



VALUE-ADDED IN PUBLIC SERVICE INNOVATION: THE PRACTICE AT INTEGRATED SERVICE UNITS IN PONTIANAK MUNICIPALITY AND TANAH BUMBU DISTRICT

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Abstract

The rise of innovations in the public sector creates something new in delivering public services. This study aims to analyze value-added in the practices of service innovation in the public sector. Drawing on desk research method, this study uses secondary data from literature sources. Innovation becomes a way to create value-added in public service sphere. This study concludes that some innovations created in the integrated service units in Pontianak Municipality and Tanah Bumbu District are included in innovation process which delivers efficiency and easiness values for the users of SITU, SIUP and TDP services. The innovation in the two service agencies has succeeded to reduce service delivery duration and minimized the occurrence of opportunity lost among citizens so that the innovation creates public value. Furthermore, those innovation practices demonstrate that there is an adjustment of network community governance in the process of public service administration.

Keywords: value-added, innovation, public service.

I. INTRODUCTION

The environmental dynamics in public services is changing very fast, either in social, political, scientific or technological environment, so that public service is often left behind by the ever-changing public demands. Bureaucratic performance is also proven to affect the competitiveness that currently is not satisfactory. The report of the World Economic Forum (WEF) on global competitiveness index (GCI) 2015-2016 shows Indonesia's competitiveness, in general, is ranked 37 out of 140 countries with the score of 4.52 (scale 7). This ranking is lower than the 2014-2015 GCI which placed Indonesia in rank 34th out of 144 countries. Compared to ASEAN countries, Indonesia's position is still below Singapore, Malaysia, and Thailand, each of which is ranked 2, 18 and 32 (WEF, 2015: 7).

There are sixteen factors affecting the competitiveness of Indonesia that they often inhibit public service to business activities. Among the sixteen factors, the five biggest factors include corruption, inefficient government bureaucracy,

lack of infrastructure, policy instability, and access to funding (WEF, 2015: 202). The government needs to provide rapid and appropriate response to deal with these issues. Hartley (2011: 173) stated that an organization can utilize two managerial approaches to customize products, system, structure, and process to anticipate changes in the environment. The first approach is to enhance the possessed service and service delivery mechanism. And second is to do a more radical response that is to change the character and design of the products provided and the way service delivery is different from the previous one, the second one is referred to as innovation.

In private sector, innovation has become a necessity as a way to maintain customer loyalty and the company's products and existence from the competition with its competitors. Innovation value then is measured broadly in the context of competitive advantage with other companies and products that become its competitors. Whereas in public sector, innovation is evaluated at the level of public sphere as a whole (Hartley, 2011: 180-181).

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Therefore, opportunities for innovation in public sector can be applied in all aspects to provide value-added to the community through public service.

The concept of value-added is more familiar and often used in economics and business scope rather than in public service. For example, the GRDP (Gross Regional Domestic Product) which is defined as the value-added of economic activities and businesses in a region. In the context of business, when a company conducts business activities of processing raw materials into finished goods then there are additional functions and value of goods which, if sold, will have higher price than the previous raw materials. The total accumulation of products' value-added in the region if collected will become regional GDP. The use of money value approach to measure value-added is more easily done because the company's products are sold and the profit is one of the easier indicators to use to measure the performance of the company. But this approach is not always applicable in public sector organization.

Public value approach developed in public administration becomes a new approach that can be used by public managers and decision makers in the management of organizational resources and public service. According to Benington (2011: 34), public value approach is attributed to a change of approach from traditional public administration and new public management to network community governance or citizen-centered governance. The latter approach puts people in central position of governance administration and public service. Therefore, the theory of public value gets a major concern in this approach if compared to new public management that further utilize public choice and traditional public administration theories that utilize the theory of public goods. The shift of approach is a consequence of continuous environmental change and becomes a necessity, so the government needs to be responsive to public needs.

