

# APPLICATION OF NEW PUBLIC MANAGEMENT (NPM) IN INDONESIA IN THE FIELD OF TRANSPORTATION (CASE IN BANDAR LAMPUNG)

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## ABSTRACT

This paper explains the results of studies and information on the application of New Public Management (NPM) in Indonesia in the field of transportation (the case in Bandar Lampung). Finding New Public Management is applied not only in countries with high levels of prosperity but also applied in countries with levels similar to the conditions in Indonesia. Apart from deficiencies in the implementation of regional autonomy, the application of NPM in the management of local government in Indonesia has a positive impact on several matters, more trapped performance of accountability of government institutions and moratorium and early retirement policies for civil servants who do not qualify as an effort to improve efficiency and the productivity performance of local governments, which in turn will improve the quality of public services. The creation of partnerships between the public and private sectors or public-private partnership (PPP) has now become a standard concept in the local government environment. The concept of Trans BRT, Bandar Lampung BRT as the first in Indonesia to operate without government subsidies is a new thing in Indonesia. The strong desire and passion of the City of Bandar Lampung and transportation stakeholders in Bandar Lampung to create convenient urban transportation.

## INTRODUCTION

In the 1970s there were criticisms and attacks from supporters of radical development theories which showed the impression of wanting to question the role of the public sector in development. Which is often the question related to the public sector as a true creator and implement strategies to stimulate and sustain development. Criticism arises because the public sector looks far behind with progress and development in the private sector.

In the 1980s public sector reforms were carried out in several industrialized countries in response to various harsh criticisms that the public sector looked weak. Various changes were made as a sign of the reform movement in the public sector. The most famous is the concept of New Public Management, abbreviated as NPM and reinventing government in many countries. Administrative reforms were adopted

during the 1980s and 1990s to define NPM better than with well-defined doctrines or a set of adoption of administrative tools. While generalizations about policy reforms might be related to NPM, they always reflect the adoption of local institutional history, culture and policy objectives. By bringing existing concerns and opportunities related to NPM implementation together with insights about adaptive capacity and governance that appear in the theoretical literature, we have identified several thematic areas where NPM goals and adaptive capacity intersect, to highlight the differences between anticipated NPM results and expectations for adaptive capacity (Table 1). We chose three thematic areas which were chosen because of their importance in NPM and the capacity of adaptation of literature; we do not claim that Table 1 comprehensively captures the characteristics of NPM or adaptive capacity.

TABLE 1. NPM sector reform and Actor

	<b>the potential positive effects on adaptive capacity</b>	<b>potential negative effects on adaptive capacity</b>
technical and financial capacity	More efficient allocation of resources to where they are required	An indentation of public sector regulation, technical and financial capacity due to a shift of interest of professionalism for economic efficiency and because of devolution of functions and expertise of government departments for alternative service system
Learning, knowledge, institutional memory	Devolution of responsibility, improve local knowledge representation and increase the autonomy of subordinate levels of government in responding to local needs	Division policy and operational functions in public institutions, leading to fragmentation of policies, the ability to tackle the problem of complex multisectoral long-term damage, and inhibits the exchange of information and respond to local needs
Participation, empowerment, Accountability	Improved government responsiveness to citizens as customers / clients; decentralized decision making to the problems experienced	Loss of accountability, the potential centralization of power in managerial and commercial actors rather than elected representatives or civil society stakeholders

In the next section presents two very different case studies of risk management and adaptation to environmental changes in the context of New Public Management. In any case, we first examine the public sector reform at the national level and the way in which they represent a shift from government conditions conducive to adaptation.

