

# Model and Practice of Strategic Policy Process in Indonesia: Case Study Strategic Management in Indonesian Central Government (2009-2012)

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## Abstract

Since 1998, the Indonesian government had introduced an approach for Strategic Management under Government Regulation No. 108/200 the government has not evaluated experiences with this strategy. However, in 2009, the administration of President Yudhoyono introduced a new approach entitled Rencana Pembangunan Jangka Menengah (RPJMD) –Medium Term Development Planning. The interesting question regards the compliance of government with this strategic plan. In other words, is the implementation of the strategic plan proceeding? In this paper, both writers investigate experiences with the attempt to introduce the model and practice of Strategic Management in the Indonesian public sector, particularly the aspects of process and tools. The Research method used in this research is historical and descriptive using the casual loop model of system dynamics method. The study found that the model of strategic planning applied by the government was a linear process model a linked to key success factors of leadership, professional coordination among governmental units, and monitoring of the complete process and its instruments: planning, implementation and evaluation.

**Keywords:** Policy, Strategic management, Strategic plan, Public sector

## 1. Introduction

Since entering democratic political practice in 1998, Indonesia has deals with some constraints especially in government effectiveness. Democracy requires inefficient consultation and decision making processes and it therefore must involve the nine factions in the House of Representatives which have different concerns. In the previous term, the ex-president, Soeharto, had a strategic plan document known as Garis-garis Besar Haluan Negara (GBHN) - Guidelines of State Policy. Nevertheless, the document of strategic plan is translated from the vision and mission of elected President and Vice President after 1998. Furthermore, the strategic plan, called Rencana Pembangunan Jangka Menengah ( RPJMD), is systemized for five years. In 2004, the Parliament passed a regulation for the strategic plan named Law No. 25 of 2004 on National Development Planning System. Three years later, in 2007, it was enacted by Law No. 17 of 2007 on Rencana Pembangunan Jangka Panjang Nasional (RPJPN) – National Long Term Development Planning - of 2005-2025. Therefore, it can be concluded that since 2007 Indonesia, after the end of Soeharto's authoritarian government, has long term strategic planning document for the next 20 years.

The interesting question regards the compliance of government with this strategic plan. In other words, how will the strategic plan be implemented? The question is closely related to the government capability in implementing the plan. It is in accordance with the purpose of this paper which is to observe the extent to which the strategic management principles will be implemented. The strategic management principles concern both the existence of future projection ability (Mintzberg, 1999; Bovaird and Loffer, 2003) and the presence of various organization capacities to coordinate the conduct the plan (Salaman and Asch, 2003; Osborne and Brown, 2005).

However, the existing strategic plan implementation, either RPJMD or RPJP, was not as smooth as would be expected. In 2009, the World Bank revealed the weaknesses in the mechanisms and frameworks of Government in dealing with coordinating the formulation and implementation of policies and programs across different branches, at both the central and local level. (World Bank, 2009, p.1). According to the World Bank both the decision-making processes underlying the formulation of policies and the programs delineation of roles and responsibilities needed for