

Reforming of Public Services Management Case Study: Licensing Service in Yogyakarta, Indonesia

Amy S Rahayu*, Rachma Fitriati

Administrative Science Department, Social and Political Science, Universitas Indonesia M Building, Prof. Dr. Prayudi Atmosudirjo 2nd
Floor UI Campus, Depok, 16424, Indonesia

Abstract This study aims to analyze the management of licensing service reform in Yogyakarta, Indonesia and the factor that inhibitant the reforming process. Mixed method approach in sought to determine the management of public service reform in the licensing service. Data collection was conducted through a study of literature, review previous research, in-depth interviews and focus group discussion which refers to the thirteen indicators in the chain of service licensing procedures, the power of innovation, decentralization of services, an understanding of the policies, work service flexibility, communication, customer research, the pressure from above, the issue of cooperation, commitment, culture, and understanding of bureaucratic reform. This study enrich previous research about license service which using SERVQUAL and Important Performance Analysis conducted by Rahayu, Fitriati, and Kurniawan (2012). Previous research finds a low assessment of the licensing services. Licensing service provider is less responsive to public expectations. Further, this study finds that there is a demand for growing public expectations dynamically along with the high quality of services provided. Recommendations for subsequent research are the importance of public service reform management an ongoing basis, in accordance with local knowledge and the development of society is always dynamic.

Keywords Public Services, Licensing Service, Reform

1. Introduction

Recently, public trust issue become concern study because the fact of diminishing public trust. Public trust to the government decrease because of the demand from the public is increasingly critical and dynamic for a reform of public service management. Reduced public confidence occurred in some institutions of public service providers and the public sector in general[1].

Public services may be evidence of the role of government is responsible for the welfare of the community. Reform of public service management can be a breakthrough to enhance public trust in the government as well as evidence of innovation, effectiveness, and efficiency of the services of a public institution. Christencen & Laegreid, Pollit & Bouckaert support the reforms in an organization with the objectives, outcomes management and quality management is an attempt that has the potential to increase public trust[1].

Based on the results of a national survey, Yogyakarta has a high quality service compared to other regions. The International Finance Corporation (IFC) survey in the

Doing Business in 2011, released in 2012 showed that the city of Yogyakarta rated easiest to serve appropriate permissions set up business on a global scale studies. This World Bank survey was conducted in 20 cities in Indonesia and 183 countries. Yogyakarta city was ranked fourth in the world at the ease of starting a business survey. The results of Doing Business study conducted by the International Finance Corporation (2011) showed that Yogyakarta is the best city by the standard Doing Business Sub National, particularly licensing services at the three assessments, namely 1) Establish business, 2) Take care of building permits, and 3) registering property.[2]

However, the results of research conducted by Rahayu, Fitriati, and Kurniawan on Doing Business in Yogyakarta as a subsequent research from IFC research, find that there was less responsiveness in improving the performance of public services[3]. Quantitative results of the survey show that there is still a gap that is high in some indicators that ease the procedures and mechanisms, the timeliness of service appropriate SOP procedures, licensing services through the online system, the time required to complete the service, demand a tip from an employee, and the actual cost in accordance with the procedure licensing. Qualitative results of the study Rahayu, Fitriati, and Kurniawan supports the quantitative results[3].

From the qualitative results indicate that there are several problems associated with the middleman (broker), support

* Corresponding author:

amy_soeroso@yahoo.com (Amy S Rahayu)

Published online at <http://journal.sapub.org/mm>

Copyright © 2013 Scientific & Academic Publishing. All Rights Reserved

for employees, employee rewards and incentives, employee motivation, externality effects, and the possibility for corruption.

The results of Rahayu, Fitriati, and Kurniawan study indicate that although the value of licensing services in Yogyakarta rated high compared to other regions in Indonesia but the performance improvements are still required[3]. The big question of the results of these studies is why improving the quality of public services tend not to follow the demands of the public's expectations that move dynamically? Public customers are part of the public service organizations.

Daft explains that every organization should pay attention to the dynamics changing of the environment, public service organizations are no exception[4]. Fischer has noted, successful transition in change requires a broad consensus supporting implementation to reform[5]. In general, a public organization is more difficult to change rapidly and less likely to change as case finding in Yogyakarta. Satisfaction with the title as service agencies are either not followed up with the better performance increase. Because of its monopoly, public services tend to close themselves to environmental changes including rising public expectations on the quality of public services are getting better. Though the reform of public services associated with changes in the environment, for example, requires the service process is transparent, fair, fast and affordable.