Furthermore, how to create added-value of innovation in public sector which products are not sold for profit? Economic and business approach certainly can not always be used to measure the value-added generated by public service providers. In economics, the value tends to be equated in exchange for resources such as money, price, or barter, assuming that the price is a replacement for value (Bozeman, 2007: 114). Whereas in the context of public service, that is not the case. Therefore, the public managers and decision makers in the public sector must be more creative and observant to look for opportunities to create innovation to deliver value to the public.

The example of value-added formation in public sector based on the results of research in the Texas Medicaid and Healthcare Partnership

(TMHP) was conducted to assess the success of the agency's achievement in four aspects, namely (1) maximize the utilization of prevention services; (2) maximize access; (3) optimize revenue and medical costs; and (4) minimize the administrative barriers. Analysis of public service value showed a gradual and consistent progress from 2001 to 2004. It was reported that the innovation made, particularly in 2004, which included new call center technology, improvement of the process of filing a claim, and a new web portal for healthcare providers, managed to minimize administrative barriers. The results of the analysis also stated that service providers are successfully providing added-value in accordance with the needs of public health and can reduce the service time (the time efficiency) and the efforts of service providers to make improvements on administrative issues (Cole and Parston, 2006: 63).

In Indonesia, the practice of innovation in public sector has become a phenomenon and has been carried out by various government agencies, both central and local levels, with its various shapes and locus. Pratama (2013) conducted a study with regard to the added-value of public service innovation, namely the implementation of public services (mobile public service / MPS) for micro, small and medium enterprises (SMEs) at the Office of Licensing Service in Kediri, East Java. From this research stated that through the MPS program, there is a shift in public's perception of public services from previously hard and now easy. This is because the public has ease of service information, ease of access to services, and ease of procedure and terms of service. In addition, the implementation of MPS provided improved quality of service that included service orientation to users and improved service speed. Some of the changes have made the service through MPS in the Office of Integrated Service in Kediri considered providing value-added.

Second, an innovation made by Regional Integrated Service Unit (UPRD) of Purabaya Terminal located in Bungurasih, Sidoarjo, East Java. Mirnasari (2013) stated her research result that UPTD of Purabaya Terminal is implementing Smart Card in the service system as an innovation and is claimed as incremental innovation level and is categorized as sustaining innovation. The use of this card has an impact on service quality improvement seen from the customers' perception of service quality, which is assessed by several indicators, i.e. direct/physical evidence, reliability of service, responsiveness to the service users, service warranty, and assurance, and the officers' empathy to the service users.

Third, innovation by PT. Pos Indonesia in Sidoarjo, East Java, which includes process and product innovations. The process innovation created is the indemnity guarantee (insurance) of damaged or lost letters, documents, and packages,

mobile electronics, and queue number machine (electronic). While the product innovations created are express postal service, express mail service (EMS), the post payment service, prima instant postal orders and prima money orders, and PRISMA stamps (Barry et al., 2013).

Additionally, the Ministry of Administrative and Bureaucratic Reforms collected top 33 public service innovations in Indonesia. Out of those 33 innovations, most of them are carried out by district/municipal governments amounted to 22 innovations, then provincial governments with 6 innovations, and at central government with 5 innovations (Ministry of Administrative and Bureaucratic Reforms, 2014). The Ministry of Administrative and Bureaucratic Reforms also published a report about the best 99 of public service innovations carried out by service provider units both at national and regional levels (Ministry of Administrative and Bureaucratic Reforms, 2014b). For example, for local governments, innovation practice on online licensing service is carried out in Integrated Licensing Service Agency (BPPT) of Sidoarjo District, East Java, and it is called Integrated Licensing Services Information System (Sippadu). With the application of such a system, the public can submit only one permit application file online to get some kind of licensing services at once (Ministry of Administrative and Bureaucratic Reforms, 2014b: 12). With it, the public who use the service that is geographically distant from the location of BPPT office is facilitated because it does not require physical attendance because the permit application process can be done at home or at the office of the applicant by using the internet.

