

**ORGANISATIONAL CHANGE IN  
AN INTER-ORGANISATIONAL CONTEXT:  
THE PERSPECTIVE OF TERRITORIALITY**

**A study on the Office of Integrated Administration System  
(Satuan Administrasi Manunggal Satu Atap – SAMSAT) Surabaya**

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## ABSTRACT

This study investigates organisational change in an inter-organisational context, focusing on the dynamics of the changes, including different roles and functions of each contributing organisation and the relationship amongst these organisations. The issue of interorganisational change is considered important conceptually and contextually. Conceptually, whilst organisational change has been studied extensively, studies on the context of interorganisational changes are limited. Importantly, this study takes territoriality as a lens to frame the dynamics of the changes. Territoriality has been extensively studied in the field of anthropology, geography, political and also sociology; but there are limited studies on organisational territoriality. Most existing studies investigate territoriality as an expressed behaviour, to mark and defend territories. In light of this gap, this study offers a different perspective, by framing territoriality not only as an expressed behaviour, but also proposing it as a process in investigating changes in an interorganisational context. Contextually, this study takes the case of an office of an integrated administration system, which is responsible for managing vehicle registration, taxing and insurance. The role of this organisation has been under spotlight, considering its contributing organisations' position in the post-reform Indonesia. Most reform lessons are further sourced from Western context or from developed countries; hence this study provides evidence on change from a rather different context, by presenting the case of a public organisation in a developing country and from Eastern, or Asian context.

To help with the investigation, this study employed a qualitative method, by using an approach informed by grounded theory. In breaking down collected information and mapping the results, the method thus helped to ask questions on who, what actions, what context, what aims, how they did it and also how the conduct was. Data was collected through the use of semi-structured interviews with 16 informants, who were contacted through a snowballing mechanism. Supporting documents were also collected from the organisations involved, as well as publicly available documents, to help with the analysis.

In summary, this study argues that territoriality can be seen as a process rather than only an expressed behaviour. In addition, organisational change involves a deterritorialisation process, which without it, a change cannot take place. This strengthens the notion that territoriality is a process. This study also deconstructed the notion of 'sectorial-ego', an Indonesian-specific term for silo mentality. This ego represents territoriality as an expressed behaviour and in order to change, public organisations need to be able to manage their territories, by deterritorialising vertical interests and at the same time, compromising their territories horizontally, in the context of interorganisational collaboration.

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## **DEDICATION**

**This thesis is dedicated for  
Ibu, Bapak and Mas Eriq,  
with love.**

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## **AUTHOR'S DECLARATION**

I hereby certify that this thesis is entirely my own work and has not been taken from the work of others, save, and to the extent that such work has been cited and acknowledged in the text of my work. This work has not previously been presented for an award at this, or any other, University.

# 1. INTRODUCTION TO THE STUDY

## 1.1. INTRODUCTION

Brown *et al.* (2005) state that life in organisations is primarily territorial, which is shown through various personal signs hanging on office doors, or even individual possessions on desks that mark one's territories. In fact, as a student researcher, spending time writing this thesis in the PhD suite, territoriality and territorial behaviour were noticeable. Despite a 'hot desk' policy imposed by the school, PhD students tended to leave their study materials on 'hot desks' as they expected to sit at the same place over the next days, or even longer, for a variety of reasons, such as avoiding the hassle of carrying study materials back and forth every day, or a simple intention to show the need to have a designated place to work. Likewise, in an organisational context, the issues of territorial and territoriality become more complicated as organisations deal with changes. A study by Donald (1994) further provides an example of how the need to deal with organisational changes has important impacts on the relationship between people and their territories in their offices, which, do not only relate to physical aspects but also non-physical ones, such as beliefs of the people.

This chapter serves as an introduction to the study, which is focused on the issues of territoriality and organisational change. In this regard, section 1.2 outlines the rationale of the study, detailing the reasons why this study is important. This is done by considering existing literature, which shows that territoriality has been extensively studied as a part of human behaviour, to defend their territories, both material and symbolic. Yet, there are still limited numbers of studies relating to territoriality and organisational change. Thus, the gaps identified are then used to establish research questions, which serve as

guidance for the study. Section 1.3, motivation for the study, serves as an introduction to the context of the study, the Indonesian public sector. This section also discusses triggers for changes in the sector. In section 1.4, a discussion on how the research questions are approached, are presented. Next, findings from the study are discussed in section 1.5, whilst section 1.6 presents the potential contributions to the field; including the argument that territoriality can be seen as process, rather than a product or effect of organisational change. Lastly, how the rest of the thesis is structured, is presented in section 1.7.

## **1.2. RATIONALE OF THE STUDY**

This section discusses the rationale of the study, which briefly explores the existing literature in public sector reform and the management of change and innovation in public sector organisation. The notion of decentralisation has been in the spotlight, both as part of NPM principles in supporting administrative reform as well as a significant policy choice of Indonesia after 1998 reform movement.

### **1.2.1. Reform Movement and Decentralisation Big Bang**

This study is conducted to explore organisational changes in public sector organisations, which are emphasised on the dynamics within the context of a mandated interorganisational collaboration. The idea itself first came from perusing literature on reform and public sector change and innovation. Over the last three decades public service innovation has been a major topic of discussions amongst practitioners and academics. Its importance associated with the emergence of the global movement of reforming public sector (Harris and Albury, 2009; Hartley, 2006; Osborne and Brown, 2011). This movement has been embraced by New Public Management (NPM), which views that changes and innovation are needed for public organisations to improve their

performance in service delivery (Hartley, 2005; Osborne and Brown, 2011). Significant changes in public demands, changes in technology and automation systems, increasing costs over productivity, as well as increasing awareness toward resource deficiency have signified the need to reform public sector organisations, in their administrative practices, structure and governance (OECD, 2005; Paulsen, 2006).

Most literature on this topic comes from US and European perspectives (i.e Rhodes, 1999 about the comparison of reform movement between Britain and Denmark; Smith and West, 2007 about reform and innovation policy in Australia; Torres, 2004 about trajectories of reform movement in European continent). Reform movement that has been started since 1980s in many Western countries, including the United Kingdom (UK), the United States of America (USA) and also New Zealand (NZ) offers a new way of managing public service, in a way that public sector organisations (PSOs) need to manage the public as their customers (Bouckaert, 2008). Since then, topics related to public service change become major themes for studies in public sector organisations.

Taking it into Indonesia's context, in 1998, as a nation, Indonesia had gone through a significant event, a regime change, which contributed to the changes in various aspects of governance and government in both national and local levels (Masduki, 2007). Reformation process ended the 32-year-long Soeharto's regime, which was considered responsible for social and political crisis for issues of 'Korupsi (corruption), Kolusi (collusion) dan Nepotisme (nepotism)', or in Indonesian acronym, KKN, which was believed to become major source of poor performance of public service organisations as well as for economic problems (that is, high dependency on foreign debt) (LintasTerkiniNews, 2013).

This change of regime induced the wind of liberalisation in various political and economy aspects in Indonesia (Brodjonegoro and Asanuma, 2000; Hofman and

Kaiser, 2002). The Government adopted global public reform ideas by introducing decentralisations 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; Subagio, 2005; The\_Asia\_Foundation, 2003). Such initiatives provide examples of global penetration of ideas embedded in New Public Management (Akbar *et al.*, n.d.).

Amongst those initiatives, decentralisation is considered as the foremost one due to its large scale, involving political, administration and fiscal aspects, and also its speedy target implementation that it is known as significant 'Decentralization Big-Bang' (Alm and Bahl, 1999; Hofman and Kaiser, 2002; Smoke and Lewis, 1996; Subagio, 2005). This decentralisation aligns with NPM principles in supporting administrative reform, which include decentralisation, deregulation and delegation. Combination of these principles is aimed to provide opportunities for public sector managers in fulfilling its functions to achieve organisational objectives and be accountable to their stakeholders, internally and externally (Aucoin, 1990). Specific to decentralisation, it is a key element of the deconcentration of power that enables managers responding to their constituents' needs accurately in timely manners (Aucoin, 1988). By this, it also means that managers are held to become 'more accountable' to their organisations for their performance (Common *et al.*, 1992). The implementation of decentralisation principle should not 'rule out' centralisation principle, in a way that the later should be focused on developing policies in strategic levels and still gives room for manoeuvre in implementation of such policies (Aucoin, 1990; Rhodes, 1999). Decentralisation can only work when there are less levels of hierarchy in organisations or smaller units, which also implies that managers

of public organisations are close to both their superiors and subordinates (Aucoin, 1990; Common *et al.*, 1992).

In Indonesia, decentralisation big-bang gets most of the attentions from various parties, including scholars and international institutions, such as the World Bank, International Monetary Fund, and also funding bodies, such as United States Aid for International Development (USAID) (Alm *et al.*, 2001; Brodjonegoro and Asanuma, 2000; Hofman and Kaiser, 2002; Mera, 2004; USAID and LGSP, 2009).

Through decentralisation, the new administration introduced an initiative to decentralise significantly many of its functions and responsibilities to local government, including provincial and town/regency government levels. By the Laws numbers 22 and 25/1999, the Central Government devolved its powers and transferred considerable amount of its authority to local governments, thus giving considerable autonomy for local governments to manage their regions (Brodjonegoro and Asanuma, 2000; Hofman and Kaiser, 2002). Decentralisation provides liberty for local government to choose what 'path to development' they consider as best for their regions (TheAsiaFoundation, 2004, p. 16). Consequently, local governments needed to find ways to increase their revenues and increase financial resources to develop their regions (TheAsiaFoundation, 2002; Usman, 2002). Decentralisation initiative is intended to bring decision making process closer to public and thus, make public service delivery better and raise the accountability of government (Brodjonegoro and Asanuma, 2000; Hofman and Kaiser, 2002). This initiative is known as 'Decentralization Big-Bang' due to its large scale, involving political, administration and fiscal aspects, and also its speedy target implementation (Alm *et al.*, 2001). This initiative was expected to help enhance accountability of public service organisations, improve organisational practice transparencies, promote competitions to ensure efficient operations, improve human resource management practices, increase 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; Subagio, 2005) .

Alongside with more autonomy to local governments, decentralisation also has several consequences for the Indonesian Local Governments (ILGs). In some regions, especially the less resourceful and those newly established ones, the situation became difficult, as they needed resources to implement decentralisation policies and deliver better services to local constituents. Being able to manage their own regions also means that local governments are required to generate their own financial resources to fund their local developments (TheJakartaPost, 2009). Consequently, ILGs need to engage in activities that enable them to generate income (Subagio, 2005). But, they need to ensure that all activities conducted are free from any issues of corruption, collusion and nepotism. The public also became more aware toward public sector performance. Hence, this pushed ILGs to conduct various organisational changes and improvement aimed at improving their internal management as well as their service delivery.

### **1.2.2. Change, Innovation and Interorganisational Context**

Based on accessible literature from 2000-2014, there are several topics commonly emphasised by the existing studies, namely how change and innovation are related to reform movement (i.e. Kraemer and King, 2006 about information technology and administrative reform; Nieto Morales *et al.*, 2013 about changes after reform in the Netherland), factors triggering change and innovation (i.e Beerepoot and Beerepoot, 2007 about the roles of government regulation in driving innovation and change), as well as the factors contributing to the successfulness or even failure of change implementation (i.e Bartlett and Dibben, 2002 about innovation in local government and entrepreneurship) and the impact of change and innovation to public sector organisations (see for

example, Worrall *et al.*, 2000 on the impact of change on public sector managers).

Previous studies tried to evaluate the linkage between the conceptualisation of innovation with New Public Management ideas or doctrines (Barlow and Köberle-Gaiser, 2008; Pestoff and Brandsen, 2010; Sannarnes *et al.*, 2006). Innovation, though no previous studies have rejected its perceived importance for public service organisations, attracts different understandings. Citing Lynn (1997) who defines innovation as ‘an original, disruptive, and fundamental transformation of an organization’s core tasks’, his idea detaches ‘innovation’ from improvement. Innovation is commonly associated as continuous improvement process in many public services organisations (Hartley, 2006; Osborne and Brown, 2011), or even novelty or newness embedded in ideas, products, services, or processes (Albury, 2005; Mulgan and Albury, 2003). Lynn (1997) advances his idea by underlining the aspect of disruptive and transformational, which to large extent implies that for an idea to be considered as innovation, it should be internally sourced or generated, rather than externally adapted. This understanding of innovation can be seen as a challenge to NPM’s idea of top-down innovation that can help government to be more responsive, customer-oriented and more customised public services delivery, as well as reduce performance gaps (Hartley, 2005; Moore and Hartley, 2008; Vigoda-Gadot *et al.*, 2005a).

In addition, it is also important to note that there are small numbers, yet, challenging works on organisational change and corruption. An example is the work of Martin *et al.* (2009) that focuses on exploring deinstitutionalisation of normative control in organisations that leads to the occurrence of corruptions. These works are mostly written on the Anglo-American (European, American or Western) context (Batley, 1999b) and small, yet growing numbers are conducted in Eastern and/or Asian context along with emerging reform movement in Asia

(Beeson, 2001). It is worthy to note that whilst reform movement is universal, its impact on organisational reform is argued to be influenced by locality issues, including local interests and circumstances (Batley, 1999a). It is then important to address such issues in a study of organisational change in public sector organisations affected by reform movement in a rather different context than a Western one.

Moreover, this study finds that most studies in organisational changes, including public sector changes, whether they are mono-organisational setting or network/collaboration settings, observe organisational changes from whether they are successful or not and also barriers or challenges or sorts of resistances experienced by organisations. Indeed, very small numbers of the existing studies, especially in public sector organisations, employ a processual approach to understand changes from the dynamic processes within (Barzelay and Gallego, 2006). This creates a niche for exploring how organisational change can be understood from the perspective of its process (Buchanan and Dawson, 2007).

Processual view of change emphasises on the dynamics of organisational change over time, on the events of the changes and on the interactions amongst people within organisations (Pettigrew, 1997). What makes processual view of change interesting is that it is able to explain that one change can lead to another and the interactions between outer and inner contexts of organisations matter to the direction of change (Dawson, 1997). Hence, using processual view in explaining organisational change may help to reveal the complexity of change efforts.

In addition, whilst there are extensive numbers of studies in public service innovation and change, it is not until recently that the focus falls on interorganisational context. Collaboration network or interorganisational relations are stated to become an alternative way of managing public sector

organisations (Agranoff, 2007; Kettl, 2006). In addition, debates in public networking literature often highlight the pattern of whether hierarchical style of managing public organisation is replaced by network (for example, see Agranoff, 2007). Some authors, including Kettl (2006, on managing boundaries in public organisations) and Chen (2008, on promoting the effectiveness of interorganisational collaboration in public service delivery), agree on the need to investigate dynamic processes within interorganisational collaboration in public service organisations. There are also small numbers of studies in PSO literature, which integrate the issue of change management and innovation in a rather different scale by engaging on the analysis of interorganisational collaboration or networks (i.e. Horwath and Morrison, 2007 about collaboration and changes in children's services; Rodríguez *et al.*, 2003 about drivers and resistance of change in collaboration in healthcare). This shifting from mono-organisational to interorganisational setting is recognised in public service literature as a way to help improve effectiveness of public sector organisations' performance and public service delivery (Rodríguez *et al.*, 2007 on mandated interorganisational collaboration). These works emphasise on mandated collaboration, which is one way to establish collaboration in a public sector setting. By definition, mandated interorganisational collaboration means that collaboration is ordered or arranged by government and aimed for particular purposes (Rodríguez *et al.*, 2007). In spite of being mandated by government authorities, the collaboration itself does not necessarily involve only public organisations as it can also involve organisations across different sectors or multi-sectorial (for example, see Esteve *et al.*, 2012 on the need for high degree of maturity in cross sectoral interorganisational collaboration for innovation).

Whilst interorganisational collaboration aims for some certain purposes, what makes a mandated collaboration different from a common interorganisational collaboration is its nature of establishment. As mandated collaboration is regulated and in some cases, is ordered, this collaboration may involve

involuntary cooperation and competition amongst its members and consequently, is not trouble-free (Rodríguez *et al.*, 2007). This means that it is possible within a collaboration that members of collaboration may or may not have differing degrees of interests. An example is given by Brummel *et al.* (2012) who investigate the case of a mandated collaboration amongst government bodies in Australia. Their work shows that within the context of a mandated interorganisational change, territoriality issues play an important role in the relationship amongst parties involved in the collaboration. Similarly, Rodríguez *et al.* (2007) observe that power plays important roles in creating dynamic relationships, represented through the emergences of different interests amongst actors and organisations within collaboration, which lead to territoriality practices in a mandated collaboration. As territories can be understood as bounded areas, Kettl (2006) puts forward the importance of boundaries in a relationship amongst institutions and states that there are five aspects constructing boundaries, which are missions, resources, capacity, responsibility and accountability. For him, these aspects can contribute to boundary tensions amongst administrative organisations as well as intra-organisational conflict.

In general, although territoriality is commonly and traditionally associated with territories as physical or material objects (Edney, 1974), in organisational context, territoriality has richer associations than traditional view of territoriality as it involves non-material aspects, such as roles and functions (Maréchal *et al.*, 2013). People can express territorial behaviour over shared functions or expertise, especially if they relate to whom are originally perceived to own a process or function (Reebye *et al.*, 2002). Despite this evolving definition of territory, territoriality is strongly still associated with the act of claiming and defending territories (see Brown, 2009 for how employees claiming their territories; Thom-Santelli *et al.*, 2009 for territoriality case in wikipedia).

Yet, an interesting development is shown through some recent works, which are focused on organisational territoriality (see Ewalt and Ohl, 2013 for multiple identities and deterritorialisation; Maréchal *et al.*, 2013 for review on differing perspectives in understanding territoriality in organisations; Paquette and Lacassagne, 2013 for deterritorialisation and mining activities). These works shed light on rather different aspects of territory and territoriality, such as its establishment, different association to cultural processes and also how territories exist in more abstract term, such as identities. Maréchal *et al.* (2013) further state in their conclusion that organisational territoriality study (OTS) is a new vista and that its dynamic is yet to be explored.

Consequently, embarking on this rationale, this study aims to extend the existing studies of organisational change by elaborating them in the context of multi-organisations, through territoriality lens. In order to be able to explore, it is important to find an appropriate setting that can provide rich insights to the phenomenon. Discussed next, is the assessment of such context, which also serves as a motivating ground for the study.

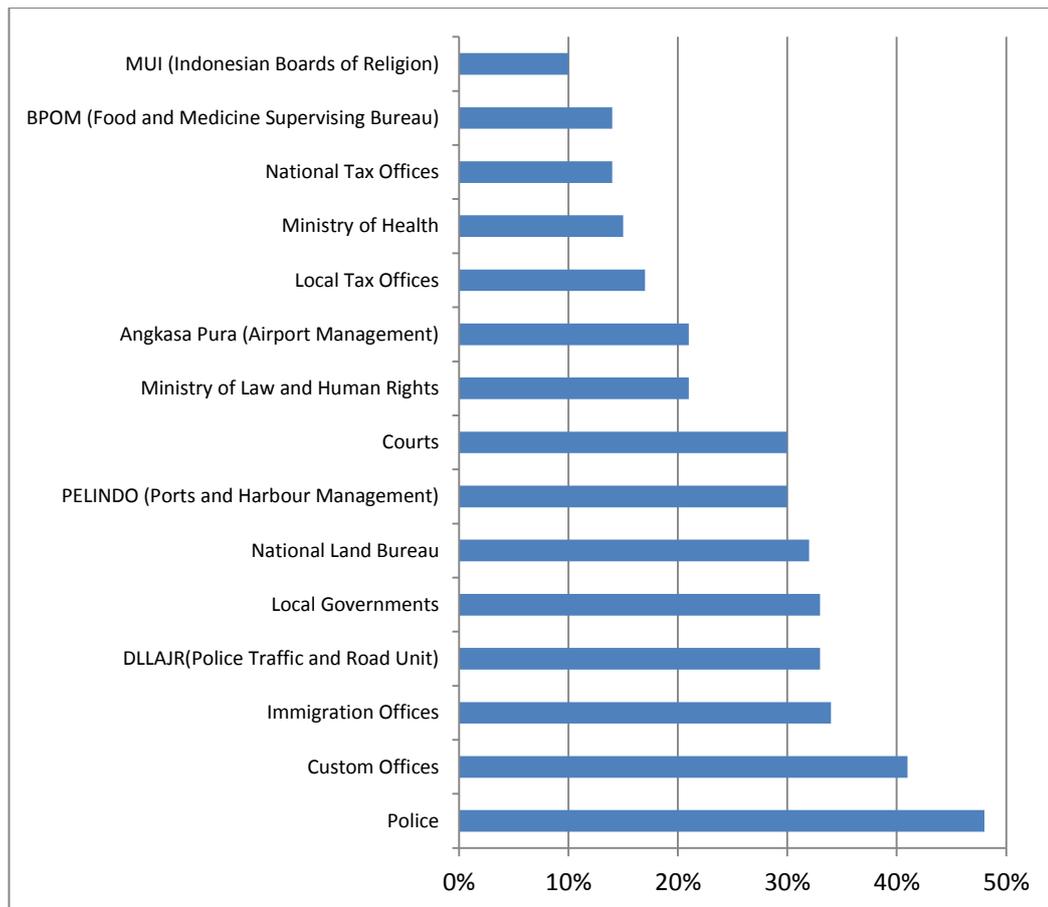
### **1.3. MOTIVATION FOR THE STUDY: INDONESIAN CONTEXT OF REFORM AND PUBLIC SECTOR CHANGES**

In addition to addressing gaps identified in literature, it is important for the study to investigate whether the context of the study is appropriate. This section explains the reason why the study is conducted in Indonesia. More specifically, this section discusses reform movement in Indonesia and how it led to public sector change. This is important to understand the institutional context underlying changes and innovation in Indonesian public sector.

In Indonesia, local governments have been perceived as one of the most corrupt public sector organisations (PSOs) (Brodjonegoro and Asanuma, 2000). In the assessment conducted by Transparency International Indonesia (TII), several

PSOs, including police, traffic and road unit, local government, and also local and national tax offices ranked high on the Bribery Index. Presented in Figure 1-1 is Indonesia’s Bribery Index as issued by TII in 2008.

**Figure 1-1 TII’s Bribery Index 2008**



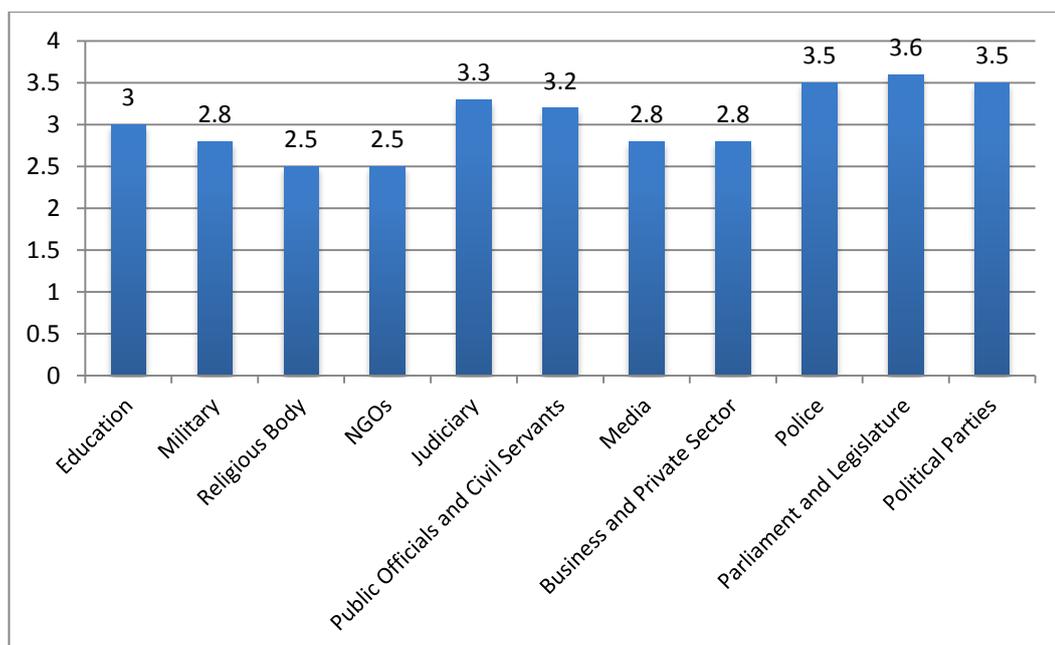
Source: Simanjuntak (2008)

It can be seen from Figure 1-1, that even in 2008, the public still perceived that Indonesian public sector organisations are prone to corruption and bribery. In this figure, it shows that police is an institution perceived to have the most bribery case. Relating to this, SAMSAT across Indonesia, --an integrated office comprising three collaborating institutions, including police, local government through its revenue agency and a State-owned Enterprise (SOE) operating in accident insurance, Jasa Raharja--, is reported by media in Indonesia for several cases of corruption (Simanjuntak, 2008). The National Regulatory Commission of

the State Officers of the Republic of Indonesia (KNPAN, *Komisi Nasional Pengawas Aparatur Negara*) reported many illegal practices in SAMSAT across various regions (some examples are Amri, 2009; Anjang, 2010; Asril, 2012a, 2012b; BeritaMaluku, 2012; LintasTerkiniNews, 2013). Most reported illegal practices are bribery and illegal fee, which in Indonesian is commonly known as the term ‘pungli’ or ‘pungutan liar’ (Amri, 2009).

A different yet similar survey in 2014 conducted by Transparency International on corruption perception index shows a rather different figure than that of produced by Transparency International Indonesia (TII) Chapter. It is different in a sense that the one presented by TI is a corruption perception index, whilst that of TII is related to bribery cases only. However, the information seems to give similar broad pictures. Based on the 2014 Corruption Perception Index, presented in Figure 1-2 below is institutions perceived to be the most affected by corruption in Indonesia (TranparencyInternational, 2014b).

**Figure 1-2 Indonesian Institutions perceived as the Most Affected by Corruption 2014**



Source: TranparencyInternational (2014b)

Figure 1-2 depicts that some public institutions, such as police, along with political parties and parliament/legislature, are perceived by the public as the most affected by corruption. This shows that in spite of various government endeavours to eradicate corruption, such practices are perceived to still exist. On its analysis of corruption index in Asia Pacific region, Transparency International points out that a poor index score might indicate 'a general weak or ineffective leadership to counter corruption, posing threats for both sustainability of their economies and somewhat fragile democracies' (TransparencyInternational, 2014a). Hence, this demands for stronger efforts to fight practices in public sector organisations, especially those deals with the public.

Furthermore, a side effect of decentralisation has become a concern for policy study, especially relating to the impact of such policy to local revenue and investments. Local autonomy itself is also extensively studied, especially from the perspective of institutionalism (some to be mentioned include Brodjonegoro and Asanuma, 2000 on regional autonomy and fiscal decentralisation; Erawan, 1999 on reform and regional politics ; Usman *et al.*, 2002 on the assessment of autonomy based on field experiences). However, as far as is accessible, works on most relevant literature about public sector changes in Indonesia are conducted within a mono-organisational setting. Even when it involves some organisations, they are usually still under the same chain of command. Moreover, those works are mostly based on institutional or political economics perspectives, rather than on organisational perspective.

Altogether, as network governance and collaboration became an interesting way to manage public organisation (Agranoff, 2007), it is then intriguing to explore how the reform brought changes to that type of organisations, from an organisational perspective. It is also important to explore how interorganisational collaboration, especially those having longer collaboration

time frame, experience changes, considering that there are multi organisations with different lines of commands.

Thus in reflecting on the gap in the literature, especially in the context of organisation change within interorganisational collaboration, this situation is interesting due to its novelty and the potential complexity of issues. Whilst reforms and decentralisation as well as organisational change in Indonesia have attracted academia or researchers to conduct policy studies, a study about interorganisational collaboration and changes informed by reforms or decentralisation still lacks. In addition, whilst the necessity to operate in transparent manner – free from corruption – is a must for public organisations, regardless of their authority status, national or local government public pressure for free-from corruption organisations affects all public organisations, from national to local government levels. Thus decentralisation itself and the idea of autonomy seem to affect a smaller scope, covering only arrangement for local government. Moreover, it is also interesting to investigate the issue of territoriality in the context of change, especially as the collaboration involves multiple organisations, which differ in many aspects.

#### **1.4. RESEARCH QUESTIONS AND OBJECTIVES**

As previously presented in sections 1.2 and 1.3, this study has identified that whilst organisational change has been studied extensively, review of literature shows that there is a lack of studies of organisational change on interorganisational context. Although it is not a new trend of managing organisations, interorganisational collaboration is known to help organisations in achieving their objectives and yet, at the same time, it also comes with conflicts as well as disappointments amongst collaborating organisations (Wilkof *et al.*, 1995). The collaboration itself can be formed in many ways, including short-term network or long-term alliance. Likewise, interorganisational collaboration also

has various aims/objectives, for example, problem-solving (see for example, Vaughan, 1983 on Revco case), or resource sharing and sharing service/operations (Marciniak, 2013). In the case of long-term collaboration, the interaction of contributing organisations is interesting, especially if the collaboration is mandated. As it is mandated, it means that organisations involved in the collaboration cannot avoid interacting with each other, as well cannot say 'no' to the mandate (Rodríguez *et al.*, 2007). Most cases in the literature show examples of short-term collaboration, which then highlights the need to investigate a long-term mandated collaboration with regards to how organisations involved in the collaboration manage to conduct organisational changes.

Equally important is the notion of organisational boundaries within the context of interorganisational collaborations. It is known that in a network, those involved have their own roles and functions, creating boundaries that set specific territories for the organisations (Hardy and Phillips, 1998). Boundary is dynamic, which means that it can change or be made to change (Paulsen and Hernes, 2003). Within a context of interorganisational collaboration, the dynamic of boundaries is intriguing, especially related to how a boundary can change or be changed still needs further exploration (Santos and Eisenhardt, 2005). Most studies in territoriality addressed the impact of changes and boundary changes to members of organisations, but there are limited numbers of existing studies, investigating the process of how the boundaries can change in the collaboration, especially by relating it to interorganisational change.

