand of a singular person. To ensure the continuity of his power, the king/queen appoints/chooses the closest people to become 'government officials and employees' and help to manage the wheels of the royal government. Allegiance becomes the main indicator in the achievement of bureaucrats, regardless of whether the outcome is good or bad for the people and the country. The stagnation of politic and the state in this period (that triggers some major world events such as the French Revolution and War of Independence of the United States) encourage the abandonment of this bureaucratic model.

The second model is a system model of government administration formulated by Max Weber, called Weberian model, bureaucratic model or traditional model. The efficiency and productivity adopted from the patterns of industrial work of the Weberian model has similarities with the pattern of mass-industrial organizations. The model formulates that the government administration is based on written organized documents. In addition, the decision-making refers to the rules documented and based on the custom of implementation of previous activity. Weber emphasizes the importance of control over input and the decision-making process so that the documented rules allows the wheels of administration to continue to run in stable and permanent manner despite the presence of personnel transfers (Weber, 1946).

However, the model gets criticism, particularly with the advent of the era of knowledge-intensive society and economy where internet penetrates up to the governmental level, leads to the very rapid rate of communication and information. Weber Model is considered an 'obese', sluggish, ineffective and inefficient structure. Due to the design of hierarchical bureaucratic structure, commanding and concentrated in a group of bureaucratic elite, as well as

inflexible and absolute application of the rules, the Weberian model is considered unable to catch up with the dynamics of society and the market that demands rapid changes.

James Buchanan and Gordon Tullock then formulate public choice theory, using economic principles to analyze the behavior of individuals in the market and apply it to the decision-making analysis. The underlying assumption is that the individual has a self-interest motive when doing activities in the market (Buchanan and Tullock, 1962). These assumptions are applied to the model of government and produce what is known as New Public Management (NPM), namely a synthesis of various approaches such as the revitalization of neo-classical economics and new institutional economics, public choice.

There are three main characteristics in the model of NPM, namely (1) disaggregation that encourages breaking the hierarchy of the public sector to be more horizontal followed by adjustment of information, management, and leadership systems, (2) Competition between the providers of internal resources where the diversification of sources of input providers in the internal process of the organization encourages healthy competition in the bureaucratic hierarchy, and (3) remuneration scheme with the transition of the system performance to specific and remuneration-based incentive system in rewarding government officials in the bureaucracy

Market-based bureaucratic reform has some advantages: from an accounting perspective, it shapes the reform of budget transparency, and a bureaucratic organization run by the contract of employment based on performance efficiency. A disaggregated and decentralized bureaucracy allows a performance competition of inter-agency bureaucracy, and it minimizes the size of the bureaucracy yet improves the results in the provision of public services (Budd, 2007).

NPM includes many approaches, ranging from structural reform to the improvement of the accounting system. Therefore, it becomes an interesting word for the political leaders in the world. However, we should note that NPM is not a "magic sword" for government reform. It contains different and even conflicting values. When we try to adopt some measures of NPM, we have to distinguish which are adaptable and valuable for our government and which are not (Koike, 2000).

NPM model has been carried out in the various schemes of international organizations such as the policy transfer and learning of IMF, World Bank and OECD and by some developed countries such as the UK, New Zealand, USA, Canada, and Australia. Indonesia began to adopt this model since the implementation of Law No. 5 Year 2014 regarding the State Civil Apparatus.

The Bureaucratic Reform in Indonesia and Japan:-

The Bureaucratic Reform in Indonesia:-

The bureaucratic reform that has been implemented in Indonesia since 1999 reached a pivotal point in 2004 due to the system of decentralization and direct election of both central and local government leaders and both judicial and legislative representatives of people. The bureaucratic reform that continues to progress today refers to the Grand Design for Bureaucratic Reform, stipulated in Presidential Decree No 81 Year 2010 and Roadmap for Bureaucratic Reform stipulated in Regulation of the Minister of State Apparatus Empowerment and Bureaucratic Reform No 20 Year 2010. They confirm that all the central agencies had undergone a process of bureaucratic reform for agencies and had gradually achieved the increase of performance in 2011 in accordance with the indicators of success that have been outlined in 2014. Both documents provide strategic and operational direction on the implementation of bureaucratic reform at central and local levels.

