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**Aug., 4 – 6, 2015**

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**DATE : Aug, 4, 2015, Tuesday**

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**Royal Ambarukmo Hotel, Yogyakarta, Indonesia**

<b>Time</b>	<b>Topic of Seminar</b>	<b>Country/Region</b>
<b>Session 5.1</b> 13 : 30   14 : 50	<b>Chair : Dr. Alex Maritz, Swinburne University of Technology, Australia</b>	
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	2. 15R-027: Forming Values Of Productive Behaviors	Fendy Suhariadi, Indonesia
	3. 15R-030: Emotional Intelligence And Its Influence On Employee Commitment At Departement Agriculture And Horticulture Of Lampung Province	Nova Mardiana, Indonesia
	4. 15R-033: The Role of Corporate Strategy, Learning Culture, and Human Capital in Facing the Global Competitive Environment	Andreas Budihardjo Suriyah, Indonesia
	5. 15R-062: On Modernising Community Health Service: Getting Off The Hamster Wheel? A Case Study On The Introduction Of Community Health Service Management Information System	Dian Ekowati, Indonesia
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	2. 15R-085: The Effect of Homophily, Information Quality and Risk Propensity on Consumer Trust toward Online Reviews and Intention to Make Hotel Reservation	Sony Kusumasondjaja, Indonesia
	3. 15R-052: Trust In Brand And Brand Loyalty Of Amil Zakat Institutions In Indonesia	M. Budi Djatmiko, Indonesia
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## **ON MODERNISING COMMUNITY HEALTH SERVICE: GETTING OFF THE HAMSTER WHEEL?**

### **A Case Study on the Introduction of Community Health Service Management Information System**

Dian Ekowati

The York Management School, University of York, UK

Department of Management, Faculty of Economics and Business, Airlangga University,  
Indonesia

E mail: d.ekowati@feb.unair.ac.id; de515@york.ac.uk

#### **Abstract**

This paper presents how a local government in Indonesia engaged in innovation to improve their public service delivery, especially related to the implementation of innovation. Public sector innovation literature serves as a lens to analyse findings. The setting took place in 3 local community health centres coordinated by regional level health authority in the City of Madiun. The study employed semi-structure interviews to collect information from various informants from relevant organisations. Data was analysed by using an approach informed by grounded theory. The result strengthens the argument that innovation is complex as well as contingent in a way that its adoption, implementation, as well as further development depend on the characteristics of the institution and thus, the dynamics of people within it. Some enablers are required for an innovation to be sustained and institutionalised.

**Keywords :** New Public Management, public service, Innovation, Indonesia, logics/reason, health service

## **BACKGROUND**

Recent years have been characterised by various endeavour to reform public service by introducing the concept of innovation in public sector organisations (PSOs) (Balle Hansen, 2010; Hartley, 2006; Osborne & Brown, 2011). Underlying reasons behind the need to innovate deals with increasing cost, demand change, advancement in technology, as well as less fund available for public organisations (OECD, 2005). Deriving from Schumpeterian perspective, which basically leads to utilitarian and capitalist-based economic arrangement, New Public Management (hereafter is NPM) introduces market mechanism, that includes the notion of innovation, responsiveness to customers, and entrepreneurialism (Paulsen, 2006; Rolland, 2005).

It is needless to argue that these challenges are relevant for PSOs; yet, in NPM framework, innovation seems to serve as external motivation rather than internal motivation for public organisations to innovate. Some authors argue that externally driven motivation potentially lessens the urgency of innovation as government tends to take innovative actions as results of 'spill-over' effects (e.g. Nauta, Kasbergen, de Groot, Kraan, & van der Meulen, 2009), and more importantly, it potentially obstructs the needs to learn from failure as well as 'learning-by-doing' (Bessant, 2005). This lessens the complexities of innovation as dynamic processes taking place in organisations. Indeed, conservative views of public services innovation find that most innovations in such context are top-down imposed in nature, which is usually aimed to enhance efficiency (Baldock & Evers, 1991; Ferlie, Challis, & Davies, 1989); rather than bottom up, emergent or *ad hoc* in nature that builds organisations' competences (Fuglsang & Sørensen, 2011).