In this regard, to the extent of the literature reviewed, an opportunity for an empirical investigation is identified, which emphasises the dynamics of organisational change in mandated interorganisational collaborations. For this reason, the main question for this study '**how is the dynamic of organisational**

**change in interorganisational collaboration from the perspective of territoriality?’ is established.**

More specifically, to guide the investigation, the main research question is broken down in scope, that is, into three sub-questions that serves three main objectives. They are as follows:

**1. How does each contributing organisation play roles in the organisational change?**

The objective served through this question is to explore the dynamic interactions amongst the three contributing organisations in implementing change and innovation. Such dynamic expected to be captured with this question includes contribution of each organisation, whether such contribution defines their roles, and whether differences in contribution, if any, impact on the interorganisational relationship

**2. Why do the organisational changes need to be conducted?**

This question is developed to investigate the reasons of why particular change or innovation initiatives were conducted or pursued by organisations. Referring back to section 1.3 on motivation for the research, reform movement in Indonesia had been associated with some problems faced by public sector organisations, including service delivery, public pressure and also corruption, collusion and nepotism issues. It is then important for the study to comprehend to what extend the changes and innovation conducted by the collaboration addressing such issues.

**3. What are the impacts of the organisational changes?**

This question is developed to explore the perceived impacts of change and innovation initiatives on the contributing organisations, both as collaboration and also as three individual organisations. While change or innovation initiatives are shared amongst contributing organisations, the impacts can be differently perceived.

Subsequently, this study aims at explaining the dynamics of changes in the interorganisational context. More specifically, the use of territoriality as a lens to frame the phenomena lends the study a privilege to study organisational change phenomenon differently.

The next section briefly summarises the method used to help with data collection and analysis. A full detail on the method used in the study is presented in Chapter 3.

## **1.5. RESEARCH APPROACH**

As a researcher, I believe that people have crucial roles in understanding, and give meanings to the world. In this sense, how an individual deals with an issue or a problem depends on how he or she frames the phenomena. A same problem may be understood or perceived differently by different individuals. People have the ability to give meaning to their day-to-day life. Exploring how people make sense about an issue in organisational setting is challenging as people come and go and each one of them has his or her own judgment toward a phenomena. This study has an aim to investigate the dynamic of a mandated inter-organisational collaboration in conducting changes conducted changes. As this involves process, which can only be portrayed through people interactions in social settings/context (Tracy, 2013), it becomes imperative to understand how individuals involved in the change process interpret and give meanings to the changes. In that sense, I believe that qualitative method can help this study investigate organisational change in an interorganisational context, as it emphasises on qualitative data, constructed from opinion shared by respondents, organisational documents, as well as publicly available documents.

This study collected data through semi-structured interviews from a total of 16 informants, which were contacted through snowballing techniques, which was

started through contacting the gatekeeper, which in this case, was the former head of revenue agency. Snowball sampling helps to locate subjects of the research through other subject (Atkinson and Flint, 2001), which is expected to produce sample consisting of individuals or actors who 'share or know of others who possess some characteristics that are of research interest' (Biernacki and Waldorf, 1981, p. 141). This method is considered to be suitable considering that the nature of the object is a mandated interorganisational collaboration, which does not have fixed or permanent staff. All staff are employed full-time by the contributing organisations, hence, their assignments in SAMSAT have start to end periods. Snowballing effect thus helps to contact the appropriate potential informants to be interviewed, although some of them have been reassigned to other offices.

Data collected from the interviews were analysed using a method informed by grounded theory. Whilst this study was not intended to be a grounded theory approach study, the use of data analysis based on grounded theory approach gave much richer information from collected data. The adoption of grounded theory approach was especially for data analysis part, in which data was exhaustively coded (Corbin and Strauss, 2008). Data was broken down into detail –line by line- through open coding. At this stage, all possible meanings were considered. Coding was conducted iteratively, which at each level, data was exhaustively coded. Codes were then categorised and grouped into a more abstract level and more theoretically, which involves a process of relating the codes with possible theoretical views. This was a defining process, which to some extent determines possible potential contributions of the study to literature.

Moreover, data analysis was aimed at understanding the dynamic process within interorganisational change. Hence, the analysis also involved continuous questioning about phenomena explained by informants. Such questions included what is the phenomenon explained, how the phenomenon took place in the

organisation or how it was conducted, in what way the phenomenon was conducted, who were those involved in the actions, how did those involved think about the phenomenon. This process therefore, helps to get the whole as well as detailed pictures of what happened in SAMSAT.

The next section briefly describes the potential contribution of this thesis (the detail of contribution is explained in Chapter 8).

## **1.6. CONTRIBUTION OF THE STUDY**

This study contributes to the existing study of organisational change, by integrating the context of interorganisational collaboration and the lens of territoriality to frame the dynamic of the changes. Whilst organisational change has been studied extensively, those studying change in the context of interorganisational are limited. Equally important, territoriality has been extensively studied in the field of anthropology, geography, political and also sociology; but there are limited numbers of studies about territoriality in organisations. Most existing studies investigate territoriality as expressed behaviour to mark and defend territories, hence this study proposes a rather different perspective emphasising on the process view of territoriality in relation to change. Contextually, this study takes the case of an office of integrated administration system, which is responsible for managing vehicle registration, taxing and insurance. The role of the organisation has been under spotlight considering its contributing organisations' position in the post-reform Indonesia. Moreover, most reform lessons are sourced from western context or developed countries, however this study provides a lesson from a rather different context by presenting the case of a public organisation in a developing country, Indonesia, as well as that which originates from an Eastern context.

More specifically, by employing a method of analysis informed by grounded theory, this study came out with several findings that are expected to contribute to the field. First, organisational change can be seen as a territorialisation process. Second, this study found that organisational change and territoriality seems to influence each other in interorganisational context. Third, this study contributes to the field by unveiling the dynamic of sectorial-ego, a term specific to Indonesia's public sector organisations. Sectorial-ego is found to consist of two dimensions, one vertical relationship that runs from national level down through local level government; and second, a horizontal relationship that represents how an organisation deals with their counterparts at its lateral level of government. This dynamic of sectorial-ego also represents the idea of territorialisation process and managing territories. Fourth, methodologically, this research offers a rather different approach at looking at the corruption issue by framing it through territoriality, which shows that corruption can be seen as an established territory.

The next section explains the structure of the thesis, which briefly explains the content of the consecutive chapters.

## **1.7. THE ORGANISATION OF THE THESIS**

Following the introduction chapter, the rest of the thesis is structured into several chapters. The outline and summary of each chapter is highlighted below.

**Chapter 2 – Review of Literature.** This chapter reviews both the conceptual and empirical literature used to frame the phenomena found in the study. It discusses relevant theories for the research, especially related to territoriality in organisations. Its relation to both organisational change and inter-organisational concepts is also discussed.

**Chapter 3 - Methodology.** Chapter 3 discusses the choice of research method employed in the study. It delineates the qualitative method used to approach the research questions and the justification underlying this choice. The chapter also discusses how the method was brought into implementation. The process of analysis including how the data was coded is also presented. This chapter further explains the reflective process of the study. It includes the reflections on the methods, the practical aspects and also most importantly, the theoretical perspective. Moreover, it addresses what the study had offered and also discusses its limitations. These are then used to guide how the study could be advanced by offering suggestions for future studies.

**Chapter 4 – An Insight into SAMSAT and its Contributing Organisations.** The chapter aims to introduce the organisation under study, the office of Sistem Administrasi Manunggal Satu Atap (SAMSAT) in the Province of East Java, Indonesia. SAMSAT is a public service office, which differs from other public service organisations due to its unique characteristics of an office hosting three public organisations with different lines of authorities. By tracing the history of the office, this chapter is intended to provide a contextual foundation for the study.

**Chapter 5 – Implementing the Change: The Dynamics Within.** Chapter 5 discusses the findings related to the reasons for the changes as perceived by respondents. Whilst the changes are the same, the reasons underlying why the changes were conducted including the reasons underlying the decisions as well as the factors that shaped the decisions, are different from one respondent to another. In this chapter, it is also shown that territoriality shapes changes and to some extent, provides reasons for the changes.

**Chapter 6 – The Impacts of the Changes in SAMSAT.** This chapter explains the findings related to the impacts of the changes as perceived by the respondents.

Similar to Chapter 5, it is also found that whilst the changes are the same, respondents perceived the impacts differently. Differences are also observed amongst different contributing organisations. One of the important findings is that organisational change can contribute to the changes of interorganisational territories.

**Chapter 7 - Discussion.** This chapter discusses the findings by comparing and contrasting them with the existing studies and also with theoretical framework, which is discussed earlier in Chapter 2. It is aimed at bringing up the discussion from empirical level to conceptual level so that the study is able to position its stance regarding the existing understanding about territoriality, especially in the context of organisational change in the public sector.

**Chapter 8 - Conclusion.** Chapter 8 presents the contributions of the study and its implications. This chapter uses the discussion in Chapter 7 as a basis to elaborate how the study can contribute to the knowledge in the area, hence offering a different perspective on how changes in public service organisation may be understood. A summary, which briefly points out important points of the study, concludes the thesis.

## **1.8. CONCLUSION**

This chapter provides the overview of the research, including the justification for the need to conduct the study and also the context of the research. It also explains the aim, objectives as well as the scope of the study. With the need to conduct the study justified, the next chapter, Chapter 2, explores the context of the study, emphasising on Indonesia's reform movement and public sector changes.

## **2. REVIEW OF LITERATURE**

### **2.1. INTRODUCTION**

This study was initially started to investigate the dynamics of innovation and changes conducted public sector organisations. Hence, its base of literature was firstly built on public sector innovation literature. However, in its development, this study found that in implementing changes and innovation, especially in the context of interorganisational collaboration, the phenomena of organisational territoriality plays important roles in characterising the dynamics.

This chapter aims to discuss the relevant literature used in the study to frame the analysis. This to include the literature in the management of change and innovation in public service organisations as well as the concept of territoriality, which has evolved overtime. Whilst territoriality is a long-standing issue in both anthropology and sociology, it is still considered to be a growing area in organisational studies. Hence, this chapter also aims to comprehend the extent of which territoriality issues studied in organisational setting by elaborating it with organisational change and interorganisational collaboration, especially in public sector organisations. The later concepts are important as they represent the context of the study.

The chapter begins with discussion on evolving adoption of territoriality concept in Section 2.2. Following this section, Section 2.3 explores key ideas on organisational territoriality. The chapter then continues with section 2.4 to explore areas that integrate territoriality, change and interorganisational collaboration. Section 2.5 is the conclusion of the chapter.

## 2.2. CHANGE AND INNOVATION IN PUBLIC SECTOR ORGANISATIONS

Most of public sector organizations understand that only by conducting change and innovation, they will strive to grow and develop (Vigoda-Gadot *et al.*, 2005b). This leads to the need for public sector organisations to have flexibility, routinisation and adaptation to change, innovation and entrepreneurial activity (Hartley, 2006; Walker *et al.*, 2002).

Similar to those in private literature, in terms of terminology, innovation may be used interchangeably with ‘creativity’, ‘invention’, and ‘change’ (Becheikh *et al.*, 2007; Hartley, 2005, 2006; Lynn, 1997; Moore *et al.*, 1997). However, rather than perceived to have similar meaning, 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). Innovation is argued to involve a range of processes, including generation of ideas, realisation of ideas, and also implementation of ideas in organisations (e.g. Becheikh *et al.*, 2007; Mulgan and Albury, 2003; Siau and Messersmith, 2003). Mulgan and Albury (2003)<sup>1</sup>, in their discussion paper for the UK Government on public service innovation define innovation as *‘the creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in outcomes, efficiency, effectiveness or quality.’* 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 categorised as innovation.

Innovation is also frequently associated with ‘changes’ (see for details, i.e. Halvorsen *et al.*, 2005; Hartley, 2005, 2006; Lynn, 1997; Moore *et al.*, 1997). PUBLIN (Public Sector Innovation) Project defines innovation generally as

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<sup>1</sup> Similar definition is also shared by Albury (2005)

*'deliberate changes in behaviour with a specific objective in mind'* (Halvorsen *et al.*, 2005, p. 2; Koch *et al.*, 2006, p. 1). This implies that while change may be categorised as an innovation, it must be consciously conducted. Yet, according to Fuglsang (2010, p. 68), it is not true as many innovations are emergent in nature rather than intentionally planned or conducted. Moreover, others also emphasise that this association to changes should be taken prudently as not every change can be considered as an innovation. Moore *et al.* (1997) assert that *'changes worth recognizing as innovation should be...new to the organization, be large enough, general enough, and durable enough to appreciably affect the operations or character of the organization'*. This description of innovation seems vague in a way that 'enough' may not be measurable and subjective to organisations, individuals, or any parties engaging with particular innovation.

In accordance to this view, this current study takes a stance in understanding changes in public sector organisations as involving innovation as part of it. Change initiation may involve some kinds of innovation or may not; yet, it always involve a shift or movement to new stages of states. This is inline with Hartley (2005), who perceives innovation as a change in processes involved in how public organisations providing services to public.

Moreover, Hartley (2005) 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. In addition, different perspective on understanding innovation does not only take place amongst scholars, but also amongst public managers. A study by Zegans (1992) for example, clearly presents an example for this case. Through focus group discussions, Zegans concludes that there are four ideas related to

how public sector managers perceiving innovation, which are (1) Innovation is seen as a tool to improve performance of public sector organization, and should not be considered as an end or goal; (2) innovation can be seen as a process of idea implementation, technology enactment which are new to the current condition; (3) Political know-how and skills to implement innovation are considered more important in determining successfulness of innovation than creativity; and (4) innovation is considered to be an intrinsic part of the public managers' job.

Meanwhile, some studies assert that changes and innovation in public service is very much laden with administrative/political belief at particular time (see for example: Kling and Iacono, 1989 on institutional character of computerised information systems; Kraemer and Dedrick, 1997; Kraemer and King, 1986, 2006; Kraemer and Perry, 1989; Niehaves, 2007)<sup>2</sup>. 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. Similarly, Koch and Haukness (2005, p. 9) from PubliN project define proposes to define innovation as *'a social entity's implementation and performance of a new specific form or repertoire of social action that is implemented deliberately by the entity in the context of the objectives and functionalities of the entity's activities.'* Further, Koch et al. (2006) put forward that innovation involves changes in behaviour that is conducted under specific objectives of the doers. It means that there is an aspect of 'deliberation' in innovation activities implying that innovation cannot be done without prior consideration.

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<sup>2</sup> Further discussion on particular topic is presented in the nature of innovation section.

This research takes a stance to perceive change and innovation as a departure of organisational core practices. By practices, it means the whole process of generating ideas, products, services, and the process itself up to their implementation. This stance provides broad spectrum of understanding changes and innovation rather than a narrow one. While a product/service can be seen simply as new goods; prior processes lead to the production of ideas, producing goods or services, and make them materialized in physical (or non-physical in the case of new services) are far more complicated and complex. Indeed, this research believes that interactions between actors, institutional, and environment have characterised such innovation. Having public sector organisations as the context, it is essential for this study to include institutional-politico-administrative consideration in comprehending why and how innovation takes place in public service organisation. Changes and innovation are never context-free; the degree of political influence is higher in public sector than in private organisations and is mostly imposed on public organisations through policy and regulations.

### **2.2.1. Scale of Change and Innovation**

Changes in organisations can be seen also from its scale or magnitude. There are three categories of innovation based on its scale or magnitude of changes, which are incremental innovation, radical innovation, and systemic innovation (Mulgan and Albury, 2003). Incremental changes or innovation can be understood as an initiation that involves small changes to current organisational process, products, or services. As for radical changes, it refers to a significant or fundamental change in how services are delivered as well as new ways of conducting activities and managing organisations. Systemic changes, compared to the other two scales, involves fundamental changes in organisational arrangement and underlying technologies. It is systemic because it requires a shift, not only in

organisational form, but also in social and cultural aspects of organisations. It can be seen that while the first two innovations are more oriented toward internal organisations, systemic innovation goes beyond the boundaries of organisations.

This description evokes further debates in public organisation literature. Incremental changes, for example, can be vaguely similarised to continuous improvement (Hartley, 2006), while at the same time, incremental change is seen as essential for improvement in public services as it can be done by customising services to different public needs (Fuglsang and Sørensen, 2011; IDeA\_Knowledge, 2005). Moreover, conducting radical changes requires considerable efforts and resources as it is usually path-breaking and competence-destroying, which consequently, its possibility of successfulness is less than that of incremental innovation (Green, 2004).

The scale of change or innovation may also imply how such change or innovation is conducted, whether it is exploratory or exploitation in nature. Exploitation can be associated to incremental change as it involves minor adjustment to organisations' existing products and services (March, 1991). On the contrary, radical change or innovation is characterised with exploration activities that is embedded with willingness to take risk to engage in something new (March, 1991; Perry, 2010).

To understand the scale of innovation helps to comprehend how organisations should plan for the resources needed to conduct change or innovation (Hartley, 2006). At the same time, the scale of any change or innovation may not be able to be observed at the beginning of the process, which makes it retrospective in nature. This is because the unpredictability nature of change or innovation that what might be intended to radical change/innovation can actually take place as an incremental innovation (Albury, 2005; Hartley, 2006).

Relates this to NPM context, this discussion reiterates the importance of competition for public organisations in innovation. While competition is not the only factor that contribute to innovation, intense competition will motivate organisations to engage in higher scale of change or innovation, which can be disruptive in nature (Christensen *et al.*, 2006). In addition, imposed sanctions from government to conclude or close non-performing public organisations may also stimulate organisations to do higher scale change or innovation (Albury, 2005). The next section discusses drivers for changes and innovation.

### **2.2.2. Drivers for Innovation**

Literature is very diverse in addressing the drivers for change and innovation, why do organisations need to change or innovate? The most common reason is because organisations need to survive in competition, which then makes competition becomes a pivotal point in understanding the urgency to change or to innovate.

Market pressures are understood to be one of crucial factors in encouraging changes or innovation in organisations. Lack of competition results in a less dynamic environment that makes organisations feel more secure and think less of improving their performance than those organisations in dynamic and volatile environment (Banaszak-Holl *et al.*, 1996). Dynamics in environment, which is characterised with intense market-based competitions, is believed to push organisations to survive, which in doing so, they need to innovate and improve their performance (Hartley, 2005; Osborne and Brown, 2011).

For those organisations operating in monopoly market as examples, incentive to conduct innovation is sourced from the idea that organisations can have substantial financial advantage as well as an opportunity to strengthen their positions in particular market (Aghion *et al.*, 2002; Nicholas, 2003). Being

monopolists, organisations tend to have larger resources to pursue innovation as well as tolerate risks embedded in innovation (George *et al.*, 1992). However, monopoly organisations may also potentially be disincentivised to innovate. Lack of competition potentially strengthens organisational inertia as well as decreases urges to innovate or change (Geroski, 1990). Disincentive to innovation also exists as the effort may not result in any significant increase on market shares (George *et al.*, 1992). Moreover, as their current products or processes already enable organisations to get financial gain that the idea of introducing new products or new processes is less appealing (George *et al.*, 1992; Geroski, 1990).

Meanwhile, in oligopolistic setting, the tension of competition and organisations' positions in the market make this type of market interesting for innovation activities. The nature of competition in this market is argued to provide opportunity for innovating organisations to get temporary monopoly advantage over other competing organisations (George *et al.*, 1992; Tirole, 2000). Moreover, the existence of competition is seen to improve both innovation quantity and quality. Whilst market defines the successfulness of innovative products or process, the existence of competitors provide opportunities to approach a problem differently, which thus, enhance possibility to conduct innovation (George *et al.*, 1992).

Taking the insights of this discussion into public sector realm, the question lies on whether it is possible to put or position public service organisations into market setting and in what sense of competition that can be brought into the setting. Mulgan and Albury (2003) allege that public sector organisations experiences cost rising in a faster pace than their private counterpart due to lack of competition. One of NPM principles is to induce competition into public sector organisations (Hood, 1995; Osborne, 1993). In fact, Osborne and Gaebler (1992, pp. 79-80) perceive competition in a broader term than that of captured in industrial organisation perspective.

**“If competition saves money only by skimming on wages or benefits, for instance, governments should question its value. Nor are we endorsing competition between individuals. Merit pay for individual teachers...just sets teacher against teacher and undermines morale...merit pay for schools is another matter. Competition between teams – between organizations – builds morale and encourages creativity.”**

In this sense, competition is perceived to be a necessary condition for the emergence of new ideas and ways to conduct activities. The emphasis on morale and creativity also reflect attention to human resource side of organisations.

Equally important, by means of competition, the notion of rivalry then exists in public sector realm, especially related to the ways services are delivered. On this ground, as stated by Dunn and Miller (2007, p. 348), the principle of competition as proposed by NPM put forward the need of ‘leveraging market forces and utilizing market-based strategies in the delivery of public goods, provided that the resultant competition is not inappropriate’. By this, it means that there are various potential ways to deliver public services that market-based approach is expected to encourage the exploration to find better services delivery through the possibility of private-public competition. Moreover, given that operating environment of organisations contains is endowed with limited resources, then competition may urge rivalry between public sector organisations over resources to deliver their responsibilities to public community (Miller and Dunn, 2007). To strengthen their positions in market competition, innovation then becomes a chosen mechanism to help ‘*commercial orientation*’ in providing public services (Lekhi, 2007).

Another factor that is considered to push changes and innovation in public sector organisation is political-based interests (Lekhi, 2007). Although political

motivation may be represented in both public and private organisations, it seems to be more apparent in public organisations (Lekhi, 2007; Mintzberg, 1989). There are several factors associated with political interests or stimulus, including the willingness to improve the image of organisations, enhancing public service management, the urgency to shift to customised mode of service provision, and also moving away from public sector's stereotypes of inefficient operations.

The first factor that motivates PSOs to do innovation is to **improve their public image**. Several aspects contribute to the importance of good public image, including (1) publics become more critical to service provisions by comparing PSOs with private organisations (Moore, 2005); (2) the endeavour to improve image is not beneficial for the interest of PSOs, but also for the benefit of nations as good image of PSOs reflect a sound public governance that it potentially improve the attractiveness of nations as places for private investments (Lekhi, 2007); and (3) innovation is also used as a political way to improve the chance to get votes from public by shifting public's opinion on party's ability to bring changes (Lekhi, 2007). In a broader than a nation context, the existence of supranational bodies such as European Union (EU) is argued to contribute as a push factor to improve the quality of public services in the region (Kamarck, 2004).

The second political motivation to innovate is to **improve public management**. The term management implies the work through and with other, people and organisations, which according to Metcalfe (1993, p. 293) is *'intertwined in the process of managing change'*. By this, as pointed out by Metcalfe (1993), it involves not only political process but also strategic management in transforming public services provision. This becomes increasingly important as PSOs facing ever-changing society, which is strongly characterised with hyperchange (Hartley, 2005; Lekhi, 2007; Mulgan and Albury, 2003; Walker, 2004). Hyperchange is characterised by *'a combination of linear, exponential,*

*discontinuous and chaotic change*' and rapid in nature that causes 'disequilibrium' in organisations' environment (Barrett, 1998, p. 288; Beazley, n.d., p. 13). With this excessive pressure, PSOs may not be able to work on their own and thus, this implies the heightened necessity to work with other organisations, public and private (Lekhi, 2007; Metcalfe, 1993).

Another factor that motivates public sector organisations to innovate is the **urgency to customise their services**. This resounds a significant shift in public expectation toward PSOs. At this point, it pushes public organisations and government in general to reform and innovate by involving new institutional arrangement form to provide accessible and more personalised services for public (Albury, 2005; Mulgan and Albury, 2003; Navarra and Cornford, 2003, 2004). Changes in the pattern of family and social patterns has urged public organisations to suit such need by incorporating information technology in service provision (Lekhi, 2007; Navarra and Cornford, 2003, 2004).

While previous discussion explores rationales for innovation, those drivers are externally driven. While external drivers contribute to trigger innovation, they may ignore the fact that innovation may occur as a result of learning process. The notion of learning determines that innovation can be internally driven. Bessant (2005, p. 35) asserted that through both internal and external environmental scanning, organisations may be able to detect opportunities and threats and develop their responds to it. By using organisations' sources of knowledge, organisations change or innovate, sustain it, and re-innovate or change again. Throughout this process, organisations learn, not only from their success stories, but also from their failed innovations or change attempts. By this, it represents a double-loop learning as organisations questioning why and how their experience failed or succeeded and revisiting the assumptions that they use (Morgan, 2000; Nauta *et al.*, 2009).

Taking this to public sector context, there is an argument that PSOs seem to lack of double-loop learning (Bessant, 2005). Yet, as pointed by Nauta (2009), such argument is weak due to lack of evidence. Learning is indeed a part of innovation cycle, even in public sector organisations (Albury, 2005; Nauta *et al.*, 2009). By raising the rate of learning through reflecting on what works and what is not, PSOs will be able to come out with more possibilities to deliver quality public services (Albury, 2005).

In sum, this discussion resounds the complexity of innovation. While some drivers are commonly experienced by both public and private organisations, complex nature of public organisations context makes it more complicated in understanding factors stimulating change and innovation.

### **2.2.3. Factors Influencing Public Sector Changes and Innovation**

In conducting change and innovation, public sector organisations might experience different dynamics, which can be associated with successful changes or even fail innovation attempts. Literature in organisational change and innovation notes that there are several aspects that potentially affect change or innovation endeavours.

First aspect is general institutional context. Each organisation, public or private, has particular characteristics embedded in their framework of thinking. New institutional theory holds that individual and organisational behaviour are conducting within specific institutional context, which according to Zucker (Zucker, 1983) is 'common understandings that are seldom explicitly articulated'. While old institutionalism believes that individuals and groups behaviour in organisations are very much determined and shaped through the process of socialisation and internalisation of values and norms; new institutionalism tends

to believe that cognitive process of each actor that plays role instead (Zucker, 1983; Zucker, 1987). The study of institutionalism has been very much embraced in public policy and management, an example is through garbage can model, in which decisions are made through interpretation of different and independent streams of ideas within organisation boundaries. Institutional theory views that organisations and individual actors within their boundaries are ambiguous and may have unpredictable – changeable interest and preferences (March and Olsen, 1984; March and Olsen, 1996). By this, it implies that in studying innovation, especially in public sector, it is then essential to focus also on how decision to engage in innovation is made through political processes, which are conducted in organisations and their actors. Through understanding institutional context, important aspects influencing public organisations' engagement to innovation can be explored, including the dynamics of power, organisational climate, as well as how organisations learn from their previous experiences, which are embedded and stored in both their cultural paradigm (Johnson, 1987, 1990) and also their organisational memory that build up their competence (Akgün *et al.*, 2007; Fiedler and Welpe, 2010).

Another aspect is leadership. Leadership is essential for “revitalize an organization and facilitate adaptation to a changing environment” (Fernandez and Pitts, 2007). In this sense, leader or public sector managers act as a bridge or connector of organisations with external environment, which then provides 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 (Walker, 2006). To understand this, Røste (2005) suggest to employ actor-network approach that integrate social and technological aspect in understanding phenomena. Through this perspective, the decision to engage in innovation can be seen as a product of interaction in the network. More importantly, this lens helps to understand how historically evolving common understanding on particular issue, including innovation, may

evolve and be changed through interaction between actors. On this ground, it is essential to understand differences in personal and cultural backgrounds of each actor construct their understanding or rationality. This, again, back to the notion of learning as previously discussed. In public sector case, leaders should ensure that the direction is clear, resources are appropriately allocated, and the innovation is sustained when the regime or administration changes (Gould-Williams, 2004; Schall, 1997; Walker, 2006). More importantly, with the notion of market mechanism, to foster innovation and lead entrepreneurial PSOs, leaders are expected to be brave, competent, willing to take risk, and passionate about change and innovation (Boo, 2008). Yet, their willingness to take risks also has to be guided with clear accountability to public (Boo, 2008).

It is also important to note that too much of red tapes are argued to hinder innovation as it may constraint and discourage people to think creatively and engage in innovation journey (Vigoda-Gadot *et al.*, 2005b).

Closely related to the issue of bureaucracy, in general, there should be a significant degree of empowerment through appropriate financial incentive as well as recognition and more autonomy in decision making to motivate public employees to engage in innovative activities (Mulgan, 2006). Specific to autonomy, Wilson (1989, p. 183) argues that having an autonomy or 'turf' does not mean that an agent or any governmental bodies or in his word 'a government executive' can have ultimate freedom in pursuing their wish; rather, he states that autonomy in public agency is more about an increase in 'the opportunity for agency operators to develop a cohesive sense of mission'. This means that having a turf does not make any government executive to pursue their objectives as their wish; instead, they have more more bargaining power in defining what they think important to pursue for agency's missions within certain corridors, namely restrained budget or rules.

Another factor related to empowerment and autonomy are culture of risk and learning. Referring back to the process of innovation that involves learning process to learn from both success and failure, it is important for public organisations to have a culture of learning. Integrating the idea of new institutionalism and ecology perspective that organisations are prone to structural inertia that hinder and obstruct innovation, organisations need to be able to break up the path and their routines to engage in innovation (Hannan and Freeman, 1984; Sørensen and Stuart, 2000). Double loop learning and willingness to embrace risk becomes critical points (IDeA\_Knowledge, 2005; Mulgan and Albury, 2003). More importantly, the establishment of such culture should be encouraged and supported from the top level structure (Osborne and Plastrik, 1997). Other authors, such as Albury (2005) put forward the support from senior level champions, especially in the early phase of changes and innovative initiatives, in which organisations usually need strong support and encouragement for determination.

In order to be able to conduct changes and innovation, public organisations need to revisit their dependency on critical resources. Resources can be in any forms. The most common one is about the availability of financial capital or budget is important in supporting organization in conducting innovation (Albury, 2005; Mulgan and Albury, 2003). However, organizations do not deal with financial capital only, but also other resources that are critical to organizational life. In broader terms, Pfeffer and Salancik (2003) mention that organizations depend on the availability of resources which are available externally for them and controlled by other organizations. The ability to control resources, in terms of capital and labor, determines autonomy or turf (Wilson, 1989). This is also confirmed by Banaszak-Holl *et al.* (1996) who conclude that more resources are controlled and available for organizations, the more possible for organizations to conduct innovations. Within the organisation itself, the availability of slack

resources provides more possibilities for organisations to better face their problems (Hartley, 2006; March and Olsen, 1984).