The first stage of bureaucratic reform in Indonesia (2010-2014) shows bureaucratic improvement using bureaucratic reform model of Max Weber that emphasizes the importance of the control of input and decision-making process. Basically, this transition is a transition into a more complete Weber model since previously (New Order Era) the application is closer to the highly centralized model of patronage (royal bureaucracy) (Setiawan, 2014). In this initial period, the bureaucratic system is rearranged by eliminating aspects of the model of patronage through the preparation of main functions and duties, employment indicators and work capability assessment. The Ministry of Finance is one of the successful examples of bureaucratic reform in this first period. However, problems related to the principles of transparency, bureaucratic system stability (for example the processing time of public services) and the effectiveness and efficiency of the organizational structure ('obesity' in bureaucratic organization) are still encountered.

The bureaucracy in Indonesia still encounters existing problems, such as corruption, collusion and nepotism, not fully effective structure and function, overlapping legal rules and laws and multi-interpretations, abuse of authority, as well as the cultures and perspectives of bureaucrats that have not been in line with expectations.¹In addition, Indonesian head of Ombudsman DanangGirindrawarna also states the lack of achievement of the performance of the bureaucracy of public services at the local level as well as the absence of a system of penalties for the regional heads (related to decentralization) whose performance is poor in improving the capabilities of local government bureaucracy (Girindrawardana, 2011).

Among the prevalent issues which can be regarded as the factors for such circumstances is the existing politicization of the civil service which is not conducive to the creation of public administration based on the NPM principles (Rajiani & Jumbri, 2011). The current political party system in Indonesia still maintain a strong influence over governance, not only in the executive but also in the civil service/government body itself, which on most cases render the civil service body ineffective and inefficient in terms of budget spending and its capabilities to do the job.

Another factor which arise is the prevalent culture of Javanese practices as a majority in civil service. While there are many other cultures in Indonesia, the influence of attitudes rooted in traditional Javanese practices seem particularly determinative of work attitudes especially in the public sector (Hess, 2001). This implies that non-Javanese Indonesian is demanded to behave as Javanese(Rajiani & Jumbri, 2011).

The society also views that the performance of the bureaucracy is not maximal, as generally stereotyped that Indonesian bureaucracy is slow, convoluted, progress-hindering, procedure-oriented rather than substance-oriented, and inefficient (Romli, 2008).

Criticism on the first phase of bureaucratic reform in Indonesia has become one of the motivating factors for the emergence of Law No. 5 Year 2014 regarding State Civil Apparatus, that in essence is the fundamental legal basis for the transfer of the Weberian model adopted in Indonesia into bureaucratic model of NPM. Within one year of its journey, the implementation of NPM model has started to manifest from the shift in the bureaucracy of the National Development Planning Agency (BAPPENAS) and the Ministry of Finance (Setiawan, 2014). Therefore, observing the implementation of NPM in other countries is important to predict the possibility of outcomes as well as lessons learned for Indonesia, in this case the NPM implemented in Japan as our fellow of significant economic actors in Asia.

The Bureaucratic Reform in Japan:-

Since the Meiji Restoration, the government of Japan, under the pressure of foreign countries, performs national movement to adopt Western sciences. However, domestic resistance related to the dominance of Japanese culture encourages the adoption of incomplete science. This is expressed in the term *wakonyonsai* defined as 'learning from the West yet still uphold Japanese personality' (Hori, 2004).

Japan has a tradition of "strong state" since the Meiji Era (Silverman, 1996). Although Japan changes from the old regime to the new, more democratic regime after World War II, and strong bureaucratic tradition still survives to lead the recovery of the national economy. As the result, in the 1970s, the United States and European countries had criticized Japanese market that was unfairly closed to foreign capital. In 1981, the Government established the Temporary Commission on Apparatus Utilization to "reconstruct government finances without tax increases" and to prepare for the era of "globalization."Toshio Doko, a well-known business leader, who proposed government reforms and recommending deregulation, decentralization and privatization (Wright & Sakurai, 1987), led the Commission. In 1985, one of the indebted government companies, Japanese National Railways, was privatized and split into several smaller private companies despite the presence of opposition from trade unions. Public opinion supports such idea of business-government.