Similar pattern seems to be experienced in Indonesia, where there is an increasing evidence of public service innovations conducted in local government level. This comes as responds to Indonesia Central Government's (ICG) initiative to decentralise significantly many of its functions and responsibilities to local government (ILGs) since 1999. Interestingly, several discourses have been noticed to characterise Indonesia's journey of both reform and innovation.

First, there are disruptions in vertical relationship between local and central government, which reflect the emergence of little kingdoms and kings (Subagio, 2005). ILGs issues various local policies that are intended to help them responding to local needs better; interestingly, many of those conflict with those expected by the central government (Alm & Bahl, 1999; USAID & LGSP, 2009; Usman, 2002)<sup>1</sup>. Second, there is a lack of consistent legal application due to unclear guidance of how decentralisation should be conducted. Central government only provides broad guidelines, while ILGs expect clear and detailed guidelines that help them in implementing such laws, including responsibilities, specification of transfer (Ahmad & Hofman, 2000; Brodjonegoro & Asanuma, 2000). It can be seen as a manifestation of embedded pragmatic organisational culture, legacy of strong autocratic and highly centralised structure embraced by Soeharto's administration (Brodjonegoro & Asanuma, 2000; Usman, 2002). Being left out from decision making circle, local governments become highly apt in waiting for detailed instructions from central government. A strong embedded culture of public employee to become 'practical and pragmatic' by following central government orders and leaving no room for innovative practices (Usman, 2002).

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<sup>1</sup> USAID stands for United States Aid for International Development. It initiated Local Government Support Program (LGSP) intended for Indonesian Local Governments (ILGs)

This discussion heightens the needs to understand how these situations may affect the way ILGs engaged in innovative practices to improve public services as well as how it institutionalised such practices. This reflects how different actors or institutions can possibly bring about different values, aspiration, intentions, as well as different objectives that potentially underlie their logics in engaging in particular actions (Greenwood & Hinings, 1993; Thornton, Jones, & Kury, 2005). Moreover, recalling the notion of top-down innovation, this study is interested to understand factors influencing a public sector organisation in sustaining an innovation, especially when the idea of innovation is externally driven. Such understanding should be taken within organisations' unique institutional contexts. On this ground, this study aims to investigate the implementation of innovation by addressing a research question as follow: ***“How does Indonesian Local Government sustain innovation?”***A specific emphasis is given on factors affecting the endeavour to sustain innovative practices.

To approach this question, this study employed a case of innovative practice conducted in the City of Madiun. The innovation has been acknowledged as an example of innovative practices through a collaboration program between ILGs and USAID. It is coordinated by Local Health Authority (LHA)and involved some organisations, including LHA itself, community health centres (here after CHCs),USAID through LGSP, and a non-governmental organisation.

This study expects to contribute to the field of public sector innovation and change by offering an alternative view to understand a phenomenon of innovation through the use of processual view. While processual view is not discussed exclusively, the narrative presented in the paper represents the view. The results of the study are expected to enrich the literature on public innovation and change, especially as the study incorporated a context of developing countries, such as Indonesia.

This rest of this paper is organised as follow. Section 2 presents relevant concepts that are used to frame the issues under study. Section 3section outlines the context of the study and method used to approach research question. Findings and discussion are presented in Section 4 and 5accordingly. Finally, conclusion and contribution of the study are presented in Section 6.

## ***PUBLIC SECTOR INNOVATION***

This section aims to discuss relevant concepts in understanding reform movement in public sector as well as public sector innovation. Emphases are given on the dynamics within innovation.

### **2.1. Reform Movement and Innovation**

With regard to reform movement, there are several factors understood to cause or contribute to pressurise PSO in conducting reform. The first one is difficult economic situation leading to budget deficit (Bevir, Rhodes, & Weller, 2003; Borins, 2001b). However, a counter argument is also expressed in the light of those countries engaging in public reform without any precedents of difficult economic situation, such as USA (Pollitt & Bouckaert, 2004). Another alternative explanation for reform and adoption of NPM relates to changes in political regimes. These cases are evidenced in the UK, the USA, and also other parts of the world, including New Zealand and Australia (Greer, 1994; Pollitt, 1993). Such changes in

political regimes may also reflect changes in chosen ideological view, which at this point, the 'New Right' perspective (Flynn, 2007; Pollitt, 2003). To New Rights' proponents, efficiency should be encouraged and it can be achieved by introducing market-type mechanism (MTM), a sense of competition and opening public services to private sectors (Ferlie, Pettigrew, Ashburner, & Fitzgerald, 1996; Flynn, 2007).