In addition, there are also organisational related aspects, such as organisational life cycle, organisational size and organisation structural complexity as well as political context that influence the ability of organisations in conducting innovation and changes. As organizations grow, their structures are getting more complex (Kimberly, 1980; Miller and Friesen, 1984; Quinn and Cameron, 1983). In each stage of organizations' life, there is different strategy of change and innovation (Miller and Friesen, 1984). Furthermore, as organization grows larger, it is getting more complex than before. The complexities of organizations are constructed by dynamics of various variables, such as centralization, formalization, specialization, and span of control (Robbins, 1990). Indeed, as found through a meta-analytic study, Damanpour (1991) argues that degree of decentralisation positively associated with innovation, in a way that organisations with greater degree of decentralisation are potentially able to engage in innovation. Moreover, especially for public sector organisation, its existence is considerably influenced by political context, including changes of regime, regulations, as well as the fitness with winning party's manifesto or ideology orientation (Nutt and Backoff, 1993). Resounding previous discussion, even within the same context and have similar support to particular idea, different regime or winning party potentially has different interpretation on implementing such policy direction (Borins, 2001; Peled, 2001).

Lastly, with increasing pressure and competition from private providers, it is argued that public sector organisations need to equip themselves with information technology in delivering their services (Borins, 2001). Customers demand for high quality services that are reliably accessible to their convenient, which one way to fulfil such demand is through technology. Consequently, the

use of information technology will affect and change the way public organisations conducting their operations (IDeA\_Knowledge, 2005).

Apart from contextual and organizational factors that may affect innovation in organization, the actor who conducts innovation itself is also important. The orientation toward risk is argued to be a crucial factor in determining how individuals and organisations willing to engage in innovation process (Albury, 2005; 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.

One of the issues related to reform and changes in public sector is the concern over corruption issues. This become a major topic in public administration literature and the way it is related to the management of change in public sector is dicussed below.

#### **2.2.4. Change, Reform and the Issues of Corruption in Public Sector Organisations**

In his review on corruption, Jain (2001) emphasises that corruption acts have been widely and increasingly acknowledged in wider literature as well as become a major concern for many organisations. It has been increasingly researched, especially with regards to its impact economically; yet, defining corruption is never easy (Jain, 2001). In fact, different authors, while agreeing on the idea that

corruption is taking advantage for personal interest, they do have different emphases.

The conduct of organizational corruption can be understood as 'the pursuit of individual interests by one or more organizational actors through the intentional misdirection of organizational resources or perversion of organizational routines' (Lange, 2008, p. 710). While this is not the only definition offered in literature, Lange's definition seems to well summarise corruption conduct. From this definition, there are some aspects can be drawn to construct corruption. First, corruption is basically a representation dysfunctional conduct of individual interest to get benefit. Second, individuals play an important role in corruption and that does not mean that corruption is only conducted by individual as it can involve one or more actors in organisations. In fact, as stated by Pinto *et al.* (2008), corruption can take place in organisational or collective level. By this, the authors pinpoint that it involves 'collusion amongst organisational members' (p. 687). Third, corruption involves action to misuse organisations' resources or even, policies and routines. This is inline with Ashforth and Anand (2003, p. 2), who further argue that the term 'misuse' actually refers to deviation from 'societal norms'. For Jain (2001), these corruption acts can be categorised as 'bureaucratic corruption' as it refers to how bureaucrats deal with their environment, and the actors in their environment, including their superordinates, their subordinates, and even the public.

Further, in his work about police corruption, Patrick (2011, p. 200) citing Newburn (1999, p. 7-8), mentions that 'in attempting to define corruption, attention must be paid to the means, the ends and the motivation behind the conduct'. In all, studying corruption requires ones to look at 'the process through which people become corrupt'; yet, it is difficult to be captured in detail unless employing a method, such as qualitative method, that enables researchers to explore the context as well (De Graaf and Huberts, 2008). Whilst it remains

unclear to understand the process of how corruption occur and how an organisation becomes a corrupt organisation (Ashforth *et al.*, 2008), most literature in organisational corruption highlights that the motivation to conduct corruption is a product of the interactions amongst environmental, organisational and also personal factors, such as 'fear of failing' (Ashforth and Anand, 2003, p. 5).

In this sense, as further stated by Ashforth and Anand (2003), lenient enforcement on ethical conduct, excessive push on performance target – especially with promised high reward—and a personal chance to perform unethically, or in their words 'amorally or immorally' (p. 6), individuals may justify whatever they need to achieve their aims and choose to conduct corruption. This reflects the notion of 'gaming', which refers to 'perverse practices designed to give a false impression of improved performance' (Patrick, 2011, p. 199). By this, it means that corruption always has an intention, which also means that people are conscious of the practices or deliberate (Radnor, 2008). Yet, the definition offered by the author also shows that corruption has aims or objectives, which in this case, do not always negative (i.e. improving performance); but then again, always for the advantage of personal interest and less about public interest (i.e. deliberately falsify achievements).

In similar vein, Martin *et al.* (2009) argues that one of the conditions that contributes to the occurrence of corruption is changes in organisations. Further, the authors put forward that triggers of change, both internal (that are restructuring, advancement of technology and performance gaps) and external triggers (such as changes in regulations and tighter competition) may alleviate the possibilities of individuals in organisations to conduct corruption. These existing works on corruption and organisational change investigate the phenomena from the perspective of how corruption is being normalised or

institutionalised in organisations that it becomes a common practice, or even, routine.

As this study employs territoriality as its lens to frame the analysis, it is important to discuss the concept of organisational territoriality.

### **2.3. ORGANISATIONAL TERRITORIALITY**

This aim of this section is to discuss the concept of organisational territoriality. The concept of territoriality is originally from animal behaviour, with territory is understood as area to be marked and defended (Edney, 1974; Lyman and Scott, 1967).

The movement toward a more modern approach to territoriality is characterised by the idea that territories or spaces are socially constructed. One seminal work of Lefebvre (1991) with 'The Production of Space' provides a major influence on how 'space' is produced and experienced in the context of modern human territoriality. Regardless the use of the term 'space' rather than territories or territories, Lefebvre (1991) argues that space is not a static arena, context, or medium. Instead, he argues that space is socially constructed, hence, a social product.

The understanding that territories or areas are socially constructed is built upon the understanding that people practice, plan and give meaning to space. People regard an area to be their space as they undergo some processes. First, space is produced through practice (Lefebvre, 1991), in which people base their activities in some particular areas, which means that there are particular distance to define an area. In this context, as emphasised by Taylor and Spicer (2007), as distance, space is measurable and its perimeter can be defined. In addition, as people conduct their activities, they use resources available for them in the areas (Lefebvre, 1991), which resonates the idea that physical areas are worthy as they

have economic values (Cashdan, 1983). This process determines how people define their space, architecturally or physically (Laurence *et al.*, 2013), as well as how space is conceptualised and conceived according to an intended or projected identity (Wasserman, 2011).

Second, space is also created as people plan to do things with and within the area. By planning, areas are divided, shaped and aimed to be used for certain reasons or purposes (Lefebvre, 1991). Space is produced through presenting both artefacts and gestures, depending on the purpose the space is intended to serve (Wasserman, 2011). In this context, space can be considered as a representation of power relation, which refers to the issue of domination as it shows how structural relationships within organisations are shown (Taylor and Spicer, 2007). Rather similarly, Gaventa (2006) provides an analysis of power in relation to issues of space. He analyses power by proposing 'power cube' that relates levels of power with spaces of engagement and forms of power. He argues that 'dynamics of power depend very much on the type of space in which it is found, the level at which it operates and the form it takes' (Gaventa, 2006, p. 30). Within these elements, there are certain structures. For example, within spaces, there are closed spaces, invited spaces and claimed/created spaces, each of which has different social structures defining who resides within the particular spaces. Furthermore, for a change to take place, individuals or organisations need to understand how to align these elements together. Likewise, changes in space arrangement can also affect perceived power dynamics within work context as shown in Laurence *et al.* (2013), who integrate the idea of space produced through practices and how space reflects power relations. In their study, Laurence *et al.* (2013) find that the way people experiencing their workspace, including how it is designed, can affect the way they consider encroachment to their territories. Whilst this still reflects the idea of space as of physical space, their study reveals not only psychological attachment to workspace but also emotional attachment, in which people are more likely to

experience stress and dissatisfaction if they perceive that the boundaries of their territories representing privacy are infringed by external parties. This reflects both anthropological and sociological perspectives that territoriality does not only manage access to one particular territories or space, but also defines the social structure within territories.

Third, space is produced by creating meaning on it. Compared to the other two processes, the third process is interpretive in nature as people give meaning, symbolically, to an area. Mirroring Lefebvre's work, for Taylor and Spicer (2007) space is a form of people experience, which denotes how people understand and interpret space, which fits with how Lefebvre (1991) associates the production of space by how people imagine and how it can be represented through almost virtually anything, such as literature or symbols in arts. Many works on territorial and territoriality that taking place in organisations observe this process, for example is Brown (2009), who studies how people claim a space in a workplace as such particular space is perceived to be meaningful for them. People are observed to struggle for spaces in organisations constantly and such struggles are more discernible whenever changes, although not necessarily spatial changes, take place (Spicer and Taylor, 2006). This shows that space is actually never empty and interest-free as people build attachment and give meaning to the space they live or experience within.

Whilst it shows a shift from old school of territoriality, which mostly about human nature for survival and domination, both works are still very much attached to physical space. It requires those who study territoriality to consider all aspects rather than focusing only on physical space as representation of practices/distance and power relations/planning. It lends the idea that further studies are needed to investigate territoriality in other aspects, especially non-tangible aspects, such as ideas, roles, or responsibilities. On the other hand, it

sheds light on the needs to understand how people give meaning to space, which also underline the existence of symbolic aspect of space.

Bringing the gap in the literature, insights from some works provide a rather different understanding on how territoriality is understood as it becomes more abstract, yet, significantly represents that territories and territoriality are social constructions. In their introduction paper to the special issue of territorial organisation in *Culture and Organisation*, Maréchal *et al.* (2013) argue that whilst territories and territoriality can still be associated with physical spaces, which resonates the ideas of classical territoriality works such as those of Ardrey (1967) and Lefebvre (1991), 'these can be freed from the confines of space and place' (p. 186). It denotes more subtle substances such as the importance of attachments, culture and also organisational identities.

Territoriality is not only about defending space, regardless that space is physical or non-physical; instead, territoriality is also about how people are connected, both with their territories as well as with their fellow members of territories. It means that territories also have social roles (Ittelson *et al.*, 1974) as well as socially constructed (Brown *et al.*, 2005). This notion differentiates human from animal territoriality. In this context, individuals do not have to physically own particular objects to possess or have direct relationship with the object (Bencherki and Cooren, 2011), as a 'mere association' representing a sense of belongingness is suffice (Mayhew *et al.*, 2007, p. 478). A work of Thom-Santelli *et al.* (2009), who investigate collaborative authoring, shows that territoriality can be sourced from attachment to ideas and perceived seniority in online collaboration setting as well as Reebye *et al.* (2002) on the territoriality amongst doctors and pharmacists, offer good cases on this matter.

Being attached to territories lead to the need to protect the territories. As people consider themselves as the 'owner' of a space, they attempt to protect

the spaces by marking, personalising and guarding them against intrusions or encroachment (Bourg and Castel, 2011). On one hand, this represents the notion of control and power over the territories. On the other, when an individual imposes a control over territory and the territory is protected, no other entities are supposed to enter the territory. Consequently, this creates a boundary for privacy as well as solitude, which refers to the idea of no social interactions.

Territories are also matter as they have meanings to the owners. In the context of spatial arrangement, as argued by Matei *et al.* (2001, p. 434), the images of territories are not only determined by 'instrumental-personal orientation goals, but they also carry cultural meaning in a discursive community". Related to this matter, Maréchal *et al.* (2013) discuss the issues of mapping and landscaping and psychosocial space, which are argued to represent micro-level territoriality and how they relates to the meaning given by people interacting with each other. Psychosocial can also be understood as how people give subjective evaluations about their territories based on how they experience the place physically and socially (Bourg and Castel, 2011). This notion of psychosocial is influenced by the seminal work of Deleuze and Guattari (1980) which denotes that territory does not necessarily refer to physical areas or location; instead, territories are created through interaction amongst groups of entities, including human.

In addition, by elaborating different levels of territorial manifestations, including geopolitics field and issues of national sovereignty (Cuttitta, 2006) and boundaries of the states (Smith, 2005), they put forward that borders are not always materials and rigid; instead, borders and thus territories are flexible and dynamic.

These existing studies provide a robust justification on the need to investigate how organisations can serve as territories and thus, provides dynamic medium for understanding territoriality practices, whilst at the same time, also help

identifying potential gaps. The review also found that although the existing works, such as Maréchal *et al.* (2013), Reebye *et al.* (2002), and Thom-Santelli *et al.* (2009), who respectively explain the context of territorialisation in network organisations, inter-professions, and individual collaborations, they do not seem to elaborate much on the context of inter-organisational collaboration or coordination. Interorganisational relation is notably a complex phenomenon (Benson, 1975), as it involves arrangements between organisations or entities both public and private sectors (Rodríguez *et al.*, 2007), which do not necessarily have similar power (Benson, 1975), equal access to resources (Aldrich, 1976), level of trust (Seppänen *et al.*, 2007), and also involve organisational identities that can be different from each other (Van De Ven, 1976). It gets complicated, especially when the boundaries of organisational domains are not clear (Ranade and Hudson, 2003), which can lead to conflicts amongst involved organisations (Aldrich, 1971). In addition, combining literature on territoriality and interorganisational relations, the context of public sector, which by all means is as complex as the private sector setting, is neither much elaborated. This can be identified as a gap that demands for further works.

### **2.3.1. Territorial Boundaries and Its Importance on Territoriality**

In spite of the fact that territorial can be both abstract and material, it can be simply understood as bounded space. Thus, boundaries play crucial role as a demarcation between inner and outer territories. This section discusses issues related to boundaries, especially on its functions, changing boundaries and also accessing boundaries of a territory. The next subsection reviews the functions of boundaries.

### **2.3.1.1. *Functions of Boundaries***

Boundaries are imperative for organisations, especially in relation to how organisations define their core functions and responsibility (Kettl, 2006). In general, this review found that boundaries serve many functions; yet, it can be grouped into two different, yet, complementing aspects. The first one is that boundaries as separators between organisations as a system and their environments. They act as a demarcation as well as defining perimeters. The second one is as interaction spaces between organisations and their environment, which they act as interface and frontier. The importance of boundaries is alleviated, as organisations get more complex due to changes in their structural arrangement and technological advancement.

The most common association of the function of a boundary is as a demarcation and perimeter definition. As a demarcation, boundaries can be seen as a line separating and differentiating the inner and outer parts of a territory (Marshall, 2003); whilst as the perimeter of a domain (Yan and Louis, 1999), boundaries can act as a 'defense' mechanism, which control both the access and rights of relevant groups to the territory (Cashdan, 1983, p. 49). In this sense, boundaries 'separate a system from its environment' (Schneider, 1987, p. 379), which includes both physical space and social aspects (Edney, 1974). Boundaries are seen as divider that also serves as a differentiator between those within territories and those outside of the territories. As an implication, interaction between systems with their environment seems to be less possible due to the nature of boundaries as dividers.

Although denoting almost similar functions of boundaries on territorial establishment, boundaries as a demarcation and perimeter have rather different implications. As perimeter, it implies that boundaries protect the territories of organisations from external parties (Yan and Louis, 1999). Maintaining boundaries as a perimeter is crucial to ensure that there are no potential

disturbances as organisations need resources from as well as potentially provide inputs or resources to their environment (Friedlander, 1987). Boundaries serve more as a protection to organisations from dysfunctional impacts from environment, such as disturbances of resources, which according to the Resource-based Theory, resources, both tangible and intangible are important for facilitating growth and determining the direction of the expansion pursued by organisations (Penrose *et al.*, 2009). Moreover, being perimeters, boundaries facilitate organisations to conduct their primary activities within those perimeters (Lane, 1997). Meanwhile, as demarcation, boundaries create differences amongst entities (Santos and Eisenhardt, 2005, p. 491). Organisations operate differently, which are manifested through different identities (Dutton *et al.*, 1994) as well as the ways things are done in the organisations (Kogut, 2000). These aspects establish, distinguish and regulate the context of relationship between organisations from other entities in their environment.

Taking it into the context of collaboration and interorganisational relationship, the roles of boundaries as a demarcation is alleviated. Boundaries are found to define organisations' missions, which do not only establish the purpose of which organisations need to pursue, but also determine areas outside organisations' responsibility (Kettl, 2006) or 'domains' (Gray and Hay, 1986, p. 96). By this, resources, capacity as well as accountability of organisations in dealing with their missions are also defined by their organisational boundaries. However, whilst resources are established through boundaries, when it comes to collaboration setting, managing personnel or human resource can be challenging. One of the issues related to that matter is membership. Memberships become problematic in interorganisational relation, and boundaries are argued to govern the membership of the groups (Aldrich, 1971). In this context, boundaries delineate 'memberships' by defining who belongs to which groups (Thom-Santelli, 2010, p. 22) and accordingly, separate individuals or groups within territories from

outsiders (Aldrich, 1971). It creates 'otherness' (Hernes, 2003, p. 39) and objectify 'social differences manifested in unequal distribution of resources (material and nonmaterial) and social opportunities' (Lamont and Molnár, 2002, p. 168). Such differentiation leads to a situation where relationship is 'open' or 'closed' for others to be included as in-groups or out-groups members (Weber, 2009, p. 139).

Thus, it is understood that boundaries have a propensity to differentiate insiders and outsiders by determining different characteristics between the two parts, hence, establishing different identities. This resonates the notion of identity development amongst members (Harvey, 1990). Whilst maintaining clear identity is argued to help with organisational cohesiveness, strong attachment to identity might lead to failure in establishing new identity, especially in the case of organisational change (Hernes, 2003). This is to be discussed in Section 2.4.2 regarding territoriality and its manifestation.

On a contrasting view, the review finds that boundaries also have different functions, namely interface and frontier that actually mediate the interactions between a system and its environment. From the system theory as well as from the resource dependence perspective, boundaries delineate and limit the scope of organisations, which end when the external environment starts (Miller and Rice, 1967; Pfeffer and Salancik, 2003). As either interface or frontier, boundaries seem to be an arena where interactions between organisations and their environments take places (Hernes and Paulsen, 2003). As an interface, the function of organisational boundaries is as a hub of 'interdependent relations and cross-boundary transactions' amongst systems in environment; whilst as a frontier, boundaries serve as 'marketplaces' where the transactions between organisations and environment take place (Yan and Louis, 1999, p. 29). Being interface, boundaries can be seen as membranes that have pores where information and communication can flow in and out across boundaries

(Friedlander, 1987); whilst as frontier, boundaries are gateways for organisations to access resources needed for the operational of organisations (Hernes and Paulsen, 2003).

Thus, rather than being a static divider between systems and their environment, being frontier and interface positions boundaries as instrumentally important in facilitating the interaction and the exchanges of resources between a system and its environment. In this context, boundary is permeable, which allows external parties to stretch beyond usual boundaries, which means that the boundaries are potentially accessible to other parties (Mishna *et al.*, 2012). Thus, it can be drawn from this explanation that boundaries, which can be non-physical, govern the access to the territories as well as serve as dynamic medium for the interaction between an organisation and its environment.

The understanding that boundaries act an arena of interaction means that boundaries are accessible by external parties or environment. As argued by Thoenig (2006), interaction with outsiders does not take place if there is no access to a territory. Whilst the interaction can be beneficial for organisations in terms of resource flows, boundaries as interactional space are also embedded with potential problems. In the context of interorganisational relationship, boundaries determine interorganisational domains (Gray and Hay, 1986, p. 96), or 'interorganisational space' (Rodríguez *et al.*, 2003, p. 152), which means that the involved organisations share the same interests toward undividable or conjoined problems (Gray and Hay, 1986). Although by engaging in collaboration may help to solve problems, boundaries of a domain may be unclear or vaguely defined (Lane, 1997), which potentially results in jurisdiction conflict as organisations may cross over the boundaries of authorities (Thoenig, 2006). To further explore the concept, the next section discusses boundaries access, an important aspect to investigate territoriality.

### **2.3.1.2. Accessing Territories**

Despite differences in the functions of boundaries as territorial separators or interactional space, most studies agree that boundaries define access to territories. As argued by Aldrich (1971, p. 283), as 'boundary maintaining systems', through its boundaries, an organisation is able to determine not only their perimeters, but also to set the criteria of eligibility to enter the domains. These criteria are found to depend on the characteristics of the territories, including types (Thom-Santelli, 2010) and also levels (Schneider, 1987).

Whilst different authors define types and levels of territories differently, the smaller and more personal a territory, the access is more restricted. For example, by types, there are commonly three types, including for example, public territories, home territories, interactional or free territories and body territories (Edney, 1974, p. 963; Lyman and Scott, 1967, p. 237); amongst these types, as argued by Lyman and Scott (1967, p. 241), body territory is the most personal and covers the area of human body, which for other authors, such as Peterson (1975), does not only include their body territories but also their personal space, which includes spaces surrounding their body. This implies that access to touch or even to view individual's personal space --especially their body-- is strictly restricted. However, as it is regulated, laws and regulations can make individuals' personal space accessible to other people. Marriage, for example, grants individuals to legally access their spouses' personal body, which in this sense, is stated to be converted into 'home territories' (Lyman and Scott, 1967; Pierce *et al.*, 2001). Home territories are territories accessible to 'regular participants' (Lyman and Scott, 1967, p. 238). In this sense, territories involves not only physical space, but also function as social space (Edney, 1974).

Similarly, in organisational context, access to territories is also determined by whether an individual belongs to a group or not. As argued by Hernes and Paulsen (2003), it is not possible to discuss groups of people or even

organisations without acknowledging that there are boundaries surround them. Understanding group boundaries implies the need for understanding an individual in relation to a group as well as relations between groups (Schneider, 1987). This means that for individuals, they need to see themselves as part of the group along with the consequences of being subjected to group norms and values as acquiring membership in a group entails negotiating individual boundaries. Members should see themselves as part of this group and accept being controlled by group norms (Schneider, 1987). This negotiation is reflected through individuals' endeavours to reaffirm their individuals' boundaries and autonomy by challenging the rules of the group. Whilst the integrity and coherence of the group develop, the boundaries between members of the group are decreased and the boundary between this group and other groups is enhanced and gets better defined.

Related to the notion of autonomy, Wilson (1989) discusses it as a turf, which to some extent, is worth to defend. Citing Selznick's definition on autonomy – 'condition of independence sufficient to permit a group to work out and maintain a distinctive identity', Wilson (1989) notes that autonomy has two aspects, internal and external. Internal aspects of autonomy relate to the roles or responsibilities of agencies, or their mission. In other words, autonomy stands for agency's ability to do its reasons for being. As for external aspect, autonomy or turf or 'independence' can be understood as 'jurisdiction' or 'domain' (Wilson, 1989, p. 182). Further, he also argues that having a turf or autonomy, does not make an agency or a government executive to have full freedom to do what he or she wish(es); yet, autonomy reflects an agency's 'undisputed jurisdiction' (p.183). This means that for agencies or public sector organisations to have such autonomy, they need to have what they perceive as areas of responsibilities or their domains. This, to some extent, reflects what territories or territorials are.

The identification of who belongs to the group and who does not, matters, despite that the group itself can be either permanent or *ad-hoc* based or temporarily established groups. In this context, territories can be interaction or so-called as free territories, which denote for social gathering areas (Edney, 1974; Lyman and Scott, 1967). An example for interactional territories is temporary chat groups exist during a party, which as partygoers walk around the venue, they meet people, talk in-group, detach themselves from the group, walk around and engage in different conversation with different groups of people. This conforms to the idea that of territoriality to go beyond space or place, as it involves dynamic interaction as a setting of territory (Deleuze and Guattari, 1980).

At organisational level boundaries, the arrangement becomes more complicated as there are more multi-layered territories that individuals need to deal with (Hernes and Paulsen, 2003). These boundaries are not always clearly defined. In addition to both individual and group level territories, people may also experience network or interorganisational level boundaries (Hernes and Paulsen, 2003). Organisations interact with their environment, which one of the ways to do it is through working collaboratively with other organisations. As stated previously, boundaries do not only separate a system from its environment as well as protect it (Lane, 1997); it also acts as interface for interaction between a system and its environment (Yan and Louis, 1999). Consequently, as there is an interaction, there is also possibility to cross over a boundary from either side of the interaction, from the organisation or the environment. Usually, this is caused by unclear boundaries (Brown et al., 2005). Whilst this denotes the importance of maintaining boundaries, interacting with other organisations may also result in boundary change. The following subsection discusses how territorial boundaries change.

### ***2.3.1.3. Changing Territorial Boundaries***

Within a context of collaboration, boundaries are imperative for the processes (Kettl, 2006). Organisations are established for specific aims and hence, strive to achieve their objectives, which to do that, they need to survive and maintain themselves. As living organisms (Lyman and Scott, 1967), organisations can die when they cannot maintain themselves in their environments, and one of the causes to die is the inability of their boundaries to protect the organisations from their environments (Lane, 1997; Yan and Louis, 1999). Organisations need to balance their decision between strengthening their boundaries so that they maintain their independence and at the same time, to loosen up their boundaries to ensure that flows of resources into the organisations are maintained. Such decision is based on several considerations, including efficiency (Roberts and Royston, 1997), power, resources or competence and identity power (Santos and Eisenhardt, 2005). Changes in one of these considerations result in changing boundaries, which consequently affects organisations' standpoint toward their environments, whether to be more open or not. This provides insight to the reasons underlying organisations' decision to collaborate with other organisations (Farmakopoulou, 2002).

Three of these perspectives, namely efficiency, power and resources relate to economic reasoning, although each differs slightly on the emphases given. From the perspective of efficiency, organisations are seen as efficiency-seeking organisms (Roberts and Royston, 1997) as well as governance mechanism (Santos and Eisenhardt, 2005), which ensures that all activities conducted within their boundaries are efficient. This follows economic reasoning, which from the transaction cost theory, organisations need to focus on efficiency (Williamson, 1981, p. 549). Meanwhile, from power perspective, organisations aim to improve their performance by exercising power and reducing uncertainty by imposing control over external environment (Santos and Eisenhardt, 2005). Boundaries of

organisations are changed as organisations decide to establish control over their external environment through increasing power or reducing dependence (Pfeffer and Salancik, 2003). As from resource perspective, it views organisation as a bundle of resources so that the optimal value of the firm depends on the value of resources that the organisations possess and that organisations may change their boundaries to help with optimising their values (Santos and Eisenhardt, 2005).

Whilst these three perspectives emphasising on economic reasons, they have different implications from one to another. Compared to the other two, efficiency perspective emphasises the needs for efficient operations that boundaries, in this term, represents interfaces that make it possible for efficient-based transactions to take place (Coase, 1991). Organisations may initiate collaboration with other organisations as they find that their internal efficiency in conducting activities is lower than sourcing it externally that networking becomes an alternative. This is in contrast with resource-based view, which aims for growth that organisations' decision to collaborate with others depending on their assessment whether the potential resources competently support organisations' competitive advantages. As for power perspective, the focus is on autonomy, which consequently, the focal point would be in the relationship itself, which means those organisations need to balance their independence and interdependence.

Compared to the first three, identity perspective brings social emphasis rather than economic one. Boundaries demarcate organisational identity, which refers to mind-set and coherence (Santos and Eisenhardt, 2005). Its main idea is that boundaries are established to 'achieve coherence between the identity of the organization and its activities', or in other words, boundaries answer the question of 'who we are' as an organisation (Santos and Eisenhardt, 2005, p. 500). This is also inline with what Wilson (1989, p. 182) emphasises as internal aspect of autonomy, which is related to the perceived and identity or the mission

of an agency shared by members of organisations. This creates identity and strong sense of mission.

This type of boundaries is also understood as mental boundaries, which somehow creates a 'mental fence' for individuals to make sense about the world (Hernes, 2003, p. 39). Boundaries of organisations are important in shaping how organisations make sense of phenomena in their environments (Weick, 1995). This concept is derived from two theories; one is organisational identity emphasising on the references of values and norms that establish organisational characters (Elsbach and Kramer, 1996), and two is managerial cognition explaining about how managers interpret the social phenomenon and determine their actions based on their cognition or interpretation (Walsh, 1995). Identity itself is argued to dynamically evolve over time and influenced by various factors, such as interactions amongst members and environments, as shown with the case of Scottish manufacturers (Porac *et al.*, 1989) as well as from the institutional founders' belief (Kimberly, 1979). Hence, reiterating from previous discussion, it can be implied that boundaries change as organisations attempt to reduce gaps or ambiguity resulted from incoherence between organisational identity and activities. In addition, the way individuals interpret the phenomena taking places in organisations and environments influence the way they take actions with regard to redefine the boundaries.

This thesis takes a stance to employ these boundaries concepts not as competing alternatives, but as an integrative framework that helps to frame its analysis. By taking it as an integrative framework, it helps to understand how organisations position themselves within the context of interorganisational collaboration. This aligns with the idea argued by Lamont and Molnár (2002) that understanding boundaries provide valuable insights to frame related phenomena in organisations, such as territorialisation, which becomes a focus of this study.

### **2.3.2. Territorialisation and Deterritorialisation Process**

Most studies on territoriality are often associated it as active behaviour of marking and defending a territory, which whilst the territory intended can be as physically exist as a working desk or as abstract as relationships, the emphasis is on the ownership or psychological attachment. This, at the same time, fails to acknowledge the importance of how territorialisation process takes place. This next section explains the process.

#### **2.3.2.1. Territorialisation**

Semantically, territory has a literal meaning of 'land', which is originated from Latin word of 'territorium' and is originally used to denote Roman jurisdiction of towns (Hornby and Turnbull, 2010). A French word '*terroir*', which is stated not to have a suitable English translation (Barham, 2003; Tomasik, 2001), is also commonly used in discussing territories and territoriality (i.e Barham, 2003; Maréchal *et al.*, 2013). This word also connotatively means 'location', which leads to where one comes from or origin (Maréchal *et al.*, 2013). This implies that 'territory' has a sense of attachment to a place providing specific characterisations of those associated with particular territories. Following Maréchal *et al.* (2013), '*terroir*' is considered to have two different connotations, which are discursive and symbolic connotations. The authors consider that territory can have material effect on people behaviour. This means that characteristics attached to a particular territory or locality can potentially affect how people behave in an organisation. At the same time, such term also has a symbolic connotation, which requires deeper investigation, especially on the characteristics of individual, people or human being in order to understand the dynamics of their behaviour. This represents a metaphorical way to combine micro aspect of both material and symbolic meaning of territory to explore the interconnection of beings (Maréchal *et al.*, 2013).

