Conference

Leveraging Agile Transformation: Redesigning Local Government Governance

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Abstract. A change from bureaucracy as a machine to a lively bureaucracy is needed for future VUCA. Being "agile" is a defence strategy for bureaucracy to handle disruptions. Transformation of local government from a hierarchical system to an agile bureaucracy while maintaining stability and sustainably delivering services to citizens in diverse spaces and times necessitates leveraging a range of factors. We conducted a systematic literature review to explore enabling factors that help leverage agility for local government governance transformation. Redesigning local government bureaucracy requires a shared commitment and an integrated central government policy framework for enabling the support system. We prescribe a new model of local government governance in disaster-prone areas, which needs to be supported by an elite team who are responsive, flexible and innovative in real-time. This group should have expertise in policy analysis, human wellbeing, health, food supply, communication, informatics, risk disaster management, and mitigation to maintain future governance. This futuristic local government organizational design adapts crisis management into an integrated digital system dominated by strategic management levels, which adhere to morals and values.

Keywords: agile local governance, crisis management, operational policy, redesign bureaucracy, responsiveness in VUCA

1. Introduction

The level of effectiveness of the Indonesian government (65,3) is still far behind (Worldwide Governance Indicators, 2020). Bureaucracy becomes dynamically compatible (world-class bureaucracy) with environmental changes in the expected achievement of bureaucratic reform policies, not yet achieved. However, the evaluation result of bureaucratic reform implementation (The Bureaucratic Reform Index), describes the neglect of the local government to the implementation of bureaucratic reform policies. As many as 76% of the Regency/City Government and 21% of the Provincial Government are not good (<8) and as many as 109 regional governments have not submitted
reports on the result of the implementation of bureaucratic reform in 2020 (Ministry of Administrative and bureaucracy reform, 2021).

The bureaucracy redesign policy is part of the bureaucratic reform policy which is expected to increase the acceleration of the bureaucracy to become dynamic and agile. Becoming agile can be a successful change effort in some organizations, but there is a possibility that agile will not deliver the results that many organizations just starting to be agile hopeful, as is the case in local government bureaucracies. The basic principle of agile is to understand conditions. This requires adaptive planning, evolutionary development, early recognition, and continuous improvement, and institutionalizing a fast and flexible response to citizen services (1).

Agile can mean different things to different people (2,3). There is a difference in agile in the IT/IS/software field because in this field agile is more of a method in managing the implementation of a project adapted to governance (4). From a transformation perspective, agile is not a project, but a change in the whole organization. From a lot of literature, it can be believed that agile is the latest change method.

Change management follows a product life cycle that can lose its popularity over time or be replaced by new methods (5). Agile methods offer flexibility and adaptability to respond to citizen needs which are very important in crisis management (6). Agile governance is a combination of agile/lean theory and governance (7). The literature shows that the new method proposed by academics and/or consultants is a repackaged version of the previously popular method. The newest model of governance likes continuous improvement. Such as in Kaizen as a form of refinement of the theory of just in time (JIT), six sigma transformed into total quality management (TQM), and total productive maintenance (TPM).

Organizations becoming more responsive to citizens’ needs, increasing the level of environmental turbulence spurred interest in the concept of “agility.” It can easily be said that the concept of making an agile organization attractive is for the same reason that Government bureaucracies, including local governments, are improvements to the governance paradigm. If agile becomes a new government strategy to face VUCA, practitioners must address the relationship between structure and stability, and resolve the potential value mismatch between agile management methods based on the provision of long-term public services such as fairness, equity, and predictable regulatory frameworks.

Most importantly, it must clearly define and theorize the difference between engaging in agile practices within an organization and being agile as an organizational entity (8). Transforming into an agile local government, it is necessary to find the right pattern of
governance to maintain stability, increase flexibility, and responsiveness in the future of VUCA.

Each organization has different adaptability according to the size and the business in which it is involved, such as differences in traditional hierarchical organizations and start-up organizations that are more flexible in adapting, which will differ in their change management transitioning to an agile organization. Segmentation in silo functions is a phenomenon that is difficult to change, even though organizations have tried to break away from static conditions. But the cross-functional process, where the functions are divided into sections and departments are structured (silos) becomes a bottleneck. Gradual changes to the process can be achieved relatively easily with the support of political and bureaucratic leaders, who have a vision with a world-class bureaucratic mission that is in line with operational planning (9). Meanwhile, starting up to become agile can be done more easily. So it becomes a challenge for local governments to manage change and transform according to future environmental needs. The current and future state of agile government requires capacity, skills, culture, policy structures, and leadership (10).