While maintaining the spirit of Japan, the introduction of bureaucratic model of NPM into the government of Japan began to take place since the 1990s. This process also brought the concept of 'accountability' in the bureaucratic reform process in Japan referred to as *setsumei-sekinin*. *Setsumei* means to explain a new concept or program, particularly regarding the output and outcome of its implementation while the connotative meaning of *Sekinin* is

¹The Government of the Republic of Indonesia(2013). Bureaucratic Reform in Indonesia.*APEC Policy Discussion on Bureaucratic Reform* (pp. 1-9). Medan: APEC

accountability. Thus, for Japanese bureaucrats, accountability incorporates elements of being accountable not only for output but also for the outcome of the bureaucracy (Hori, August 2002).

In the late 1990s, reformist Prime Minister Ryutaro Hashimoto formed the Administrative Reform Council, which then adopted the ideas of NPM bureaucratic model and implemented several measures to reform the bureaucracy in Japan (Hori, 2004) by way of:

First, establishing Cabinet Offices. The new Cabinet Office was the staff organization for the Prime Minister. This office coordinated the government policy under the direction of the Prime Minister. Some institutions and independent bodies (Defense Agency, Finance Agency, National Safety Commission, etc.) were transferred to the jurisdiction of the Cabinet Office.

Second, reorganizing the ministries and national agencies. The reorganization of central government agencies was the highest priority of Hashimoto's Government. Under the direction of the Prime Minister, the Council of Reform planned to reduce the number of central ministries and agencies by half. The reduction would be achieved primarily through the annexation of ministries and agencies. In addition, the government also decided to privatize the Ministry of Posts and Telecommunications in 2003.

Third, transforming national bodies into a form of independent administrative cooperation. The Government of Japan transferred 80 government agencies to Independent Administrative Corporation (IAC). This list includes money printing, national hospital, national museum and national laboratory. In IAC, the head of the institution prepared the medium-term performance plan and managed the budget provided by the government. The status of the employees was divided into two categories: public officials and non-public officials. The main objective of the implementation of this policy was to separate the functions of policy formation and policy implementation in the agencies and to improve the quality and efficiency of public services by giving autonomy and responsibility for government agencies.

Fourth, appointing vice-ministers in each ministry. To strengthen the political leadership in the ministry (to avoid the monopoly of political party influence in the ministry), the government introduced the vice-ministers in each ministry of Cabinet to assist ministers. twenty-two vice-ministers would be assigned to ministries in Cabinet. In addition, the government created 26 "parliament helpers" tasked specifically in the policy formulation and ministerial planning under the direction of the minister.

Fifth, conducting decentralization. According to the recommendation of the Committee for the Promotion of Decentralization, the government revised related laws to decentralize centered authority and strengthened stronger local autonomy.

Sixth, reforming public services. In 1999, the Administrative Reform Council submitted a report to reform the national civil service system. The Council proposed reform agenda as follows: revision of the admission-examination system; introduction of remuneration principle; establishment of ethics; extension of retirement; etc. Though it looks ideal, the reform of the civil service system was not fully implemented yet in Japan (Hori, 2004).

During his governance, Hashimoto also triggered Law of Evaluation of Government Policy in 2002, requiring every government agency to be evaluated in two stages by an independent third party (Yamamoto, 2003).

Lesson Learned from Bureaucratic Reform in Japan for Indonesia:-

Bureaucratic reform with NPM models that Japan has applied in the last decade of the 1990s for nearly 20 years should be a lesson learned for the new Indonesian bureaucratic reform implemented through ASN Law of 2014. From six measures of bureaucracy in Japan, almost half of them have been implemented in Indonesia such as the president's office, decentralization, appointment of vice-ministers, as well as the reorganization of ministries and government agencies. Reform of the civil state apparatus then focuses on other important matters, namely reform of public service and the transformation of national agencies as well as the strengthening of the previous implementation.