Meanwhile, Deleuze and Guattari (1980) provide alternative understanding on territory, which quoting Maréchal *et al.* (2013, p. 199) is 'non-originary'. Through this understanding, Deleuze and Guattari shift the understanding of territories into a more abstract state by involving psychological perspective and a more process-based view to understand the term 'territory'. For the authors, a territory reflects a state where an entity or an individual feel that they own such areas that make them feel comfortable with (Maréchal *et al.*, 2013). Territories are seen to be 'constructed outcomes the cultural process of territorialisation and deterritorialisation' (Maréchal *et al.*, 2013, p. 199). This means that whilst territorial or territory is still related to space or area, its existence is not rigid and only attached or belonged to one geographical place. Instead, territories are created through interaction within entities in groups, which then provides the group with a sense of home or feeling comfortable and stable regardless the group are nomadic or moving around (Maréchal *et al.*, 2013, p. 199). In this regard, Deleuze and Guattari (1980) seem to add a character of mobility in the concept of territory; yet, they maintain the idea that a territory is a state in which entities reside within, literally or symbolically, perceive that they have control over as well as feel secure and comfort.

As territory is a psychological state and territorialisation is a construction of territories through interaction and mobile in nature; a question is raised, how ones can maintain territory or to what extent the process of territorialisation takes place? Deleuze and Guattari (1980) offer an understanding of such process by extending the concept of territory to include the idea of deterritorialisation and reterritorialisation. As entities within a group interact, the interaction creates a bond amongst those entities, which to some extent represent group dynamics. Thus, should there be any fluctuation or variable movement or changes in group dynamics or group relationship, a constructed territory is shaken. As stated by Maréchal *et al.* (2013), such condition may reflect the

process of deterritorialisation and reterritorialisation. Presented in section 2.3.3.2 is deterritorialisation and reterritorialisation.

### **2.3.2.2. *Deterritorialisation and Reterritorialisation***

Deterritorialisation can simply be understood as the opposite of territorialisation process; thus, instead of constructing a territory, deterritorialisation can be associated with breaking down a territory or detach one's association with a particular territory. Meanwhile, reterritorialisation can be seen as similar to territorialisation, only that reterritorialisation takes place –usually– after deterritorialisation. Hence, reterritorialisation means that a territory is formed again, psychologically.

In the context of geographical territories, the importance of deterritorialisation is signified due to globalisation issues (Capling and Nossal, 2001), which to some extent, is argued to discount the importance of locations or territories (Banerjee and Linstead, 2001). As in the context offered by Deleuze and Guattari (1980), deterritorialisation is removal of control toward one's territory. Territorialisation and reterritorialisation –which is basically a follow-up, yet, counter-process of deterritorialisation, are meant to assemble or group entities and at the same time, create distances between two different entities (Paquette and Lacassagne, 2013), deterritorialisation –on the other hands- refers to the efforts of eliminating identifier or differences of involved entities (Maréchal *et al.*, 2013).

As deterritorialisation reflects detachment to an entity, it means that it results in looseness between entities or between entities with their territories. Following Maréchal *et al.* (2013), deterritorialisation has an implication of mobility in a sense that a cultural object may not have any attachment anymore with its original space or time. A study conducted by Collins (2002) provides an example of deterritorialisation of workers. Globalisation is found to cause workers not to

be attached to any firms or their employers regardless whether the workers move or not. Deterritorialisation is an intentional action by business organisations, as they tend to move from place to place. Similar argument is also shared by Banerjee and Linstead (2001), who emphasise on global organisations' operational mode that continuously moving from place to place. Such movement represents deterritorialisation and results in no attachment to local culture. In fact, such deterritorialisation practices contribute to minimum intervention from external parties to change organisational culture, including their values and beliefs as organisations minimise building territories in each different countries. In short, it can be stated that detachment to a territory makes it possible for organisations to move on.

Rather differently, Ewalt and Ohl (2013) observe deterritorialisation from the diaspora theory by focusing on soldiers experiencing movement between social and material territories. They argue that deterritorialisation lead to diaspora of identity or multi-territories attachment (Ewalt and Ohl, 2013). Soldiers' experiences provide an example that there are moments where individual identity of the soldiers is bound to multiple territories, not in turns, but simultaneously. Such condition is possible as being a soldier; one is subjected to continuous movement or transfer amongst military organisations and also geographical location for his/her assignments. This affects how an individual soldier negotiates his/her organisational, occupational and also personal identities as he/she moves on or being transferred to various territories, symbolic and material.

As for deterritorialisation, following Deleuze and Guattari (1980, pp. 189-190), it has two main states, which are relative and absolute deterritorialisation.

**‘..that the abstract machine has two very different states: sometimes it is taken up in strata where it brings about deterritorializations that are merely relative, or deterritorialization that are absolute but remain negative; sometimes it is developed on a plane of consistency giving it a ‘diagrammatic’ function, a positive value of deterritorialization, the ability to form new abstract machines.’**

Both kinds of deterritorialisation denotes the process of removing territorial attachment, they are different in their aftermath. Whilst relative deterritorialisation still has possibility to be reterritorialised, it is not true with absolute deterritorialisation, which does not have any possibility to be reterritorialised (Maréchal *et al.*, 2013). Relating it with the notion of change, absolute deterritorialisation may reflect one-way change, in which once an organisation decides to conduct a change, for example on its system, it cannot reverse back to its old system without damaging or breaking down the current system. Sliwa (2009), in her study about post-socialist change, provides an example of how spatial change can be seen a no-turning back experience by those facing it. People have particular ‘mental map’ of the city they live in, and once a change imposed on that particular city, they feel detached with the city. In this sense, it can be seen as a process of absolute deterritorialisation, in which –in spite of the city remains the same city- people do not perceive it as the same city, or as the territory they once knew.

As oppose to deterritorialisation, reterritorialisation is an absolute process, which its process is ‘inflexible and non-open’ (Maréchal *et al.*, 2013). It is inflexible as to be re-territorialise, there must be a certain psychological territorial state that becomes a ground for ones to reterritorialise. Without such ground or territory, the process of reterritorialisation becomes impossible. Deleuze and Guattari (1980) assert that reterritorialisation is not a setback to

where people experience their old territoriality; instead, it is a creation of new territories.

In the context of deterritorialisation and reterritorialisation, these two processes do not really oppose each other. Instead, these terms can co-exist (Holland, 1991). On their theorems of deterritorialisation, Deleuze and Guattari (1980, p. 174) argue that deterritorialisation does not exist alone as ‘there are always at least two terms’. Furthermore, they also emphasise on the aspect of deterritorialisation, intensity and speed. Whilst speed shows how fast ones deterritorialise compared to other elements, the intensity shows the level of deterritorialisation experienced. Relating it to reterritorialisation process, level of deterritorialisation is argued to affect reterritorialisation process. As stated by Deleuze and Guattari (1980, p. 174):

**‘The least deterritorialized (element) reterritorializes on the most deterritorialized’**

This statement emphasises on the importance to recognise the possibility of reterritorialisation, which as discussed in previous paragraph, is represented through relative deterritorialisation. However, what interesting is that the process of reterritorialisation can be done on those impacted by the process of deterritorialisation. In this sense, as stated by Holland (1991, p. 59), ‘deterritorialisation involves a ‘double becoming’, where one deterritorialized element serves as a new territory for another deterritorialized element’. This means that when a psychological territory is fully deterritorialized, it deconstructs the whole territory, which also means that control over the territory is removed completely and attachment to any identity or locality characters are also removed. This condition creates a facility for those less deterritorialized to reconstruct a territory on the deconstructed area. An example is given from the perspective of political economics and economic geographies, deterritorialisation as a process of globalisation, does not

necessarily eliminate locality; instead, deterritorialisation may encourage reinforcement of locals to maintain its characters (Capling and Nossal, 2001; Cox, 1997). Deterritorialisation may cause the removal of barriers to export or import goods and improve locational substitutability; yet, such process is also argued to bring about forces for locals to territorialise --to increase their commitments to local place and products-- by enhancing the quality of local goods that leads to competitive advantage (Storper, 1997). This shows that deterritorialisation and territorialise/reterritorialisation is dual processes that are not to be understood as disconnected or separable processes.

### **2.3.3. Summary**

From the discussion in this section (2.3), several points can be drawn. First, boundaries have several functions, including as a separator between organisations and their environments as well as an arena where organisations interact with their environments. Whilst it protects organisations from external influences, boundary serves as a media for organisations to exchange resources with environments. Being a media or arena for interaction, boundaries have a characteristic of being permeable. Second, boundaries are dynamic and can be changed over time. Depending on the focus emphasised by organisations, boundaries are determined differently, based on efficiency, power, competence or organisational identity. Third, in spite of it is flexible, permeable and not necessarily physical; boundary also has a function as a territorial definer. It means that the existence of boundaries determine territories. Marking a territory –by any means- is a way to establish boundaries. Referring back to Section 2.2 on early work on territoriality, entities, including animal and even human, may express their defensive behaviour when they perceive that other entities crossing their territorial boundaries. Fourth, there is small number of studies in territories and territoriality that emphasise on the process of

territories construction or deconstruction, or commonly addressed as territorialisation, deterritorialisation and also reterritorialisation. This review finds that such process does not take only in material place but also symbolically, in a psychological state.

#### **2.4. ORGANISATIONAL TERRITORIALITY WITHIN THE CONTEXT OF CHANGE AND INTERORGANISATIONAL COLLABORATION**

Review of literature shows that there are only small numbers of studies focusing on organisational territoriality, which make it a growing area for conducting research (Maréchal *et al.*, 2013). Within those studies, most are conducted to investigate territorial behaviour of individuals within the context of single organisation and leave a gap on multi-organisations setting.

Embarking on the idea that life in organisation is mainly territorial (Brown *et al.*, 2005), this study proposes for the need to review territoriality in collaboration as there are multi organisational entities, such as interorganisational collaboration that has become an alternative way of managing organisation (Hardy and Phillips, 1998). Multi organisational setting offers potential for territorial crossing as organisational actors may have different perceptions on what their territories or domains are.

This study does not seek to replicate previous reviews on territoriality and how the concept of territoriality are perceived and evolved. Instead, this review aims to fill the gap in how territoriality is practiced in the context of interorganisational collaboration as well as organisational change. In fact, this review attempts to investigate further by including mandated interorganisational collaboration, a type of collaboration that is established as a non-voluntary processes (Rodríguez *et al.*, 2007). To the extent of my knowledge, there are only few studies elaborating the context of collaboration or networks. Thom-Santelli (2010), for example, investigates territoriality in online collaborative

environment by taking the case of Wikipedia; yet, she focuses on individual contributors rather than organisations. Another studies, whilst it is not directly related to territoriality, it shows how organisations operating in a networked environment and creates what is called as 'interorganisational space' (Rodríguez *et al.*, 2003).

Within the studies integrating the issue of territoriality and interorganisational collaboration or relationship, small numbers of studies investigating organisational change were found. Several issues have been identified through this review, each is perceived to have certain importance to understand how territoriality is manifested in organisation and interorganisational contexts.

#### **2.4.1. Creation of Interorganisational Space**

One important point to be understood within the context of interorganisational collaboration is the creation of interorganisational space (Rodríguez *et al.*, 2003). In an establishment of mandated interorganisational collaboration, all collaborating organisations are needed to be ready for the emergence of interorganisational space (Rodríguez *et al.*, 2003). Space, in this case, can also be understood as territories, --the areas of which collaborating organisations are responsible for. In the context of organisational collaboration or interorganisational networks, a territory of an organisation involved in a network represents an area of responsibilities, roles or functions of the particular organisation (Lyman and Scott, 1967).

With regards to organisational change, the significance to comprehend these aspects is signified. As argued by Benson (1975), whilst organisational change in mono organisational setting is complex that it requires coordination of different territories of functions, roles and areas of responsibility, such complexity is

alleviated considerably when dealing with different organisations as boundaries are not always clearly defined.

Rather similar, Wilson (1989) points out that autonomy plays important roles in defining how public organisations can work with their counterparts. Organisations might cooperate or collaborate; at the same time, they will aim to protect for losing the turf (Wilson, 1989). Taking an example about army and unifying the military services, he states that organisations might experience struggles over autonomy, especially when they work with other organisations that share similar tasks or responsibilities (Wilson, 1989, p. 185). An organisation can feel unease as it perceives that it needs to let go its ability to control over resources or tasks. This, according to Wilson (1989), is more about having 'strong sense of mission', which as previously discussed in section 2.3.1.3, rather than aiming to control more or be a larger organisations with more responsibilities. Further, he suggests that to achieve autonomy or in relation with territoriality perspective, --to mark and defend one territories--, it might be better for organisations to avoid dealing with tasks performed by different organisation or fight for maintaining the turf.

Within a network or organisational collaboration, unclear boundaries may lead to less coordinated activities. For one reason, unclear boundaries potentially lead to inefficiency works due to resources redundancy and overlap (Bihari-Axelsson and Axelsson, 2009). On the other hand, literature also notes that whilst it helps to avoid unintended territorial encroachment (Schneider, 1987), setting up rigid boundaries may cause 'excessive differentiation' or fragmentation (Brown *et al.*, 2005) and may restrict entities to act outside their boundaries (Schneider, 1987).

On this ground, Hernes (2003) maintains that the management of boundaries in organisations should be directed either to support integration or differentiation of processes. Yet, as argued by Schneider (1987), these two aspects need to be

managed carefully as differentiation adds to the complexity of a system, which in order to be coherent, integration is needed. It serves as two sides of a coin, which an organisation cannot have one without having another.

## **2.4.2. Dynamic Process within Mandated Interorganisational Collaboration**

Interorganisational relationships are argued to be an arrangement that goes beyond the notion of New Public Management (Hartley, 2005) and reflects what is called as network governance (Evans, 2009). In order to better understand why this occurs, it is then important to discuss the emergence of NPM and its feature, including organisational fragmentation.

### **2.4.2.1. *New Public Management, Post NPM and the Need for Network Governance***

NPM is regarded as a common model of reform movement early adopted by the United Kingdom, United States, and also New Zealand (Gruening, 2001). Later adoption of this movement includes non-English speaking countries, such as mainland Europe countries and developing nations (Borins, 2002b; Chittoo *et al.*, 2009; Manning, 2001; O'Donnell *et al.*, 1999; Sahlin-Andersson, 2001; Schedler and Proeller, 2002).

There is no any clear definition of NPM and it is argued to be a complex, --yet not 'fully established'-- concept (Barzelay, 2002, p. 15; Christensen and Lægheid, 1999). While there are commonalities of ideas offered by various authors, the substances of NPM are not clearly defined. But, its basic idea is to bring ways to manage public organisations closer to the business-style ways of managing private organisations (Dunleavy and Hood, 1994; Rhodes, 1996; Savoie, 1995). The proponents of NPM believe in the superiority of market mechanism taking place in private sector, which urges organisations to constantly improve their

performance in the market for their survival in the competition (Hartley, 2005; Hood, 1991, 1995; O'Donnell *et al.*, 1999; Osborne and Gaebler, 1992; Osborne and Brown, 2011; Savoie, 1995). New Public Management also endorses a shift in managing organisational structure by lessening bureaucratic practice through decentralisation as well as encourages the initiation of new or alternative ways to service delivery through introducing competition and cooperation between public and private organisations (Manning, 2000). In all, Rhodes (1999, p. 341) tries to put it a single –yet, long- sentence as follow:

**'NPM refers to a focus on a management, not policy, and on performance appraisal and efficiency; disaggregating public bureaucracies into agencies which deal with one another on a user pay basis; the use of quasi markets and contracting-out to foster competition; cost-cutting; and a style of management which emphasizes, among other things, output targets, limited term contracts, monetary incentives and freedom to manage'**

in general, there are some points emphasised through NPM, which include (1) inducing a sense of competition in public services, (2) breaking apart or disaggregating public sectors into smaller units to be more manageable than 'monolithic' type of structure, (3) adopting private-sector management practices in managing public sector organisations and (4) more emphasis on resource efficiency by 'do more with less' (Hood, 1991, 1995). The idea of 'do more with less' is argued to be a step taken by most government to improve their productivity and to counter declining trend of their revenues (O'Donnell *et al.*, 1999).

Along its adoption in various countries, one of the main aspects of NPM that has been put into spotlight is the notion of organisational fragmentation, which especially in countries such as the United Kingdom, New Zealand, and also Australia, the notion receives negative feedback (Christensen and Lægheid,

2007). With high competition and strong market orientation, NPM is criticised as such orientation resulted in fragmentation of agencies and civil service disintegration (Christensen and Laegreid, 2011). In dealing with this, the emergence of Post-NPM is seen as a way to minimise the perceived negative effect of NPM, especially related to fragmentation and create common or shared understanding towards organisational norms, goals and objectives (Halligan, 2007).

More specifically, post-NPM reforms are stated to be oriented toward inter-organisational or network governance (Christensen, 2012). By this, the emphasis is given to improve horizontal coordination amongst different agencies or government bodies as well as between governmental agencies with other organisations, from different sectors (Christensen, 2012). Using the term 'joined-up government', Pollitt (2003, p. 35) define it as 'the aspiration to achieve horizontally and vertically co-ordinated thinking and action', which through this arrangement, silo mentality that undermine the roles of other units can be eliminated as well as to improve resource-sharing. Public sector organizations are expected to collaborate and work together with other parties to deliver better public services (Ho, 2002). Under this idea, public administrators are expected to shift their perspective of inward-looking to outward-looking by put this focal point on end-users.

The next section discusses interorganisational collaboration, especially the mandated interorganisational network and the dynamics within.

#### ***2.4.2.2. Mandated Interorganisational Collaboration and Power Dynamics***

Within mandated interorganisational collaboration context, the way collaboration is managed and also the relationship amongst those collaborated become major topics of discussion. The debates on whether such collaboration

need to adopt a clan approach characterised by discussion on how to govern mandated collaborations (for example, Rodríguez *et al.*, 2007). Meanwhile, factors affecting effective collaboration become points of interest in discussions about their relationships (see for example Brummel *et al.*, 2012 on communication mechanism in mandated collaborative bushfire planning group; Grafton *et al.*, 2011 on organisational design for mandated hospital networks). From the review, it can be suggested that both issues are related to the establishment nature of mandated collaborations.

Governing mandated collaborations is argued to be rather different from how it is done in a business setting (Rodríguez *et al.*, 2007). In a business setting, collaborations are based on shared concern (see for example, Grafton *et al.*, 2011 on economic efficiency) and voluntary action (Axelsson and Bihari-Axelsson, 2006; Lawrence *et al.*, 1999). Rather differently, in a public sector organisations setting, collaborations are usually ordered or set up by a third party, which usually has higher-level authority (Rodríguez *et al.*, 2007). Whilst managers of public organisations have currently been exposed to the need for both vertical and horizontal collaboration (Agranoff, 2006), the intention to join mandated interorganisational collaboration may not be voluntary and collaborating organisations might feel that they are pushed to join the collaboration (Rodríguez *et al.*, 2007). Furthermore, in spite of potential advantages for organisations (Rodríguez *et al.*, 2007), as proposed by Gray (1985, p. 929), mandated participation in a collaboration cannot ensure 'conducive' situations that lead to less effective collaboration. In fact, the question of factors affecting effective public is still intriguing (Agranoff, 2007). As for governing mechanisms, authors differ on suggesting what kind of governing mechanism is suitable for mandated interorganisational collaboration, (Rodríguez *et al.*, 2007).

The second aspect is the nature of processes within collaborations. Interorganisational collaboration can be understood as a political process

(Rodríguez *et al.*, 2007). Recalling Benson (1975), the dynamic of interorganisational collaboration or network is determined by interactions amongst actors, players' vested interests and/or values, and also power dynamics amongst actors that determine different strength of influence between players. However, as argued by Knights *et al.* (1993), perspectives emphasising on rather critical aspects of collaboration are often neglected in the interorganisational collaboration literature. Authors, such as Hardy and Phillips (1998) suggest that it is important to also focus on differences amongst collaborating organisations, regarding their interest, goals and even power as it help to comprehend the dynamics of collaboration and potentials of conflicts within a collaboration. For other authors, understanding power within collaborations is important as it helps to define whether power is shared equally amongst collaborating organisations. Although equal distribution of power seems to be an ideal state and is commonly aimed by collaborations (Gray, 1989); such condition might be difficult to achieve in practices (Chen, 2008).

Specific to the notion of power, it is interesting to look at power from both interorganisational perspectives (Benson, 1975 on political economy aspect of interorganisational collaboration; Rodríguez *et al.*, 2007 on governance and power in collaboration) as well as from the view of organisations as interdepartmental systems (see Hickson *et al.*, 1971 for subunit differential power; see Hinings *et al.*, 1974 on different variables related levels of power). As in any power literature, formal authority plays important roles in determining power of an entity. Within an interorganisational collaboration, formal authority means that an entity is given or authorised to make decisions over other collaborating organisations (Hardy and Phillips, 1998). In addition to this formal authority, collaborating organisations with access to resources, especially critical resources, have more power than those that do not own any access to such resources (Hickson *et al.*, 1971). Consequently, organisations with resources may be able to influence the direction of decisions taken in collaborations.

However, literature also notes that organisations can still possess power in spite of no formal authority and no control over resources (Hardy and Phillips, 1998). From critical perspective, especially related to organisational discourse analysis, authors, such as Mumby and Stohl (1991) argue that power can be sourced through discursive legitimacy. This approach, whilst still view the context of power in relations of dominations or hegemony, perceives power as ‘instantiated in the routine discursive practices of everyday organizational life’ (Mumby and Stohl, 1991, p. 315). Through this perspective, domination or hegemony is not perceived as something fixed over time; instead, it is seen as a continuous dialectical process of negotiation of social meaning, which power can be seen through signification of some aspects by way of disarticulating and/or rearticulating process. Following Hardy and Phillips (1998), in the context of interorganisational collaboration or network, an example of discursive legitimacy is shown through how an organisation or an actor can speak on particular issues as well as on the behalf of a collaboration and organisations within that domain, which potentially results in greater influence that those owning resources. The combination of these aspects may affect how relationship within interorganisational collaboration as well as domains within collaboration evolve (Hardy and Phillips, 1998). By domain here, it can also be understood as organisation’s space. Referring back to the discussion on boundaries, both organisational and interorganisational space play important roles in understanding dynamics of interorganisational collaboration.

In addition to these three aspects, this review also finds the importance of understanding dependency as a way to understand power, especially within a context of departmentalised units or organisations. In their works, Hickson *et al.* (1971) offer a rather different view of power in organisations by emphasising on subunit analysis. This view is relatively fit with the notion of interorganisational collaboration by analogising collaborating organisations with subunits. Hickson *et al.* (1971) argue that there are three aspects determining dependency amongst

parts in organisations; hence, define power relations amongst those parts. Given that there are interconnections amongst subunits/collaborating organisations, power relations are contributed by how a subunit coping with uncertainty for other sub-units, substitutability of coping activities, and the centrality of function representing the linkages between one subunit and others (Hickson *et al.*, 1971).

### **2.4.3. Fuzzy Group Membership and Inter-organisational Identity**

Another important issue in interorganisational collaboration literature especially related to territorial and territoriality issue is membership, as defined by how individuals working in collaboration are structured. Usually, these individuals are assigned by their agencies, which imply that they are not independent of their origin agencies. At the same time, these individuals are coordinated by a committee or a superordinate from different agencies, which to some extent, such arrangement represents a matrix structure (Bihari-Axelsson and Axelsson, 2009). This kind of arrangement in a collaboration can potentially lead to a conflict, especially if there are different demands as well as different interests of collaborating organisations (Axelsson and Bihari-Axelsson, 2006). Furthermore, attachment to two different entities, which in the context of collaboration, origin organisation and the collaboration, can create loyalties to both entities that can also lead to an occurrence of conflict (Axelsson and Bihari-Axelsson, 2006; Bihari-Axelsson and Axelsson, 2009).

However, attachment to different entities in collaboration does not only create 'double loyalties' (Bihari-Axelsson and Axelsson, 2009, p. 324), but also possibility of conflicting identities. This review finds that discussion about identities is associated with territories. Most studies in territories and territoriality, especially those related to geopolitics and sovereignty, emphasise that territories define identity (Cuttitta, 2006). Boundaries evolve as people socially construct their

surroundings and elaborate that to their boundaries (Thomas and Hardy, 2011). During this stage, the construction of boundaries includes the process of negotiating individual identity. In similar vein, Herb (1999, p. 10) mentions that territory, as a bounded space, is a vital element in both power and identity as 'only territory provides tangible evidence of the nation's existence and its historical roots, and a nation needs a clearly demarcated national territory to demand its own state'. In organisational scale, several studies, such as Elsbach (2003) on identity threat in non-territorial office spaces, Marshall (2003), on identities in boundaryless organisation and Paulsen (2003) on reorganization and group identities, all argue that identities and territories are related. By this, resounding what explained in section 2.4.1, as territories are basically bounded spaces, regardless their non-physical existences, boundaries are indeed critical.

On the other hand, review of the literature also finds that the functions of boundaries as a distinguisher between insiders and outsiders in interorganisational collaborations do not seem to be simple. Most literature exploring inter-organisational collaboration and identity leads to the discussion about post-merger and new organisational culture/identity establishment (for example, see Clark *et al.*, 2010; Vaara, 2000). In fact, there is lack of literature exploring identity beyond the context of single organisation boundaries (Clark *et al.*, 2010). Hence, although this case study is not about merger or post-merger situation, the insights from the literature are expected to help comprehending the dynamic nature of how individuals within groups in inter-organisational collaboration dealing with day-to-day working and being a part of an integrated office.

Identity is argued to be socially constructed, which means that it depends on actors' interpretations on what differentiate their selves and others. From the perspective of mergers and culture literature, the conflict amongst organisations seems to be more apparent in the context of post-merger, where members of

organisations identified their selves to have different characteristics than other groups from previously different organisations (Vaara, 2000).

In organisational change involving inter-organisational arrangement, members of organisations may understand their identities differently (Van Leeuwen *et al.*, 2003). Members of territories are defined through a combination of various structural organisational levels (vertical structural relationship/hierarchical) and also different functions within organisations (horizontal/lateral) (Lee and Madnick, 1992).

It results in difficulties in identifying members of a territory due to the fuzziness of interaction within organisation, especially as it is influenced by social interactions. As argued by Van Maanen and Barley (1982), social interactions lead to blurriness of values, rationalities as well as work habits in organisations. The implications of such interactions are that there are no parts of organisations, including individuals and groups are fully autonomous, which means that to some extent, they are all related (Lee and Madnick, 1992). In addition, it strengthens the argument presented earlier that those boundaries are dynamics as they are continuously redefined. However, whilst they are all related, it does not mean that individuals or groups share the same goals.

#### **2.4.4. Territorial-Based Rationality**

Quinn and Kimberly 1984, p. 303) argue that the process of changes represents transitions, which 'as they evolve, different emphases on a different combination of values and assumptions may be required'. Individuals in organisations try to 'construe organisational events' as changes take place (Isabella, 1990, p. 7). This implies that the processes of changes are potentially understood differently from time to time and from people to people. People make sense of the change.

Meanwhile, Lee and Madnick (1992, p. 221) in their study about information system integration find that when territorial entities, which are the members of groups in an organisation interact with each other, their territorial rationalities change. They come out with the term 'territorial rationality' and define it as 'a collective perspective, which serves as a philosophical basis or a conceptual lens for decision-making.' The authors argue that territorial rationality is constructed as individuals in organisations may be perceived as 'actors', 'agents', or 'Janus', which determines why they act differently.

Organisational change and information system has been intensely researched, especially in the field of management information system (Markus and Robey, 1988). It is found that the use of advanced information system in digital age change not only the way works are to be done, but also change 'professional relationship' (Mishna *et al.*, 2012, p. 277). In addition, Lee and Madnick (1992) argue that technological change, especially information system, may influence and redesign the structures and processes in organisations. The authors build their study on Miller (1959a) who introduces territory as a spatial dimension of the production process, which used as boundary to categorise or group processes in organisations. Lee and Madnick (1992) expand it by introducing the concept of territorial rationality and territorial entity. Territorial rationality can be seen as 'collective perspective', which is used to frame decision-making process (p.221). It can be understood as an underlying logic. As for territorial entity, it represents a sub-system, functionally or hierarchically, in an organisation. Every organisation may possess many territorial entities. They argue that the advancement of technology, especially related to integration of information system consequently also integrate territorial rationality and may lead to conflicts amongst territorial entities as they might different opinion about the integrated system.

Although sharing a similar focus on territoriality, the current study is different from that of Lee and Madnick (1992). The main difference is on the focus of the study. The current study focuses on the occurrence of territoriality in broad aspects of organisational change within a context of inter-organisational collaboration, whilst Lee and Madnick (1992) emphasise not on organisational change per se, but rather on the integration of information system within different subsystem in an organisation.

Extending the concept offered by Lee and Madnick (1992), this review found that territorial rationality may also be influenced by organisations' or individuals' attachment to their own sectors/division/ department/units. This attachment is argued to affect the way actors define their actions. The concept of attachment can be understood through the notion of psychological ownership, emphasising on the attachment of individuals to various aspects of life (Pierce *et al.*, 2001).

Rather different from previously discussed approaches to territoriality, the perspective of psychology focuses on the feeling of attachment or sense of ownership to any objects. Pierce *et al.* (2001, p. 229) define psychological ownership as '*state in which individuals feel as though the target of ownership (material or immaterial in nature) or a piece of it is 'theirs (i.e., 'It is MINE!')*'. With regard to territoriality, Brown *et al.* (2005, p. 578) indicate that being attached to a certain object is different from having a territorial behaviour as territoriality "is centrally concerned with establishing, communicating, and maintaining one's relationship with that object relative to others in the social environment". In this sense, although territoriality and psychological ownership are not identical concepts, they influence employees' behaviour and share a fundamental concept, which is the attachment to an object.

There are several points can be drawn from this definition. The first one is that psychological ownership involves a feeling implying that possession of objects

may not be necessary for an individual to have attachment feeling. The second one is that the objects can be both physical and non-physical objects, which means that people can feel attach to virtually anything. The third one is that attachment involves claiming behaviour to convey that a particular object is belonged to an individual.

Similar to that of Sack (1983), territoriality involves defensive actions toward certain areas or objects. In this context, objects do not necessarily mean physical ones, as they can also non-material objects, such as works, roles, or even other organisational aspects (Brown *et al.*, 2005). It is argued that this sense of attachment or ownership is driven by three aspects, which are the needs to have self-efficacy, self-identity and the need of security, both psychologically or physically that is usually provided through a place called 'home' or the need to dwell on their own place (Pierce *et al.*, 2003).