More importantly, there is also a notably increase in public expectation (and also decrease in public satisfaction) toward the performance of public organisations in delivering services (Borins, 2001b; Flynn, 2007; Pollitt, 2003). Public get more awareness toward the quality of services that they receive from public organisations, and compare them to services they enjoy from private organisations. Consequently, this raises the pressure for public service organisations to improve their performance as well as open the opportunities for private sector provision of public services (Albury, 2005; Dunleavy & Margetts, 2000; Hartley, 2006). This leads to the advocacy of competition and also market-type mechanism (MTM) (Flynn, 2007; Larbi, 1999).

As an impact of rising public expectation, some authors agree that there is urgency for the advancement of information technology in public organisations' practices (Dunleavy & Margetts, 2000; Greer, 1994; Pollitt, 2003). Indeed, as stated by Pollitt, that public services can be provided in faster and cheaper ways –that leads to cost efficient ways of doing things—by employing relevant information technology tools (Dunleavy & Margetts, 2000; Pollitt, 2003). At this point, it seems that rather than becomes a driver for the emergence of NPM, the advancement of technology can also be seen as an indirect impact of rising public expectation for better service delivery. It means that information technology is used as necessary condition and infrastructure to help public organisations in conducting reforms and work better for their constituents.

## **2.2. Conceptualising Innovation**

Innovation covers broader conceptual meaning than that of creativity and invention, which can be associated with the process of creating and generating ideas in organisations (Becheikh et al., 2007). While conforms to other authors' sense of newness, Mulgan and Albury(2003) advance that innovation should be understood as '*new ideas that work*'. This implies that if any particular ideas are not working or fail, then they should not be categorises as innovation. Hartley (2005), however, rather than to see innovation as a 'physical artefact', tends to perceive it as a change in processes involved in how public organisations providing services to public. She advances that innovation should be understood through social constructionist view as it depends on how people perceive innovation that can be different from one to another. On similar stance, Røste(2005) alleges that belief or value system highly influence the construction process. Through social constructivist point of view, innovation takes place through people and notably depend on actor-networks influencing innovation scenario.

## **2.3. Drivers for Innovation**

Some studies assert that innovation in public service is very much laden with administrative/political belief at particular time (Kraemer & King, 2006; Niehaves, 2007). Peled(2001, p. 200) argues that '*innovation in the public sector is a highly politicized process*'. His study provides insight for the critical roles of issue network, coalition around innovation and also institutionalisation. This aspect contributes to establish a difference

between private and public sector innovation as well as the question of why some public organisations innovate better than others within similar institutional context. This leads to the need to understand both drivers for innovation as well as factors contributing to the successfulness of innovation as well as drivers for innovation.

In a rather brief way, drivers for innovation can be seen as internally and externally driven. Internally, innovation emerges as a result of organisations' intention to eliminate performance gap or to solve organization-specific problems can be initiated through different sources, such as individuals or groups (Borins, 2001a; Mumford & Moertl, 2003). Although there is relatively an agreement on what construct the process of internally driven innovation, perspective on how the process flow is rather different amongst the authors. (Becheikh et al., 2007), for example, illustrate process of innovation in a linear manner, while (Albury, 2005) argues that these processes are interactive rather than linear. Despite this is the case, both agree these processes are followed by reflection of consequences. This reverberates the notion of learning. Organisations need to learn not only from their success stories, but also from their failure. This will strengthen the knowledge base of organization, which is beneficial to pursue further innovation (Albury, 2005).