Currently there is no more reason for all public service organization for not doing administrative reform. Reform means making changes in an intended change or planned manner. Why should it change? We need to change because the environment is also changing constantly. Thus the reform means that public service organizations should be open to the environment or to open system management.

Daft stated that the organization is surrounded by at least three potential environmental affects and is affected organizations[4]. First, the internal environment which directly affect the success of an organization, such as the quantity and quality of personnel, quality of leadership, quality of service procedures, work systems, organizational culture, structure, innovation, and so on. Secondly, the external environment directly affects the success of an organization, such as customers, competitors, suppliers, government and policy, and so on. Third, the external environment does not directly affect the success of such organizations, foreign exchange rates, global economic situation, and the political situation at home and abroad, and so on.

Among other reforms influence can be seen in aspects of innovation, such as public trust in the quality of public services to encourage the innovation of service. De Guzman and Reforma argue that innovation is part of the management of the organization in the face of environmental demands[6]. There is high concern how organizations manage change and innovation (how organization manage change and innovation)[7]. Innovation is part of the administrative reform. Administrative reform

is, first was planned or accidental changes to the government bureaucracy. Secondly, it is the same with innovation. Third, improving the efficiency and effectiveness of public services is a result to be achieved from the reform process. Fourth, the urgency of reforms driven by the need to cope the uncertainty and rapid change in the organization's environment.

Administrative reform of public services include the following aspects of transparency, efficiency, performance, commitment, innovation, professionalism, and participation aspects of these aspects will not be achieved if there is no good service management, so the meaning of the whole process of change in the public services should be planned organized, directed and evaluated properly. Management functions there should be elaborated in depth according to the needs of service desired changes. Weaknesses of the public service implementation in Indonesia, partly because of poor management in it. Management used is a closed system management that has not connected at all to the environment. The apparatus of public services tend to be professional and corrupt because there is no public participation in the form of complaints was responded to. Yogyakarta case findings indicate that about brokers or middleman.

In line with the implementation of regional autonomy in all regions in Indonesia, most of the public service authority has been transferred to local governments. As with Yogyakarta Special Region of Yogyakarta to be one among the autonomous regions. Conceptually supposed public service performance achievements would be great because of the aspect of closeness or distance between the services to the community closer together.

This is in line with the proposed Dwiyanto that had been assessing public response to the public service as a form of degree of public confidence[8]. Findings from several studies in Indonesia showed that public confidence tends to follow the dynamics of performance governance such as the rule of law, transparency, and participation in various activities of the government, when public confidence in the government is also related to the distance, either physical or psychological. His research findings indicate that the government at lower levels tends to earn a higher level of trust from the public and stakeholders. Thus important to note that the bureaucracy needs to restructure the public bureaucracy.

It seemed to reaffirm that autonomy brings consequences to changing the structure of the bureaucracy. Autonomy and reform became a necessity for agencies in the area, but the extent to which areas are ready to do, how management licensing services there if it was reformed into an open management system or it is otherwise? Associated with licensing service management reform, readiness is still requires further testing. At least there are 13 licensing service management reform issues that have not worked well, finding a high gap shows the indications. 13 issues are: 1) the service transparency, cost, and procedures, 2) organizational structure adaptive to the environment, 3)

innovation and breakthrough service, 4) communication and customer research, 5) vertical/ horizontal communication and 6) commitment service providers / personnel, 7) remuneration, 8) leadership 9) work culture, 10) motivation to work 11) public participation, 12) readiness and professionalism of human resources, 13) employee performance

Based on this background, it is necessary to study discusses how the implementation of the reform of the management of public services particularly in the field of licensing in the city of Yogyakarta as a city that has a high value of accreditation in Indonesia. This study therefore aims to: "How to reform 13 issue of the management of licensing services in Yogyakarta, factors what the pitfalls are there, and how to follow up these issues?"

2. Method

This study uses constructivism approach, with qualitative data collection methods, namely the study of literature, in-depth interviews, focus group discussions and review of secondary data.

2.1. Data Used

The study used qualitative data. Qualitative data is data derived from in-depth interviews and focus group discussion.