#### **2.4.5. Silo Mentality in Public Sector Collaboration**

New Public Management (NPM) brings about changes oh how public sector organisations are managed (Osborne and Gaebler, 1992). Its emphasis on market orientation has brought the need for any measures or tools that can help organisations to improve their ability in delivering services (Berry and Brower, 2005). With regards to this, Salamon (2002) states that in order to improve their quality in service delivery, public sector organisations collaborate with other governmental bodies. In other words, collaborations or working together interdepartmental or intergovernmental bodies become more common for public organisations than before.

Relating collaboration or working with other organisations, one of the notable point is maintaining turf or autonomy (Wilson, 1989). Autonomy gives a sense of independence toward a domain or 'undisputed jurisdiction' (Wilson, 1989, p.

183). This, to some extent, reflects what territories or territorials are. In order to maintain a terroir, an entity needs to make sure that the boundaries of such territories are clearly defined (Kettl, 2006). However, the boundaries of an organisation's territories might be in dispute when an organisation works with another organisation, especially when they share similar works or domains (Ranade and Hudson, 2003).

In addition to conflicting boundaries, literature also notes that in collaboration or networks, one of notable issues relates to the tendency of public sector organisations to have 'silo' mentality or 'silo' thinking (Berry and Brower, 2005). There is no exact definition of 'silo'; yet, silo mentality can be understood as a kind of tunnel vision that may be resulted from organisational boundaries (Christensen and Lægheid, 2007). In a more practical view, silo mentality can be seen as a way of which organisations keep some or great extent of information from their counterparts or partners in collaboration for their own interests (Berry and Brower, 2005). This silo mentality can be eliminated by engaging in whole-government approach that is intended to make government organisations work better collaboratively (Christensen and Lægheid, 2007).

Specific to the literature of public sector organisations and administration in Indonesia context, many studies underline a specific term representing silo mentality, ego-sektoral or sectorial-ego. Some authors attempts to elaborate some understanding on sectorial-ego. For example, Tjhin (2012, p. 312) puts forward that sectorial-ego refers to 'inability of various government institutions to cooperate with each other due to a misplaced sense of pride or authority'. Meanwhile, Mulyani and Jepson (2013) understand the context of sectorial-ego in their study as how different departments or ministries produce laws and argue that each one has better regulations than the other as they construe the laws based on their interests on particular matters.

Other authors also associate sectorial-ego with a condition of network or collaboration. Sectorial-ego is known to be attached to a discussion where different departments are involved (Fanggidae, 2012). In fact, as argued by (Darmosumarto, 2011), sectorial-ego is argued to be noticeable in the context of public policy making or cooperation between public sector organisations, especially related to coordination between organisations. It becomes an embedded characteristic of public sector organisations in Indonesia, or even can be seen to be as a common culture or institutionalised for the way public organisations in Indonesia deal with each other (Bustari and Trisnantoro, 2010). This acknowledges the existence of sectorial-ego at the macro level as it refers to ministries or departmental level down to lower level government. This is inline with the idea that public organisations have their own cultural aspects or features as they adapt to the dynamics process in their internal and external environment and instutionalise the norms resulted from such adaptation (Selznick, 1957). While this sectorial-ego can be seen as part of the common culture, this study does not aim to investigate the dynamic from cultural perspective; instead, this study is keen to frame this phenomenon, if any, from the perspective of territoriality.

#### **2.4.6. Summary**

From the discussion in section 2.4, it can be understood that interorganisational collaboration is very dynamic in nature. This is not only related to the fact that interorganisational collaboration involves multiple organisations or entities, but also to differing nature amongst those involved organisations. The notions of power, identity as well as rationality are found to contribute to the dynamics of relationship amongst collaborating organisations. Whilst existing studies have given valuable insights in understanding such dynamics, questions related to how such dynamic exists in mandated interorganisational collaboration and what

factors affect such dynamic, especially in a context different than western setting, invite for further investigation.

## **2.5. CONCLUSION**

The review conducted in this chapter visited three different bodies of literature, which are territoriality, change and interorganisational collaboration. Main emphasis was given to territoriality, especially on organisational territoriality, whilst both organisational change and interorganisational collaboration, especially that of mandated collaboration, serve as context of territoriality practice taking place in organisations.

In general, what this review can draw is that territoriality is indeed a complex phenomenon. It is not only about defending space, regardless that space is physical or non-physical, territoriality also denotes the ideas of culture and identity attached to the connection between people and what they perceive as their territories. Compared to the existing works on human territoriality, the recent development shows that territoriality is not only about natural human characteristics, but beyond that. It involves not only intention for survival or competition for resources, it is also reflections of human as social entities, which dynamically and continuously interact with each other. It results in the idea that territories and territoriality have not only material aspects as they relate physical spaces or other physical artefacts, but also have symbolic aspects as people give meanings to what they believe to be their territories.

The existing studies show that territoriality is still a growing area of interest in the studies of organisations. This provides a robust justification on the need to investigate how organisations can serve as territories and thus, provides dynamic medium for understanding territoriality practices.

In organisational setting, most studies still associate territoriality with active behaviour of marking and defending one's space. Moreover, in relation to organisational change phenomenon, change is understood to have impact on the way people express territorial behaviour toward their workplaces. Despite the evidence that territoriality exists along with changes, most studies associated it with outcomes of changes in which people felt threatened with how organisational change shifted their work places. Relating it with the context of interorganisational collaboration, territoriality is often depicted as results of different entities (i.e. professions, organisations, or government bodies) working together in the same areas. In this sense, territoriality emerges as part of people behaviour of marking and defending their territories as well as managing orders within such collaboration.

Contemplating on these points, this review poses some intriguing questions. Most of studies on organisational change visit territoriality issues as part of change outcomes or results, not during the process. What happens in the process, does territoriality occur? If it does occur, in what way territorial behaviour takes place? In the case of mandated interorganisational collaboration, in which roles and functions of organisations are predetermined, how does territoriality exist during organisational change? This range of questions demands for further investigation as the existing literature seems lacking on these matters. On this ground, this study aims to embark on exploring the dynamic of change from the perspective of territoriality within a collaboration work by proposing a research question: ***“How is the dynamic of organisational change in interorganisational collaboration from the perspective of territoriality?”***. This is further broken down into three sub-questions, which are (1) How does each contributing organisation play roles in the organisational change?; (2) Why do the organisational changes need to be conducted? and (3) What are the impacts of the organisational changes?

By emphasising on the importance of the dynamics within change, this research highlights the need to engage on the process of change, not only on its outcomes or impacts. The review also shows that there are only small numbers of studies incorporate public sector context, which by no means is as complex as the private sector setting. This, in turn, is identified as a gap in the literature of territoriality that it should be expanded to investigate how territories and territoriality take places in public sector setting. Consequently, research approach needs to be appropriately chosen. The next chapter discusses the research strategies adopted to help answering the research question.

### 3. METHODOLOGY

#### 3.2. INTRODUCTION

This research has three main objectives that are used to guide the investigation. These objectives also define the appropriate method used to find and analyse the information relevant to them. In general, there are three main objectives need to be answered, which are first, **to explore the dynamic interactions amongst the three contributing organisations in implementing change and innovation**; second, **to investigate the reasons of why particular changes or innovation initiatives were conducted by organisations** and third, **to explore the perceived impacts of changes and innovation initiatives on the contributing organisations.**

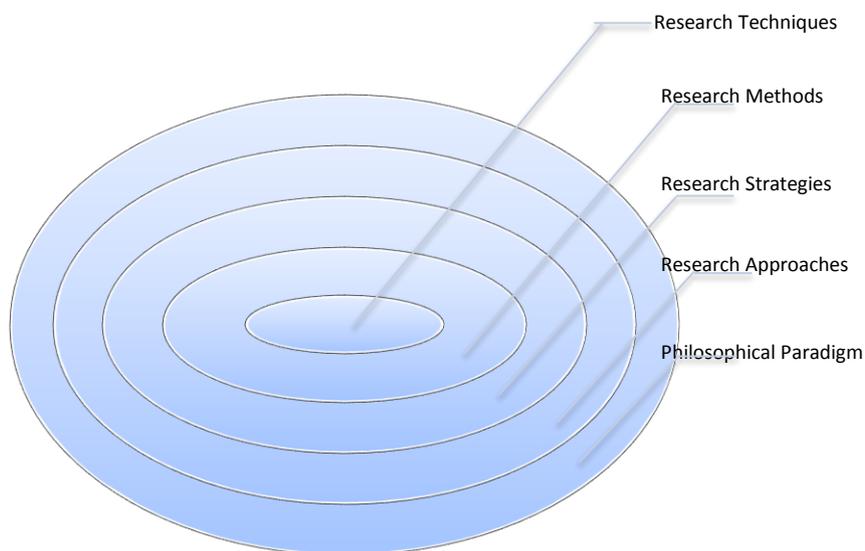
In order to fulfil the objectives of the study, it is important to explore the viewpoint of individuals involved in change process. This is not only because they have first-hands experience in dealing with change programs and are able to share the reasons underlying change as well as how changes are conducted and the impacts on them, but also because those individuals are believed to construct different meanings of changes as they interact with each other within a particular social system.

This, in a nutshell, represents the dynamic complexity of change, which to capture that, qualitative method is deemed to be a valuable approach due to the richness of its data. This method was deemed suitable as it helps to explore contextual explanation as well as situated meaning and reveal prominent issues (Tracy, 2013). More specifically, symbolic interactionism paradigm through a method informed by grounded theory approach was employed as this study believes that people construct the meanings of phenomenon through social interaction, in which they then deal with encountered phenomenon (Crotty,

1998). Hence, it is crucial for this study to understand the dynamics involved in how a mandated interagency collaboration conducting its organisational change and innovation from the perspective of people who work in the organisation.

This methodology chapter delineates overall research process taken in this study. It aims to provide an overview of the methodology employed in this research. In it, argument underlying the chosen research design, in particular the philosophical paradigm, as well as the methods used, research techniques and the data analysis process were explored. Although the chapter is aimed to provide information regarding research process, there are some important points are worthy to note. The first one is related to the nature of data collection that was affected by Indonesian culture of collectivism and the second relates to the evolving nature of interview guidelines that became more specific as the interview period progressed.

**Figure 3-1 A Modified Research Onion**



Source: Modified from Saunders *et al.* (2009, p. 108)

Following the modified research onion framework (Figure 3-1), which is originally developed by Saunders *et al.* (2009), this chapter is organised into several sections, which are philosophical paradigm, research strategy, research

techniques. A reflexive note on the research and research process is also presented. The chapter also delineates detail procedures implemented during data collection as well as data analysis. A conclusion is presented to conclude the chapter.

The next section explores the study's philosophical foundation.

### **3.3. PHILOSOPHICAL PARADIGM**

As a researcher conducting scientific research, an individual has his or her own standpoint on how research should be conducted, which can differ from one person to another. Crotty (1998) argues that the philosophical standpoint of a study is needed to ensure the consistency of the study's chosen research method. Such consistency is represented not only the way a study should be conducted, but also is represented in how the data collected in a study should be analysed and interpreted (Bryman and Bell, 2011). In following this argument, two main aspects of philosophical paradigms are undertaken in this study. The first paradigm is the ontology of the study, which discusses the nature of the reality in the world (Denzin and Lincoln, 2005b). The second paradigm is the epistemology of the study, which explores 'the nature of knowledge' (Archer, 1988, p. 273). These two aspects are employed to understand the researchers' standpoints in examining how the world is to be understood through their research (Easterby-Smith *et al.*, 1991).

#### **3.3.1. Ontology**

The research aimed at investigating how a mandated inter-organisational collaboration conducted changes and the dynamic involves within the context. Moreover, this research was interested in understanding how individuals involved in the change process interpret and give meanings to the changes. Such

process is believed to take place through people interactions in social settings/context that continually changes over time (Tracy, 2013), and tries to understand how people within the context of the study make sense of and give meaning to what happened in the organisation, as well as the dynamics of interaction amongst them. In this sense, it becomes very important for this research to set minimum barriers in dealing with individuals involved in the study as it helps to explore their views and even, their feeling unreservedly (Silverman, 2004). Therefore, this study suggested that people hold the pivotal roles in explaining the phenomena surround them.

To fully comprehend a phenomenon, whilst individual cognition or reflexive account matters, it is important to understand that reality is understood through interaction amongst individual subjective accounts. In this regard, a subjectivist stance was taken as part of the ontological viewpoint, denoting its nature of reality. This means that reality is socially constructed by actors involved in the setting (Archer, 1988). This philosophical stance 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 (Remenyi *et al.*, 1998; Saunders *et al.*, 2009, p. 111).

### **3.3.2. Epistemology**

Epistemologically, there are two common approaches –regardless different names given–, which are positivist and interpretivist paradigm. Positivist believes that science is universal and objective and on the contrary, an interpretivist view emphasises that the world is more socially constructed and thus, subjective (Bryman and Bell, 2011). Whilst positivist view is more associated with quantitative research, interpretivist paradigm is commonly shared by those undertaking qualitative method, which relies on people's account. As argued by Tracy 2013) an individual account is not only a 'representation or mirrors of the

reality' (p. 29), but also represents the way people construct, interpret and give meaning of situations they experienced (Riessman, 1993). This is similar to what shared by Crotty (1998, p. 67) that interpretivism denotes for 'interpretations of the social-life world' by social actors. This underlines the need to understand and analyse 'social action' from the perspective of the people in the context (Tracy, 2013, p. 41). Actors differ in how they perceive and interpret particular phenomena (Saunders *et al.*, 2009). Hence, it is believed that people construct knowledge based on their interpretation as their interaction with the world. In other words, knowledge is subjective to how people interpret, and thus is not value-free, contradicting positivist views which hold that knowledge is value-free (Archer, 1988).

Under this stream of paradigm, this study took symbolic interactionism. This stream understands that people construct and understand the meanings of phenomenon through social interaction, in which they then deal with encountered phenomenon (Crotty, 1998). This study sought to understand the dynamics involved in how a mandated interagency collaboration conducting its organisational change from the perspective of people who work in the organisation. Moreover, the complexity of the organisation is seen to play roles on how people understand a phenomenon, yet, it is not the only factor. Institutional values might also influence how people make sense of the phenomena as they come from different contributing organisations, which might possess different values and beliefs.

### **3.4. RESEARCH STRATEGY**

This section is aimed to present the strategy of research employed in this study, explains the reason underlying the use of qualitative method to help the study answered the research questions. There are –mainly- three basic designs for research based on the aims of study, which are explorative, descriptive and also

causal research (Sekaran and Bougie, 2010). This study is exploratory in nature as it is intended to explore an integrative area of research by elaborating understandings on organisational change and territoriality within the social context of a mandated interorganisational collaboration. Hence, in conducting exploratory study, this research aim to employ research design to understand a phenomenon through taking an interpretivist approach emphasising on individuals' subjective accounts. A qualitative method was chosen as the most suitable method to approach the phenomena as it helps to explore contextual explanation as well as situated meaning and reveal prominent issues (Tracy, 2013). By employing a qualitative method, a more holistic view is expected to be gained as well as a comprehensive understanding of the situation (Huberman and Miles, 1994). Furthermore, words and sentences were heavily relied on in this study, without neglecting the importance of numbers or any other quantitative measurements.

The use of qualitative method in this study was aligned with what suggested by Yin (2009), who states that the choice of method should consider the addressed research question, researcher involvement to the context being studied, and also the nature of the phenomena, whether it is contemporary or historical. Therefore in exploring the reasons underlying why the organisation conducts changes and how it conducts its change programs, an in-depth understanding of how these changes evolved over a period, is required. Hence the focus is rather on how the evolvement of the phenomena is understood and not on the frequency of the incidence taking place during the investigated period (Yin, 2009).

Amongst other strategies such as experimental or historical analysis, a case study is considered to be helpful in comprehending the phenomena investigated. By employing a case study, the researchers is able to reflect on the accounts of organisational members, which are expected not only to count for the context of

the study, but also to help with the context of action and interaction (Bensabat *et al.*, 1987).

### **3.5. RESEARCH TECHNIQUE**

The research technique applied in this study is presented into several parts, which are the research subject, data collection and method of analysis. Research subject is aimed to explain the process involved in selecting and contacting the study organisation. As for data collection, the section describes the way I collected data, which was mainly conducted through snowballing method. The last part of this section is to explain how collected data was analysed using a method informed by grounded theory approach.

#### **3.5.1. Research Subject: Engaging with the Organisation**

In exploring how an interorganisational agency implemented organisational change, this study purposively approached an organisation, which represented the context of interorganisational collaboration. This choice of determining the research setting aligns with the idea that the objective of this study is not to seek for generalisation or 'universal rules' (Aaltio and Heilman, 2010, p. 68). Instead, the objective is to explore the organisational phenomena, which is important to comprehend the case and its specific environmental characteristics.

Furthermore, as argued by Bleijenbergh (2010, p. 61), 'case selection is the rational selection of one or more instances of a phenomenon as the particular subject of research'. Therefore in employing this rational selection, some aspects of the organisation were considered, including first, its characteristics of being a public institution; second, the organisation comprised three collaborating organisations and third, the organisation was understood to engage with several changes and innovation programs over the last thirty years.

Next, the process involved in contacting the organisation in order to get its approval for conducting research and interviewing its members, is described.

#### **3.5.1.1. Identifying the Organisation**

Indonesian Local Governments (ILGs) have experienced considerable autonomy in managing their own regions for more than a decade (Brodjonegoro and Asanuma, 2000; Usman, 2002). Decentralisation is believed to push ILGs to embrace change, be more innovative and responsive to public needs in their regions (Alm *et al.*, 2001). Numbers of research have been conducted on ILGs and emphasised on various aspects of services as well as governance (for example, see Firman, 2009 about ILGs proliferation; Furuholt and Wahid, 2008 for e-government implementation; Usman, 2002 for identified problems). There have been divergent results on whether the policy can achieve its objective. This is argued to be caused by the fact that each ILG has its own distinctive characteristics in terms of assets, population, area of coverage, human capital, and also financial resources (Akbar *et al.*, n.d.). There are, however, over 400 ILGs and studying them all was considered to be problematic due to time and resource constraints.

To limit the scope of the samples, the first step was to narrow the samples by imposing criteria of selection. The study employed purposive sampling methods by seeking out organisations, which are perceived to be able to provide information on particular issues (Denzin and Lincoln, 2005a; Eisenhardt, 1989). Having purposive sampling is also argued to facilitate researchers to engage better in context-fit and information-rich cases (Patton, 2002).

Some criteria of inclusion were established. It was planned that only ILGs that better access to resources on the ground that they were more flexible in implementing policies were chosen. It was also more possible to focus on these

ILGs considering possibilities of access to publicly available information. Most public institutions in Indonesia is known to have limited use of technology in archival and data management that public access to relevant information about public organisations is quite difficult (ANRI, 2010). Additionally, it was also planned to focus only to the ILGs in Java Island, which are closer to Indonesia's capital city, Jakarta and tend to have better access to resources. In Java itself, East Java Province is known to pioneer many public service innovations, both in provincial and local level. Some information referred to the Province of East Java's achievements with regard to innovative services (e.g. KEMENDAGRI, 2010, 2012; MENPAN, 2013; USAID and LGSP, 2009). In addition, in terms of practicality, East Java province is easy to access due to its location. Another important criterion included the existence of innovative practices and gaining recognition for the practices from Central Government and/or other bodies.

There were initially four potential organisations, namely (1) licensing one stop shop unit, (2) community health centre, (3) vehicle taxing, insurance and registration agency, and (4) one regency government, which had fulfilled the criteria set. Each organisation was acknowledged as an innovative organisation by the Government of Indonesia (Arf, 2009; KEMENDAGRI, 2012). Whilst all of these organisations involved inter-organisational collaboration, it was only SAMSAT that has a long-standing, formalised mandated inter-organisational collaboration, which was initiated centrally, yet managed locally. On the consideration that SAMSAT, as a potential organisation was able to provide the most relevant setting for understanding the dynamics of changes in an inter-organisational context, the study decided to approach SAMSAT as its research setting. In order to identify the appropriate setting for the research, previous literature on decentralisation in Indonesia and public service changes were also referred to (see for example Alm *et al.*, 2001; Alm and Bahl, 1999).

### **3.5.1.2. *Gaining Access to the Organisation***

Gaining access to the organisation was not an easy process, as the researcher did not have any affiliation with the potential case organisation. Whilst no attachment to the organisation can provide the opportunity to have a neutral view toward the organisation and its members, access can be a weak point for the researcher. However, previous experience of working with Provincial Government had provided an opening for access for the researcher to the case organisation.

Access to the organisation was made possible through the former Head of DIPENDA, who was also involved in designing several innovative services and changes in different public organisations, including SAMSAT and also Integrated Licensing Services under the Capital Investment Body. The first person contacted was the one 'responsible for authorizing the research' (Flick, 2009, p. 108). The person also served as a main person to contact with regard to get approvals from different authorities in Indonesia. By having the gatekeeper to introduce me to the potential respondents, it helped to build trust between I as the researcher and the respondents, which was I found as a crucial aspect to be able to dig more information from the case organisation (Aaltio and Heilman, 2010, p. 66). Established trust helps to encourage respondents to share information and their perspectives regarding the dynamics as well as the process involved in the particular phenomena under study.

Prior to formal data collection period, the case organisation, SAMSAT, was contacted with a view to seek permission to interview within the organisation. However, it was made clear that all formal processes would be conducted after gaining approval from the University of York's Humanities and Social Sciences Ethics Committee (HSSEC).

### **3.5.1.3. Ethical Approval Process**

The process of gaining ethical approval began in November 2011 by submitting ethics documents to the University of York's Humanities and Social Science Ethics Committee (HSSEC). After the initial evaluation, the application was approved, subject to some mandatory changes. Based on the HSSEC suggestions, revisions were made. The revised application was resubmitted once the research supervisor approved it.

The research project was approved to commence with data collection on February 1, 2012 (Appendix A). Minor concerns with regard to English grammar in the interview guidelines were suggested. Although actual interviews were conducted in Indonesian, suggested revisions were made and agreed by the researcher and former thesis supervisors.

In Indonesia, as the research involved a public organisation, the researcher needed to obtain a security clearance from Badan Kesatuan Bangsa, Politik dan Perlindungan Masyarakat (BaKesBangPol LinMas) or the National Unity, Politics and Public Protection Office. All documents explaining the researcher's affiliation as well as research proposals were submitted for the clearance application. The security clearance provided a legal access to conduct research on a public organisation. The researcher was then granted a six-month period of data collection which could be extended should any further data collection be needed (Appendix B – in Indonesian). Yet, considering some unavoidable situations faced by the researcher, data collection period was extended. Detail of data collection process is presented in next section.

### **3.5.2. Data Collection**

This section can be seen as a protocol for the case study. According to Yin (2010, p. 84), case study protocol delineates the procedures employed in collecting

data, including the process to contact potential respondents, especially 'key informants', ethical consideration and ethic approval for collecting data, interview schedule or guideline and also how the researcher deals with the already collected data and plan for presenting the data in the report. This protocol is deemed necessary for three reasons. First, it is necessary as it guides the researcher in collecting data. Second, should there be any changes during actual data collection, it is easier for the researcher to reflect back on the protocol and make necessary adjustment. Third, it is also necessary to have data collection protocol as it helps to pinpoint any improvement or suggestion for further research or at least, for replication.

This study employed in-depth interviews as its main data collection method. As one of the most used data collection method in qualitative study (Bryman and Bell, 2011), interviews enable a researcher to dig rich information on how respondents of a study perceiving organisational phenomena (Lee and Lings, 2008). In addition, this method was deemed to be suitable for the exploratory nature of this study as well as the need to gain comprehensive and accurate information. However, in-depth interviews were not the sole source of data. To lessen the possibilities for bias as well as to increase the comprehensiveness of information (Gillham, 2000), the study also examined government documents as well as publicly available information, such as relevant websites, magazines or newspaper.

Next a discussion on how the data collection was designed and piloted is presented. Initial interview schedules and the changes made to the schedule are also explained. Furthermore, the reflexive processes, the changes involved and how the research design was modified to accommodate changes faced during the fieldwork are elaborated.

### **3.5.2.1. *Establishing Interview Guidelines***

One crucial phase in a research is to collect data, and collecting data needs to be done in accordance with research questions. Data collection in this research was primarily conducted through semi-structured interviews. The draft of interview schedule was developed prior to fieldwork. The questions for interviews were designed to explore how respondents give meanings to the issues without directing them to particular direction (Flick, 2011).

As this research was initially started to investigate public sector change and innovation with regard to source of innovation and how organisations sustain change process and innovation, the development of initial interview guidelines was based on literature in public sector changes and innovation. The initial interview guidelines specifically explored several points. First, it explored drivers for the need to do change or innovation (Hood, 1991), whether this was externally or internally sourced (Fuglsang and Sørensen, 2011; Moore and Hartley, 2008; Peled, 2001) or became something considered normative for public sector organisations (Osborne and Brown, 2005). In addition, the guideline was also aimed to explore the impact of innovation and changes to the public or to relevant parties/stakeholders (Hartley, 2006). The guideline was also established to investigate the efforts conducted by public organisations to encourage, sustain and even to diffuse change initiatives and innovative practices (Borins, 2002a; Glor, 2001).

Along the process of data collection, initial data analysis was also simultaneously conducted to get a better picture on how respondents understood the guidelines as well as to make crucial pointers for information shared by respondents. Based on these analyses, the problems were redefined to highlight important points, such as the process of changes and innovation as well as the interaction amongst the three contributing organisations. Hence, the guideline was also changed to follow up information that the respondents pointed out. The changes were

discussed between the researcher and her advisory committee to check and recheck whether the questions were unbiased or non-leading questions. The changes were also made to the length of the guideline as interview session was designed to take approximately one hour per interviewee.

Presented in Table 3-1 is the interview guideline developed prior to interview series

**Table 3-1. Initial Interview Schedule**

Research Sub-Questions	Interview Questions	Probe and Prompt Questions
<b>1. Why do you think the organisation conducted the changes?</b>		
1.1. What do you think about the reason underlying the change?	a. Why do you think it was the reason?	▪ Why do you think it is important?
	b. What did the organization do to consult local community?	• Was there any report for that?
	c. Who were involved in these consultations?	▪ Who were involved? ▪ How were different ideas gathered and discussed?
	d. How do you know that it has improved the services?	• Any evidence?
	<b>If required, then a summing up question would be:</b>	
e. In general, how were the changes developed?		
f. Can you explain about different stages involved in the development?		
1.2. How was the idea developed?	a. What were the factors that make the organization do this practice?	▪ Was it ordered from the Central Government through a certain body? ○ How? ▪ Was it a result of collaboration with other organizations? ○ What were they? ○ How did it affect the decision?
1.3. What have been the challenges and barriers to conduct the changes?	a. What were the factors that become enabler for the organisation to implement implementing this reform?	▪ How do you know that such factors can enhance performance?
	b. What were the factors that become barriers to implement this reform?	▪ What are mechanisms conducted to reduce the barriers or challenges? ▪ Why do you think that those mechanisms are appropriate?

**Table 3-2. Initial Interview Schedule (Continued)**

Research Sub-Questions	Interview Questions	Probe and Prompt Questions
<b>2. How was the changes implemented?</b>		
2.1. How was the process of the changes?	a. Could you explain about the process of the change?	<ul style="list-style-type: none"> <li>▪ How was it started?</li> <li>▪ What do you think about the stages involved?</li> <li>▪ If it is different, what are new processes involved?</li> </ul> <p>Or</p> <ul style="list-style-type: none"> <li>▪ If it is similar, why are the previous processes sustained?</li> </ul>
2.2. How was the arrangement of the physical resources?	b. How did the organisation coordinate the resource arrangement?	<ul style="list-style-type: none"> <li>▪ Why do you think it was conducted that way?</li> </ul>
	c. Were there any changes in the resources? What are they?	<ul style="list-style-type: none"> <li>▪ Why do you think the changes were necessary?</li> </ul>
2.3. How was the arrangement of non-physical resources?	a. Does the new practice require different skills?	<ul style="list-style-type: none"> <li>▪ What are the required skills?</li> <li>▪ How did the organisation ensure that it could acquire the necessary skills?</li> </ul>
	b. Does the new practice require different resources?	<ul style="list-style-type: none"> <li>▪ What are they?</li> <li>▪ How can organisation maintain the sustainability of such resources?</li> </ul>
<b>3. How was the relationship amongst the collaborating organisations?</b>		
3.1. How do you perceive the roles of your organisation to the change process?	a. What do you think about your organisation's responsibilities in the process?	<ul style="list-style-type: none"> <li>▪ In what way does it differ?</li> <li>▪ How can it become more innovative?</li> <li>▪ What is the evidence?</li> </ul>
	b. Do you think the roles of your organisation can be replaced or done by other organisations?	<ul style="list-style-type: none"> <li>▪ Why or why not?</li> </ul>
3.2. How do you perceive the other organisations' roles to the change process?	a. What do you think about the roles of other organisations compared to your organisation?	<ul style="list-style-type: none"> <li>▪ In what way does it differ?</li> </ul>
	b. Do you think such roles are replaceable or can conducted by other organisation, including yours?	<ul style="list-style-type: none"> <li>▪ Why or why not?</li> </ul>
	c. Did you experience any difficulties in dealing with other collaborating organisations?	<ul style="list-style-type: none"> <li>▪ Why do you think it happened?</li> </ul>

### **3.5.2.2. Pilot Study for Data Collection**

The draft or initial interview schedule was pilot-tested on two respondents, ILGA-1 and ILGB-1. Whilst both were active public officers, one of them (ILGB-1) worked at different public service organisation currently engaging in innovative services, and the other was previously Head of one of the constituting organisations (ILGA-1). These two pilot interviews differed in terms of time; one lasted for around forty minutes, whilst the other lasted for one and half hours.

It is important to note that data collected from ILGB-1 was not used or involved in data analysis of this research. This is because the respondent (ILGB-1) came from a different public service organisation, which was Integrated Licensing Service. However, the information collected from ILGB-1 was included in the pilot data coding to get overall understanding about dynamics of implementing organisational changes in local government level. Furthermore, the information collected was useful as it provided insightful inputs in terms of emergent topics covered and potential changes, as well as how interviews with public service officers needed to be conducted.