As for externally generated innovation, it is often seen as a result of diffusion of innovation (Becheikh et al., 2007; Rogers, 2003). Social values or the impact of innovation is defined through diffusion that a particular innovation can be considered a little of value without any diffusion (Hall, 2005). Ling (2002) argues that in adopting innovation, it is important to set success indicators that helps during evaluation for its implementation and also risk management. Situation of innovating-imitating is common in market setting as well, especially when organisations scan their environments actively that they can adopt innovation from other organisations, or imitate it (Aldrich & Pfeffer, 1976), which also conform to the notion of isomorphism (P. J. DiMaggio & Powell, 1994). Indeed, innovation can be adopted in particular organisations due to the fact that they become a trend or fashionable in markets (Rogers, 2003). From institutional theory perspective, adoption of innovation can be used as an example of institutional isomorphism, which basically can be by coercive (pressure from more powerful institution), normative (learning between institutions), or mimetic (as innovation becomes embedded). In the case of public sector organisations, while ideas for innovation can be adopted from both private and public sector organisations; the urgency of conducting innovation can be political-based such as pressure from government, international organisations, or public at large through pressure groups (Becheikh et al., 2007; Peled, 2001). Apart from contextual and organizational factors that may affect innovation in organization, the actor who conducts innovation itself is also important (Pierce & Delbecq, 1977). The orientation toward risk is argued to be a crucial factor in determining how individuals and organisations willing to engage in innovation process (Mulgan & Albury, 2003; NAO, 2000). In addition to individual attitude, the relationship between agency and principals also determine the effectiveness of organisational process in general, or hinder innovation process (Berle and Means, 1932 as cited in Nicholas, 2003, p. 1024). By this, individuals may play role in establishing organisational inertia, which then, resisting change and innovation. To avoid this dysfunctional situation, organisations should ensure that individuals have freedom to express themselves as well as provide them with exposure to innovative ideas, especially in lower level structures (Daft, 1978).

## **2.4. Indonesia's Adoption of Public Reform Movement**

Indonesia, historically, had been in a highly centralised government system, in which lower level government system, such as local government had been left out of decision making process during Soeharto's regime lasting for 32 years. By this, it can be inferred that this long-last regime contributes to the establishment of factors, such as culture, values, tradition of governing.

It is also interesting to find that the push factor from international bodies, such as International Monetary Fund, the World Bank, as well as the Asian Development Bank serves as unavoidable demand for reform (Brietzke, 2000; Juwana, 2005). With the need to cope with harsh economic crisis in 1997, the government had less choices other to follow these bodies' endorsement on reform (Brietzke, 2000; Usman, 2002). This confirms both the involvement of those international bodies as well as environmental factor, such as economic crisis in initiating reform movement.

Pollitt and Bouckaert(2004, p. 87) argue that there are choices of conducting decentralisation, which by nature, is strategic. Governments may decide whether they should do political decentralisation or administrative decentralisation; whether the decentralisation should be competitive or non-competitive; and whether it is going to be internal or external decentralisation. In the case of Indonesia, administrative decentralisation is part of three decentralisation initiatives introduced by the Government.

It is essential also to consider Indonesia's institutional capacity that determines how such adopted reform concept is implemented (Dunleavy & Margetts, 2000; Flynn, 2002). This, in turn, reflects the readiness of institution in undergoing reform process and potentially increases the possibility of achieving targeted results. However, as stated by Dunleavy and Margetts(2000), reform –especially during initiation years, may incur dysfunctional unintended consequences, such as different interpretation of policy as well as incurring resources and cost. While more investigation is needed to find out about consequence of reform on cost, evidence shows that there is indeed confusion taking place in local government on how to interpret central government policies (Hofman & Kaiser, 2002).

## ***RESEARCH METHOD***

### **3.1. Setting the Scene**

Change of Regime in 1999 induced the wind of liberalisation in various political and economy aspects in Indonesia (Brodjonegoro & Asanuma, 2000; Hofman & Kaiser, 2002). The Government adopted global public reform ideas by introducing decentralisation to enhance accountability of public service organisations, improving organisational practice transparencies, promoting competitions to ensure efficient operations, improving human resource management practices, increasing initiatives development to vulnerable groups and community empowerment, as well as encourage more awareness to reorganise structures and improve efficiency and effectiveness of services(Mera, 2004).

Amongst those initiatives, decentralisation is considered asa large scale reform, involving political, administration and fiscal aspects, and also its speedy target implementation that it is known as significant 'Decentralization Big-Bang' (Alm & Bahl, 1999; Hofman & Kaiser,

2002). It gets attentions from various parties, including the World Bank, International Monetary Fund, and also United States Aid for International Development (USAID) (Brodjonegoro & Asanuma, 2000; Hofman & Kaiser, 2002; USAID & LGSP, 2009). The involvement of international funding bodies can be seen through many projects offered to Indonesian Government. Presented in below is innovative initiatives introduced by ILGs through Local Government Support Program.