An organization, including a public organization, is greatly influenced and affects the surrounding environment. The interdependence between the organization and the environment is a new nature of the relationship, which was neglected in the previous phases (11). Learning from Indonesia’s geographical conditions in areas that have the potential for disasters, and the flexibility, responsiveness of the Government in dealing with disasters is assumed to be an important concern for preparing a model of governance that can manage the crisis with the right policies in the future VUCA environment of the Regional/Local Government.

This paper is to redesign local government organizations to employ agility by the understanding of environmental crisis management. The author suggests an agile framework/model for local government governance in future VUCA and tries to propose advanced operational policies that need to be carried out by the Government and Regional Governments.

2. Methods

A systematic literature review was conducted to find the success factors of adopting agile concepts. The key success factors were assessed of transformation to bureaucracy agility. Based on some literature, the aspects and factors that have priority leverage in the implementation effort to make the organization agile are administrated.
In a prospective study, Padang City Government was chosen as the locus of the implementation process of bureaucratic simplification of local government bureaucratic reform policies. The location was chosen because the author was involved in the Padang City Ad-hoc team. The triangulation method for the validity of the data on the implementation of the simplification of the regional apparatus bureaucracy at the locus to build a new one-line model of government governance. Interviews and discussions on an informant who were selected purposively according to the duties and authorities of the organizational arrangement in their respective work units. Data and information related to the simplification policy were also confirmed with The Organization Bureau of Secretariat Regional, West Sumatra Province, which coordinates the Regency/City Governments in the West Sumatra region.

3. Results and Discussion

3.1. Transforming Success Factors

Most mentioned as factors in successfully implementing agile concepts are culture and people. Part of managerial (e.g. management support, management style), which addresses cultural and people issues. The key success factor is paying attention to how to increase the commitment and motivation of employees through changes in education, training, and mindsets as well as culture. When agile methods are used for several years, many organizations are found to face resistance, demotivation, and decreased investment (12). This has the potential to also occur in the bureaucracy which can have an impact on demotivating employees affected by the policy. Leadership capability and institutional capacity are prerequisites for the successful implementation of bureaucratic reform (13). This shows that resistance can occur from individuals in teams and managers.

The key factors for success in transforming into an agile organization were found, namely: 1) commitment; 2) the selection of a technical approach to change policy implementation; 3) collaboration and communication; 4) culture; 5) aspects of the work team; 6) operational processes; 7) defining and dividing roles; 8) incentives and performance measurement; 9) organizational structure; 10) transformation planning; 11) supporting devices (14).

The new work system, implementing the bureaucracy redesign policy, supports information and communication technology infrastructure that can cyclically integrate knowledge, planning, process and implementation, monitoring and evaluation work.
results. This is a challenge for local governments to choose an approach that is appropriate to the culture and conditions of people in the bureaucracy by taking into account the key factors that can leverage bureaucratic transformation by adopting the concept of agility.

3.2. Shifting the paradigm of bureaucracy as a machine to a lively bureaucracy

The classical Indonesian bureaucracy paradigm developed from the public administration model (Weber, 2017; Taylor, 2017; Fayol, 2001), then influenced by Neoclassical Public Administration, New Public Administration, 2017 New Public Management (Hood, 1991; Osborne & Gaebler, 1992), New Public Service (Denhardt & Denhardt, 2003), and New Public Governance (Osborne, 2010). Bureaucracy Development is no longer seen as something mechanistic, but as something organic that grows and develops when able to adapt to the environment (11).