Next we investigate how the key aspects of adaptive capacity-building in the Norwegian sector and the water sector in Mexico have been directly or indirectly affected by NPM reforms. Presenting the case of NPM reforms from emerging economies and new democracies (Mexico) together with the case of countries with a long history of democratic process and political stability (Norway) highlighting similarities that define the purpose and structure in the context of NPM reforms. Although both of these studies were not originally designed to compare or share a common approach to research, identify similarities through a comparative analysis of two geographically diverse contexts is very useful to bring up subjects not generalize certain cases the results. our concern is not whether NPM reforms is effective in achieving their stated objectives, but rather how the process of implementing NPM reforms may have affected the adaptive capacity and vulnerability to present and future environmental changes in a particular geographical context in which the reform was adopted. similarity identification through a comparative analysis of two geographically diverse contexts is very useful to bring up subjects not generalize certain cases the results. our concern is not whether NPM reforms is effective in achieving their stated objectives, but rather how the process of implementing NPM reforms may have affected the adaptive capacity and vulnerability to present and future environmental changes in a particular geographical context in which the reform was adopted. similarity identification through a comparative analysis of two geographically diverse contexts is very useful to bring up subjects not generalize certain cases the results. our concern is not whether NPM reforms is effective in achieving their stated objectives, but rather how the process of implementing NPM reforms may have affected the adaptive capacity and vulnerability to present and future environmental changes in a particular geographical context in which the reform was adopted.

#### **LITERATURE REVIEW**

In the 1988 World Development Report, the World Bank stated as follows: "Since World War II, the growing importance of the public sector has been seen by many development economists and policymakers as a natural and even necessary element of development. In what can be called a 'public interest' view, governments

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must step in to encourage development: the interaction of private agents unmodified will not achieve the goals of economic efficiency, growth, macroeconomic stability, and Poverty Alleviation. "(World Bank, 1988: 48-49)

A public interest view that free markets will cause a shortage of providing a number of goods and services in the category of public goods and mixed goods loaded with externalities such as education, basic health (basic health), infrastructure, water and electricity. This approach gives room for the government to carry out the functions of income redistribution and poverty alleviation.

Since then, the role of government has grown and peaked in the form of a welfare state in the 1960s and 1970s in Western Europe. Therefore, public administration is developed in Western European countries, America, Canada, Australia and New Zealand also known as public administration with the welfare state paradigm, namely public administration with a very broad scope and aims for the welfare of its people through adequate intervention intensive with large subsidies.

There are a number of indicators used to look at the size of the public sector. The first is the size of the bureaucracy and the extent of the work carried out by the government. Fukuyama called it the role of the state or the scope of the state, namely the various functions and objectives carried out by the government (Fukuyama, 2004: 6-7). Second, the percentage of government expenditure on Gross Domestic Product (GDP) and, thirdly, the number of employees working in the government sector that is constantly showing an increasing number from year to year. Lane showed quite surprising statistics about the growth of the public sector from under 25% to more than 45% of GDP in OECD countries after the second world war (Lane, 1997: 2).

This situation peaked in the 1970s and 1980s, The top conditions shown by various scientific literatures show that the level of public trust in developed countries has dropped significantly towards the government. This happened in part in the United States, Canada, Britain, Spain, Belgium, the Netherlands, Norway, Sweden, Ireland and Japan (Nye, 1997: 1-18). The decline in trust is partly due to the enormous amount of bureaucracy that results in a decrease in productivity, slow, inefficient, and ineffective.

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### Paradigm Public Sector Management (New Public Management)

Theoretically in the 1960s and 1970s a number of well-known books emerged in the flow of Public Choice theory including bureaucratic politics written by Tullock, Approval Calculus by Buchanan and Tullock, Inner bureaucracy by Downs and bureaucracy and Representative Government by Niskanen . Through his writings, Tullock concluded that (Parsons, 1995: 307-308):

- A. Excessive make-up promises to win votes;
- b. The politician in power must cut the offer to get support, and this increases the budget;
- c. Bureaucrats are only interested in maximizing their own interests rather than the public interest. This means they want a bigger bureau and more money for their department.
- d. The political process of liberal democracy fails to control the growth of political power and bureaucracy,

In essence, Tullock wants to say that the political mechanism through bureaucracy is a mechanism that is very risky in allocating goods and services to the community because politicians and bureaucrats are more self-centered than people. Therefore, Tullock found a solution to the big problems of government or bureaucracy by introducing market power or competition in the bureaucracy. This can be done through contracting, privatization, and increasing competition among departments or subordinate units through rewards to those who have performed well. Subsequent thoughts were contributed by the Downs in Inside bureaucracy, expressing his thoughts on decision-making theory in bureaucracy based on the introduction of bureaucratic behavior (Downs, 1966: 1-4). Downs put forward a number of hypotheses based on a number of assumptions that are contrary to what put forward by Weber. Downs said the basic premise used in his theory was that bureaucrats were significantly motivated by their personal interests. Therefore, the theory of economic development is based on Adam Smith's ideas. Downs put forward three hypotheses (Downs, 1966: 2):

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- A. Bureaucratic officials (and all other social agents) seek to ATTAIN to review their goals rationally. Therefore all the agents in our theory are maximizing utility;
- b. Bureaucratic officials in general have a complex set of goals including power, income, prestige, security, comfort, loyalty, pride in extraordinary work, and a desire to serve the public interest. But Apart from these specific objectives include; each official is significantly motivated by his own interests, even when acting in a purely official capacity;
- c. The social function of each organization greatly influences internal structure and behavior, and vice versa.