**Table 1. Selected Examples of Public Service Innovations initiated by ILG<sup>2</sup>**

<b>Instruments Innovations</b>	<b>Introduced in</b>	<b>Adopted by</b>
Community Health Centre Information System	Madiun, EJ – 1 clinic	Madiun, EJ – 4 other clinics Kediri, EJ – 1 pilot clinic Deli Serdang, NS – 5 clinics
Electronic Government Procurement (Management Unit)	Province of West Java	Bukittinggi, West Sumatra (WS) Solok, WS Padang Pariaman, WS Pasaman, WS

Source: Directly adopted from USAID and LGSP (2009)

The study employed purposive sampling methods by seeking out organisations, which are perceived to be able to provide information on particular issues (Denzin & Lincoln, 2005; Eisenhardt, 1989; Stake, 2005). Having purposive sampling is also argued to facilitate researchers to engage better in context-fit and information-rich cases (Stake, 2005). Criteria of inclusion were established, including existence of innovative practices and gaining recognition from government and/or other bodies. Participation in the study was voluntarily. The chosen site for the study was Madiun, which implemented Community Health Centre Information System. In total there were seven CHCs, each of which was answerable to Head of LHA. The LHA itself was a working unit answerable to the City Council as well as to the MoH. CHCs operational fund was provided by the LHA and needed to be approved by the City Council. Budget allocation for LHA programs was to be acknowledged by MoH. For the innovation, CHCs became pivotal points in innovation as they were those delivering health services to the public. Three CHCs were included in the study on the basis of LHA's recommendation. They represented different states of implementation, despite being induced to the innovation at relatively the same time (CHCB was the first with few months' earlier induction). CHCA represented a rather fail practice, while CHCB and CHCC served as examples of moderate and good implementation respectively.

### 3.2. Research Approach

This study takes subjectivist stance point that suggests that there is a never ending process of interaction amongst actors that determines how social actors engage in actions resulted in 'a constant state of revision' of reality (Saunders, Lewis, & Thornhill, 2009, p. 111). This study also believes that actors differ in how they perceive and interpret particular phenomena, which makes this study embraces interpretivist philosophical foundation (Saunders et al., 2009).

<sup>2</sup> Based on selected service management innovations in ILG which are introduced with Local Government Support Program of USAID Assistance



This study employed qualitative method to better investigate the issue. The study's chosen approach was based on some considerations --which as stated in Yin (2009)-- including the addressed research question, researcher involvement to the context being studied, and also the nature of the phenomena, whether it is contemporary or historical. This study aims to explore how an ILG engaged in innovation process and the dynamic process involved. 'Why' and 'how' questions are explanatory in nature, and need deeper operational links along the time frame than intensities or frequencies of events on their own (Yin, 2009).

Furthermore, this study used processual view in exploring the case, which offers an alternative way to understand change process in organisations. It focuses on the outcomes of the changes or innovation, and attention is given to the dynamics of the implementation (Pettigrew, 1997).

### **3.3. Data Collection and Analysis**

Primary data collection was conducted through semi-structured interviews. Interview guideline was developed by elaborating NPM and innovation concepts. Prior to data collection, protocol for data collection was approved by the University of York's Ethics Committee and there was no conflict of interests between the researcher and the researched. Pilot study was also conducted to two people from East Java provincial government. The pilot shed lights on some important issues, including guideline itself, interview time, and also individual vs. group interviews setting.

The actual interviews involved informants from 7 local health authority, 5 healthcare professionals from 3 CHCs, 1 representative Non-Governmental Organisation, and also 3 informants from international funding body involved in managing the innovation program. The mechanism of informant recruitment was basically a snowball process, started by contacting USAID East Java Regional Coordinator. By involving various professionals, it was expected that richer information could be obtained as well as enable the researcher to triangulate information through multiple interpretation. It helps to deal with the issues of trustworthiness, completeness of data, bias for subjectivity, as well as ensuring balanced view from different perspectives (Gillham, 2000). This study also employed secondary data sources, including customer satisfaction index report to support qualitative information gathered from participants.

Data was analysed using an approach informed by grounded theory. All interviews were fully transcribed, read and re-checked. Data was exhaustively coded. The analysis process was aided by NVIVO program for data management. The analysis proceeded in parallel with data collection, allowing emerging themes to be explored.