One thing that cannot be eliminated from the process of bureaucratic reform in Japan is the principle *wakonyonsai* that carries cultural values of Japan in the bureaucratic reform. In Indonesia, it is currently being encouraged by

President Joko Widodo through Mental Revolution slogan. The motto is basically not a new one, given what is emphasized is a revolution or transfer from mental corruption, collusion and nepotism to the work ethic based on the people that is contained in existing Indonesian cultural values. In addition, integrating the values of Indonesian noble culture into the government bureaucratic system opens the opportunity for adoption of NPM that is more grounded on national character.

With this framework, the model of bureaucratic reform in Indonesia toward the model of NPM by ASN Law of 2014 needs to include elements of democracy compared to the total result oriented that is carried by model of businesses-based NPM, such as what Japan applies by integrating models of NPM with the framework of *wakon yonsai*. The success of Japanese bureaucracy in reforming the system may be the most obvious example for Indonesia: NPM model of bureaucratic reform based on cultural values.

However, another lesson of bureaucratic reform implemented by Japan is the failure of Japan in shaping a transparent democratic element and accountability in the wheels of governance, particularly the bureaucracy. *Setsumei-sekinin* views accountability as a self-evaluation to exclude the public's role in the evaluation process although transparently conducted. To cope with that, Japan implements a two-stage evaluation by a transparent third party. This lesson must be applied by Indonesia in the executed bureaucratic reform process, so that the evaluation of government policies can be more transparent and accountable. The two-stage evaluation of public policies encourages continuous policy improvement and the public constantly monitors it not only in the end of the governance.

Democracy in question means re-integrating the balanced role of the government with NPM's business orientation through ASN Law. The balance of role between the principles of democracy (the government) with business principles can be achieved, for examples, by establishing a framework constructed by the government in collaboration with the private sector for the public services, or re-negotiating the existing cooperation, as described by Kudo (Kudo, 2015):

However, after a decade of outsourcing to private and social sectors experiences, some local governments are starting to distance themselves from the NPM-driven managerial style. After evaluating performance and considering consumer satisfaction, some decided not to renew contracts to the private sector, but to bring the service back into the hands of public administration, or to introduce new forms of collaboration between public and private sectors, mainly based on proposals from the private sector. There is evidence that some local governments have already shifted from NPM-driven management to post NPM or New Public Governance (NPG) orientation, while there is no domestic literature on NPG. In terms of practice, especially in case of childcare and elderly care, some local governments began to re-hire experts in order to develop internal personnel as managers and policy makers in the future.

A shift toward newer approach of NPM-based civil service which balancing the influence of government role and business-minded system should be considered by Indonesian officials with the implementation of Civil Service Apparatus Law of 2014 and beyond. Integrating the populist norm of "*gotong-royong*" and "*musyawarah*" into the already-implemented business model of NPM should be considered because of several factors.

First, Indonesia still has high level of Uncertainty Avoidance (UA) as argued by Rajiani & Jumbri:-

People in low UA cultures are less structured in their activities and enjoy risk-taking, and such societies experience higher labor turnover and have more ambitious personnel. Employees are encouraged to use their own initiative, assume responsibility for their actions, and exercise greater discretion in decision-making (Hodgetts et al., 2006). This militates against the reforms initiated under NPM that aim to broaden managerial discretion and innovation in the interests of achieving substantive results. In terms of a propensity for corruption, high UA cultures are characterized by relationships of dependency and power. The uncertainty associated with such dependency can lead to corrupt, wealth-creating behavior in an effort to relieve the uncertainty (Rajiani & Jumbri, 2011).

Countries with high level of UA, which can be seen in Indonesia, will face challenging obstacles as a threat and totally depends on superiors, that is, decision makers to solve and lead the civil service sector. It does not encourage initiative and risk-taking, and centrally-distributed power will affect the effectiveness and swiftness of civil service in tackling unexpected problems.

Second, Indonesia still has high level of Power Distance (PD) which is understood as how far subordinates in governmental organizations and institutions accept and expect that power within the said institution is unequally distributed. Countries with high level of PD are more prone to subordinates obeying superiors without question. This practices, coupled with the prevalent cultures in civil service is another issue to tackle with the implementation of Civil Service Apparatus Law of 2014 since it is incompatible with the business model of NPM introduced by the law.