Another example of innovation practice related to licensing service is also available in Karanganyar District (Central Java). In this district, an innovation called Easy Integrated Permit (IMUT) is a proactive licensing service effort using car to reach the people, especially those who are far from the center of the district capital and is also supported by information technology (Ministry of Administrative and Bureaucratic Reforms, 2014b: 106). Those two examples of innovative practice are a fraction of the innovations made by service provider units to public. The breakthroughs created by these innovations provide added value to public in terms of time, convenience, and cost. Furthermore, to encourage the practice of innovation in the regions, Institute of Public Administration (LAN) gives Innovation Award of the State Administration (Inagara Award) to regions with high commitment to changing projects in state administration education and training. In addition, LAN also gives awards to regions that support innovation lab (AntaraneWS, October 28, 2015).

Seeing how phenomenal the practices of

innovation in public sector, especially in the sphere of public service, it becomes interesting to do research on the value that was created from a variety of such innovation practices. Thiel (2014: 27) presented three uniquenesses on the study of state administration, i.e. first, lack of theories and models available. Second, because of lack of theories and models, the study is often characterized as inductive. And third, it is generally applied in a variety of places to find practical solutions to problems rather than to build a theory. Of the various practices of innovation provide value-added, it is expected to be an inspiration for other service units for new breakthroughs in order to provide responsive public service to public needs. Therefore, it becomes important to conduct a study of value-added resulted from a public service innovation.

The structure of this paper is divided into four sections, the first is conceptual and theoretical framework that addresses the terms of value-added and innovation in public service. The second section describes practical examples of innovation in public sector. The third section is discussion. And the last one is conclusion.

II. METHOD

This study uses desk research method, which is a literature research with descriptive analysis. Data collecting is conducted by utilizing secondary data available from various literature. First, collecting literature of previous research results related to the theme of this study and supported by various journal articles, and books as well as other relevant information. Second, conducting the selection of data in accordance with the theme and focus of this study. Third, describing innovation practices in this study locus as well as other units or regions as a comparison. Furthermore, drawing a conclusion is conducted with inductive method, which is the generalization of various phenomena obtained from innovation practices in various service units.

This study starts from innovation practices phenomena carried out by units of public services, with a focus on service delivery innovation carried out by integrated service unit in Pontianak Municipality and Tanah Bumbu District as the locus of research. The selection of locus in those two units is based on the research result of PKP2A LAN IIII (2013) that those two service units have outstanding innovations if compared to other regions in Kalimantan.

A. Thinking Framework

The value in social sciences can not always be measured by material or number because value is not necessarily synonymous with price. Value is more abstract and difficult to be quantified. For

example, in the tradition of Chinese society, the value of boys is higher than girls because boys carry the family name lineage (Time Magazine, 2013: 23). But it certainly can not be converted to the figures that the boy stands at umpteen times and how many times higher than the value of girls. Similarly, in public service, the value given to public service provider units is often difficult to measure when compared with the value of goods and services from private companies being traded and measured with material or money.

In public service, according to Law No. 25 of 2009 on Public Service, the scope of public service generated by public service provider unit includes the service of goods, service, and administrative service. The nature of government service is generally monopolistic, especially administrative service so that no one else can provide. For example is Identity Card (KTP) which is often used by the owner as the requirement to obtain services and other purposes, as well as an identity of its owner that can guarantee the owner to be secured from population raids. Therefore, the added-value of an ID card can not be measured by the price of raw material and production cost of the card, but by the inherent function of the document and this function can not be measured with money. Likewise is for other documents such as driver's license (SIM) card, passport, business permit, and so on. The involvement of private sector in public service delivery is possible, according to Article 5, paragraph (4) of the Law, as part of the implementation of the state's mission to public's interests and benefits under the regulation of the government, such as schools, hospitals, or public transportation.