### ***FINDINGS AND ANALYSIS***

Community Health Service Management Information System for CHCs had been started since around 2005/2006. Such engagement was made possible due to an offer provided by USAID through Local Government Support Programs (LGSP). This project was intended to provide foundation to ILGs to engage with the reform. USAID had various projects targeted to ILGs with different objectives. The process of offering itself was not based on competitive proposal, but more on random selection that was based on what USAID could possibly offer best.

The software used in the innovation program, was replicated from a computer application used by Ngawi Municipality, a town located next to Madiun. USAID had identified the software to be an easy application and was proved to be successful. The replication was conducted through Memorandum of Understanding between Madiun LHA and Ngawi LHA. While initiation of the program was relatively smooth, the analysis found a rather different dynamics with the effort to sustain the practices. Several factors were found to play roles in ensuring that an innovative practice can be sustained.

This study found that leaders play an essential factor to ensure that innovation could either move forward or stagnant. CHCC for example, the current leader was involved since the beginning and understood the underlying reasons of why CHCs needed this innovation. She strongly pushed her staff to engage actively in innovative practice.

*I know it is a bit simple as it only connects different divisions here. But still, it means something for us. We do find difficulties in funding the operation or upgrading the system, but we work it out of what we have, which include how we manage our expenses. We cannot expect to have financial assistance from outside. (ILGD-14)*

On the contrary, Head of CHCA was not involved from the beginning and only has taken over the leadership since 2008. She found it quite difficult to sustain and even more to develop the practice, considering technical skills as well as availability of fund.

*I was not involved since the beginning, but I am sure that young staff sent for trainings apt to such practices. Nowadays, here I don't think that we use this MIS that much. We cannot afford to connect each of our workstation, hence, we only use it to help us in admission and sometimes at the pharmacy. (ILGD-11)*

From LHA perspective, such difficulties became their concerns. Financial issue was one of the factors that hindered the effort to sustain this practice. While decentralisation provided them with greater degree of program designing, there was no similar degree of freedom in terms of financial allocation. Budgeting was to be approved by the City Council. Yet, as the LHA was part of the MoH, priorities for financial allocation highly depended on centralised policy taken at the MoH.

Moreover, as contract between USAID and LHA finished by end of 2009, it shook the relationship between LHA, USAID, and also consultants. USAID confirmed that there was no any follow-up mechanism to any finished projects. From LHA standpoint, they were left without any clue on what they should do. LHA had difficulties in contacting technical assistants or consultant. Even more difficult, the transfer of knowledge for software replication was not complete.

*It became very much difficult for CHCs and even LHA to customise the software to our needs. Some parts of the program is locked that if we need to modify it, then we should buy it from Ngawi's LHA. I think somehow, it must have been better to build our own program since the beginning. (ILGD-7)*

The ability to update program seems to be an important issue. Yet, the signed agreement did not seem to cover such point. This, for respondents, was perceived to disturb the way CHC wanted to improve services for their patients.

*While we found that implementing SIMPUS was quite fine, things become more problematic as time moved forward. We got more patients coming and more importantly, the system itself gets outdated. (ILGD-8)*

This issue also becomes a crucial point that characterised the relationship between LHA and city council. There was a hesitation from the City Council to continue such innovative practice considering that it was sourced externally. Moreover, a change in city administration influenced the effort to sustain the innovative practice as it was not considered to be a priority during the particular administration. Hence, there was no legal effort to institutionalise such practice as a part of Council's program.

*You cannot expect much with current leadership if you want to sustain this innovative practice. We are stuck like a hamster on the wheel. No consultant to deal with, No access to software modification, as well as no support from the council. Current mayor focuses more on encouraging trade and industry in the city, which is different from the one before. What can we do? (ILGD-8)*

Another important finding was that structurally, it became impossible for CHSs to solve their system issues internally. During interviews, all CHCs complained for not having someone to consult with and discuss to when they faced difficulties in dealing with the new system. Although LHA understood the need to have specific division in its structure responsible for SIMPUS, it was not allowed to modify its structure by both the City Council and the MoH.