2.2. Instrument

This study uses thirteen issues to analyze the reform management of license service in Yogyakarta. The thirteen issues of license service management reforms can be explained below:

The first issue is about service transparency, cost, and procedures. The service transparency, cost, and procedures issues identify the data from the customer and service procedure. This issue can be identified from the degree of cost, accessibility of services, and SOP.

Then, the second issue is about organizational structure. Intended change as the reform characteristic can be analyzed by determines the degree of adaptive from the organizational structure to the environment. Adaptive organization is a slim and flexible structure.

The third issue is innovation and breakthrough service. This issue analyze about how innovation plan and implementation. This issue also analyze about the benefit of innovation.

The fourth issue is communication and customer research. This issue indicates the message transfer from the service provider to customer. This communication involves knowledge transfer and information. The indicator can be indentified from the annual research, etc.

The communication in the organization also becomes the important issue in this study. The fifth issue analyzes vertical / horizontal communication. The vertical communication is communication between organizational

officers in the organizational hierarchy. While horizontal communication is message transfer between officers. These communications related with the sixth issue that is about commitment of service providers / personnel.

The seventh issue is remuneration. The remuneration issue can be analyzed from the significant increase in remuneration because performance improvement.

Table 1. Thirteen License Service Reform Management Issue in Yogyakarta

Issues	Type & Source	Parameter
Cost and Procedure Transparency	Secondary and Primary Data, Document source	Known explicitly by the customer, clear, cheap, SOP
Organization Structure adaptive with the environment	Secondary and Primary data, document source	Slim structure and flexible
Innovation and breakthrough for services	Primary data Informant source	How innovation plan, implementation, and innovation benefit
Communication and Customer Research	Secondary Data Document Source	Annually research
Vertical Communication/hierarchy and Horizontal communication	Primary Data Informant Source	Frequency meeting and coordination quality
Commitment from service provider / officer	Primary Data Informant Source	Vision and mission are implemented
Remuneration	Primary Data Informant Source	Significant increase in remuneration because performance improvement
Leadership	Primary Data Informant Source	Officer appraisal for leadership
Organization Culture	Primary Data Informant Source	Serving not served
Work Motivation	Primary Data Informant Source	High
Citizen Participation	Primary Data Customer Source	High and Low
Human resources readiness and professionalism	Primary Data and Customer Source	Customer Appraisal
Officer Performance	Secondary Data, Performance Appraisal Document Source	Performance Appraisal

The next three issues are leadership, work culture, and motivation to work. These issues analyze the appraisal from the officer about leadership, work culture, and motivation to work.

Public participation is the eleventh issue in this study. This issue analyzes the degree of participation between the customer and service provider. Besides that, it is also analyze what factor affects the public participation.

Readiness and professionalism of human resources is a data from customer appraisal related with the professionalism and readiness of the officers. This issue analyzes the value of the officer from the customer perception.

The last issue is about employee performance. This issue analyzes the performance from the employee by analyze the officer appraisal from bottom or up organizational structure.

3. Result and Discussion

The discussion in this study will be described in two sub subject; they are portraits of license service reform management in Yogyakarta and The inhibiting factors that affect the licensing service performance.

3.1. Licensing Service Reform in Yogyakarta

Licensing services in Yogyakarta received high rankings from doing business survey conducted by the International Finance Corporation in 2011. Licensing services in Yogyakarta get good grades in three categories of indicators of public service that is handling business licenses, building permits, and registering property.

Transparency is an important component in the reform of public services. Transparency of service costs and procedures often include a major focus of the customer. Customer confidence came from the extent to which public services are able to transform it from a closed to become more transparent[9].

In the implementation of licensing services in Yogyakarta, transparency of service can be viewed from three indicators, namely clarity of procedures, clarity of costs, and the availability of facilities for consultation. From the aspect of clarity of procedures, Yogyakarta have to manage it very well managing licenses in Yogyakarta has established service procedures chain of five stages: registration, examination files, field inspection, and the decree. The advantages of this service is procedurally straightforward because the decision making process has been at the center of the service provider called *Pelayanan Terpadu Satu Pintu (PTSP)* or One Stop Service. Although it has One Stop Service, for certain licensing service still requires coordination to other agencies show that one stop services is not fully integrated service.

From the aspect of the cost of clarity, the results of interviews with customers that even though the cost is clearly displayed on the counter, but still there are additional cost that are not transparent. As costs due to additional regulations that are not mentioned in the procedure. Besides brokers or middleman also play a major factor in the emergence of hidden costs that are not clearly known.