B. Value-added

The experts provide various views on the definition of value-added resulted in public sector. Rescher (in Town, J.S., 2011) stated that value, in general, is quality or fact to become excellent, useful, or wanted. According to Rokeach, in value exists an embedded faith and it affects individual and social choices towards a certain way or purpose. (Kernaghan, 2003: 711; Pollitt, 2010: 133). Something might be valuable for someone, but not necessarily valuable for others. For example is the said ID card. An ID card is valuable only to its owner within the valid period, but not for others who do not own the ID card or if the ID card's period has expired. Therefore, value has a context depending on the user and can also depend on the time or period.

Moreover, value in public service, according to Cole dan Parston (2006: 63 - 64), is more than just to achieve of output or price reduction, but to do both impartially and to understand the strategy to balance both. In this case, value is not only perceived

from efficient result and cost but is also related to way and process to practically and efficiently obtain result.

In public service context, value can be viewed from the perspectives of service provider or public who use the service. From the perspective of service administration related to the task of public service provider in policy making, Stewart (2009: 29) identified several relevant values and called them administrative value that consists of: consistency (same decision in same condition), public service (creating public satisfaction), efficiency (minimizing excess spending), neutrality (avoiding politicization), and responsiveness (providing proper reaction to public needs). Out of this, it is still possible to dig other values related to the behavior of officers in public service providing process.

While from the perspective of public, value can be viewed from the benefits received by the public from public service activities. Moore (1995: 40) provided an example of effort by the government in giving value to public through waste collecting activity. When public find out that clean and beautiful city as the impact of waste collecting activity by the government is better than dirty city, then a value is created that is referred by Moore as public value. The public value is a value-added created by public service provider unit and can be enjoyed by the people. From this example then the side that feels the impact of the government action of policy is the public. Therefore, every action or policy of the government that can give value-added in the form of better benefit to the public, then public value is created.

According to Benington (2011: 47), public value stressed the importance of being focus on the process and outcome, what value than can be added to public environment, by whom and how. Not only input or output, or the ratio of input/output and productivity. Benington provided example of public value perspective in medical service will focus on the improvement of public health and prevention strategy, and also respect towards the treatment of patient and the reduction of waiting list and waiting time (efficiency) in hospital. Furthermore, Cole dan Parston (2006:65) stressed more on the outcome which the call outcomes model. This means that public service value is defined as to produce the desired outcome of the stakeholders (including public) and to do it with effective cost.

In education world, Downes dan Vindurampulle (2007: 3) stated value-added is a term generally used to illustrate the development of student as the impact of learning process obtained from school. Therefore, value-added occurs when there is a better change on the student as a result of education at school. Beyond that, to know the value-added in education world can be used several method

appropriate to the objectives, namely as a tool for school repairmen, a tool for accountability, policy making improvement, and as a report for parents and community. This opinion of Downes and Vindurampulle is in accordance with the definition of value from Moore and Rescher that there is a better change than before.

Then in which aspect the value-added of a service can be created? Mitchel (2011: 4) stated that value-added can be given to service user in all dots of service cycle, either since the first time the service user interacts with the organization to the time the user return for other services. This means that there is a wide opportunity for service provider to create its service value-added on various aspects. Additionally, the use of opportunity to create the value-added really depends on public service provider's creativity. Peter Cheverton (in Mitchel, 2011: 4) stated that the value is intentionally created, which is created, developed, and prepared on the organization, and not accidentally occurred. Each organization has different characteristic so that it is necessary to see the needs of the organization and the user.