*But both city council and the ministry did not allow us to modify our organisation structure. We cannot have a formal incentive or reward mechanism to incentivise people for this innovation. Instead, each of city council and the ministry had said that they would do something with SIMPUS. The city council will develop its own information system that integrates all public organisations in the region. Yet, it still has some difficulties in accommodating our needs. As for the Ministry, considering the urgency of having system like SIMPUS, the Ministry had decided to recentralise and create integrated health information system nationally. (ILGD-5)*

Closely related to this issue, it was also found that staff workload played important roles in sustaining the practice. Staff was needed to deliver health services to public and at the same time, they also needed to deal with any structural or organisational arrangements. Consequently, SIMPUS added the workload as staff was required to manage its implementation. Interestingly, rather contrast to what expected in the NIE or NPM as part of successful reform, there was no any incentive distributed to appreciate their works. On this matter, all respondents confirmed that to work in health sector, people could not be money-oriented.

*Do we mind not having incentive? Maybe or maybe not. It would be good to be incentivised as it feels like someone really appreciates your job. But if it is not (incentivised), then we should realise that we work in health sector. We consider work as part of worship to God. You need to take it for granted that if you are willing to do this, then your good deeds are paid back later, hopefully. (ILGD-6)*

Being in such sticky situation, LHA then decided that it was better not to do anything. SIMPUS is still implemented at different paces that each CHC embraced. All informants agreed that LHA and its innovative practice just like a hamster runs on its wheel and keeps spinning without going anywhere. It seems to be hard to be off that wheel. CHCs could not go back to their old practices by using manual records as the public has experienced benefits from the innovation. At the same time, CHCs also could not move forward with more innovative practices as they, as parts of wider governmental system, were bound to various constraints.

## ***DISCUSSION***

In general, this study confirms to the idea that innovation is needed for public organisation to improve their performance, especially in delivering services (Osborne & Brown, 2011). As presented in the case, the introduction of management information system was seen as a way to improve the delivery process in community health centres. This aligns with NPM concept, which views that innovation is needed for public organisations to improve their performance in service delivery. Yet, it is worthy to note that innovation can only exist if the environment or the setting in which an innovation takes place is favourable. The intriguing question is then, what are those enabling factors?

One of the enablers is reform conducted by central government by decentralising authority to local government. By decentralisation, it gives freedom to manage and thus, opens the opportunity to engage in creative way (Vigoda-Gadot, Shoham, Schwabsky, & Ruvio, 2005). In this sense, the City Council had more autonomy to develop its programs and budgeting to fit with local needs. It was able to prioritise their local development with less interference from the ICG. The engagement with innovation as a result of decentralisation confirms NIE ideas that quality improvement should be supported through delegation and devolution in structure (Kolthoff, Huberts, & Van Den Heuvel, 2006).

NIE requires detachment or separation between policy making and operational implementation to ensure that there are no any moral hazards from self-interested politician (Kolthoff et al., 2006; Terry, 1998). While this can be seen during initiation of innovative idea, such detachment or separation was not sufficient for the City Council to guarantee the sustainability and institutionalisation of innovation. If the Mayor and his office along with local legislative can be seen as politician and Head of LHA as the manager, it can be said that the problem in sustainability of innovation was contributed by principal-agent problem (Berle and Means, 1932 as cited in Nicholas, 2003, p. 1024). Principal-agent problem can be seen from the non-existence of common interests in innovation. From institutional point of view, organisations and individual actors within their boundaries are ambiguous and may have unpredictable – changeable interest and preferences (March & Olsen, 1996). Current priority for the city now was about improving quality of life through investment in economic activity. The successfulness of getting on with such program seems to put stronger foundation for next period of election. This is confirmed through interviews, which emphasised that current strategic focus of the city was more about infrastructure development rather than intangible aspects, such as information system or health sector. This potentially conforms to Public Choice Theory that even when individuals or social actors understand about common interests, they probably still maximise their self-interest (Buchanan, 1984). Another enabler is the openness of city council to public involvement in policy dialog, including the involvement of NGOs and even international funding bodies to contribute in innovation. This openness did not only open communication between bureaucrats and publics,