Bureaucratic redesign policy in government organizations transforms traditional bureaucracy (according to Max Weber and Henry Mintzberg) who adopted Government Regulation 18 of 2016 concerning Regional Government into agile bureaucracy. Government Regulation number 18 of 2016 concerning Regional Government provides directives for key parts of local government institutions, namely: 1) Strategic Apex (regional head); 2) Central Line (Regional Secretary); 3) Support Staff (Regional Secretariat, DPRD Secretariat); 4) technostructure (Inspectorates and Agencies); and 5) Core Operations (Department/Unit/Office/District). The structure of the Regional Government can be divided into five parts according to the tasks and functions, namely (1) the strategic apex which functions as the coordinator of all organizational activities, (2) the operating core that is stored to carry out the main work of the organization, (3) the middle line that bridges the strategic apex and operating core, (4) technostructure which functions as an analyst and standard-setting, and (5) support staff which functions as life support.

However, the insensitivity of the central government and local governments to carry out reforms, including simplification of employees, makes local governments always end up entangled with the old pattern which is considered easier and easier to implement. Many local governments are still trapped in completing the administrative requirements of the Central Government. The implementation of the bureaucratic redesign policy must be carried out in a well-planned systematic manner. But many regions only fulfil
the requirements to get the results of eliminating the structure of echelon V, echelon IV, and echelon III (for the provincial government) to 2 levels.

It is indicated that the bureaucracy simplification policy only changes the name of the position, but the essence of the change in function cannot be implemented in a short time. Local government seems to be not many who are able and ready to implement bureaucratic simplification policies as a bureaucracy redesign policy and the momentum of the governance revolution to become dynamic agile.

### 3.3. Disaster Lesson Learning

The United Nations International Strategy for Disaster Reduction (UNISDR) states that the disaster risk faced by Indonesia is very high (red colour on map), which has the potential to kill citizens. Disasters can be grouped into geological hazards, hydrometeorological hazards, biological hazards, technological hazards, and environmental degradation. High vulnerability of the community, infrastructure, and elements within the city/area that are at risk of disaster. The low capacity of various components that cause social inequality in society is also a potential disaster in Indonesia.

![Indonesia's Disaster Prone Index Map](source:https://www.bnpb.go.id/potensi-ancaman-bencana)

**Figure 1**: Indonesia’s Disaster Prone Index Map.

Disaster vulnerability cannot be ignored and is increasing with the issue of global climate change which causes crisis conditions to suddenly occur in an area. Security, safety, citizen wellbeing, should be the government's top priority, including local governments that are in direct contact with citizens. Strategic management with a sense of crisis is urgent to be adapted in redesigning government governance (15). The Covid-19 pandemic, which is a disaster category, has taught us how to achieve success in policy speed as well as centralization and decentralization of decision making, which has become an innovation for bureaucracy, science, and politics(4).
The new central government policy provides a framework for redesigning regional organizations that can be specified by the Regional/Local Government according to the potential and threats in their area. The restructuring framework is divided into 2 levels (one line), equalizing administrative positions in functional positions (skills), and changing systems/work procedures. Unspecified designs can be modified to consider the potential and threats in the region.

4. Discussion

4.1. Redesign New Local Government Governance In Bureaucracy Simplify Policy Implementation

Hierarchical restructuring is not the main problem, but how to make the bureaucracy perform well in the challenges of environmental change can provide services easily and cheaply is the core of the problem (8). The organizational structure determines how business processes run within the bureaucracy. The structure consists of certain functions that are interconnected to achieve organizational goals. The organization and management are more complex, equal with a wider and larger structure. A large structure also requires a large operating budget and financing. So the restructuring of the hierarchical and large bureaucratic structure becomes a strategic thing to do for dynamism.

However, in addition to focusing on the key success factors in bringing agility in the bureaucracy, in every successful implementation of policies, the most important factor is full support in terms of commitment to supplying and allocation of resources and follow-up policies from the top leadership, namely the regional head. However, it is different and is unique in the application of agility.

Public management in Indonesia must pay attention to the combination of the influence of the internal environment and the external environment, and see what happens as a result of the interaction of the internal and external environment. Therefore, public organizations must be sensitive and responsive to political values and norms that exist in society (11).

The new design of local government governance is directed to adapt crisis management governance by prioritizing responsiveness (sensitivity), flexibility, and ingenuity. The role of strategic management (regional head) and middle line (one line) becomes dominant in determining standards and performance. Strategic management is supported by staff elements in the form of a matrix. Support staff consists of human
resources who master the fields of analysis, human wellbeing, communication, infor-
matics, network communication and collaboration, health, food supply, disaster man-
agement, and mitigation.