The elaboration about cost and procedure show the significancy about the indicators. The procedure indicator significantly high socialized to the customer. On the contrary, the cost is not significant because there is not clear cost for services because there is additional cost that are not transparent.

From the aspect of availability of consultations, the Yogyakarta has *Klipper (Klinik Pelayanan Perizinan)* as a Clinic for Licensing Services. Klipper is a means organized to discuss various obstacles or barriers experienced by customers in the field. This process at least reduces the role of 'insiders' who use the service as an opportunity to commit fraud or illegal transactions with customers. In addition there Liaison Officer named on the Registration Evidence thus solving the problem in the management of licensing is done transparently.

Other reform components are design an organizational chart showing the extent to which organizations adaptive to the environment. A lean organizational structure demonstrates its capabilities to adapt to its environment, including customers or the communities it serves. Besides organizational structure also illustrates the extent to which authority has been devolved to the front line level. The results of the study and observation of the structure of licensing services in Yogyakarta showed that the design of the structure has been streamlined, with authority includes granting, denial, revocation, legalization, duplicates and permission supervision. However, not accommodate the need for interaction with the environment, such as the unavailability of a particular unit and managing privileged information from the outside including about customers, public relations, and internal complaints, such as employee satisfaction, and others.

Recent developments driving innovation as the spearhead reforms in the public service. Licensing services in Yogyakarta has made a number of innovations to improve the quality of services such as registration request via a touch screen at the counter service, the permit application be done in parallel, information services accessible through brochures, touch screen, information boards, banners, websites, and telephone; service mechanism through routing slip, a liaison officer, advice planning plans or information that can be obtained free of charge; assurance services; public satisfaction index assessed daily via a touch screen, payment through bank, Klipper, and a hotline service through short message system and *Upik (Unit Pelayanan Informasi dan Keluhan)* or Service Unit for Information and Complaints.

Licensing services through innovation ministry has conducted customer feedback through surveys measuring community satisfaction index. The satisfaction index is obtained from the public response after obtaining licensing services that can be delivered through a survey on the touch screen. This research can provide an overview of the public perception of the service permit, but less caregiver get a more in-depth explanation of the negative response from the public. Design a questionnaire that covered alleged obstacle

to accessing information depth is greater than society customers.

The weak point of this service innovation is not yet a comprehensive online service. Online services are available only to the extent provide an explanation of the terms and the permit process, while the management is still be to direct customers One Stop Service.

The next reform components are communication and customer research. The results of in-depth interviews and focus group discussions showed that the institution has no special facilities for communication 'pick up the ball' to the people who enjoy their services. Like most of the government agencies, they are more 'waiting for the ball' than 'fetch the ball' proactive attitude towards customer needs can be realized with simple ways, such as meeting customers on a regular basis in order to directly determine customer preferences, and his complaints. In addition to meeting customer, customer research also regularly with the instrument that is always updated. According to the observations, the agency is already conducting research with instruments of Administrative Reform Minister No. 25 Year 2004 about Minimal Satisfaction Index. Keep in mind that the indicators in the SME should be continuously updated, adapted to the preferences of society. It does not seem to be accommodated, so the researches results seem not contribute any changes to agency.

Subsequent licensing service reform elements are vertical communication / hierarchy and horizontal communication [10]. A vertical communication service is very important because it can influence decision-making at a lower level[11]. The form of communication is the vertical length of the chain of decision-making hierarchy. In Yogyakarta, the chain has been cut, in line with the authority given to the Department of Licensing to take immediate decision on the proposed permits society. It is also in line with the spirit of the Law No. 34 Year 2006 on Regional Autonomy, in which the public is entitled to obtain public services more easily.

In addition to vertical communication, not less important is horizontal communication, the coordination aspect of the service unit. Some of the cases handled by the agency, it is seen that there are no barriers to coordination between their work units, due to a lean organizational structure facilitates coordination in solving problems[4].

Furthermore, the commitment, the tangible can be seen on the Vision, Mission and Goals of the organization concerned. Most public service organizations have now implemented the vision and missions are implemented to the level of the cutting edge. Vision and mission would be meaningless if it is not applied at the level of implementation in the field. One Stop Service Office of Licensing has a vision: "Realizing Service That Would in Cost, Time, Requirements and Licensing Accountable In the field".