including private and non-governmental organisation; it also opened up opportunities for improving effectiveness and efficiency. Such openness resulted in the adoption of innovation as it was taken from external sources (Ngawi's LHA). This conforms to the idea of diffusing innovation that it takes time and cannot be conducted without good communication amongst involved parties or actors that construct a social system (Rogers, 2003). This case also informs that rather than seen as an innovation as claimed by USAID, such innovative practice seems to conform to imitating mechanism (Aldrich & Pfeffer, 1976). From institutional perspective, this may relate to the notion of isomorphism (P. J. DiMaggio & Powell, 1994), representing the adoption of innovation due to the fact that they become a trend or fashionable in markets (Rogers, 2003). Institutional isomorphism basically can be by coercive (pressure from more powerful institution), normative (learning between institutions), or mimetic (as innovation becomes embedded) (P.J. DiMaggio & Powell, 1983). The case of Madiun can also be a good example that the urgency of conducting innovation can be political-based such as pressure from government, international organisations, or even from public at large through pressure groups (Becheikh et al., 2007; Peled, 2001).

Another crucial enabler is leadership. The roles of leaders in supporting innovation is by ensuring that the aim of innovation is clear and understood as well as that there is a sustainability of access to resources and assurance that such innovative practice is sustained regardless regime change (Gould-Williams, 2004; Walker, 2006). At its initiation level, Madiun was a good example of how leader committed to adopt innovation benchmarked from other region. Such commitment was needed to challenge regional bureaucracy to conduct changes. In this sense, leaders or public sector managers act as a bridge or connector of organisations with external environment, which then provide them important roles not only in encouraging innovation, but also in contributing to the emergence of new ideas, maintaining or sustaining the innovation processes as well as diffusing the results (Damanpour & Schneider, 2006; Walker, 2006). At the same time, Madiun and its CHCs also provided examples of how leaders potentially contributed to stagnancy, if not termination, of innovative practice.

Thus, this paper suggests that to ensure that innovation can be sustained; the City Council may need different approach. This can be done by introducing appropriate incentive mechanism, clear performance measurement, as well as sound audits as suggested by NIE (Kolthoff et al., 2006). This should not be conducted only in group or organisation level, but also individual level to encourage more participation and commitment. In addition, it is important to note that the social culture of people in the context could become an interesting aspect to explain how innovation was implemented. Despite lack of appreciation in terms of appreciation and financial incentives for individual and also for organisations (CHCs), the case shows relatively sustained innovation, even if it can be analogue as a hamster runs on its wheel. The way staff perceived their roles at job as part of worship to their God and part of their religious belief. This belief fuelled their day-to-day engagement with such practices and enabled them to keep doing their jobs.

### ***LIMITATIONS OF THE STUDY AND SUGGESTION FOR FURTHER RESEARCH***

In spite of numbers of efforts put to ensure that the study was robustly designed, the study has some limitations, which requires relevant suggestion for further research.

First, the study covered only one local government institution. While the study did not intend to find generalisation of result, it is deemed to be better if the study can include more local

governments so that patterns of implementation can be better understood. Further investigation by using different cases or conducting comparative case studies may improve the robustness of findings as well as identify patterns in how public sector innovation can be understood, especially in the context of developing countries.

Second, while it was designed as one on one interview, the study experienced also unplanned group interviews during data collection. Such situations were unavoidable considering respondents' time availability. While all respondents were actively involved in discussion, group interview could potentially affect the way respondents shared their opinions. While none of groupthink issues were identified during interviews, it is suggested to stick to the initial plan of one-on-one interview or prepare for a focus group discussion design.

## **CONCLUSION**

The investigation informs that rather than having problem in initiation stage, Madiun provided an interesting showcase for problems in sustaining and institutionalising innovation. The case showed stagnancy period, in which the LHA as the main actor for coordinating the innovative practice has chosen to just 'wait and see' with regard to what they might be able to do next in this path of innovation. Their position was stuck in between the City Council and the MoH. It resulted in a situation where the LHA difficult to get-off-the-hamster-wheel. Reform was intended to provide them with more freedom to do what they think best for public; yet, it did not seem to work well in practice. Without better arrangement of interorganizational relationship, the effort for innovation might not go anywhere.

It is worthy to note that various aspects were noted to contribute to hinder the process, including inter-organisations dynamic relationship. It was also highlighted in the paper that different interest of varying social actors in engaging with innovation needs to be further investigated. This underlies the need to include deeper engagement to institutional theory, especially related to institutional logics and institutional entrepreneurs for further investigation. Moreover, it is also insightful to include perspective for non-spread innovation as it will help to understand factors underlying the diffusion of innovation in public sector.

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