This model below, expand the role of the Local Secretariat Unit which has been play-
ing a role in administration into a responsive, flexible, and ingenuity crisis management
group unit (RFI team). The RFI team unit needs to be supplied with experts, access to
resources, and the authority to use and allocate resources to execute policies quickly
according to the needs of handling and potential regional crises.

Emergency considers VUCA's future environment full of threats of disaster and disrup-
tion, so it is important to consider a crisis management model to be adopted by local
governments in Indonesia. Morals and values guide the strategic management role
as a determinant of standards and performance need to be supported by a flexible,
responsive, and ingenuity tactical team. The changes that accompany the redesign
of the government organizational structure are changing the mindset and behaviour
of bureaucrats to be separated from pragmatic interests (self/group) and prioritize the
public interest in the administration of government.

![Figure 2: Local Government Governance Institution Compatible for Future VUCA and Responsive, Flexible, Ingenious (RFI) Team Model.](DOIconv.png)
It is necessary to emphasize identifying needs and providing trainers from internal and external bureaucracies, especially for high-level leaders who are the new centers of local government governance. The bureaucrats need to be prepared to be capable and expert in the fields of analysis, communication, information technology, collaboration/collaboration networks, health, citizen wellbeing, food supply, disaster management, and mitigation.

The key success factors make strong statements for the crucial role of providing knowledge in the form of education for bureaucrats/employees in the transformation to agile. Political will and commitment from the Regional Head and the support and motivation of the bureaucratic apparatus which is built from a common vision, mission and goals, trust, and involvement of the bureaucracy in implementation are some of the keys to the success of change (16). The leadership's commitment is the key to the gate and the joint commitment of the parties, especially bureaucrats, is the main key to opening the success of the bureaucratic transformation.

Another challenge in the successful transformation to agile is the need to implement a new organizational culture that is integrated with an agile mindset. The implementation of the new culture will remain at the heart of the problem (17). Changing organizational culture is a long process that requires transparency and persistence from various levels within the organization, and this key focus of success may not be fully implemented from year to year, because transformation takes time, is difficult to achieve, and often fails. Commitment to sharing principles takes precedence over tools to create a new culture that supports transformation at all levels of the organization. Local personal and small-scale initiatives can have a big impact, small successes that spread to accelerate transformation (18).

However, planning transformed into an important sequence in the focus of success, the key to success in making organizations adopt agility. Similarly, how the people aspect comes first in the focus of the key to success because change management is 80% about people. However, the 3P framework (14) can be suggested that the process aspect in our opinion will have an impact on system changes that will encourage changes in people in the bureaucracy. So that the Regional Government can make the category of process aspects a priority to be carried out.

Transformation to new design policy needs to pay attention to: first, providing the necessary resources so that the policy can be implemented and run smoothly. Second, local governments need to prepare operational regulations for transferring the availability of resources to technical guidelines in regional legal products. Third, local
governments need to prepare work tools for the implementation and supervision of policy implementation to ensure the achievement of policy objectives and the achievement of implementation targets within the stipulated time limit.

The successful implementation of the bureaucratic simplification policy will not be separated from a strong leadership figure and institutional capacity. So the success of implementing the regional government bureaucratic reform is also a test of the success of the leadership of a regional head. However, the key actor, namely the middle management (Regional Secretariat) assisted by the Regional Secretariat, has become a driven unit in various policy implementations, especially the implementation of bureaucratic reform, one of which is the Bureaucratic Simplification policy.

4.2. Operational policies to Leverage Agile Transformation Success Factor

a) Oral and Written Communication Pattern
Changes in the work system include communication patterns. With the new bureaucracy design, the disposition/communication is more flexible and can be carried out directly to functional officials from the First High Leader with a shorter level to be implemented. In written communication in the form of an official document to regulate the authority of a functional official, he can sign an official document by the authority regulated according to the level of his position. In the concept of agile governance, there is an obligation to use written communication within the institution to be digitally integrated, so that it will solve distribution problems related to time and people.

b) Agile Performance Management
The most basic and urgent in performance management in dynamic bureaucracies is how to change work procedures based on integrated information technology. However, in the future VUCA environment, it should be noted that when a power plant fails to function, or when a crisis occurs, there is still a power supply. Supporting infrastructure with a backup power supply ensures the system can still run is a must.