The are six points, according to Moore (1995: 52 - 55), that can be used to analyze the value from public sector, namely (1) principle that value is rooted from the will and perception of the individuals (community members) so that public manager must fulfil and implement it in accordance with the perception; (2) there are many different aspirations of community that need to be met, the focus of the government is the aspiration that cannot be realized by private sector; (3) manager of public sector can give value to public and its working partners through two different activities on two different markets, but certainly is to use its budget and authority to create valuable things to its working partners and the receivers of certain benefits; (4) the government activities are always related to political authority so that if there is a relative change of interest, it is necessary to conduct a reassessment that the utilized resources are to fulfil the program for the people receiving the benefits; (5) what is "bought" by the public from public manager is public business account, which means that policy is the territory of public manager who receive the authority to use resources for the fulfilment of public needs through certain devices; and (6) that the environment of public sector and public aspiration is always changing, then it is not enough for public manager to only maintain the organization's sustainability, but more than that is needed the capability to adapt to new condition.

C. Public Service Innovation

In the context of public service, innovation is the new ways to manage, organize, and deliver

services (Walker, 2006: 317), what can be valued is when there is an improvement of public value quality, efficiency, or the suitability of the government objective or service (Hartley, 2005). Then, according to Hartley (2011:181), the value of innovation in public sector needs to be evaluated on public sphere as a whole.

Innovation is a process that includes the occurrence of new ideas and the application that is intentionally created, developed, or the new one is found. The application of new idea become an emphasis so that innovation can be realized (Walker, 2006: 313). Moreover, Dwiyanto (2013) defined innovation in the context of public service as an application of new idea to one or several aspects of public service that can give value-added. Therefore, there must be a positive change from the application of innovation if compared than before the innovation so that the expected value-added is created.

Various forms of innovation are classified by Hartley (2005: 28) into several types, namely product innovation, service innovation, process innovation, position innovation, strategic innovation, management innovation, and rhetorical innovation. Then Walker (2006: 313), as a result of literature review, classified innovation into three simpler types, namely product, process, and supporter (ancillary). Product innovation is defined as new product or service, which occurs in operational component and affect organization technical system and it included product or service adoption. In the context of public sector, product innovation is easier to comprehend through its relation with user (Walker, 2006: 313). Process innovation affects organization and management, relates to the relation among organization's members/officers, and influential towards regulation, role, procedure and structure, communication, and exchange within organization members and the surroundings with organization members (Walker, 2006: 314). While supporting innovation (ancillary) is an innovation that exists on the border of organization and its surroundings. Related to crossing the limit works with other service providers, user, and other government units and further the success of the implementation depends on the others (Walker, 2006: 314).

Furthermore, how can an innovation give value-added to the public? There are at least three ways innovation can create public value in government organizations according to Moore (2005: 43). First, generate a better method to the performance of their main duties and functions. Second, dig performance advantages that can be achieved by leaving the one size fits all approach to promoting the adaptation and adjustment of the basic operational procedures to meet the needs of the community. And third, to



Figure 1. The Flow of the Occurrence of Value-added in Innovation

explore new uses for the organization's ability by introducing new products and services that can be used to handle different parts of the current mission or even meet the needs outside the current mission.

Based on the above description, innovation can be defined as a renewal in providing public service that can be conducted from the aspects of process and product and provides benefits to the users of the service. Besides, the framework of this study can be described as follows. The practice of innovation can be seen from the perspective of the providers and the public. Innovation can provide good benefits to service providers and service receivers. The benefits for service providers, such as ease the implementation of work, providing value for providers in carrying out their duties. While the benefits for public, for instance, the ease of public services, provide value which by Moore (1995) is called public value. Thus, the innovations done is able to provide value-added for the provider or service users.

III. RESULT AND DISCUSSION

Innovation in public service sector has become new phenomena so that best practices are often created in various institutions. In Kalimantan, PKP2A III LAN (2013) conducted a research on public service innovation which focuses on integrated service unit. From the research is obtained a changing data significantly implemented by integrated service provider units, for example, the cutting of processing time for the issuance of SITU, SIUP, and TDP to be only one day, while other districts/cities still need longer time. Pontianak Municipality and Tanah Bumbu District are two prominent regions in the practice of public service in Kalimantan.