The first and second hypothesis basically argues that all humans are intrinsically rational and selfish including bureaucrats. In this context, people always try to maximize their utility, while the third hypothesis wants to say that any organization, including the bureaucracy in it is not dehumanization as proposed by Weber. From the three hypotheses above, Downs then yields 16 "laws". Most of the 16 laws cited below (Downs, 1966: 262-263):

- A. Law Increases conservatism: organisms grow older when they become more conservative, unless they experience rapid growth or change.
  - b. Hierarchical Law: large-scale markets require hierarchical organizations without authority for coordination to be possible,
  - c. Laws of increasing conservatism: there is an inherent long-term tendency for officials to be conservative.
  - d. Imperfect Control Law: in large organizations no one can control behavior.
  - e. Law of Diminishing Control: the larger the organization, the Weaker is the control carried out above.
  - f. Lack of coordination: the larger the organization, the worse the coordination,
  - g. Duplication of Legal Control: efforts to control large organizations that are developing niches to produce generations of other organizations.
  - h. Law of Self-serve Loyalty: Officials loyal to organizations that control the security and promotion of their work.
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The eight 'laws' proposed by Downs above basically refer to the bureaucratic character that was developed in a negative direction. The hypothesis and "law" developed by Downs are very relevant in promoting the development of electoral theories relating to bureaucratic behavior. The theoretical model developed by Downs is known as a pluralist bureaucratic model.

In 1971 appeared the theory public choice more about the behavior of bureaucrats written by Niskanen in his book titled *Bureaucracy and Representative Government*. Using the same assumptions with Downs, the assumptions drawn from classical microeconomic theory of Adam Smith, Niskanen made a bureaucrat behavior theory describes as the budget maximizer (Lean, 1987: 81-102 and Dunleavy, 1991: 154-161). Niskanen developed his theory of supply and demand theory in microeconomics, and concluded that the bureaucrats in supplying goods and services to the public through the government budget tend to exceed true market demand. There is an element of a mark-up in terms of the amount of goods or services being supplied. Niskanen theory is also known as the new right model of bureaucracy. The core ideas put forward by the theory of public choice regarding the bureaucracy and bureaucrats are, first, that the bureaucracy is not a mechanism for allocating resources efficiently and effectively. Second, bureaucrats have negative traits that are exacerbating the bureaucracy as a mechanism to allocate goods and services to society. Therefore, a good bureaucrat or bureaucracy cannot be trusted. In the course of history, the study of public administration studies experienced a tremendous growth paradigm that began in the decade of the 80s. This development led to the paradigm of the new public management (Mascarenhas, 1994; Hughes, 1998: 58-57; and Peters, 2001), a paradigm in public administration studies evolved from the existing paradigm of public choice in the science of political economy (Walsh, 1995: 15-28; Hughes, 1998: 77). In essence, the ideas and principles of the reforms included in almost all the reforms at the national and sub-national levels during the past two decades can be categorized into managerial understanding (managerialism). This managerial understanding is based on the techniques and practices of the private sector and the use and popularized by public choice theory and market theory.

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Increased efficiency is the main purpose of the reform process in managerialism, while decentralization and privatization are a number of strategies he uses. Furthermore, Ingraham said that the government is influenced by the Westminster system (the British system or the Commonwealth Countries) separation between units that make policies and implement policies that units. Almost in all cases is the reform targets at senior level civil servants, the implementation of the performance contract system with a combination of autonomy and discretion are greater in budgeting and staffing issues. managerialism characterized by flexibility and a market-oriented paradigm that emerged in response to dissatisfaction with the old paradigm that is often referred to as the traditional bureaucratic paradigm that is rigid, hierarchical and bureaucratic which is a phenomenon that is dominated by the 20th century (Hughes, 1998 : 1; Lane, 1995: 53-60), and is known as a product of the post-Keynesian welfare state (Mascarenhas, 1993: 319). At the macro level, the approach of the New Public Management is oriented to slimming the state including through privatization and contracting out, while the micro can be seen in the application of strategic management, strategic planning, performance management (performance management), budget performance ( performance-based budgeting) as well as application systems of competition in the provision of public services (Hughes, 1998: 68-69).