c) Agile HR Management (as human capital)
It is necessary to adjust regulations on comprehensive functional positions, align job classes, draft regulations on positions and clarify the abolition of ASN ranks. The next step is regarding the intended pattern of mutation and rotation between Functional Positions (JF), and so that there are arrangements regarding the enrichment of JF duties. It is necessary to develop further policies to ensure certainty in the career system of officials affected by equalization so that employees are not harmed. The pattern of
human resource development needs to be perfected and the equalized competency gap to catch up with the competency level in Functional Positions.

d) Compensation Policy that Supports Performance

The post-equalization of JF’s welfare benefits and the alignment of budget needs, which are related to the benefits policy, and JF’s class of office which is used as the basis for compensation. Functional allowances in the same class are different in the regulations set by the President, there needs to be a change in policy regarding this functional allowance as a whole.

e) Mindset

The main problem is that mindsets and behaviours transition to dynamics. Structural changes alone will not be effective in bringing about change, but what will help solve bureaucratic problems is implementing a new bureaucratic culture. Reaffirming and internalizing the core values of Government culture will further ensure continuous improvement. Structure alone is insufficient for producing the desired change. Implementation of a new culture will remain at the heart of the problem. In essence, the most powerful lever for transformation is the behaviour of the transformed person. How the intervention efforts to transform the bureaucracy are carried out by humanizing the people in the bureaucracy.

Local governments need to carefully and wisely take steps in planning the implementation of policies and preparing supporting devices for the implementation of the Redesign bureaucracy, considering that this policy will have a significant impact on the system and subsystems of government, especially the State Civil Apparatus serving as Administrative Officer. It takes the right communication policy to communicate the implementation of policies that have an impact on the employees so that it can be seen the expectations and commitment of employees in organizational change, especially the implementation of bureaucratic simplification policies.

The success of local government changes is determined by the political will and commitment of the Regional Head (16). Bureaucratic redesign policies may fall into the administrator’s zone of indifference as well as other reform programs. This is because it conflicts with the substantive policy views of the implementers or their personal or organizational interests. Public sector reform practices that show good progress are largely determined by institutional capacity and leadership (13).

The key to unlocking the big lock on bureaucratic change is changing the culture of the people in government. Providing an integrated system that drives the bureaucracy can learn and change. Integrated and collaborative policies to support cultural change, changing the mindset and behaviour of bureaucrats. Once the media is available to
learn how bureaucrats can then be “forced” to become learners. With the availability of knowledge-sharing media, providing open communication that can be accessed 24 hours so that bureaucrats can learn according to their conditions. From the abundant supply of knowledge to bureaucrats, it will support a change in perception. Changed perceptions will change habits, and will have an impact on changing habits which results in character changes to be able to adapt to changes. Bureaucrats change, bureaucracy changes. The Ministry of Administrative and Bureaucracy Reform, the Ministry of Home Affairs, the Ministry of Communication and Informatics, the Regional Personnel Agency, the State Administration Agency plays a significant role in preparing collaborative policy tools and infrastructure tools, namely information technology and qualified bureaucrats.

5. Conclusion

The commitment of the regional head may be the key to opening up transformation success for the region, but results from this study suggest that the shared commitment of the Centre Government (read: collaboration of related Ministries/Institutions) in the form of an integrated policy package to the enabling system, and commitment then the competency of local bureaucrats that developed is needed. If an integrated policy does not exist, it also becomes a potential problem for regional governments. The government must be able to convince local governments with holistic collaborative policies to change the bureaucracy into agile dynamics. Regions will be easier and able to adapt the platform for bureaucratic change if the resources (information technology and human resource learning media) are provided by the centre because the potential, threats, and regional capacities of each region are different.

For the future VUCA observed that strategic management plays a dominant role in determining standards and performance by adhering to morals and values. Local government strategic apex and middle lines for responsiveness, flexibility, and ingenuity are supported by a cross-sectoral team who are experts in the fields of analysis, citizen wellbeing, health, food supply, communication, informatics, networking, and collaboration/cooperation, risk management, and disaster mitigation.

The most important factor determining the success of the transformation of the entire organization is ensuring knowledge, skills, and competencies, as well as shared motivation and commitment to agile and workability to move in new directions according to changes.
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