Japan's experience shows that after implementing NPM for some time, the Government of Japan re-emphasized the balanced role of the government so that the implementation of public services in some different areas in Japan are based on the combination of business principles and local wisdom. This experience can be used as a study for Indonesia in the development of the two-year-old model of bureaucratic reform through ASN Law so that the process of bureaucratic reform in Indonesia does not have to go through a phase of trial and error as it happened in Japan. The strengthening of ASN Law using NPM model needs to be conducted, particularly by reflecting on the recent studies such as the post-NPM or New Public Governance (NPG), given that the NPM model has already undergone various developments since two decades ago.

A democracy-based effort of strengthening that can be carried out is to involve the citizens of Indonesia into the process of public service (citizen participation), particularly based on the decentralization of public services. The concept starts to emerge in Indonesia with the so-called smart city concepts such as Bandung and Surabaya. The active participation of the people in the public service is not only in terms of feedback on public services but also as a sub-provider for public services (such as cooperation between the government and various communities in Bandung in the construction of Green Open Space/RTH). ASN Law as the basis of the model of bureaucratic reform will be greatly assisted by the even distribution of this concept in Indonesia, such as carried by Japan through The Japan Center for Cities (Nakamura, 2013), as a study center of town-based development to support the national effort of decentralization of public services. This decentralization is one of the main strategies of NPM model, as stated by Nakamura:

In case of decentralisation policy, it is a typical NPM strategy, in which traditional values like “territory” are strongly concerned, while many stakeholders are involved in crucial decision making. The Japanese merger experiences confirm the international literature on public governance and public service delivery, thus confirming to be an example of public governance driven reform process.

Lately, the local governments in various regions in Japan encourage the institutionalization of public participation in local governance. In general, this encouragement arises because of supportive relationship between the principles of market-based bureaucratic reform of NPM with public participation (democracy), as stated by Nakamura:

Statistical analysis shows that the population and monetary resources of citizens enlarge the demand for participation and encourage institutionalization. It is also shown that the independent and LDP councilors, traditional and alternative routes through which citizens transfer their requests to the public administration, affect the degree of institutionalization of participation (Nakamura, 2013).

This opinion strengthens the argument that the monetary resources and the population will increase along with the increase of public participation in public services. This is primarily due to a sense of belonging within the society itself in the public services because of its involvement. This sentiment encourages additional resources, both monetary and human resources, coming from the society itself outside APBN/APBD and Civil Servants. In addition to ease the burden of the government, the addition allows the allocation of additional resources for other public purposes.

The second problem that emerges and can be used as a reference is how the administration of Japan experiences an internal resistance, in which the NPM has difficulties in obtaining internal legitimacy than the external legitimacy. One form of this resistance is shown when Yokohama City implements the "Yokohama Revival Plan," that gets skepticism and rejection from bureaucratic internal of the city government, particularly by the seniors (Yorozu, 2014):

"I have gained the impression from inside the workplace that older staff are allergic to the term 'restructuring.' What is the measure of the success for the 'Yokohama Revival Plan'? To be honest, we have not shared the purpose of that plan though we are familiar with that popular term. There is a gap between the term and actual works.

Every time he uses the term, 'reform,' I feel heavy. I think the advances we try to make through daily work are 'reforms.' I do not feel that we need to change. The term, 'reform' has not mentioned what we need to do or change. It is a vague term."