In addition to the demands of efficiency, NPM has also emerged as a response to improving the quality of public services. As stated earlier the part of the welfare state has made a very large bureaucracy, slow (unresponsive), and expensive. Therefore, NPM assumes that the beneficiaries of public services should be treated as the same as customer-related market institutions (private). By doing this, the public services will be accelerated as best provided by the private sector. The third reason is the emergence of the NPM ideology of neo-liberalism reason, which sharpens the neo-classical economic ideology, which believes that the market mechanism is much better than the political mechanism in allocating goods and services (public services) in the community (Minogue, 1998: 19-20).

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The course of NPM can be divided into several models each with a different emphasis. The following briefly described four models of NPM. New Public Management's first model is driven by the goal to make efficiency (the efficiency drive). The first model is a model that appears earliest. The assumptions used are to be Wasteful bureaucracy, over bureaucratic and underperforming. Attempts to do is make the bureaucracy to become more business-like which is driven by the value of 'efficiency'. Practices that arise include combat financial controls, the marginalization of trade unions, conduct limited empowerment and emphasizes entrepreneurial management, but still with a strict hierarchical accountability. In the first model hierarchy and rigid properties to control the efficiency was much thicker. Critics of the first model is that this model still refers to the Taylor paradigm, so Pollitt is named as a neo-Taylorian approach (Ferlie, et al. 1996: 10-11).

A New Public Management both models are downsizing and decentralization. It targets flexibility in the organization and efficiency by conducting organizational unbundling and downsizing. The move to combat the vertically integrated organization massive bureaucracy, reduce the high degree of standardization, increasing decentralization of the responsibilities that are strategic and the management of the budget, increasing the contracting-out and separating a small part of strategic (policy-making) and the other parts larger and operational nature. The second model is also known as the pronunciation of management by hierarchy towards management by contract (Ferlie, 1996: 11-12).

The New Public Management third model is In search of Excellence. The third NPM model is closely related to the wave of excellence that emerged in the decade of the 80s. This model shows how the application of the human relations school, which emphasizes culture / organizational culture in the public service. The third model has strongly rejected the first model with a very rational approach. Conversely the third model emphasizes the role of values and culture in the organization. There is a high concern about how the organization manages change and innovation (how an organization manages change and innovation) (Ferlie, 1996: 13-14).

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New Public Management The fourth model is a public service orientation. This model recalls the total quality management in the public sector and concerns to users of public services. Furthermore, this last model wants the return of power from the appointed Elected local bodies, as well as skepticism about the market's role in the provision of public services (Ferlie, 1996: 14-15).

NPM is a paradigm of the public service who has ideas and practice approaches to the private sector and business. NPM fairly well-known practice is practice implementation by the United States that can be learned from the book David Osborne and Ted Gaebler, *Reinventing Government* (1992). Based on Osborne and Gaebler's best practice (1992) developed the principle of the NPM, namely:

#### **1. Government Catalysts (Catalytic Government, Steering Rather than Rowing)**

This principle is a picture that only direct government role can be defined as strokes or provide regulation of a public service. While the public service itself undertaken by other parties. E. S Savas says that the government comes from a Greek word that means directing. The government's task is to drive instead of rowing. Providing services is defined as rowing, and the government is not good at rowing.

In America, this principle can be demonstrated by the success of some of the cities in developing regions, such as effort and deputy mayor George Latimer Broecker seeking cooperation with the private sector in carrying out the government. By constantly accelerating solutions outside the government sector, Latimer able to increase the contribution of the government to cut 12% of its staff. It is necessary that the budget and the growth of property taxes remain below the rate of inflation and reduce the debts of the city without the need for massive layoffs to the prosperity of the life of public servants and grant the wishes of the owners of capital then Latimer bring about a government that is more to do with spending (funds) less.