In addition the Department also has a motto as a commitment to the customer at a practical level or at the One Stop Service. Most of the assessments indicate that the

agency looks commitment seriously.

One public service reform in Indonesia is improved remuneration. Some agencies have done a public service remuneration changes towards a more viable and balanced with employee performance measurement. In the Licensing Office in Yogyakarta remuneration has not been fully implemented, the employees still on the payroll by the old rules of employment and very small when compared with the agencies that have been their remuneration reform. But then again they've worked very well as evidenced by the numerous awards received by their agency. The only incentive they receive today is in the form of Employee Benefits Improvement. This allowance is calculated based on attendance. The amount of incentives is around the average 82.5 dollars. By employees this is not a problem because they think work is worship and integrity, and commitment not because of money. In FGD it was a hot topic, how can an employee with such a heavy workload and accomplishments so good, it can work with a volunteer without expecting any reward. Surely it is becoming its own record for researchers, especially when combined with the findings of previous studies of Rahayu, Fitriati, and Kurniawan the question of brokers or middleman that cannot be overcome or eradicated, and even get a 'fresh' in the process of licensing arrangements, ie through the 'legality whose name power of attorney'[3]. Strong suspicion that occurs a sort of symbiosis between the employee-brokers mutuality-customers.

Furthermore, the reform of public services, leadership is important to note. Management of public service itself is often ignored aspects of leadership. Stonner pointed out that organizations not only need a manager but also a leader[12]. A leader has the leadership qualities that an entrepreneur at heart and enjoying the challenge of ever-changing, innovative and visionary. Reichard & Johnson argue that leader self development enables leader to adapt to the continually changing environment both inside and outside the environment[13]. Day supported by Reichard & Johnson stated that strategy supports leader self development and the result is not only an increase in individual leader capacity but also the organizational leadership capacity as a whole.

What happened in Yogyakarta, a sort of Department of Licensing agency heavily influenced by the leadership of the Mayor of the city of Yogyakarta which is very inspiring stakeholders employees, because the pro-people policies and accommodate people's preferences. The leadership of Mayor is a concrete commitment to the establishment of the One Stop Service in total local government services closer to the community.

Regarding culture, conceptually certainly can affect employee commitment and performance[14]. In the One Stop Service Licensing Agency of Yogyakarta, the cultural artifact suggests that they work quite well, the reason is other than daily indicators such as uniforms, discipline, and commitment, as well as a look at the origin of most of the employees are from various technical institutions, which

merged into one One Stop Service instances. Certainly not easy to integrate the employees with different backgrounds, especially when listening to that in Indonesia the public agency sectoral ego is still colored by them and it is difficult for the coordination and integration. Culture is affected by local culture as known as *abdi dalem keraton*. *Abdi dalem* is patient and resignation to their destiny because they loyal to the king or Sultan. This working culture is very specific and only in Yogyakarta.

Working environment is maintained by a positive work culture that was able to overcome the limitation of the number of employees, number of personnel at these establishments only 95 people to serve the customers of over 250 people per day.

Employee motivation built through cultural approach and commitment. Seeing organizational culture and employee commitment is high despite their low remuneration, it can be said that their motivation for serving incredible high. One thing commendable work the way they are considered to work as a mandate, it helps the morale to overcome all the barriers to employment and employee perceived limitations. From interviews with officials admit that they do not need to pursue financial incentives for overtime, because they do not have to work overtime. All work must be completed during normal business hours; there should be no pending work unless the data is not yet complete. That is why almost no paper work piles encountered in their work tables.

In the public service reform public participation is an important aspect that encourages open management system and show the transparency of service feedback. However, one needs to separate between active and passive participation. Yogyakarta is not found in the One Stop Service community participation, this is an indication of their concern is the number represented by brokers or middleman. Their presence as customers becomes important in the perception of the brokers or middleman. "Ease of apparent" power of attorney, legalized by the brokers or middleman, the more dilutes the participation of the user community. Related to the above then becomes not just when the customer satisfaction figures to be a reference performance of the organization, because in no way represent the user community directly.

Human resources readiness and professionalism in the public service is now a reform cannot be negotiable. Changes in public service towards a more efficient and effective should be coupled with the availability of offender services employee HR professional and prepared. The problem is that since the Law on Regional Autonomy applied, where most decentralize authority in the area, then many problems arise due to unpreparedness of human resources in the region[15].