First, the service of SITU (Business Location Permit) is completed within one day, and this is the fastest if compared with other regions. Second, the fastest service of SIUP (Trading Business License) in Pontianak Municipality and Tanah Bumbu District that only requires one day. And third, the service of TDP (Company Registration Certificate) that requires one day in Pontianak Municipality and Tanah Bumbu District. While the fastest service of IMB (Building Permit) is Tanah Bumbu District that requires 5 days period. The service of IMB issuance is longer if compared to the service of SITU, SIUP, and TDP because the issuance of IMB requires field survey or survey to the location where the building is established.

Aside from those license types, in Pontianak Municipality still exists a service of Capital Investment Registration that also requires one day. Then the cost that must be spent by public for the administration of the licenses above is Rp 0,- (PKP2A III LAN, 2013: 99). This means that all kind of costs occurs as a result of the licensing process are borne by regional governments, as an effort to improve the quality of public service and also

Table 1.
The Comparison of Service Time of SITU, SIUP, TDP, and IMB in Several Districts/Cities

DISTRICT/MUNICIPALITY	SERVICE DURATION (IN DAY)			
	SITU	SIUP	TDP	IMB
Tarakan Municipality	12	5	5	12
Balikpapan Municipality	3-4	7	7	15
Pontianak Municipality	1	1	1	25
Kubu Raya District	NA	5	5	21
Tanah Bumbu District	5	1	1	5
Banjar District	5	5	5	14
Kotawaringin Timur District	7	5	5	14

Source: PKP2A III LAN (2013: 226)

as a stimulus to increase regional investment. The success of reducing time or duration of service is an implication of the cutting of procedure deemed not necessary.

A. Process Innovation

Compared to the practices of innovation in several other regions, innovation practice in Pontianak Municipality and Tanah Bumbu District emphasizes more on time service efficiency. Based on innovation typology from Hartley (2005) and Walker (2006), then those several innovations are included on process innovation because it happens on the scope of service providing process.

The reduction of time in the process of SITU, SIUP, and TDP services conducted in integrated service units in several regions so that they can be finished within one working day is a benefit that can be taken by people who use the service on the related regions. In this case, Pontianak Municipality for those three services and Tanah Bumbu District for SIUP and TDP services. The time efficiency in the process of service makes the service have good value-added that can be provided by the community if compared with the same service before the existence of change and service in other regions requires longer time. The improvement of this service time, according to Moore (1995) creates public value that can be enjoyed by the public. Therefore, time efficiency in this service, according to Hartley (2005) and Stewart (2009), is a value given by service provider, namely integrated service provider units, to the public.

Process innovation type is related to the work of personnel and their relation with people who use the service (Walker, 2006), because in that innovation is not produced new products, both in the form of goods or services from the service units. The main product of Integrated Licensing Service Office is administrative documents of licensing with standard form and do not go through changes because of the innovation.

B. Function for Service Users

What benefits that can be felt by the people who uses the service from those several innovations? In Pontianak Municipality, when people apply for SITU, SIUP, and TDP, the result could be obtained within one working day (with the assumption that all required documents are complete), while the users of the service in other regions with the same application time still wait for few days, for example if compared to the users of service in Tarakan Municipality that still wait longer for the application of SITU. From the difference of time, there is an opportunity lost that must be borne by the people if compared to the service users in Pontianak Municipality. Since on the second day, the people who apply for SITU, SIUP,

and TDP in Pontianak Municipality can start their business activities legally, while other regions still wait for the unfinished licensing process.

In business world, there is a proverb that time is money, because by utilizing the existing opportunity that can be used to gain profit from business activity. This thing among others can be influenced by the process of licensing service organized by the government. Here is the positive impact as a value-added created which, namely time efficiency provided by integrated service units in Pontianak Municipality to the people who use the services of SITU, SIUP, and TDP, as well as the people in Tanah Bumbu District for the services of SIUP and TDP. Therefore, it can be stated that innovations in those two regions are able to create value with performance advantage digging method (as the term by Moore, 2005:43) quicker than other regions.