Based on the actions taken by Latimer and other examples, indirectly arise a new definition of the role of government is between a facilitator or catalyst. Government (cities) would be more likely to define the problems and then prepare a variety of resources to be used by others in dealing with the problem.

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## 2. Government-Owned Communities (Community-Owned Government, Empowering Rather than Serving)

This principle seeks to give an active role for the community to participate and support the success of a public service. George Latimer, former mayor of St. Paul says: *"The older I am more and more convinced that in order to really walk, all programs must be owned by the community to be served. This is not just rhetoric but reality, so there must be ownership "*.

In this case, the government provides the capacity for the public to have the authority. Granting authority to the society has not only changed the expectations and inspire confidence that normally provides solutions much better against them than against any issue of regular public service. Although the government encourages ownership and control into the community, but their responsibility is not over yet. The government does not produce services, but the government is still responsible for ensuring that the needs are met.

## 3. Competitive Government (Competitive Government, Injecting Competition into Service Delivery)

This principle is to apply the spirit of competition among providers of care in order to achieve an optimum public service. This principle is quite successful because it provides monopolistic competition. John Moffitt, Chief Secretary Massachusetts Governor William Weld says:

*"The problem is not a competition but a private versus state monopoly. Competition meant There may be a competition between private versus government, private sector versus the private sector, and public versus public "*.

This competition may be used in the government to improve the quality and improvement of government services. But the competition in question is a competition between teams or between organizations that can build enduring spirit and creativity. Related benefits, competition has several advantages eg greater efficiency or bring in more money, forcing the monopoly of the government or the private sector to respond to all the needs of its customers, reward innovation because without innovation monopolist would paralyze it, and the competition evokes a sense

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of self-esteem and morale of civil servants , In the process, Americans have developed some methods are almost unlimited, for example, a public competition against the private, Private competition against the private and public competition against the public.

#### **4. Government-Driven Mission (Mission-Driven Government, Transforming Rule-Driven Organization)**

The principle mission-driven government has a principle to determine the goals to be achieved ahead of the decisive way. The mission of moving ways and mechanisms implemented by public service providers. General George S.Patton states that:

*"Do not tell people how to do things. Declare your desire they need to accomplish, then you will be surprised to see their brains ".*

Organizations that are driven by a mission to give freedom to the employees in achieving the mission of the organization with the most effective method they could find. The advantages of the process that puts the mission, among others Organization is driven by the mission more efficiently than Organization driven by regulation, the organization that is driven by the mission was also more effective than an organization that is driven by legislation and they can also bring a better result, organizations are driven by mission more innovative than those driven by regulatory and mission-driven organizations are more flexible than those driven by regulation. One method that can be used is a budget based missions

In the budget based on the mission, there are some advantages such as the budget is driven by the mission of giving encouragement to each worker to save money, the budget is driven by the mission of freeing the resources to test various ideas, the budget is driven by the mission of giving autonomy to managers necessary to respond to any environmental conditions change, the budget is driven by the mission to create an environment that is predictable, the budget is driven by the mission greatly simplifies the process of the budget, the budget is driven by the mission of saving millions of dollars for auditors and employees of the budget, as well as the discharge of the members of the legislature to focus on important issues.

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### **5. Results-Oriented Government (Results-Oriented Government, Funding Outcomes, Not Inputs)**

The principle of results-oriented government is trying to change the paradigm, ie be focused on outcomes instead of inputs. This is because in a number of previous approaches in traditional bureaucracy still focused on inputs instead of outcomes. Minneapolis Housing Manager, Tom Fulton stated that:

*"What I wrote about the program bureaucratic regulations or procedures are all little note about the actual incidence of the community served. If custom forged since the beginning, if you record the results, then you will waste a lot of complicated procedures "*

In traditional government, the magnitude of the budget allocation to a work unit is determined by the complexity of the problems faced. The more complex the problems encountered, the greater the allocated funds. Such a policy seems logical and fair, but what happens is the work unit have no incentive to improve their performance. It can be seen from those who have a new opportunity, the longer the problem can be solved, then the more funds can be obtained. Therefore, the government of entrepreneurs trying to change the form of awards and incentives, with financial results and not inputs. The entrepreneurial government will develop a performance standard that measures how well a unit capable of solving the problems in which they are responsible.