Not easy for the region to provide educated and professional human resources for these services given much dominated the center. In Yogyakarta One Stop Service instance, immediately after the One Stop Service forms, employee training is heavily promoted. The result was that

the professionalism of their work looks pretty good. It can also be seen in the work culture, motivation and commitment. Environmental aspects affect among other things due to the fact that the city of Yogyakarta is a tourist town where the 'eyes of the world' with easy highlighting their behavior in serving.

Last issue is the problem of employee performance. Public service reform will never work well if the performance of an employee is not in correct and good governance[16]. Individual performance is the product of physical and mental efforts to tasks, and will affect the performance of the overall organization[17].

It is noteworthy here that the civil service system in Indonesia do not explicitly measure the performance of employees as well as by private institutions. Similarly, in instances One Stop Service city. This condition is not to be blamed, because reality our staffing system that is so. This condition is used by the agency for 'lazy' own performance measurement because it does not have any impact for their remuneration. An employee at the same level with different performance still earns the same salary.

Measuring the performance of the agency licensing services should be carried out; the question is why the institution of public service cannot formulate its own performance of its employees without waiting for a change in the system. For example, the ability of employees to serve customers can be measured with simple measures such as the number of their ability to process a particular type of licensing in each day? From the time the standard has been set and is known by customers, how much can consistently be met by an employee? Deviations such as what is considered to give a bad score on their performance? And so on

3.2. Inhibiting Factors in the Management of Licensing Services in Yogyakarta

In this study found several factors which, if not handled properly will be a drag licensing service management reform in the city of Yogyakarta. These factors are: 1) the transparency of the procedure and the costs are still not implemented properly, 2) design an organizational structure that have not accommodate the management of internal and external customer satisfaction / employee, 3) indicators questionnaire that was never updated suit customer preferences; 4) service is not yet available online; 5) customer communication is passive, less proactive, 6) there has been no improvement / adjustment of remuneration in accordance with the employee workload; 7) doubt the commitment of employees related to the problem that has not been appropriate remuneration and the existence of legalized scalpers; 8) strongest mutuality symbiosis between employees, brokers or middleman and customers. 9) There is no active community participation, because their role is replaced by brokers or middleman; 10) there has been no measurement of the performance of individual employees and the organization.

These factors can then be mapped in the context of the

management functions of planning, organizing, leadership, and supervision. Map factor in the planning function is covering almost all the factors that are found, for the handling of weakness there in need of a re-re-planning in order to improve the care system work better.

Table 2. The Management of Licensing Service Reform

Planning	Organizing
Systematic, Measurable, & Sustainable	Paperless and Online Oriented Services
Leading	Controlling
Transformational Leadership	Active & Responsive

In the organizing map, there are several problems. The problems in the organizing maps are an adaptive design organizational structure of the environment, the problem of communication with the customer service issues online employee performance problems.

Furthermore, factor that into the map function is leading, remuneration issues, commitment and association with brokers or middleman, and community participation undeveloped.

Last is the map factor in the supervisory function, the factor customer research, updates research indicators, and monitoring or handling of brokers or middleman factor.

Noting the current approach to management functions [18], the licensing service management reform in Yogyakarta can work well when the agencies strategically make changes to the fundamental problems associated with maps of each management function there. There are 4 (four) entry point in the research recommendations: 1) Plan a systematic, scalable, efficient, and sustainable organization associated with the adaptive design with the environment, remuneration, employee performance, and certainty of costs and procedures, and systems online, at least for fiscal year 2013 that will come. 2) Planning should be cultivated again accommodated by the budget 2013 and the organization of the implementation comes with a legal basis or the appropriate local regulation, as well as the readiness of human resources professionals, 3) Function Leading roles require transformational leadership, innovative, and entrepreneurial visionaries. Leaders must build sensitivity to the slightest changes in the environment, and if necessary, do pick up the ball to the target, an example of service "Larasita" at the National Land Agency is the intention of proactive and responsive services, closer to the customer, and understand the preferences of the community, and build internal communication actively and externally.

It is recognized that this function is more difficult to implement than the other service management functions, as they relate to the ability of the leadership in changing the behavior of all stakeholders. 4) The functions of supervision, monitoring changes in environmental issues, especially related to preferences and customer satisfaction, the existence of brokers who never sought a solution, two problems for public service agencies is a classic character, but in the era of reform and good governance at this time,

mental and moral aspects to measure employee integrity. Thus the problem is not a trivial issue, but it can be the cause of the failure of a public service.