This view shows that the resistance of the bureaucratic internal is primarily caused by changes in work culture, inequality of vision and understanding, where the younger internal is more accepting to these changes. It is also often found in the effort of bureaucratic reform in Indonesia through ASN Law where a work culture that has been institutionalized for decades changes afterward, leading to resistance at various levels (Haryanto, 2014)

The problems faced by the Government of Japan in implementing bureaucratic reform of NPM model adapted to local values is said to be a common problem that occurs in the process of bureaucratic reform. Indonesia is also experiencing similar problem, particularly the presence of internal resistance associated with the reform of public services and public's lack of understanding in running a new public service model. Internal resistance in Indonesia is mainly related to the number of government organizations that is ultimately resulted in a high number of bureaucrats. The Former Minister of State Apparatus Empowerment and Bureaucratic Reform, Azwar Abubakar, states that:²

Currently, HR of Indonesian state apparatus (Civil Servants) amounts to 4,362,805 people (data BKN per December 2013) consisting of 3,471,296 Regional Civil Servants and 891,509 Central Civil Servants. The main problem of HR of state apparatus is the allocation in terms of quantity, quality, and unbalanced distribution of civil servants by the territorial (regional), and low level of productivity of Civil Servants. The management of human resources has not been implemented optimally to improve the professionalism, employee's performance, and organization.

According to Azwar Abubakar, this condition embodies the values and the old system that has not completely eroded, such as poorly-managed government management, the culture of corruption, collusion and nepotism (KKN), the ineffective and inefficient quantity-based rather than quality-based recruitment process, as well as the unbalanced distribution of civil servants by territorial (regional). The similarity of problems from the bureaucratic reform in Japan should be the lesson that can be learned to be integrated into the model of bureaucratic reform in Indonesia, particularly to improve Indonesia's competitiveness in the global competition.

Both lessons that can be learned from the implementation of the bureaucratic reform of the public service in Japan show a transition from a model of NPM oriented towards pure business principles into NPM that combines elements of business and local values. According to some experts, this transition is because the model of NPM as a basis of public service emphasizes more on the viewpoint of private sector management techniques in the public sector, so that public participation and democratic decision-making process are marred. Characteristics of the accountability of the public service have changed from the early period of NPM model is introduced. Today, the audit and social control by the society become necessary in the process of public service (Osborne & Ball, 2010).

Some studies show that the focus of the NPM model towards the measurement of business-based performance and monitoring & evaluation (M&E) encourages the strengthening of short-term political interests. However, it can be risky in the long-term ones so that it is not strategic and planned. Moreover, the threat of mismanagement by implementing the principles of NPM purely is proven by the collapse of the Local Government of Yubari, Hokkaido in 2007

²Azwar Abubakar. 2014. *Reformasi Birokrasi untuk Meningkatkan Daya Saing*. Scientific Oration for 94th Anniversary of Higher Education of Engineering in Indonesia, Bandung: Institute of Technology. Accessed via <http://www.itb.ac.id/files/12/20140704/orasiIlmiahMenteriMenPanRBPTTI%2094.pdf> on March 2016.

Conclusion:-

Japan's success in reforming its bureaucracy since the 1990s should be a motivation for Indonesia as a fellow of strong-economic country in Asia. With almost similar span of time and condition (1945 and equally harmed by the war), Indonesia should be able to catch up. The adoption of NPM through ASN Law of 2014 opens such opportunity, and as previously noted, Indonesia can integrate cultural values more quickly into this process given the fact that the bureaucratic reform of NPM model has been running for a year. The lessons given by Japan through the adoption of NPM model for bureaucratic reform by integrating *setsumeiki-sekinin* and *wakon yonsai* values should be a boost for Indonesia who similarly owns different cultures from the NPM of Western World.

Indonesia also needs to thread carefully in implementing the business-centered NPM model because Japan's experience shows that it does not fully compatible with our norms and culture thus leading Japan to implement a mixed approach of re-introducing the government role in public service.

Another issue to tackle is the existing norms which is still embedded in the civil service practice that is the lack of certainty and distant power distribution. These problems also arose in Japan and hampered Japan's government to fully implement the NPM. Unless Indonesian government address the prevalent issues of uncertainty avoidance and power distance which hamper the bureaucratic reformation process, the civil service sector cannot and will not achieve high level of effectiveness as previously planned.

The combination of democratic local values in Indonesia with NPM-style business management principles should be conducted by Indonesia immediately, reflecting on the implementation of NPM in Japan. This is to avoid a setback in the bureaucratic reform in Indonesia based on the ASN Law. Thus, there is a need to strengthen ASN Law based on the combination of these two values so that the bureaucratic reform that has been running in Indonesia can be implemented faster than previous countries.

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