### **6. Customer Oriented Government (Customer Driven Government, Meeting the Needs of the Customer, Not the bureaucracy)**

This principle seeks to reward customers of public services. The award is given to must started improving the quality of public services through feedback from customers as well as customer satisfaction orientation.

### **7. Entrepreneurial Government (Government enterprising, Earning Rather than Spending)**

This principle is sought not only by spending, but also their income from government business. Gale Wilson, former city manager of California said that:

*"Opposition to the tax, please stop here because we have to guarantee that revenue will come by creating new revenue sources".*

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#### **8. Anticipatory Governance (anticipatory Government, Prevention Rather than Cure)**

This principle is direct public services to perform preventive services before curative action, for example, there is time for the government to focus on the construction of water systems and sewerage to prevent disease. This public service provider carries out actions that are preventing an even worse condition from happening.

Traditional bureaucratic government to focus on the production of public services to solve public problems, and tend to be reactive. The entrepreneurial government is not reactive but proactive. He not only tried to prevent the problem, but also tried hard to anticipate the future. He uses strategic planning to create a vision.

#### **9. Decentralization of government (Decentralized Government, from the Hierarchy to Participation and Teamwork)**

This principle unravels the system of government tends to centralize causing the production and distribution costs are high. Public service providers perform services distributors in a more decentralized level so that the public service closer to the customer. Several decades ago, the centralized and hierarchical governance is indispensable. Decision-making should come from the center, follow the chain of command up to the staff that is most related to the public and businesses. At that time, the system is very suitable because information technology is still very primitive, communication between sites is still sluggish, and government officials are still in desperate need of direct instructions.

At present, the situation has changed, the development of technology is very advanced and desires of the community are increasingly complex, so the decision should be shifted to the hands of the public, associations, customers and NGOs.

#### **10. Market Oriented Government (Market Oriented Government, Leveraging Change Trough the Market)**

This principle gives the options to the government to do the market mechanism in the policy making of their public services. For example, Americans use

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market mechanisms through tax expenditures to influence individuals or companies. Changes were made to the market mechanism (incentive system) and not by administrative mechanisms (system procedures and coercion).

A Government management to implement NPM thinking is strongly oriented toward the soul and spirit of entrepreneurship, the new public management in government bodies can be referred to as Enterprise Management. In the NPM doctrine or Reinventing Government, the government is advised to leave the paradigm of the traditional administration systems and procedures that tend to priority, then replace with an orientation on the work performance or results.

NPM paradigm that is very popular right now is not without criticism. Hughes puts forward seven critique of NPM (Hughes, 1998: 77-84). First, economic theory is regarded as a poor basis for understanding managerial. Moreover for the application of managerial understanding in the public sector. Second, the public sector is not synonymous with the business sector. Therefore, the application of managerial understanding in the public sector is an irrelevance. Third, in its essence is a Neo-Taylorism NPM which also has drawn a lot of criticism. Fourth, the application of NPM to a certain extent is the politicization of the bureaucracy. Fifth, the application of NPM reduces accountability because of the introduction of the concept of consumerism. Sixth, no clear definition of NPM.

Schick also adds limitations of the NPM, especially the NPM Westminster model. Schick said that the Westminster model can only be applied in developed countries where there is an "informal sector", the market is already well underway, and the rule of law is applied. Schick further warned developing countries not to follow the Westminster model, especially applied to New Zealand (Schick, 1998).

### *New Public Services*

The birth of the concept of New Public Services was also because the criticism against NPM considered as a paradigm that has forgotten the main task of the government should be, that is to serve the community for the state administration is not the same with business organizations. State administration must be moved as moving the democratic government. This is because the public organization's mission

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is not just to satisfy the service user (customer), but also provides services of goods and services as the fulfillment of public rights and duties (Denhardt, 2003). Values promoted an emphasis on private passion for basically the country can not be like that, entrepreneurship is contrary to the values of democracy, and the people only considered as a customer so that the community decision were never involved. Hence, comes the next paradigm, namely new public service.