In general, the pilot interviews were able to provide valuable practice experiences and also invaluable inputs regarding the content and setting of interviews. More specifically, there are three points learnt from the pilot:

- 1. Interview Schedule.** The pilot interviews suggested that some questions were needed to be refined in terms of their verbal presentation, as they could have confused respondents. For example, questions for changes of culture and behaviour were refined to include some examples that would be easier for respondents to grasp the meanings. In fact, major changes were conducted to investigate more on the process of organisational changes.

2. **Time Limitation.** Through pilot interviews, it was also learnt that one-hour time allocation for interviews was quite problematic for public officers. One respondent clearly pointed out that it was impossible to have a privilege of one-hour interviews due to eventful-time of the year, in which most public organisations dealt with annual reports and budgeting activities. During the practice runs, it was also noted that time needed to conduct interviews were varied, considering the length of answers as well as unavoidable interruptions being conducted due to interviews in the offices. Regular knocking on doors and phone calls significantly interrupted both interviews and one interview was terminated early due to an urgent meeting in the organisation.
  
3. **Individual vs. Group Interviews.** Both pilot interviews were conducted on one-on-one interview settings. However, one respondent mentioned that based on his experiences dealing with public officers, there would be some possibilities that some people might not feel comfortable being interviewed individually. Some reasons, included the feeling of considerate, collectivism nature, and being afraid of giving wrong answers to external parties, were expressed. At later stage of the research, indeed, unplanned group interviews were experienced by the researcher.

Next section is aimed to explain the process involved in approaching the respondents, including the chain of referral process.

### ***3.5.2.3. Approaching the Respondents***

As stated previously, the study employed purposive sampling as it focused on those people who experienced directly the change process in the study organisation. More specifically, the method used was through snowball

mechanism, which was started through contacting the gatekeeper, which in this case, was ILGA1, the former head of revenue agency. As stated in previous section, the first contacted person was the one who was able to authorise the research (Flick, 2009).

The first respondent (ILGA-1) was chosen on both experience- and practical-based reasons. As a former head of the revenue agency, ILGA-1 has hands-on experiences about the changes conducted in organisation. Besides, he was also involved in other change initiatives in another government body in the province of East Java.

In addition to his experience, as a gate keeper or 'a locator', ILGA1 had influence in endorsing other people to be respondents for this study. He enabled me to gain access to other respondents (Biernacki and Waldorf, 1981, p. 150). Snowball sampling helps to locate subjects of the research through other subject (Atkinson and Flint, 2001), which makes the process of referral itself becomes 'repetitive' (Noy, 2008, p. 330). Furthermore, Biernacki and Waldorf (1981, p. 141) suggest that the referral process used in the method can produce sample that consist of individuals or actors who 'share or know of others who possess some characteristics that are of research interest'. This method is usually employed to locate 'hidden and hard-to-reach populations (Atkinson and Flint, 2001, p. 1) as well as those who 'hidden-by-choice', such as those with elite status (Noy, 2008, p. 331). In this sense, this sampling method offers practicality of accessing subject and also provides an advantage of getting a set of informants who are believed to have understanding on the matter under study. For this study, at the time of data collection, ILGA1, who was responsible for economy bureau of the province, was direct subordinate of the provincial governor. Hence, he had the privilege to contact each individual respondent directly and provided recommendation for the researcher to meet the intended respondents. Furthermore, it is worth of note that having ILGA1 for gatekeeping is to employ

the power embedded in his high structural position, which following Pettigrew and McNulty (1995), can be used to influence others to fulfill some objectives. For this study, it was a significant achievement in itself as most potential respondents, especially in public sector organisations, were usually reluctant to be interviewed if they were not instructed to do so.

In order to ensure that the gate keeper referred to suitable respondents, I found it necessary to brief the gatekeeper about the expected criteria of respondents, such as their involvement in change process in SAMSAT. Fulfilment to this criteria was important to ensure that respondents were able to share their experiences as well as their personal opinion/views on organisational change process. The snowball mechanism was useful, especially that it did not only current staff, but also to include those who were no longer in-charge for particular positions important for the change initiatives.

It is also important to note that despite its usefulness in gaining respondents relevant to the research interest, the eligibility of each individual to be potential research subject needs to be verified. The verification –through triangulation– can be done through a third individual or sources, such as gatekeepers, as they are the ones who provide judgment of whether a person is an eligible potential subject or not and then provide a referral to that particular person (Biernacki and Waldorf, 1981). In this study, the triangulation was not done only through the gatekeeper, but also by cross-checking it with different respondents, who served as locators for their own organisations. Different people from the three collaborating organisations, who represent various positions, were also involved. By involving various professionals, it was expected that richer information could be obtained as well as enables the researcher to triangulate information through multiple interpretation. Triangulation is also argued to enable researchers dealing with issues of trustworthiness, completeness of data, bias for subjectivity, as well as ensuring balanced view from different perspectives



As shown in Figure 3-2, the invitations to the subsequent respondents were based on the reference given by the ILGA-1. He provided references to the Head of the revenue agency (ILGA-13), Head of Tax Unit in the revenue agency (ILGA-2) and also to the Head of Jasa Raharja, the insurance company – East Java regional branch (ILGA-11). Second respondent (ILGA-2) referred the researcher to subsequent respondents in Police Unit. Presented in Table 3-3 is the list of respondents and their affiliations.

**Table 3-3. Respondents and their Affiliations**

No	Identifiers	Affiliations	Status	Current Position	Previous Position
1.	ILGA-1	Provincial Government	Union	Regional Assistance for Governor of East Java Province	Former Head of Regional Revenue Agency
2.	ILGA-2	Regional Revenue Agency	Active	Head of Tax Division, Regional Revenue Agency	Former Head of Data Processing Unit, IS Division
3.	ILGA-3	Regional Revenue Agency	Active	Senior Administration staff to Tax Division, DIPENDA	Staff at Information System Division
4.	ILGA-4	Regional Revenue Agency	Active	Senior Administration staff to Tax Division, DIPENDA	
5.	ILGA-5	Regional Revenue Agency	Active	Senior Administration staff to Tax Division, DIPENDA	
6.	ILGA-6	Regional Police	Active	Head of Police Unit SAMSAT	
7.	ILGA-7	Provincial Government	Union	Head of Integrated Licencing Agency, East Java	Senior Staff at Data Processing Unit, DIPENDA
8.	ILGA-8	Regional Police	Active	Head of Validation Unit, SAMSAT	
9.	ILGA-9	Regional Police	Active	Senior Member of SAMSAT Corner	Previous member of SQR
10.	ILGA-10	Regional Police	Active	Senior Administration Staff, Police Unit, SAMSAT	
11.	ILGA-11	Jasa Raharja Public Insurance	Active	East Java Regional Head of Jasa Raharja Public Insurance	Former Head of JR unit in Bali
12.	ILGA-12	Jasa Raharja Public Insurance	Active	Head of Jasa Raharja Public Insurance Representative Office at SAMSAT	Former Head of JR Branch in a different province.

No	Identifiers	Affiliations	Status	Current Position	Previous Position
13.	ILGA-13	Regional Revenue Agency	Active	Head of DIPENDA	
14.	ILGA-14	Regional Revenue Agency	Active	Head of IS Division, DIPENDA	Previous Head of EDP Unit at SAMSAT
15.	ILGA-15	Regional Revenue Agency	Active	Head of Data Processing Unit, DIPENDA	Previous Head of SAMSAT Unit in another town
16.	ILGA-16	Regional Revenue Agency	Active	Programmer, DIPENDA	

The interviews began at the end of March 2012 and ended in August 2013. The interview process took more than a year due to the fact that the respondents were not able to allocate time during March to April 2012. For this reason, the researcher needed to compromise with their schedule; hence, decided to allocate different times for interviews. All interviews were conducted as face-to-face interactions.

In addition, based on initial data coding conducted after the first phase of interview was completed, it turned out that more details on the process of changes in SAMSAT's information system was needed. For that reason, the researcher went back to Indonesia and re-interviewed the respondents responsible for information system at SAMSAT.

In total, sixteen people were involved in this research as respondents. They ranged from staff to managers. Furthermore, the respondents were belonged to four different groups, (1) DIPENDA/the revenue agency, (2) POLDA/police unit, (3) JR/insurance company and also (4) Union. Furthermore, those in the Union group (4) were formerly working at the revenue agency (1) and also previously involved in developing innovative services.

Before commencing any interviews, each respondent was given a Participant Information Sheet (see Appendix C) containing general information about the research. Each respondent was also given opportunity to ask any issues related to the research. Once respondents comprehended their roles in the research,

they were asked to sign the informed consent form (see Appendix D) stating their voluntary participation as well as assuring that they could withdraw their participation in the research should they wish to do so. The consent form was to be returned to the researcher prior to scheduled interviews. Although respondents were free to choose the most comfortable public spaces for their interviews; all interviews actually took place in respondents' offices.

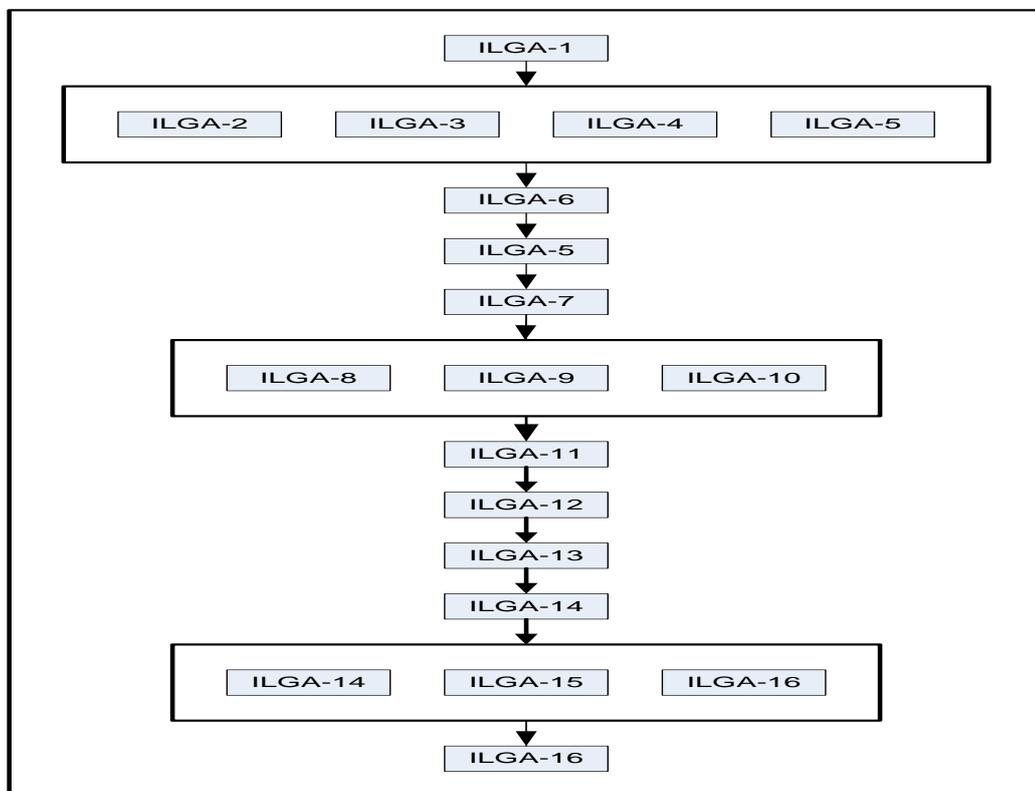
Furthermore, before interviews took place, respondents were asked to give their consent to record the interviews. All respondents agreed and stated that they were comfortable with the interviews being recorded. Whilst recording interviews are considered helpful to ensure that all conversations were not missed and can be checked and rechecked, the researcher was aware of the potential distraction to the natural flow of conversation due to the recording device (Flick, 2009). Therefore, to lessen any possible distractions, the researcher used a small digital recorder as it provided good quality voice recording and at the same time, was less intimidating for respondents.

Moreover, during interviews, observational field notes on aspects related to interviews, including verbal and non-verbal expressions taking place were taken. Such notes are important to hold records about settings as well as interactions of actors during interview sessions (Corbin and Strauss, 2008). Examples of verbal and non-verbal expressions include facial expressions and gestures to particular spoken words (e.g. rolling eyes, smiles, grins, hand swirling, high tone, delays, etc...). In addition, some external disruptions to interview sections include guests; phone calls or even noises from outside were also noted. In most interviews, the recording processes were still continued during those disruptions. However, there was one interview that needed to be stopped and continued in a different venue in order to fit in with the respondent's schedule.

Together with the field notes, the researcher also made memos to write down thoughts about the interviews. These memos, which in this research tended to be more conceptual compared to that of observational field notes, were considered useful reminders for any possible impulsive thoughts occurring during interviews. The importance of writing down memos is also emphasised by Corbin and Strauss 2008, p. 123) who suggest that *'theoretical ideas will be stimulated by data and it is very appropriate to jot those theoretical ideas down before the researcher forgets them'* (p. 123).

With regard to how the interviews were conducted, pilot interviews had shed light on the possible occurrence of group-setting interviews despite the initial interview arrangements being one-on-one or individual interviews. Figure 3.3 below depicts the sequence of interviews as well as its group or individual nature.

**Figure 3-3. Nature of Interviews**



As shown in figure 3-3, in two of the participating organisations, I faced not only individual interviews, but also group interviews. Three group interviews took place considering both collective requests and limited time available for interviews, including two groups, comprising Tax Division (ILGA-2, ILGA-3, ILGA-4 and ILGA-5) and Information System Division (ILGA-14, ILGA-15 and ILGA-16) in Regional Revenue Agency and Regional Police (ILGA-8, ILGA-9 and ILGA-10).

Compared to individual or one-on-one interviews, I had more tasks to do during group interviews. I did not only have to concern on the content of the interviews, but also to the process, especially related to group dynamic. Consequently, this was represented in the notes I made during such interviews. Presented below is the researcher's personal note for the first group interview with the members of Tax Division (ILGA-2, ILGA-3, ILGA-4 and ILGA-5).

**'A group interview. It seems that the contributions between members of the group in answering my questions were not balanced. Despite me keeping my head moving here and there expecting to have everyone talk. Need to make it more explicit next time. Full of Javanese 'sungkan' value.'**

**(The office of the revenue agency)**

Referring back to the researcher's personal notes made during the interview, I learnt that there were different aspects occurred during group interviews, especially related to group dynamics. First, there were imbalanced contributions between members of group to answer the questions. One particular member (ILGA-2) dominated the discussion, whilst others tended to agree or confirm to his answers. Compared to other participants, ILGA-2 was the head of the division, and others were his subordinates. Second, it was only when ILGA-2 was busy answering phone calls or went to his desk that the other members actually had the chance to speak a little longer. Third, some efforts to make the other members share their thoughts were attempted, such as nodding in their

directions and also addressing their names. Nonetheless, they both seemed to wait for ILGA-2 to confirm their turns. Fourth, the Javanese culture of 'sungkan' or 'feeling overly respect for others' could be strongly sensed in the interaction that members tended to gaze at ILGA-2's direction for confirmation even when he was not looking at them. Geertz (1961, p. 41), in his book about Javanese' kinship and culture, mentions that 'sungkan' can be described as 'a feeling of respectful politeness before a superior or unfamiliar equal'. Such dynamics may represent the value system of a particular organisation, which is reflected through its practices (Rollinson, 2008). In addition to this, it is also important to note that as the researcher does not work in the organisation, there is the potential of not understanding the real organisational context, compared to if the researcher works in the object organisation. At the same time, this situation eliminates bias possibility (Galtung, 1969).

The rest of the interviews were individual one-on-one interviews ranging from forty minutes to ninety minutes of interviews. In particular, two respondents (ILGA-5 and ILGA-14) were interviewed twice, once being conducted as a group interview and the second time being one-on-one interviews. Whilst the interview with ILGA-5 was conducted after the group interview, ILGA-14's interview actually preceded the group interview.

Reflecting on the experiences with both group and individual interviews, it was found that although the interview guideline was helpful in guiding the interviews, somehow it was not enough to extract details, especially about the process involved in how the organisation conducted the changes. Based on this consideration, for some interviews (i.e ILGA-7, ILGA-8, ILGA-11, ILGA-14, ILGA-15), the researcher employed narrative interviews, by emphasising on respondents' experiences or memories on organisational change processes. In this case, the interviews was started by asking the respondents to tell their involvement in change processes, which as much as they could, chronologically.

The respondents were asked to talk about their experiences or involvement in conducting changes (“Please, could you tell me about your experiences and involvement in conducting changes in SAMSAT?”). Also, they were asked to share their views on their roles, their division roles as well as their own organisations in the change process (“How do you think about the roles of parties involved in the process, including your self?”).

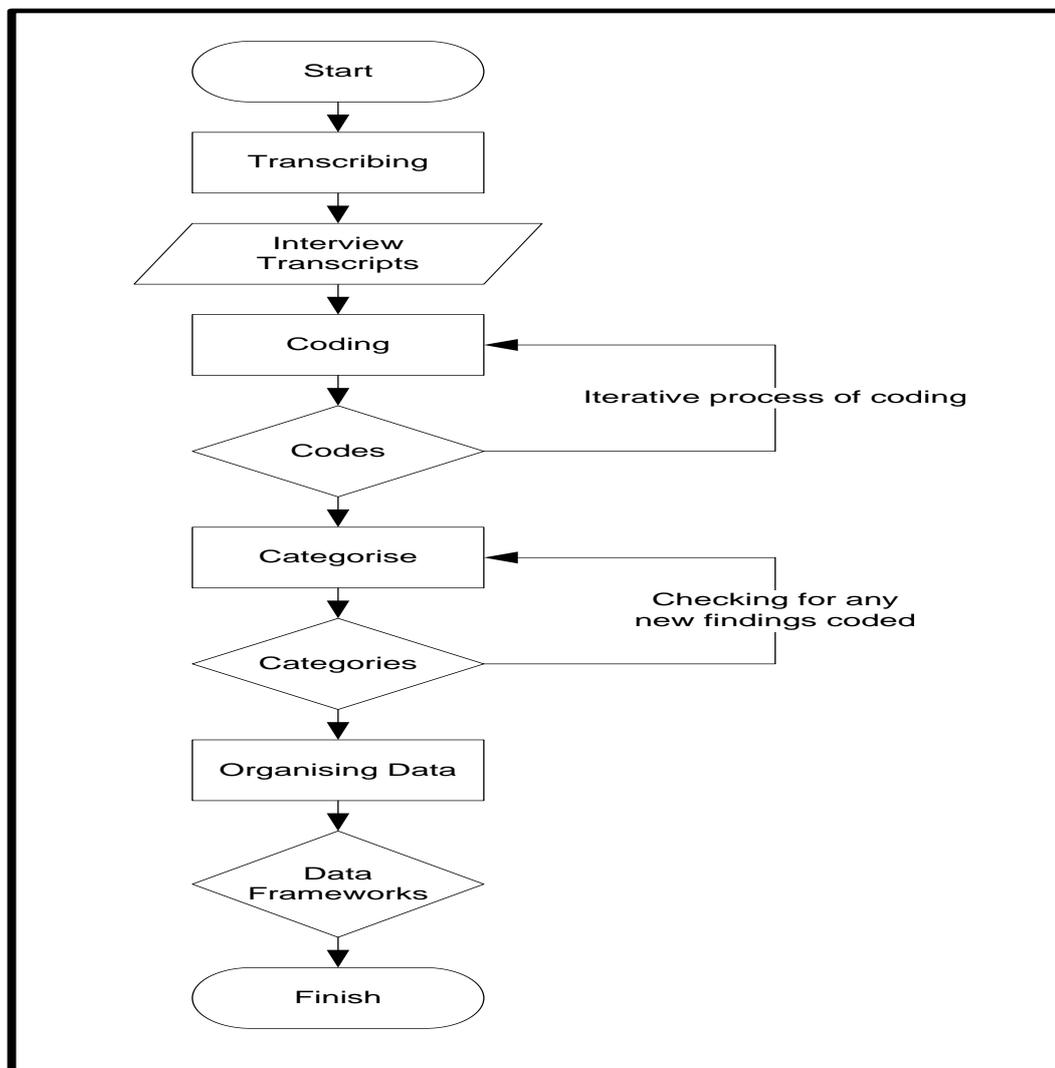
A narrative interview is a type of interview that helps the researcher to investigate ‘chronological relations of events that occurred under a specified period of time’ (Czarniawska-Joerges, 1998, p. 29). This type of interview enables researcher to get the story or retrospective account by letting interviewees to present ‘longer’ accounts of an area interesting for them (Flick, 2011, p. 113). Moreover, Czarniawska-Joerges (1998) argues that narrative interviews enables interviewees –rather than the interviewer- to drive the plot as well as the metaphor of which they think to be important to their understanding of the phenomena. Using narratives is also helpful to understand ‘the intentionality of human action’ as the story is focused on how the narrators position themselves in the context of the story (Vaara, 2002). In this study, the question addressed to the interviewees was mainly about how the changes took place.

It is also recognised that this type of interview may not be suitable to ask for the first time interview, but rather as a follow up investigation as it helps to gain deeper materials based on the insights from previous interviews. In some sense, this is in line with the grounded theory approach in a way that further data gathering should be informed by what researchers find in their first attempt to analyse their collected data (Corbin and Strauss, 2008).

### 3.5.3. Method of Analysis

Once data was collected, the process to engage with the data began. Corbin, in the preface for her co-authored book with Strauss, states that researchers, may employ analytic techniques that help them to 'make sense of masses of qualitative data' and may construct various interpretations from the data (Corbin and Strauss, 2008, p. x). Figure 3-4 depicts the general process of analysis, which is iterative in nature.

Figure 3-4. Process of Analysis



As shown in Figure 4-4, the process of data analysis was begun by transcribing interviews followed by coding these transcriptions, which in this study was informed by grounded theory approach (Glaser and Strauss, 1967). The coding process was started with open coding process. Based on the generated codes, categories were established. Details of main process of data analysis are explained in following subsections.

#### **3.5.3.1. *Transcription Process***

Interview transcription process is considered a crucial step to make data closer to interpretation (Flick, 2009). The process of transcribing interview records took more than 5 months to complete. This included repeatedly listening to the recording to check and recheck the transcripts and make some necessary adjustments to make it verbatim. Pauses, interruptions as well as intonations and tones were documented. However, whilst endeavours to make the verbatim virtually reflect the actual event of conversations, practical issues of time and energy were also considered. Referring to Strauss (1987), transcribing interviews can be considered suffice on the basis that it can fulfil the requirements of research questions. Furthermore, the recorded interviews has made it possible for the researcher to keep referring back to the recordings should any further detail need to be checked. On this basis, once the verbatim had been check and rechecked, data was considered ready for further analysis. The next step of analysis was to conduct initial data coding.

#### **3.5.3.2. *Coding Mechanism***

Data analysis starts with coding process. The coding process is important to ensure that a researcher is able to come out with potential contribution to theory (Corbin and Strauss, 2008). To help with the coding process therefore, the researcher used both NVivo and Microsoft Excel. NVivo helped in incorporating

codes, memo, notes, as well as relationships, whilst Excel was used to build simplified matrix of codes and corresponding quotations.

The process of coding in this study followed the process suggested by Strauss and Corbin, by starting with open-coding all information. By this, it helps researchers to maintain freedom and be open-minded to their data (Glaser, 1998). This process was also useful, especially to avoid discounting any important points that may be constructed from the collected data –especially those did not fall under the categories of predetermined themes or presumption made by researchers.

Price (2010) suggests that open coding is the first step for ‘grounded’ researchers to ask themselves, reflect, and categorise their raw data based on what researchers observe and what their respondents or informants have shared with researchers. Raw data can includes ‘words, phrases, or actions’ as well as ‘distinct events’ and ‘incidents’ (Price, 2010, pp. 155-156). Hence, open coding is the initial data work that builds from the ground up, by identifying essential concepts and patterns that emerge in vivo from an initial, yet rigorous open reading and reflection upon raw data.

With regard to coding information, codes can be developed based on the existing theories underlying one’s study (Glaser and Strauss, 1967). Yet, whilst it is possible, the use of predetermined codes may potentially lead researchers to preconceive ideas of phenomena taking place in organisations and potentially miss important information as it occurs in collected data. Hence, rather than coding for predetermined codes, coding for this study was conducted as open coding to enable the researcher gather comprehensive information.

In the process of open coding, researchers need to continuously ask themselves and aim to exhaustively compare the data (Corbin and Strauss, 2008). By exhaustively, researchers need to explore the possibilities of interpreting the

data to the limit of their subjectivity (Price, 2010). In conducting coding process, in addition to keeping an open-mind, it is also important to go deep. This can be done step by step, focusing on one aspect, at a time, for example, then narrow the analysis down the particular point (Silverman, 2005). Coding is done line-by-line and followed by comparing and contrasting incident-to-incident through defining what kind of category is used as well as the properties represented by the particular category (Glaser, 1998, p. 140). Presented below is an illustration of the first round coding or open coding

**Figure 3-5 NVivo-supported Open Coding Processes**

**Nodes**

Name	Sources	References	Created On	Created By	Modified On	Modified By
Identifying the flow of change initiation - bottom up	1	3	23/05/2014 09:20	DE	23/05/2014 16	DE
Identifying that previous process was complicated	1	3	23/05/2014 09:31	DE	23/05/2014 16	DE
Identifying the need to push the boundaries to change	1	3	23/05/2014 09:34	DE	23/05/2014 16	DE
Separating the process from other organisation	1	3	23/05/2014 09:56	DE	23/05/2014 16	DE
Setting up conditional requirements for target performance	1	3	23/05/2014 10:02	DE	23/05/2014 16	DE
Sharing the knowledge to other institutions	1	3	23/05/2014 12:00	DE	23/05/2014 16	DE
Changing behaviour through the system	1	3	23/05/2014 12:17	DE	23/05/2014 16	DE
Using technology to change behaviour	1	3	23/05/2014 12:20	DE	23/05/2014 16	DE

Transcription - ILG-A-1

Click to edit

administration is packed and crowded, we realised that that is the time where public pays more...it is a high cost for them. Public want it to be quick as they have their own business and limited time, so they tended to use third party or broker to help them getting it done. Using these brokers, they expected to save times of queuing and pay. Because it was really taking time, or wasting time for them. They had to pay for those brokers, and it cost a lot.

Our problem also lies in administration. Our administration could not make a plan that was close to realistic. It was bad. The deviation between planning and actual budget and income could reach 25%. It was not good at all. It was not an accurate planning. However, when we engaged with new technology and using electronic database and everything, it became much easier. We can do this e-samsat because when there was the time of current governor, electronic data based has been installed.

What is good about us...well, I kept saying to everyone, that if this nation wants to learn, they need to learn from us, this office. You know that in Indonesia, every time the minister changes, they change the program, there is no continuity. While in our organisation, there is strong continuity of what we have been doing. Not only continuing, but we also improve from what we have. That also results in cost-efficiency rather than those change programs completely. E-samsat is actually a continuing program of drive-through.

D : so, it is built on what the organisation has already had.

ILGA-1 : yes, indeed, and we are proud of this tradition. So we do not damage or stop what we had been doing for years, the contribution of previous office. The key to this is by always involving those in lower level, as somehow they know more things than those in upper level, which sometimes, promoted from external organisation. Yet, it depends on the leader, the manager, of course. If the leader wants to encourage or push the organisation to move forward or not.

D : May I know until what levels the involvement take?

ILGA-1 : For me, I took until staff level. Yeah, certain staff level, especially those skillful staff. This means that it would include Heads of Section and Heads of Division. In

Identifying the flow of change  
 Identifying the benefit of the change  
 Acknowledging other institutions role in the process  
 Identifying changing in staff behaviour  
 Addressing that Time is the Problems  
 Identifying the outcome of change or progress  
 Acknowledging Roles of Individ  
 Investigating ideas from sta  
 Comparing to the current state of practices in Indonesia  
 Evaluating the performance of the implemented change  
 Identifying changes in the process  
 Coding Density

Defining that change is continuous improvement  
 Defining that a change leads to another change  
 Describing initial situation prior to change  
 Changing behaviour through incentives  
 Acknowledging own institution's role in the changes  
 Changing behaviour through the system  
 Deviating from common centralised process  
 Addressing the intention to serve the public  
 Identifying skills needed for particular jobs  
 Identifying own's institution roles in the processes  
 Identifying that change took long time  
 Identifying time of involvement  
 Using technology to change behaviour  
 Addressing Reason for the Change  
 assessing disbenefit experienced by public

In Nodes Code At Experiencing difficulties in noting the time of the change (Nodes)

As shown in figure 3-5, during open coding, one piece of data was exhaustively coded. This took place not only once, but several cycles of coding to produce different layers of information excavated from the same dataset. Researchers need to continuously ask themselves and aim to exhaustively compare the data (Corbin and Strauss, 2008). By exhaustively, researchers need to explore the possibilities of interpreting the data to the limit of their subjectivity (Price, 2010).

In conducting coding process, in addition to keeping an open-mind, it is also important to go deep. This can be done step by step, focusing on one aspect, at a time, for example, then narrow the analysis down the particular point (Silverman, 2005). Coding is done line-by-line and followed by comparing and contrasting incident-to-incident through defining what kind of category is used as well as the properties represented by the particular category (Glaser, 1998, p. 140).

Open coding breaks up data and thus, open up for interpretations and establish a building block of evidence (Locke, 2001). Moreover, as stated by Price (2010), exhaustive open coding in one particular raw data can serve as a guide for the researchers not only for generating codes for future data but also helping them to be more interpretative as well as guide the researchers to think critically of the possibility to conduct further field work. This was conducted by letting the data speak. In short, the process of coding was conducted iteratively to ensure that no important information was missed.

In addition to open coding, this study also developed contact summary for each respondent. Contact summaries are brief description about the information shared during interviews. Presented below is an excerpt taken from ILGA-2's contact summary.

**Table 3-4 Example of Contact Summary**

<b>Contact Summary for</b>	<b>ILGA-2</b>
<b>Position</b>	Head of Police Representative Unit at SAMSAT
<b>Summary</b>	<p>ILGA-2 has been with police corps for around 18 years, which according to his opinion; it was not a very long time for police officers. He has been in this position at SAMSAT for 9 years and is about to be promoted to a higher position in the provincial headquarter. To his view, only few people in SAMSAT and the three collaborating organisations that understood how SAMSAT has changed overtime. In general, the interview covered topics on the reasons why the changes were conducted, the roles of his organisation as well as his assessment on the roles of other organisations in initiating changes in SAMSAT. He mentioned about the insistence of the police unit to maintain the regulation, especially related to security issues in initiating changes. According to his view, something can be change whilst others need to remain the same. He also emphasised on the existence of sectorial-ego, which on his view, it subsided nowadays. It can be summarised that he implied on the importance of maintaining rules and regulation in the process, especially related to police works. In this sense, security seemed to be an important issue for the police. From his narrative, it can be seen that security checking is a privilege territory for the police. None other police corps member, even civil officers who worked in the police office.</p>

Source: contact summaries developed by the author.