Performance advantage created has an implication toward the activities of the service providers and users. By using terms by Cole dan Parston (2006:65), there is outcomes and cost reduction (cost-effective) that can be given by the government in those two regions to the people who use the service, which is short time and thus can suppress the cost to be cheaper. This supports the realization of the expected public service quality that is fast, east, and cheap. With the benefits that can be obtained, then people who apply for the licensing can directly start their business activity, for example by joining auction/tender of the government's goods and services, or to make other business transactions. This benefit is the consequence of innovation created by service provider units. In another side, the benefit cannot be enjoyed by the people applying outside those two regions because they still have to wait for the licensing administration time in their regions until it is finished in longer time.

From the number of innovation examples in the public sector, then the effort to create value-added through innovation in other public sectors is not impossible. The occurrence of new ideas to increase the quality of public service and then apply them in real action through the reduction of service time and procedure in those several units is an innovation that gives value-added to the service users because it gives better benefit to the service users. Because public service, according to McGuire (2010: 59), has social and economic values where the indicator of social values is fairness, equality, and honest process. The benefit of public service is enjoyed collectively by the people and individually by the user.

Since innovation is created to improve the quality of governance and the quality of public service, then there are two perspectives that

need to be considered by public managers and policymakers in public sector. Two perspectives to look at the standard of quality of public service, according to McGuire (2010: 510), are public service users and service providers. Thus, innovation, in order to provide value-added in public sector, can be viewed from the impact and benefits related to the providers and the public. For service providers, for example, innovation that can simplify the employees' work can provide value to the process of service delivery. Meanwhile, from the perspective of the public, innovation that can make service more convenient, practical and efficient, could make it as a value-added.

Various values that can be created by public sector organization for public as the impact of the government policy are specified by impacting values, which are fairness, equality in the context of opportunity given to the people, efficiency, growth, diversity, green-ness in the context of environment, self-determination, security, responsibility), and choice in the context of competition. While administrative values are specified by Stewart (2009: 29), namely consistency, public service to create public satisfaction, efficiency, neutrality, dan responsiveness.

If using the reference of value details as stated by Stewart, then innovation by integrated service units in Pontianak Municipality and Tanah Bumbu District can give impacting value as well as administrative value. It is because the efficiency enjoyed by the community in those two regions is at the same time reduce the waste of time in service process.

C. Innovation Challenge in Public Sector

At least there are two big challenges faced by public organizations in Indonesia in creating innovation. First is the issues of system and culture of Weberian bureaucracy adopted thus far. Second is the commitment of the leaders to encourage and protect innovation actors.

First, the bureaucracy in Indonesia is known as the Weberian bureaucracy which emphasizes more on procedures and organizational hierarchy than output or performance of the organization. As a result, public interest is often defeated by organization interest. Rigid procedures and various regulations make the apparatus afraid to make innovation and discretion because they might be blamed, while in fact the dynamics and demands of public for the quality of public services are constantly evolving so quickly. The government's efforts to improve the bureaucracy, for example with the implementation of bureaucratic reform program has not yet yielded the expected results, which is lean, efficient, competent and service-oriented structure. Various issues still occur, such as

inefficiency, unproductive, expensive, and corrupt (The Jakarta Post, 18 April 2013).

Second, the commitment of the organization's leaders to encourage innovation and protect the apparatus below to have the courage to create new breakthrough in public service. In the context of local government, the commitment of regional heads also become an important factor to the emergence of innovation. As in Pontianak Municipality, the commitment of the regional leaders to make the city an advanced city in public service through system improvement and integrated service (one stop service) procedure with its various policies (PKP2A III LAN, 2013: 108 - 109). The commitment of the organization's leaders makes the apparatus in integrated service units have the courage and protection to create new breakthrough.