Discussion of the new public service surfaced after Janet V Denhardt and Robert B. Denhardt open a new understanding of the new public service. Denhardt & Denhardt (2007) hoping for a new view in the public service, namely the development of democracy. New Public Service calls on the government to serve the public as citizens, not customers; meet the public interest; prioritize citizen above entrepreneurship; think strategically and act democratically, which means the government must be able to act quickly and use dialogue approach in solving public problems; realize accountability complexity where accountability is a difficult process and measurable and should be done with proper methods; serve not to drive because the primary function of government is to serve citizens rather than direct; as well as the public interest is not productivity (Denhardt, 2003).

Denhardt & Denhardt (2007) stated that with the advent of the new paradigm of public service is expected to make words such as 'democracy', 'citizen', and 'pride' is more commonly used than the term 'market', 'competition', and 'customer'. This thought is based on the paradigm shift that public services should not run like a business but should run like a democracy.

This new paradigm of public service laid the foundation of the movement of the public interest, the idea of democratic government, and activities as citizens' rights are renewed. This base is shown in interaction with leaders.

***Public Servants do not deliver customer service; they deliver democracy. (Denhardt & Denhardt, 2007)***

political parties, community involvement, and mechanisms for bringing about positive changes in the organization and community.

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### Paradigm Governance (Good Governance)

The last paradigm that emerged in the development of the science of public administration is good governance. It is very new to this paradigm is the emergence of the role of stakeholders are aligned with the role of government and markets. This paradigm emerged as a reaction to dissatisfaction with the dominance of the role of government and markets. As of the end of the decade of the 90s tug thought there was only the two poles, the role of government and private roles (Kooiman, 1993: 1). This paradigm also raises a new role of third parties namely civil society (civil society).

A Good governance as a paradigm in public administration emerged in the era of the 90s where the Government and private enterprises are not seen as the dominant party in governance. Society, rather civil society, given its place alongside the government and the business world. The paradigm of good governance emerged among others in reaction to some weaknesses in the new paradigm of public management. The paradigm of good governance assumes that the recipient community public services can not simply be placed as consumers or customers just like that adopted in the new public management, but must be treated as a citizen, who has the right to demand accountability of government. The public wants to protect their rights, their voices heard and respected the values and desires (Minogue, Polidano and Hulme, 1998: 5). Furthermore, Minogue and his colleagues say that accountability in the governance system is weak. At the end of this paradigm says that issues such as accountability, transparency, participation and responsiveness is an issue of equal importance to the issue of the three Es (efficiency, economy and effectiveness).

Lately, good governance has become a concept that is usually used in political science, public administration, and specifically in management development. The concept of good governance often appears together with the concept of democracy, civil society, popular participation, human rights and sustainable social development. In the last decade of good governance is often linked to public sector reform (Agere, 2000).

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Therefore, in this paradigm is the main element of participation, transparency, accountability and responsiveness (responsiveness). Thus, the notion of good governance itself is a system of governance that is transparent, accountable, contain the truth, fair, democratic, participatory and responsive to community needs (Agere, 2000: 7-8 and Loffler, 2003: 165). To view more details of how the principles of good governance are applied in the public service proposed by the Independent Commission for Good Governance in Public Service see Appendix 1 (The Independent Commission, 2004: 5) These three paradigms that have been discussed emerged as a consequence of their administrative reform process.

## **RESEARCH METHODS**

According to Sugiyono (2016: 2), the method of research is a scientific way to obtain data for the purpose and usefulness. The method used in this research is descriptive and verification method. According to Sugiyono (2016: 29) descriptive method is as follows: "Descriptive method is a method used to describe or analyze the results of the study but not used for making broader conclusions". While the verification method according to Mashuri (2010: 45), is as follows:

"The methods of verification is to check whether if it is described to test away with or without improvements that have been implemented in other places with similar problems with life".

## **RESULT AND DISCUSSION**

### **Analysis of Public Sector Management in Indonesia**

In the process, until now the implementation of the New Public Management in the organization of government in Indonesia showed a positive development, the effect on the improvement of government performance. Reforms in the public sector accounting occupy an important role in the New Public Management agenda due to the application of New Public Management related to the concept of public sector performance management where performance measurement is one of the principles. Because if the public sector is still using the administrative approach, the public sector will not be able to meet that demand. Because the NPM concept calls for

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decentralization, devolution (delegation) and granting greater authority to subordinates (local governments) which aims to create a more efficient organization.