In general, it involves basic answers on who the respondent was and main themes of the interview. It may also include topics interested for the contact. This summary was considered helpful to funnel information as well as focus of the study as the process of data collection went on.

The process of coding was conducted iteratively to ensure that no important information was missed. Codes extracted from the data were then grouped into different categories. The same codes can belong to different categories. These categories were then used to develop common themes. Walker and Myrick (2006, p. 549), further suggest that coding breaks down and compares data into different categories. Category itself is stated to be ‘a conceptual element of the theory’, which is derived from the data yet, it is not ‘the data itself’ (Glaser and Strauss, 1967, p. 36). Codes extracted from the data were continuously compared and contrasted incident-to-incident by defining what kind of category is used as well as the properties represented by the particular category (Glaser,

1998, p. 140). This means that similar data will construct similar categories, and consequently, different sets of data will construct different categories. Moreover, categories can be developed based on the existing theories underlying one's study (Glaser and Strauss, 1967). Yet, whilst it is possible, the use of predetermined codes may potentially lead researchers to preconceive ideas of phenomena taking place in organisations and potentially miss important information as it occurs in collected data. Hence, rather than coding for predetermined codes, as stated previously at the beginning of this section, coding for this study was conducted as open coding to enable the researcher gather comprehensive information.

To this study, this process was useful, not only because it helped to generate ideas and build the building block of evidence, but also because it helped in shaping or funnelling down the research questions. This was conducted by simulating mini questions and the categories were positioned as answers to those questions. Categorisation process was a dynamic process as it was continuously developed and adjusted as the process of analysis went along.

The process of analysis seemed to be a never-ending process as every time the researcher went back to check and recheck data, something new were found. Thus, in this process, personal judgments played important roles to determine to end the process. For the purpose of the thesis, the processes were stopped after exhaustively running the process of both open coding and categorisation for around three times. By exhaustively, it means that the process reached repetition in coding implying that it became saturated.

These categories were used to establish claims or statements addressing important findings of the study. Several claims or thesis statements were generated during data analysis. Some of them, representing stronger phenomena, are to be presented in finding chapters. By stronger, it is not about

the numbers of codes generated within categories of findings, but the occurrences of perceived phenomena across the respondents.

### **3.5.3.3. Data Organisation**

The process of organising data was considered to be a complicated process. This was due to the nature of qualitative data that '*consist of multiple concepts existing in complex relationship*' (Corbin and Strauss, 2008, p. 89). Thus, as suggested by Corbin and Strauss (2008), researchers should have a way or 'paradigm' that can help to relate different aspects in data, including contextual and process aspects. This coding paradigm was developed based on the information shared by respondents.

One of the ways to organise data was based on process, which comprises different aspects involved in the organisation's endeavour in innovation. There are three components of paradigm in this research including (1) prequel or condition leading to innovation, (2) innovation/strategies to innovate and also (3) consequences/impact of innovation. Each of these comprises different aspects.

The first component, which is prequel or conditions leading to the changes, is a conceptual way to group respondents' answers with regard to causal conditions, moderating conditions, as well as the central issues resulted from those conditions. This constructs perceived reasons for the changes. The second component relates to the change processes. In this component, it includes action and interaction aspects, context of which the phenomenon took place, as well as challenges. The third component relates to the perceived effect of the changes. This component covers descriptions about consequences, including direct outputs and also impacts.

Although delineating codes into patterns was useful in terms on identifying stages of processes in organisation, this study learnt that it could become a trap

to oversimplify the dynamics of phenomenon taking place in organisations. It was found during analysis that in narrating experiences, respondents elaborated some levels of representations. They related their views from their perspectives as (1) individual, (2) members of groups and also (3) members of the organisation. Whilst this was distinguishable in terms of how respondents positioned themselves in the context, the interrelationship between conditions, actions, and consequences were less distinguishable which leads to complex interplay between components. Corbin and Strauss (2008) put forward that in most cases, conditions are combination between micro (more individual) and macro (more organisational) conditions so that it is necessary to understand the connection between components. The next section discusses the reflection on the implementation of the research method.

### **3.6. RESEARCHER'S REFLEXIVE NOTES ON THE RESEARCH AND RESEARCH PROCESSES**

This section aims to discuss my reflexivity with regard to my own research as well as the process involved. As a student researcher, conducting this study has provided me with invaluable learning experiences on dealing with various aspects of research, both academic and non-academic related aspects, including the PhD journey itself, the research design as well as the process involved in data analysis. I do believe that delineating this process as well as my reflexive thinking on my experiences might be helpful in understanding how this study was conducted and evolved over time.

I consider all PhD journeys are challenging. For me, apart from the fact of being an international student, I experienced staccato processes during my time as PhD researcher. In addition to my health issue, such situations were also influenced by changes in supervisory arrangement. To some extents, the changes affected my research direction, which was started as a study on public sector innovative

capability in relation to social and intellectual capital. In short, this study had undergone some adjustments on the directions, with its significant change was the emphasis on the use of secondary data rather than the primary one as initially planned and also on the emphasis on a more political aspect rather than management aspect in understanding change and innovation in public sector. AT one point of time, after engaging with data analysis, I realised that there was a chance that I might not be able to offer something new to the field that I felt the needed to evaluate whether this was really what I wanted. When there was unfortunate change of supervisory, the new supervisory committee agreed that I had to either restart the research process. My new research was about public sector innovation and change related to reform movement took place in Indonesia.

My first reflexivity point relates to the experience I got during data collection. In conducting this research, I learned that a researcher to be ready to face unexpected deviations of his/her research plan, for example, changes on the design of interviews for example. As explained previously, I designed my interview session to be a one-on-one interview; yet, in practice, I found my self to be situated in some group interviews, unexpectedly. Regardless different reasons underlying such interview design, I found that group interview required a rather different skill than those of single or one-on-one interviews. First, researchers need to have a skill to manage group dynamics, which include time keeping and maintain individual parts of sharing stories. In my case, I found it was hard to deal with especially with one person dominating the story telling at first; but later, I presented a rather firmer attitude toward whom, when and how long each involved individual to take parts. Second, researchers need to have an extra skill of understanding gestures, including voice tones. Whilst this skill is important even in one-on-one interviews, the fact that researchers need to deal with more people in a group setting elevates the importance of such skill. In my case, I learnt that the use of recording device did not only assist me in ensuring

that no information was missing, but also gave me a certain degree of freedom to observe and make notes on people' gestures. Third, the importance of understanding the aspect of culture, not only organisational culture but also society culture in general, and elaborate it in the study. As noted in p. 89, in Indonesia, there is a strong cultural values known as 'sungkan' or overly respect to other people, usually those with higher rank or status as well as those who are perceived to be 'older'. Especially for Javanese people, this cultural value is very strong, and thus, even in organisational setting, such value is significantly evidenced. Hence, it seems to be rational and in fact, relevant, to elaborate cultural lens in understanding issues of changes in public organisations as it may affect the way people deal with changes as well as how the dynamics within organisations are built upon.

After collecting my data, I had to experience once again, a change in my supervisory arrangement, which brought me to my current research project. There was a significant change I experienced with the last change of supervisory arrangement, a method used for analysis. Rather different with the last few changes of supervisors, this time, I had my primary data collected. As both of my supervisors were not involved since the beginning, they suggested me to pursue the analysis using a method informed by grounded theory, which I found to change the way I looked at my data as well as the way I should deal with analysis.

The second reflexivity point relates to the idea of elaborating different ways of data collection. With regards to the method employed in the research, it is suggested that richer data can potentially be collected through elaboration of narrative interviews as well as site observations. Narrative interviews are argued to be better to be employed from the beginning (Borins, 2012; Czarniawska-Joerges, 1998). Narrative interviews can potentially bring about richer retrospective account as it is loosely guided (Czarniawska-Joerges, 1998). Consequently, this type of interview may take up longer time in the field. In

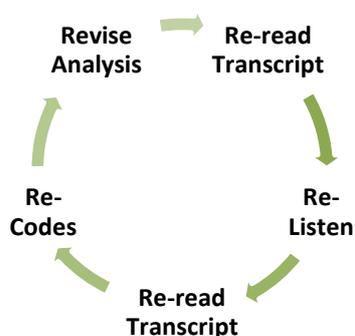
addition, observation may be helpful as it potentially opens up possibilities of obtaining insightful observation through paying attention to day-to-day practices.

With regards to comprehensiveness of information, although semi-structure interviews and narrative interviews are helpful methods of collecting data from respondents, without neglecting its richness in details, it is suggested to accompany the methods by also spending time in organisations to observe their day-to-day interactions. Combining interviews and observations gives an advantage of not only getting retrospective accounts of organisational members, but also being able to observe directly the dynamics of relationship within organisations.

My next reflexivity point relates to my encounter with grounded theory approach in data analysis. Whilst once or twice, I was previously involved in qualitative research, I found a substantially rigorous way to analyse data with grounded theory approach. One major aspect I consider as an important learning experience was the difficulties to free my self from any presumptions about whatever I was looking for in data. During open coding, in which I was required not only to read and interpret every chunk of sentences, but also exhaustively code every word, being open-minded was needed to engage in different points of view in analysing one piece of information, Through this exercise, I was able to find some perspectives on the story of organisational change. Thus, this experience taught me the importance of being open-minded in looking into something as my data was as good as what I wanted to find, and being open-minded gave me an advantage to see my data with broader perspective offering a much richer information. This exercise of data analysis also urged me to pursue further information by conducting more interviews, which were focused on the process of changes. I considered this emphasis as my initial analysis led to the need to investigate more on the process of changes.

As a consequence of conducting exhaustive data coding, there was a huge volume of information. I was lost in codes as well as loss in analysis. Huge numbers of codes were to be categorised and brought to lines of stories, resulted in huge volume of information. I was overwhelmed with the fact that there were different sets of information usable for further analysis. From such experience, there were some lessons learned. There are two lessons learned from this experience. First, a researcher should never underestimate his or her collected data. What has been perceived as simple data can potentially turn out to be sophisticated sets of information. Second, red-flagging important events or phenomena found during data analysis. Red flagging denotes the process where a researcher highlighting important issues requiring further elaboration. This includes the need to investigate more on related pre-events (causes, motivation, etc), post-events (output, impacts, consequences, etc) or even aspects or events taking place concurrently (related actions, political dynamics involved, etc). Third, scribble down thoughts as the code and analysis process go along. I found it helped to remember main key points once the researcher moves on with further analysis. In addition, I also learned that conducting a qualitative research means that it demands for recurring cycle of analysis. Analysis can be done in different ways and also several times. In this research, somehow the process was spiralling up and led to potentially different areas of interpretation. Presented below is how the researcher dealt with the collected data.

**Figure 3-6 Recurring Cycle of Analysis**



Another point of reflexivity relates to the process involved in conceptualising information, which I found myself to face a potential trap of interview data. As pointed by Czarniawska-Joerges (1998, p. 29), data collected from interviews is often seen as 'transparent, as a window to something else'. In this sense, researchers need to be careful in dealing with interview data and not take it as a representation of the actual organisational process; instead, it should be taken as an individual account on how they make sense of the process or any happenings in organisations. It was learned that whilst data collected was clear about how the changes were conducted, focusing on empirical data too much became a trap for the researcher leading to inability to bring the data to a more conceptual level.

In general, it is equally important that in conducting research, especially doctoral research, student researchers should be able to contact and discuss the process of analysis with their supervisors to help guide the research process.

### **3.7. CONCLUSION**

This chapter aimed at giving an understanding of the case organisation and the process involved in conducting data collection and analysis. The contextualisation of the research was achieved through elaboration of written information, respondents' information, as well as the researcher's field observational notes. It is expected that this chapter is able to serve as a foundation for further discussions on research findings, which are to be presented in the next chapters.

## **4. AN INSIGHT INTO SAMSAT AND ITS CONTRIBUTING ORGANISATIONS**

### **4.2. INTRODUCTION**

To better understand SAMSAT and its collaborating organisations, interviewees were asked to share their perceptions about the roles and functions of each contributing organisation in the changes which occurred, and if possible, their understanding of the establishment of SAMSAT as an integrated office. It was important to ask this question as it helped to delve deeper into each organisations functions, as well as what contributed to the changes which occurred. In so doing, more details are established on the organisation. In particular, it was also expected that this question can help the researcher to understand what members of organisations think about, not only the roles of their own organisation, but also how they perceive the roles of other contributing organisations. Consequently, as the study is about inter-organisational collaboration, the question is also crucial in investigating the perceived relationships amongst the three collaborating organisations, as well as how these relationships might influence the organisational changes taking place within SAMSAT.

This chapter therefore presents the findings relating to the contributing organisations. Understanding the organisation under study, including its historical background as well as its dynamic relationship helps to comprehend the dynamics of the changes. As argued by (Pettigrew, 1985a), background and dynamic relationships between organisational players affect the way changes conducted in organisations. Thus, using an approach informed by grounded theory in breaking down collected information and mapping the results by asking who, what actions, what context, what aims, how they did it and also how the

conduct was, the findings are unfolded in three parts. The first part is a description about each contributing organisation. The second part explains the conditions for the establishment of the collaboration in the first place. The third section relates to the way SAMSAT is organised, especially its specialised functions, integration mechanism, resource arrangement as well as the setting up of collaboration identity. A conclusion closes the chapter.

### **4.3. SAMSAT: ITS CONTRIBUTING ORGANISATIONS**

As an integrated office, SAMSAT comprises of three organisations: Dinas Pendapatan Daerah (Regional Revenue Agency), Kepolisian Daerah (Provincial Police Commands/Regional Police) and Jasa Raharja, a public insurance company. These three organisations are public organisations or partly managed by the government. This section, 4.2, explains the contributing organisations as well as the establishment of SAMSAT, incorporating factors leading to the establishment, the responsibilities of each contributing organisation, funding and details on staffing. This is important as it helps to understand the roles and functions of each organisation in the collaboration. Hence, first, a brief description about each organisation is presented. Second, an explanation of why SAMSAT was established is discussed. Third, the domain of each organisation is outlined.

#### **4.3.1. Regional Revenue Office: the Backbone of Provincial Revenue**

The first organisation is Dinas Pendapatan Daerah (DIPENDA) or the revenue agency, which is a working unit under the East Java Provincial Government and located in Surabaya, the capital of East Java province. In Indonesia, provincial government is the second level of administration after the national government in Jakarta. The provincial government and its bodies function mainly under the

authority of the Ministry of Internal Affairs (MIA), to whom the revenue agency reports.

The revenue agency is considered as the highest income contributor for East Java province. The generated funds constitutes 70% of the East Java's local government revenue (PAD, *Pendapatan Asli Daerah*) (DIPENDAJATIM, 2012b), with the levies on the residents used for local developmental needs (Riduansyah, 2003; Rinaldi *et al.*, 2007). The revenue is generated from several sources, including vehicle excise tax, vehicle registration fee, fuel tax, under- and on-the surface water usage taxes, wood auction and other revenues (e.g. parking fees, forestry levies)(DIPENDAJATIM, 2011).

**Vehicle tax revenue actually contributed more than 50% of provincial government revenue. That is why we needed to make sure that our actual income is always up to our targeted revenue.**

**(Revenue agency – Chief of IS/EDP Division)**

Among the levies, Vehicle Excise Tax (PKB, *Pajak Kendaraan Bermotor*) and Vehicle Registration Fee (BBNKB, *Bea Balik Nama Kendaraan Bermotor*), are collected annually and constitute about 80% of the total agency's revenue. Both are annual taxes. The agency puts in considerable effort to collect these important sources of income. In terms of funding, the revenue agency is funded by regional budget (APBD, *Anggaran Pendapatan dan Belanja Daerah*). The budget allocated can be improved by achieving the revenue agency's performance target. Regional budget has more flexibility compared to national budget in terms of budget allocation, as regional budget depends on each province's ability to generate income for its own region (DJPK, 2013). Thus, the more a province is able to generate income; the more flexibility its fiscal capacity is to allocate a budget for its institutions. Fiscal space/capacity is a concept used to measure the flexibility of the government to allocate its financial resources for

activities. The larger fiscal capacity, the more flexible a government allocates its funding.

The revenue agency is also relatively flexible in managing its needs for personnel. The flexibility is contributed by two ways of recruitment. The first one is through annual provincial recruitment process, with the recruits given status as public officers. The second is by occasional recruitment, which is only conducted whenever the organisation needs to cope with emergent needs for personnel. By being able to carry out occasional recruitment, the agency has an advantage in ensuring the availability of personnel, should the organisation need additional staff to work on particular programs.

### **4.3.2. Regional Police: Strengthening Security**

The second organisation within SAMSAT is the Kepolisian Daerah (POLDA) is the police unit operating at provincial level, also known as Provincial Police Command, or in short, regional police. Each province in Indonesia has its own regional police command. In East Java province, for example, the regional police command is in Surabaya, which is the capital of East Java province. In addition to regional police command, Surabaya also hosts metropolitan police command, which is in charge of district police command in different areas in Surabaya. Yet, in the case of a smaller city or town or regency, such as Sidoarjo, which is located south of Surabaya, the town does not have any metropolitan police command; instead, it has only district police command, which answers directly to regional police command. As for sectorial police command, it is the smallest police command located in suburbs. Figure 4-1 presents the structural level of Indonesian Police.

**Figure 4-1 Indonesian National Police Command Levels**

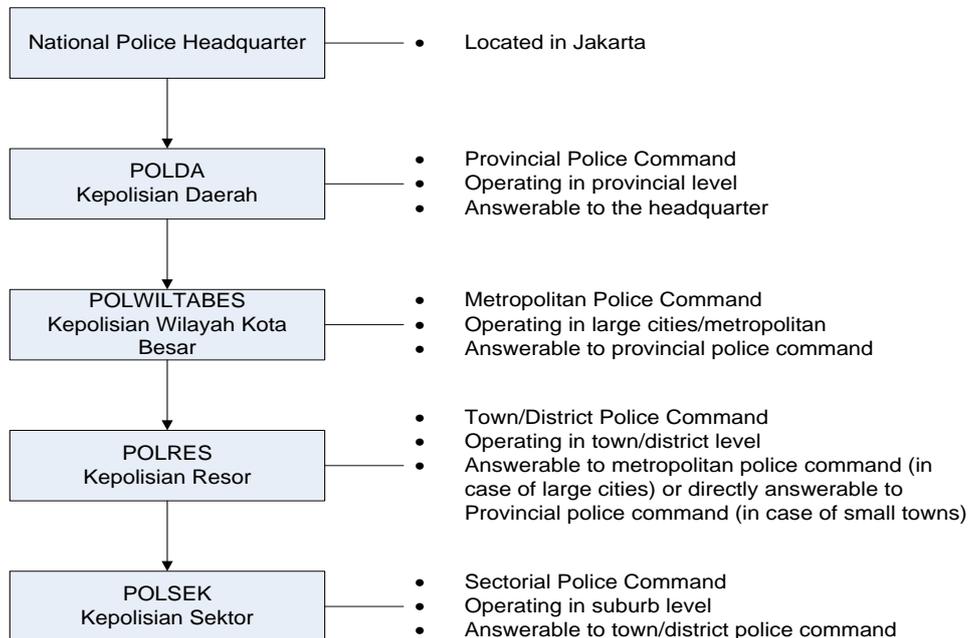


Figure 4-1 presents the hierarchical structure of the Police Command. In general, there are five or four command levels, depending on whether a town is categorised as a metropolitan (for example, Surabaya and Jakarta) or a regency or small town. At the top level is National Police headquarter located in Jakarta, which is responsible for coordinate all regional level command, which is located in the capital of a province.

The police organisation underwent significant change in 2000 as it was segregated from other military entities (air force, navy and army), in order to focus on public safety and protection and serve as public servants. Its motto, *'Rastra Sewakhottama'* (a Sanskrit word, translated to Bahasa Indonesia as *'POLRI (Kepolisian Republik Indonesia ) adalah Abdi Utama daripada Nusa dan Bangsa'*) means 'the main servant for the nation and the country' (MuseumPOLRI, 2009). This motto conforms to new modern police philosophy of 'Vigilant Quiescent' meaning that police should be vigilant to ensure peace and tranquillity in the society.

Nationally, the regional police are responsible for keeping a watch on newly registered vehicles for a probationary period of one month. It issues Probationary Vehicle Registration Number Certificates (SCKB, *Surat Coba Kendaraan Bermotor*) and Probationary Vehicle Number Plates (TCKB, *Tanda Coba Kendaraan Bermotor*). The probationary certificate serves as a proof or licence for newly bought vehicles to be used on public roads, before the vehicle is assigned a permanent registration certificate and plate. Once the one-month probationary period is over and the vehicle has gone through security inspection, a certificate of Proof of Vehicle Ownership (BPKB, *Bukti Kepemilikan Kendaraan Bermotor*) is issued. If there is a change in ownership and significant alterations are made to the vehicle (like changes in colour and body configuration), the regional police should be notified to update the details in their system. The police unit is also responsible for authorising mechanical inspection through its mechanical inspection requirement. This is conducted every five years and specifically intended for vehicles with trade/business purposes, such as lorries, on-road public transports and business vans.

Moreover, the regional police is entrusted with the responsibility of issuing Registration Number Certificates (STNK, *Surat Tanda Nomor Kendaraan*) and Registration Plate Numbers (TNKB, *Tanda Nomor Kendaraan Bermotor*) (DIPENDAJATIM, 2012b). Without these, a vehicle cannot use the road. Both registration certificates and plate numbers need to be renewed once every five years. With the registration certificate, it also needs to be validated annually by the police.

With regards to its operational activities, the regional police is funded through the national budget (APBN, *Anggaran Pendapatan dan Belanja Negara*). The national budget considers the country's fiscal space/capacity, fiscal needs, and also fiscal gap (the difference between fiscal capacity and fiscal needs) (DirektoratPAPBN, 2013). The budgeting process considers the needs of

individual organisations and involves various parties, including the President of the Republic of Indonesia, national people's representatives and also budgetary teams from the Ministry of Finance. Indonesia's national budget has two main parts, which are mandatory and non-mandatory spending. Mandatory spending is regulated to cover a minimum of 20% budget for national education. The rest of the budget is allocated for the needs of national government, transfer to provincial government and also for the financial needs of various vertical organisations, such as Police and Ministries' institutions, which are located in Jakarta as well as in provinces (PresidenRI, 2013). For the regional police, being funded through national budget means that there are little rooms for the organisation to modify its budget, should it have any emergent operational issues.

Regarding its personnel arrangement, the regional police office does not seem to have a full control on it. The regional police office in Indonesia conducts their local recruitment process as well as the placement of personnel. At the same time, the movement of personnel in Indonesian police corps are also coordinated centrally, which enables officers from a city or even a province to be assigned (as well as promoted or demoted) to a different province or city/town. Thus, control of personnel placement is not fully under the control of the regional police office. Moreover, staff salary and also related expenses budget are decided centrally at the national police headquarters in Jakarta. Thus, it becomes difficult for the regional police to manage its needs for personnel, should it have changes in operational activities, such as needing additional police force.

### **4.3.3. Provincial Branch of Jasa Raharja – a State-owned Insurance Company**

The third organisation operating under SAMSAT is Jasa Raharja (JR). It is a public insurance company, with a history dating back to the Dutch colonialism era in

Indonesia. During the colonial period, the Dutch Government established several insurance companies. By January 1960, fourteen Dutch insurance companies were nationalised and reconstituted into eight companies. Consequently their status changed to being a state-owned insurance company PAKN, *Perusahaan Asuransi Kerugian Negara*). Furthermore, by a decree (294293/BUM II) issued on December 31, 1960, the Ministry of Income, Expense and Auditing Affairs, merged four of the eight companies into one state entity named '*Eka Karya*'.

In 1965, the company was renamed into '*Jasa Raharja*' and given a mandate to manage liability insurance for motor vehicles and passenger accidents. By two decrees (nos 33/1965 and 34/1965), the company was assigned to manage Compulsory Contribution for Road Traffic Accident Fund (SWDKLJ, *Sumbangan Wajib Dana Kecelakaan Lalu Lintas Jalan*), requiring motorists to make compulsory contributions to the fund annually. This fund covers victims of road accidents involving both private and public vehicles (DIPENDAJATIM, 2012b).

Jasa Raharja experienced some changes in its status as a company as well as its scope of business. It was in 1978 that the status of JR was then changed into a limited company or Ltd (*Persero, or Perusahaan Perseroan*), to accommodate its broadened business scope. The Indonesian Ministry of Finance issued a new regulation giving a new direction to Jasa Raharja's operation, assigning it to issue Surety Bonds and also run other types of public insurances not covered by the previous regulations (Decree numbers 33/1965 and 34/1965). Meanwhile, during 1980, its name was changed into PT (Persero) Asuransi Kerugian Jasa Raharja. However, a significant change took place after 1994, when a new regulation constricted the company's area of business. Jasa Raharja was consequently required to divest all of its non-compulsory businesses and safety bonds. It now focuses solely on social insurance programme related to traffic accident funds.

The insurance company has its headquarters in Jakarta, the capital of Indonesia and has branches in every province with twenty-eight branches spread across the country. In East Java, besides its provincial branch, Jasa Raharja also has representative offices in seven towns, including Probolinggo, Malang, Jember, Kediri, Madiun, Bojonegoro and Pamekasan.

Rather different than the revenue agency and the police, JR is a state-owned enterprise (SOE). In Indonesia, SOEs are owned by national government, and supervision on SOEs, both hierarchically and functionally are conducted by the national government. The establishment of SOEs is mainly as revenue generating bodies for the government, and minimum of 51% of its shares is owned by the government. While SOEs are not profit-seeking entities, they are allowed to accumulate profit or be profitable (Sukiwaty *et al.*, n.d.). JR is ran as a company, which all of its revenue goes to the national government. Hence, the company needs to carefully measure its operational cost to ensure that their target of revenue can be achieved. The status of a state-owned enterprise (SOE) requires Jasa Raharja to be accountable to the government through two ministries. Its operational activities are therefore regulated by the Ministry of State-owned Enterprises (SOEs) and for its financial regulations, the Ministry of Finance. Being run as a company, all decisions on operational-related activities, including budgetary allocation and personnel resources are made based on the consideration of cost and benefit, as all risks are beared by the government. Consequently, JR has to settle accident claims as efficiently as possible, in terms of time, usually in one to two weeks, and also within budgetary constraints. To deal with a claim, the company has to check related documents and physical evidence, which are usually transferred from the traffic police division as well as trace victims' data and family information.

On its staff needs, the insurance company is constrained by limited funding. Being an SOE, Jasa Raharja funds its own operations and thus has to assess the

impact of additional personnel on operational expenses. Besides, decisions on personnel recruitment, promotions and transfers across branches, are taken at the national level. All decisions on human resources are thus not made at the local level, whether at provincial or town levels, but centrally at the national level, though the local branches can make suggestions for specific needs. A grid summarising the characteristics of the three collaborating organisations is presented.

**Table 4-1 Differing Characteristics of Three Collaborating Organisations**

CRITERIA	REVENUE OFFICE	POLICE UNIT	INSURANCE COMPANY
<b>Answerable to</b>	Provincial Government	The National Headquarter answer-able to the President)	Police (which to the Ministry of State-Owned Enterprises Ministry of Finance
<b>Main Functions</b>	Revenue Generating Machine for Regional Government	Public Safety and Protection at Regional Level	Social Insurance
<b>Organisation Type</b>	Public organisation	Public organisation	State-owned business organisation
<b>Orientation</b>	Non-profit	Non-profit	Non-profit (used to be partly profit – changed status as of January 1, 1994)
<b>Financial flexibility</b>	Flexible	Less flexible	Less flexible
<b>Personnel recruitment</b>	Conducted locally at province level	Conducted at both local and national level	Conducted centrally at national level
<b>Personnel movement</b>	Locally managed	Local and Centrally Managed	Centrally Managed

Source: Developed by the Author

As seen in Table 4-1, all three collaborating organisations differ in several aspects. For example, whilst the revenue agency is answerable to the East Java provincial government, both the regional police and JR are answerable to

national government through different ministries. This differentiation is thus important as it helps to accurately place each organisation's roles and purpose in the collaboration.

The next section explains the conditions for the establishment or the birth of SAMSAT office, the Integrated One-Roof Administration System.

#### **4.4. CONDITIONS FOR THE ESTABLISHMENT OF SAMSAT**

Prior to 1977, the revenue agency, the regional police and the insurance company worked and operated individually and independently of each other (DIPENDAJATIM, 2012b). In this regard, it became important to examine what kind or factor what kind of factors or situation propelled the initiative to establish SAMSAT in the first place.

Data from SAMSAT's documents as well as interview data indicate that there are some aspects perceived to have contributed to the set up of the organisation. It should be noted that whilst SAMSAT is initiated as a national operation by the central government of the Republic Indonesia, the difficulties to operate independently were shared by similar organisations at local level (ILGA1-Former Head of East Java Revenue Agency). These aspects represent what was experienced by the organisations, as well as what the members of the organisation perceived were experienced by the public.

One major aspect faced by all three organisations is the issue of data accuracy. As public organisations, each contributing organisation has a responsibility to build reports, presenting their income as well as their operational expenses. Yet, whilst each of these three organisations dealt with the same matter, which was vehicles operating on-the-road, their reference to the numbers of vehicles were not the same. This caused the issue of whether their quoted data was accurate

or not. Moreover, the pressure to have a synchronised data mounted, as the number of vehicles operating on the road increased steadily.

**'... Due to increases in the revenue from taxation sector, revenue from public insurance, and also from vehicle registration certificate printing, I think each one of us had experienced unsynchronized data.'**

**(Revenue agency -Head of the Revenue Agency)**

Data inaccuracy caused confusion in the process of regional revenue and road traffic accident fund calculations, as well as motor vehicle identification, as no one was able to ensure the accuracy of the data. It is important to note that data inaccuracy did not only cause confusion in calculation of income, but also led to inaccurate planning. Target planning is a routine affair for each public organisation; yet, with inaccurate data was perceived to influence the collaborating organisations' ability in doing so. An interviewee stated that based on his experience in planning targets and activities, the average deviation of planned and actual targets was around 25%.