Innovation in public sector, according to Hartley (2011: 173), not only happened in product and service but also on the system and the process of organization and inter-organization, in strategic focus and government management. However, the Weberian bureaucratic system limits the potential for innovation with its various regulations and procedures. As a result, innovation that arises is very limited in the service process and does not touch organization system and process.

Moore (2005) offers two different models that can be used to make continuous innovation and improvement in government organization. Model 1 is a breakthrough innovation industrial level. The main idea of this model is that fundamental innovation needed by government organizations must improve their performance which could change all approach to the problem. This model emphasizes a radical change and uses a completely different approach than what have been done before. While Model 2 is innovative organization and sustainable improvement. That government organization can make a learning innovation that illustrates creative and continuous improvement or learn process of organization, therefore, the change is gradual and slow, not radical as the first model.

In integrated service unit which product is administrative document, the opportunity to innovate is more in the process and organizational system than the content of the product. This is because the product of integrated service unit has been set through regulations. The opportunity to apply Model 2 is bigger for this sector compared to Model 1, which is through continuous process and procedure improvement. But on other units that produce goods and services, greater innovation opportunity is not only in terms of process and organization system but also the product so that it can apply Model 2. For example, regionally owned water company, which has product in the form of clean water and in general it can only be for

cooking needs and MCK (bathing, washing, and toilet). Although it has the name of the Regional Water Company (PDAM), but the company's water product is not to be drunk or consumed directly. Therefore, a product innovation opportunity is open to producing water that can be drunk directly. If this could be done then it will give new value to the customers.

Furthermore, to bring out innovation ideas, Sengupta dan Dev (2011) exemplified the model of 7-I Process. Based on a research result in a hotel in India, it is stated that class transformation of the hotel from 3-stars to 5-stars has through a long innovation model of 7-I Process. It is an innovation model with seven stages of cycle starting from Inspiration, Insight, Ideation, Initiative, Implementation, Invigilation, dan Investigation. The hotel management and personnel have through that long cycle process sustainably to give birth to innovation. And the result is the increase of customer satisfaction score of 20%, income per room, and Index of RevPAR (revenue per available room) from 0,96 to become 1,17. Moreover, the cost needed for innovation is nothing if compared to the profit gained from innovation result. From the cycle process, then the occurrence of innovation is obtained with a long and logical process, and not a coincidence.

IV. CONCLUSION

The innovations created in integrated service units in Pontianak Municipality and Tanah Bumbu District is the form of process innovation that gives value-added to service users, which is the form of convenience and efficiency values in service. In addition, for the people who use the service in both regions, time efficiency and service convenience can minimize the incidence of opportunity lost in their activity. Value-added in the context of public service cannot all be measured by number as it is different with value-added in the context of economy or business where measuring value-added can be conducted using quantitative approach towards the retailed products.

The emergence of these innovations proves the positive development of public sector in public service delivery process that takes into account the creation of public value. It shows that there has been an approach adoption of network community governance that puts the community at the main position in the service. However, this does not shift or eliminate the traditional public administration and new public management approaches in the governance process. The next innovation can be used as a way to improve the performance of public sector organization, both with regard to internal organizational improvement and public service quality improvement.

Recommendation for Further Study

This study found that innovations in Pontianak Municipality and Tanah Bumbu District are able to reduce the duration of several services into one day. However, this study simply uses the literature or secondary data to explain the value and benefits enjoyed by public service users qualitatively, so it does not really illustrate the real opinion of the people who use the service. In addition, the limited number of integrated service units as the object of this study gives an overview of innovation findings in Kalimantan in general. Therefore, further study needs to be conducted using primary data, for example by looking at public perception to see the impact of the efficiency of the service time to the service receivers. The study could compare the difference in benefits or impacts from the perspective of service users before and after the implementation of innovation, or by comparison with other regions that process the service longer. In addition, by extending the service units made as the object of the study will provide a broader picture of the condition of public service innovation.

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