In Indonesia, the implementation of decentralization has been evident with the regional autonomy which was granted, the authority and obligation to regulate and manage their own affairs and interests of their own community affairs and interests of the local community have been clearly set out in law No. 32 of 2004 on local government and law No. 33 of 2004 on the financial balance between the central government and local governments.

#### **Application New Public Management (NPM) in Indonesia (Bandar Lampung) in the Transport Sector.**

One basic premise of NPM is the use of market mechanisms to improve performance (marketization) .To improve service performance or results, public administration should put himself or placed as a company has to live in the midst of intense competition. This can be done by expanding the private sector's involvement in the production of the public sector. Steps that can be taken either by privatization, work contract or for the results and allowed private companies to enter a certain public sector to increase competition with state-owned or government institutions. public transport services as a manifestation of the government's responsibility to the public transport citizen. services in urban areas are confronted by the complexity of the existing transportation conditions.

The problems of this city transportation conditions experienced by the city of Bandar Lampung. Bandar Lampung has an important contribution because it is administratively as the central administrative capital, Bandar Lampung as well as landline connection between the islands of Java and Sumatra. In accordance with the classification of the town, the city of Bandar Lampung in the category of large cities, with a length of 900,320km city streets, country roads and provincial roads along 65,04km 43, 98km (Source: Department of Transportation in Bandar Lampung, 2012) As a city that became the center activities both government and trade activities in the province of Lampung, Bandar Lampung also began to face a situation where the traffic congestion started to become a problem. It is indicated from the chaotic city

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transport arrangements, one of which can be seen when entering the area of the shopping center where the city transportation accumulates. Public transport is not yet well integrated in Bandar Lampung, as seen from the frequent public transport involved the seizure of passengers, overtaking each other and stop at any place. This behavior makes it uncomfortable and endangers other motorists (Source: Lampung Post, October 2nd, 2011). Circumstances such as transportation cause adverse effects and inconvenience the public in carrying out activities. This behavior makes it uncomfortable and endangers other motorists (Source: Lampung Post, October 2nd, 2011). Circumstances such as transportation cause adverse effects and inconvenience the public in carrying out activities. This behavior makes it uncomfortable and endangers other motorists (Source: Lampung Post, October 2nd, 2011). Circumstances such as transportation cause adverse effects and inconvenience the public in carrying out activities.

A city government, particularly the Department of Transportation in Bandar Lampung attempted paradigm change by prioritizing embodiment Public Transportation Systems Bulk (Saum) by applying the transport operation in the form of Bus Rapid Transit (BRT), known as the busway and named Trans-Bandar Lampung. BRT is a flagship program of the government in line with Law No. 22 of 2009 on Road Traffic and Transport (LLAJ) and Transportation Minister Decree 35 of 2003 on the Implementation of Transport People on the street with public transport (Source: Radar Lampung, March 1st, 2012). The concept of Trans BRT, BRT Bandar Lampung as the first in Indonesia that operates without government subsidy is a new thing in Indonesia. A strong desire and passion of the City of Bandar Lampung and transportation stakeholders in Bandar Lampung to create convenient urban transportation.

## CONCLUSION

The New Public Management (NPM) is a new paradigm in public sector management. And it was first developed in the 1980s, especially in New Zealand, the United Kingdom, and the United States as a result of the crisis of the welfare state (welfare state).

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Problems and opportunities for NPM reform, the problem is: The role of remote management technology contracts Alternative structural solutions, alternative resource management schemes. Opportunities are broader measurement requirements Transparency, more open reporting and efficiency and effectiveness in organizational performance

The New Public Management is applied not only in countries with high levels of prosperity but also in countries with a level similar to Indonesia's conditions. Apart from deficiencies in the implementation of regional autonomy, the application of NPM in the management of local government in Indonesia has a positive impact in several respects, more attention on the accountability of the performance of government institutions and the moratorium and the early retirement policy for civilians. employees who do not qualify as an effort to improve the efficiency and productivity of local government performance, which in turn will improve the quality of public services. The formation of partnerships between the public and private sectors or public-private partnerships (PPP) has now become a standard concept in the local government environment.

The concept of the Trans BRT BRT Bandar Lampung as the first in Indonesia to operate without government subsidies is new in Indonesia. A strong desire and passion from Bandar Lampung City and stakeholders in Bandar Lampung to create a convenient urban transportation.

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