4. Conclusions

The conclusion of this study shows the importance of public service reform management an ongoing basis, in accordance with the local knowledge and the development of society is always dynamic. In anticipation of the obstacles in the implementation of public services, then there are at least four entry point management reform. *First*, the planning aspects of the planning system needed a systematic, measurable and sustainable. *Second*, from the aspect of organizing requires systems that are oriented paperless and online services. *Third*, from the aspect of transformational leadership requires leading and controlling all four aspects require active monitoring and responsive to the development of society is always dynamic.

Further studies are necessary to analyze the license service reform management of the system to deal brokering services, employee motivation to reform and system-based online service, also frequently performance improvement.

ACKNOWLEDGEMENTS

Authors wish to acknowledge all the contributors and colleagues who support this research. The authors acknowledge Teguh Kurniawan, M.Sc for his contribution in the previous research that have supported this study as well. Especially the author thanks to Ir.Togar Arifin Silaban, M.Eng, as a Deputy Assistance for Public Services in Secretary Deputy Vice President on Governance Sector, Republik Indonesia.

REFERENCES

- [1] Berg, Anne Marie. (2005). *Creating Trust? A Critical Perspective on Trust-Enhancing Efforts in Public Service*. Public Performance and Management Review Vol. 28 No 4 June 2005 page 465-486 published by M.E Sharpe
- [2] Dinas Perizinan Kota Yogyakarta. 25 Mei 2012, available on <http://perizinan.jogjakota.go.id/home.php?mode=content&ubmode=detail&id=867>
- [3] Rahayu, Amy; Fitriati, Rachma, & Teguh Kurniawan. (2012). *Laporan Studi Doing Business di Yogyakarta, Jakarta, dan Batam*.
- [4] Daft, Richard L with the assistance of Patricia G. Lane. (2009). *Management*, Ninth Edition. SouthWestern, Cengage Learning
- [5] Fischer, S. (1999). *The Financial Crisis in Emerging Markets: Lesson for Eastern Europe and Asia*. Speech to the East West Institute, New York.

- [6] De Guzman, Raul P & Mila A Reforma. (1992). *Administrative Reform Toward Promoting Productivity in Bureaucratic Performance*. Eastern Regional Organizational for Public Administration
- [7] Ferlie, Ewan, *et al.* 1996. *The New Public Management in Action*. Oxford: Oxford University Press.
- [8] Dwiyanto, Agus. (2011). *Mengembalikan Kepercayaan Publik Melalui Reformasi Birokrasi*. Jakarta: Kompas Gramedia
- [9] Shah, Anwar. (2007). *Public Sector Governance and Accountability Series. Local Public Financial Management*. Washington DC : The International Bank for Reconstruction and Development The World Bank
- [10] Zeithaml, Valerie, A.; Parasuraman, A; Berry, Leonard, L, 1990, *Delivering Quality Service, Balancing Customer Perceptions and Expectations*, New York: The free Press, Macmillan Inc
- [11] Stoner. (2009). *Management*. Pearson Publisher
- [12] Reichard, Rebecca J; Johnson, Stefanie K. (2011). *Leader Self-Development as Organizational Strategy*. The Leadership Quarterly 22 (2011) 33-42 Publish by Elsevier
- [13] Day, D.V (2000). *Leadership Development: A Review in Context*. The Leadership Quarterly 15, 857-880
- [14] Rothwell, *et al.* (2000). *The handbook of Industrial Innovation*. M. Dodgson and R. Rothwell. Cheltenham, Edward Elgar.
- [15] Prasojo, Eko, Aditya Perdana dan Nor Hiqmah, 2006. *Kinerja Pelayanan Publik, Persepsi Masyarakat Terhadap Kinerja, Keterlibatan dan Partispasi Masyarakat Dalam Pelayanan Bidang Pendidikan, Kesehatan dan Kependudukan*, Jakarta : YAPPIKA
- [16] Armstrong dan Baron. (1998). *Performance management: the new realities*. London: Institute of Personnel and Development
- [17] Gilley-Maycunich. (2000). *Organizational Learning Performance and Change. An Introduction to Strategic Human Resource Development*. Perseus Books
- [18] Jones, Gareth R. George, Jennifer M. (2007). *Contemporary Management*. McGraw Hill Higher Education 5 Edition