**Data inaccuracy also impacted on our planning. Our administration could not make a plan that was close o realistic. It was bad. The deviation reached 25%. It was not an accurate planning**

**(Union-Former Head of the revenue agency)**

For the revenue agency, the increasing number of vehicles on the road should have increased its revenue, but there was no reconciliation in figures. Similarly, for the insurance company, more vehicles on the-road also should have fetched more premia for the compulsory accident fund. Yet, the insurance company was not sure that all vehicle owners made their contribution. The Regional Police again had difficulty in ensuring that all vehicles on the road have been validated, and are eligible under law to be on the road. Such a disorganised situation was not helpful to resolve the issue that each organisation faced.

However, due to different lines of authority, there was no way to reconcile their data and furthermore, there was no significant effort made to tackle the issue of data accuracy. It was found that ‘-ego’ contributed to this situation.

**It was tough. Each of the three organisations had different ego, related to our own interests from different sectors’.**

**(Police Representative–Head of Representative)**

‘Sectorial-ego’ or in Indonesia is known as ‘ego sektoral’ is a term commonly found in Indonesia as a reference for the existence of conflicting interests amongst different ministries as they have different domains. It should be noted that whilst all three organisations are public organisations and serve public interests, each of them also have their own domain of services, which is regulated by laws and ran through from national level to local level organisations. This is understood to lead to task specialisation for each organisation and they intended to keep their specialised domain secure.

Another aspect considered to contribute to the establishment of SAMSAT is public experiences in dealing with vehicle administration. It was stated by some interviewees, that independent operations did not only disadvantage their organisations, but also disadvantaged the public in terms of inefficient operation. The public were perceived to waste time and resources in visiting three different offices to pay vehicle taxes, validate vehicles and to pay their contribution for compulsory accident fund. This created an inefficiency in terms of how the public fulfilling their obligation as legal owners of vehicles.

Consequently, the pressure to have a synchronised data mounted as the number of vehicles operating on the road increased steadily. Thus, in April 1976, a national convention of provincial revenue agencies attempted a resolution to the problem of unorganised data. The meeting subsequently recommended to the Central Government through the Ministry of Internal Affairs (MIA), that an

integrated office comprising the three organisations—the revenue agency, the regional police and the insurance company—be established. MIA in turn brought this to the attention of other higher authorities, namely the Ministry of Defence (MoD) and the Ministry of State-Owned Enterprises (MSOEs).

These three ministries later established a new coordinated office, a one-roof integrated administration system (SAMSAT, *Sistem Administrasi Manunggal Dibawah Satu Atap*), which serves as a one-stop service for all on-road vehicles related needs. The legal foundation for SAMSAT establishment is Collective Decree (CD or *Keputusan Bersama*) number Kep/13/XII/1976, Kep 1693/MK/IV/12/1976 and 311/1976, which ordered a collaborative arrangement amongst provincial government, regional police, and the provincial office of Jasa Raharja to improve regional income and public service delivery (DIPENDAJATIM, 2012b).

SAMSAT was established to fulfil three missions (TPSAMSATJATIM, 2011). First, is to improve the quality of service through public participation and professionalism of public officers. Second, is to establish service systems and procedures that are simple, easy, certain, safe, and transparent based on information technology. These first two missions are aimed at the public. The third mission is to increase the revenue for both national (the regional police and the insurance company) and regional governments (the revenue agency).

SAMSAT was first established in East Java on June 30, 1977 to lessen the burden of the public in dealing with vehicle-related issues. It was coordinated under the East Java's regional police office, the government of East Java province and also Jasa Raharja's East Java branch office. For the provincial government, its role in SAMSAT was represented by the revenue agency. As explained by one interviewee;

**‘That was the beginning. In short, the government really wanted to ensure that public got a better service and public did not take too much time to deal with various public institutions. Then, the government decided to establish an office named SAMSAT.’**

**(Revenue agency-Head of the agency)**

The Ministry of Internal Affairs then issued guidelines (no.16/1977) for the implementation of SAMSAT concerning the issuing of vehicle certificates, vehicle tax/registration fee payments and also road traffic accident funds (TPSAMSATJATIM, 2011). As stated earlier, each organisation has its own domains to manage; yet, the question is how these three organisations manage to work on the collaboration? The next section explains the findings on this related matter.

## **4.5. ORGANISING THE COLLABORATION**

During interviews, it was found that the three collaborating organisations have their way of managing the collaboration. Whilst SAMSAT serves as an office for integrating specialised functions under one-roof, each contributing organisation has different line of commands. It led to the establishment of cross-organisational teams on different levels. Presented in four subsections, this part aims to explain the organisational characteristics of SAMSAT. The first subsection explains that each organisation in SAMSAT has specialised functions, whilst the second part deals with coordination mechanism. The final part of the section explores SAMSAT’s resource arrangement.

### **4.5.1. Specialised Functions**

The three organisations work together on the basis of specialised functions, which means that each has its own areas of operation. Referring back to the

mission of SAMSAT as previously explained in Section 4.3, SAMSAT's third mission highlights SAMSAT's aim of helping the revenue agency to collect vehicle excise tax, which in turn, contributes to local government revenue. Through SAMSAT, regional police also manage vehicle security identification, validation as well as collect revenue from the renewal of annual vehicle registration certificate and five-year registration plate numbers. With regards to the insurance company, SAMSAT helps the insurance company to collect the annual compulsory accident fund. Presented next is the specialised functions conducted by each contributing organisations in SAMSAT.

**Table 4-2 Domains of Each Organisation based on its Specialised Functions or Services**

NO	INSTITUTION	DOMAINS	SPECIALISED FUNCTIONS/SERVICES	CYCLE OF SERVICES
1.	Police		Registration Certificate	Validated Annually
2.	Police	Vehicle Identification and Security checking	Registration Number	Five-yearly
3.	Police		Probationary Vehicle Certificate	On the registration of a new vehicle
4.	Police		Probationary Vehicle Number	On the registration of a new vehicle
5.	Revenue Agency	Vehicle taxing	Vehicle Tax	Annually
	Revenue Agency		Vehicle Registration Fee	
	JR	Vehicle Insurance	Road Traffic Accident Fund	

Source: (TPSAMSATJATIM, 2011)

As seen in table 4.2, the three contributing organisations have different domains of function that create specialised territories for each of them. Whilst police deals with vehicle identification and security checking, the other two organisations, the revenue agency and JR deal with payment for taxes and insurance, correspondingly.

Furthermore, respondents emphasised especially those from the regional police, that although they work together, the functions are not transferrable to the

other organisations. This separation of the functions creates a specific territory for each contributing organisation, with these boundaries regulated by law.

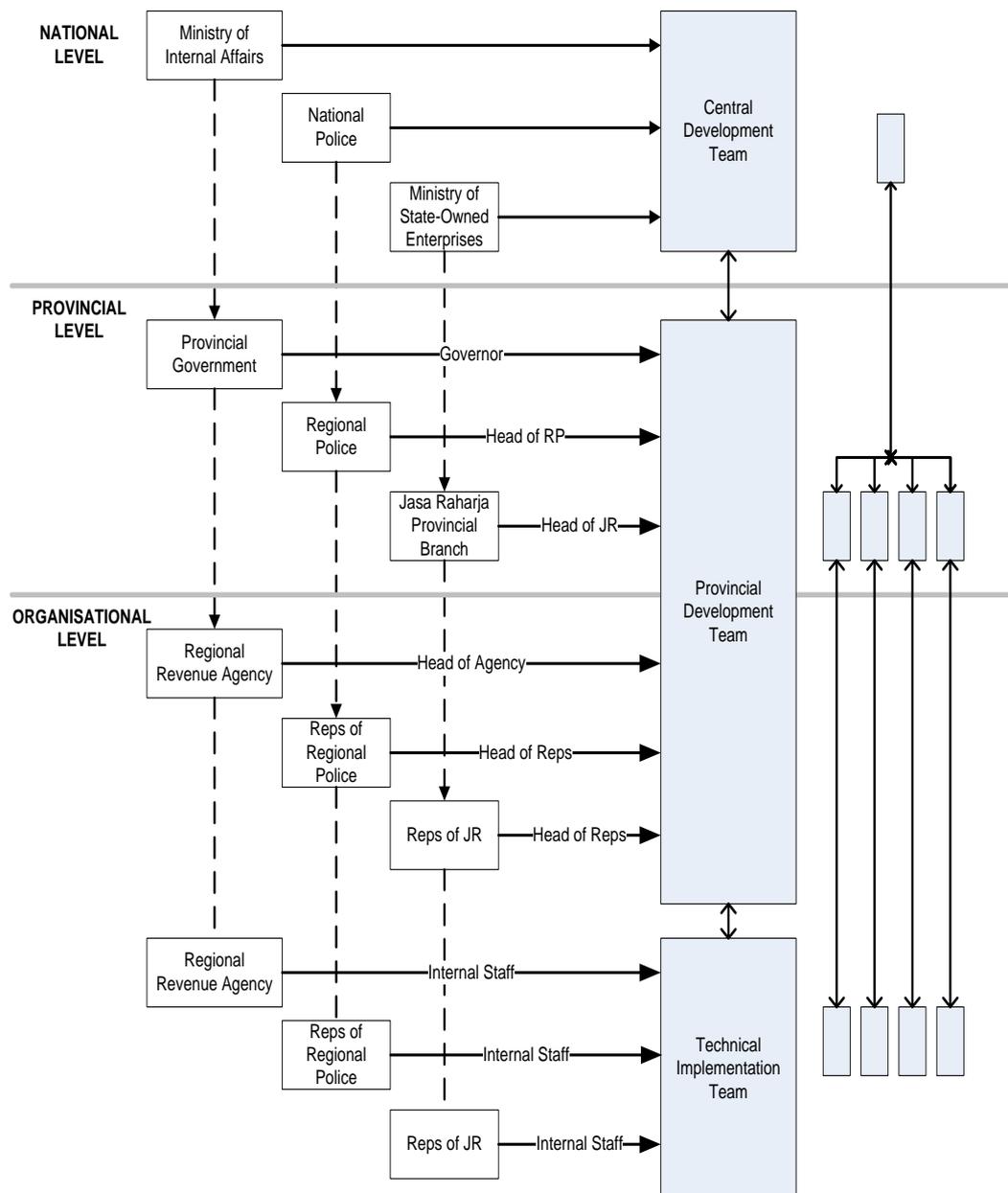
In its development, however, the need to offer a quick service to the public pushed SAMSAT to conduct an integration of functions, for an example, like that of conducted by the revenue agency and the insurance company. Data from the interviews also showed that since 2005, SAMSAT in East Java changed its way of delivering service from 4 booths to 2 booths procedures, reflecting a different process arrangement for its front office and reflecting a change in how specialised functions are implemented. Whilst details of why the change took place are explained in the next chapter, it is necessary to state that such a change altered the territories of these two contributing organisations, in different ways. For the revenue agency, it experienced more territories as it deals with all payment related to vehicle tax and helps to deal with insurance payment in front office. Consequently, it means that the insurance company experienced territorial reduction, at least, in front office processes. In order to further understand the dynamics amongst these organisations, it is then necessary to understand how the contributing organisations coordinate amongst themselves. This integration mechanism is presented in the next section.

#### **4.5.2. Integration Mechanism**

As a mandated collaboration, the central government regulates the way SAMSAT is structured. Thus, in spite of different provinces, all SAMSAT in Indonesia has similar structural arrangements. In this formal arrangement, there are no dominant organisations in SAMSAT, which means that all organisations are equal in power structure. Power is diffused based on responsibilities and control over each function, which are specific to the relevant organisations. For example, regional police only deals with security and not with taxing. The coordination exists to make sure that each organisation can run its functions appropriately.

One of the main aspects of coordination in SAMSAT is that it involves the establishment of inter-organisation multilevel teams. Explained in Section 4.2, the three organisations are answerable to different lines of authority. However, as they work together under one roof, they need a mechanism that holds them together. This arrangement is presented in Figure 4-2.

**Figure 4-2 Multi-Level Team Arrangement**



Source: Graphic developed by the Author

The structure as presented in Figure 4-2 shows that team arrangement runs across all levels of the organisation. Different levels of authority deal with different levels of activities. For example, at the national level, the coordination mechanism has a Central Coordinating Team (*Tim Pembina Pusat*) with representatives from MIA, the National Police, and the MSOE. The coordination teams also operate at provincial level (TPP, *Tim Pembina Provinsi*). The Governor of East Java Province, the Head of the Regional Police and the Head of provincial branch of Jasa Raharja (JR) head this team. In addition, it also includes the Head of the Revenue Agency, and the Heads of Police and JR Reps at SAMSAT. Up to this level, the roles of the teams mostly relate to strategic decisions, such as constructing strategic and long-term planning, and inter-organisational arrangement at the national level. Furthermore, at the lower level, namely, operational or organisational level, there is a Technical Implementation Unit (TIT- *Tim Implementasi Teknik*) with representatives from the revenue agency, the regional police and the insurance company. The team comprises of internal staff that work together to discuss efforts needed to improve the quality of service delivery to the public. This team is not attached or does not belong to any one particular organisation. This team is different from both national and provincial level coordinating teams, as the technical implementation team deals with operational activities. This technical team acts more like field agents as they work directly with operational issues.

The coordination for idea development in SAMSAT, especially that intended to improve the quality of service delivery, is conducted through technical team meetings. Provincial Coordinating Team then approves the results from these meetings. If all the collaborating organisations agree on the initiative, then the Provincial Coordinating Team draws up a Memorandum of Understanding (MOU) to serve as a legal foundation to support the services provided by SAMSAT.

Over time, along with the development of communication technology, respondents admitted that formal mechanism was not the only way to coordinate amongst the three organisations. Whilst the use of informal mechanism, as a communication structure, was increasingly still formal, coordination amongst the three organisations includes an informal mechanism. In particular, for simple operational issues, coordination amongst those responsible for the tasks, is often conducted through less formal media, such as by phone or emails.

**‘If we need to talk about something simple, we coordinate amongst ourselves over the phone. This is because there are lots of things in the day-to-day operational level. We keep each other updated.’**

**(Insurance company-Head of JR Provincial Branch)**

Furthermore, data from the interviews revealed that inter-institutional coordination did not always work well. Despite the existence of formal communication structures and establishment of cross-organisational teams; conflict of interests amongst the three contributing organisations also existed. Thus, coordination was stated to be uneasy, especially at the early period of establishment.

**Each of us had different interest, we cannot say no to this fact. For the revenue agency it had to be like this. From the police perspective, it had to be like that. It was also different from the insurance company. We did not want one thing to happen whilst the other wanted it. Things like that happened.’’**

**(Police representative -Head of Representative)**

At the same time, the relationship amongst the three contributing organisations improved with time, whilst the existence of sectorial-ego reduced with time. This

was especially seen with how the three contributing organisations agreed to overrule the regulation relating to how SAMSAT was operating. Despite nationally regulated operations, the East Java's provincial development team, to support organisation changes, overruled the regulation in order to reduce SAMSAT's front office processes.

**It is possible for East Java to have a different process than what is nationally regulated. Why? Because the Governor is brave enough to ask the cooperation from the head of regional police as well as that of JR to modify the process. It is done by overruling Ministries' regulation. We do it for the sake to improve the speed of the process in East Java SAMSAT.**

**(Unio-Former Head of the revenue agency)**

The way the top level people 'helping' the organisation in conducting change represents the use of both power and political behavior. The power sourced from formal position, which is then acted through high level negotiation amongst different collaborating organisations/institutions are crucial for a change to take place, especially if such change involving different territories. In SAMSAT case, this was possible as all contributing organisations agreed on the matter.

Relating to the possibility that this situation was also possible to be conducted in different provinces, some respondents agreed that such a situation was a bit difficult to be implemented in different provinces, as the relationship amongst the contributing organisations might not be as good as their experiences in East Java. The sectorial-ego is highlighted as contributing to how the relationship amongst the three organisations developed.

**I do not think it was possible to be implemented in different regions. Let alone the system, the political dynamics of each region is different from what we had here. In Jakarta, for example, this would not be easy at that time. For now, I think because it is mandated, then every province needs to follow the process like ours.**

**(Union-Former EDP staff of the revenue agency)**

In addition to the existence of strong sectorial-ego in different regions, the respondent stated that the dynamics of political situation within the collaboration was important. It implies that while change could be implemented, the results of the change might be different as they depend on the political values and attitudes of organisational actors.

In addition to the different functions for each of the collaborating organisations within SAMSAT, they also have different roles in managing SAMSAT. However, being an integrated office, the three collaborating organisations work in tandem to manage their resources. The next section explains resource arrangement at SAMSAT.

### **4.5.3. Resource Arrangement**

Whilst the positions of the three organisations are similar in structure, resource arrangement at SAMSAT differs amongst the three collaborating organisations. In general, resources used for SAMSAT's operational needs include human resources, physical resources such as building and supporting system infrastructure (IT system) and financial resources, especially that of related to day-to-day operational expenses. Compared to the other two contributing organisations, the revenue agency is able to contribute more to the operationalisation of SAMSAT through resource provisions.

One of the most critical resources managed by the revenue agency is operational sites. In comparison to the initial period of establishment, most SAMSAT's sites of operations are independent, in a way that it has its own sites, not shared with other offices. During the 1970s and early 1980s, SAMSAT's operational activities were conducted in an office shared with district police's offices, including the main SAMSAT hub in Surabaya. It was in 1981, that SAMSAT's main office was built next to the office of revenue agency in an independent building. Since then, many new independent sites have been developed to accommodate operational needs as well as more services offered by SAMSAT.

Another significant difference amongst the three contributing organisation in resource arrangement, relates to operational expenses. Despite the fact that some operations are still on shared office locations, the funding for operational expenses is covered by the Revenue Agency. This funding is covered under the regional budget, as it has an available budget as well as budget flexibility.

**'This is mainly because the availability of resources. We are under the provincial government; our budget is quite flexible compared to that of police or insurance company. That is why, SAMSAT activity is financed through the province's regional budget.'**

**(Revenue agency-Head of the agency)**

Furthermore, as previously discussed in Sections 4.2, both the regional police and the insurance company have less freedom in allocating funds. The regional police fall under the authority of the National Police, which finances and controls it. Their funding needs are to be approved by the National People Representative Body (DPR, *Dewan Perwakilan Rakyat*). Jasa Raharja, an SOE under Ministry of State-owned Enterprises, the company needs to carefully measure its operational cost to ensure that their target of revenue can be achieved. It is more possible for the revenue agency to allocate more budgets for SAMSAT

operational expenses than both the regional police and JR. This is because the revenue agency is funded through regional budget. This budget is an annual financing exercise developed by local governments and approved by the Regional People Representative Body (DPRD, *Dewan Perwakilan Rakyat Daerah*). As a consequence of decentralisation decrees (no. 22 and 25) issued in 1999, local governments are given more freedom to manage their regions, including their budgets, in order to be more responsive to their local affairs (TheAsiaFoundation, 2002).

Apart from the differences in resource arrangement, it was found that the contributing organisation benefited from the availability of resources for the collaboration. Moreover, they appreciated the idea of resource integration as it leads to a more efficient operation, especially in terms of cost of operations. In this sense, individual contributing organisation does not have to invest separately for the use or employment of the same resources. Reflecting back to the reason why SAMSAT was established, this integration of resource appears to answer the needs of each contributing organisation in avoiding duplication of resources.

**'Physical resources are mainly managed by the Revenue Agency, including database. They have already all the stuff needed and all the expertise, and we do not need to duplicate it.**

**(Police representative-Head of representative)**

However, it should be noted that not all resources can be shared. These three organisations are very careful in maintaining their specialised functions by setting up personnel boundaries. As stated earlier, being an integrated one-roof administration, SAMSAT is more like an operational body rather than an organisational entity, as it does not have its own staff. SAMSAT's personnel belong to the collaborating organisations and thus their roles and responsibilities

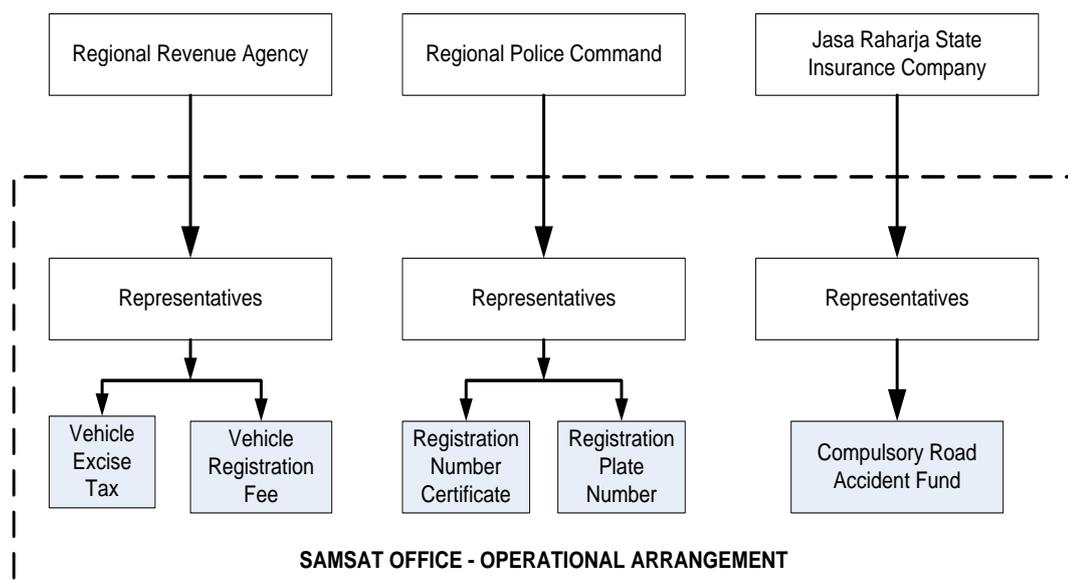
are not interchangeable, despite working together under one roof. One interviewee stated;

**‘We have separated functions, just work together. The one responsible for the vehicle and document checking are only police officers. We cannot let other doing that for us. Similarly, we cannot receive any tax payment. Cashiers are from revenue office.’**

**(Police-Head of Vehicle Validation Unit)**

Presented in Figure 4-3 is the schematic relationship on how each organisation conducts its functions within SAMSAT.

**Figure 4-3 SAMSAT Operational Arrangement**



Source: Graphic developed by the Author from Interview Data

As seen in figure 4-3, the three organisations have their representatives to work in SAMSAT. Whilst they work together, representatives are only responsible for managing the functions of their own organisations. This arrangement therefore separates functions of the participating organisations, which means that Jasa Raharja, for example, is responsible only for claims related to road and traffic accidents. Similarly, whilst vehicle data is accessible to all participating

organisations, criminal record clearance is the duty of the regional police. Police unit is responsible for all vehicle validations and security checks. All tax-related payments concerning the vehicles are handled by the revenue agency.

The reason behind the strict separation of task and responsibility is to ensure that each organisation achieves its own goals, as defined in rules and regulations (DIPENDAJATIM, 2012b). Such an arrangement eliminates friction. Therefore, with job responsibilities clearly defined, hence, clarifies domains of each organisation, it is easy to identify sources of any breach in functioning. At the same time, this arrangement also serves as boundaries of territories accessible only to the relevant contributing organisations.

Interestingly, such an arrangement seems to evolve over time. Along with the arrays of organisation changes conducted by SAMSAT, the boundaries of what specific organisation can do or cannot do seemed to change. In the case of JR, with various changes, including technological and administrative changes conducted in process of service delivery, the particular organisation has agreed to let the revenue agency handle JR's front office operational activities, related to compulsory accident fund payment. Further details on this change are discussed in the next chapter (Chapter 5).

Closely related to the finding about personnel arrangement, this study also found that SAMSAT sets up a different culture and identity, than that of its three contributing organisations. This finding is discussed in the next section.

#### **4.5.4. Establishing a Different Identity**

SAMSAT aimed to set a different identity for their organisation members, who are assigned to work at SAMSAT. It intended to create an identity that was different from the contributing organisations. One of the ways found to support

the effort to create a different identity is to impose a different set of uniform for the staff of each contributing organisation, assigned to work at SAMSAT.

Employees assigned to work with SAMSAT wear uniforms from their parent organisation with a view to inculcate a sense of cohesiveness and equality within the team. This is aimed to reduce the existence of silo thinking or mentality, that put forward what people already knew well, which in this case, was their organisation and their way of doing things. It was also considered important as a way to reduce the existence of sectorial-ego. It was a difficult process for all participating organisations to agree on uniforms. The decision for having different uniforms was based on the need for SAMSAT to project itself as different from any participating organisation. As stated by an interviewee;

**We need to ensure them that it is not about our own interest, but for the benefit of each institution. We do not want to be associated with one organisation. The public only know that we are SAMSAT. That it is. They do not know who you are individually and who you work for.**

**(Revenue agency-Head of the agency)**

The creation of a uniform that is different from those worn by the contributing organisations was stated also to help SAMSAT in reducing potential negative perception of the public to SAMSAT, especially when it was related to corruption issues. In that case, head of the revenue agency continued;

**We created this uniform arrangement so that the public does not have to feel afraid in dealing with SAMSAT, due to their previous experiences in dealing with one of us, the collaborating organisations.**

**(Revenue agency-Head of the agency)**

Furthermore, it was agreed by most respondents that building an office free from corruption was not an easy task. Corruption was clandestine in nature, which was seen as a 'hidden yet known to everyone' phenomenon in the organisation. Everybody knows it exists; yet, they are unable to make it as an open showcase. Thus, it was thought to be necessary for the collaboration to disassociate itself from the participating organisations, especially because one of the participating organisations was commonly perceived as a corrupt organisation. As stated by one of respondents;

**We wanted it to be a different image. We knew that the public got a negative image of public service. We did not deny, but most public organisations used to be corrupt organisations, including us. It is publicly known that police was associated with a corrupt organisation that it was better for us to start clean.**

**(Union-Former EDP Staff of the revenue agency)**

Apart from the intention to create a different identity for staff employed to work in SAMSAT, at the same time, an effort to set a different identifier is also evidenced. Each staff, in addition to wear a SAMSAT uniform, is also required to wear a pin indicating their origin organisations.

**Yes, we are still different from one to another. Although it is indeed difficult to differentiate because we wear SAMSAT uniform. But, if you look closely, you can recognise that we wear our own organisation's pin. So, if you know the shape of police corps' emblem or logo, then you would know that we are police corps.**

**(Police representative-Head of Validation unit)**

## **4.6. CONCLUSION**

This chapter has explained the findings related to the organisation of SAMSAT as well as its characteristics as a mandated collaboration. In addition, the functions of each contributing organisation, SAMSAT's integration mechanism, resource arrangement as well as its effort to establish an organisational identity and image, were also discussed. In general, this study argues that the collaboration is characterised by interorganisational coordination, in which each of the organisation has its own territory to manage.

The coordination amongst organisations uses formal and informal mechanisms, and the dynamics of coordination is contributed by the fact that each organisation has its own line of command as well as the existence of sectorial-ego. This ego represents different interests amongst sectors/organisations that runs from national to local levels. Consequently, the way SAMSAT is structured and how its resources are managed, including its human resources and characteristics, can be described as representing a loosely coupled structure. In this case, although the three organisations work together in some parts of their functions, each contributing organisation maintains their own chain of command as well as keeping some of organisational identifier within SAMSAT.

It is also found that based on formal arrangements, all three organisations have relatively similar power; yet, their contributions in resource arrangements differ from one another, which may lead to different level of dependence on each other. Such asymmetrical dependence was also found to affect changes in their territorial arrangements. The next chapter, Chapter 5, examines the dynamics of the changes conducted at SAMSAT.

## **5. IMPLEMENTING THE CHANGES – THE DYNAMICS WITHIN**

### **5.1. INTRODUCTION**

This chapter aims to explain the second part of the findings, which is focused on the implementation of organisational change in the subject organisation. Change processes at SAMSAT have occurred over the last 30 years period with different types of changes, including administrative, technological and procedural changes. These changes were initiated for different reasons. It was found that whilst respondents experienced the same changes, they had different views on what caused the changes or the reasons why the changes were needed. In general, these differences seemed to be derived from their experiences in dealing with their own organisations and their interactions with other contributing organisations whilst they were assigned to work in SAMSAT. In addition, it was also found that those in control of the process in organisations influenced the directions of the changes.

The findings in this chapter are presented by adapting processual perspective of changes, which following Dawson (1994), focuses on the content of change, dynamics interaction amongst the three organisations, and also the context that all three organisations faced. Through this perspective, it is expected that the dynamics in how SAMSAT conducted the changes, including substances or contents of changes, politics and also the context of change, can be appropriately retold.

The rest of the chapter is divided into three sections unfolding three different types of major changes that are interrelated. The first section is related to administrative change, which emphasises changes in documents and archives

management. The second section relates to technological changes, which covers some technological-based changes, especially database management and communication infrastructure enhancements. The third part of the chapter explains the process changes that emphasise the various changes in procedures, as well as the creation of some new types of services.

## **5.2. ADMINISTRATIVE CHANGE**

This section discusses findings related to administrative change, which is mainly about document reorganisation. In general, there are two main reasons, which are perceived to cause administrative change in SAMSAT. In addition, the implementation of the change was found to be difficult as it involved people from three different organisations. Detailed findings in this section are presented in two subsections, the reasons for the changes, and the dynamics of the changes.

### **5.2.1. Reasons for the changes: The lack of effective document management**

In general, it was found that the reasoning process of the need for changes in SAMSAT was based on people's assessment on internal condition experienced within the organisation. Whilst the process of assessment itself was informal, in a way that it was based on how the three contributing organisations looked at their shared difficulties in dealing with SAMSAT's operation, people came out with what they perceived as the gaps that needed to be dealt with. Based on interviews, it was further found that the absence of document management and the manual flow of processes in SAMSAT provided reasons for administrative change. Within this context of change, these two perceived reasons were relatively complex as they both involved personnel.

One of the major problems faced by SAMSAT during 1980s was the non-existence of document handling or even if it existed, it was lack of document management. In its early development, SAMSAT handled and recorded all transactions manually. The hard copies of all transaction forms and vehicle records were kept in SAMSAT's archival room, which was not adequate to hold large numbers of documents. The large volume of archives was a result of compiling all previous records from the three organisations, which previously held their own records individually. When they started to operate under SAMSAT, these documents were piled up. However, there was no clear account on the exact amount of documents in the system. This situation was further worsened by the fact that internal staff lacked the ability to maintain records. Document keeping has been an issue in SAMSAT. As stated;

**'Public service officers working in public organisations did not have the habit to do documentation to keep records. They were not used to document anything.'**

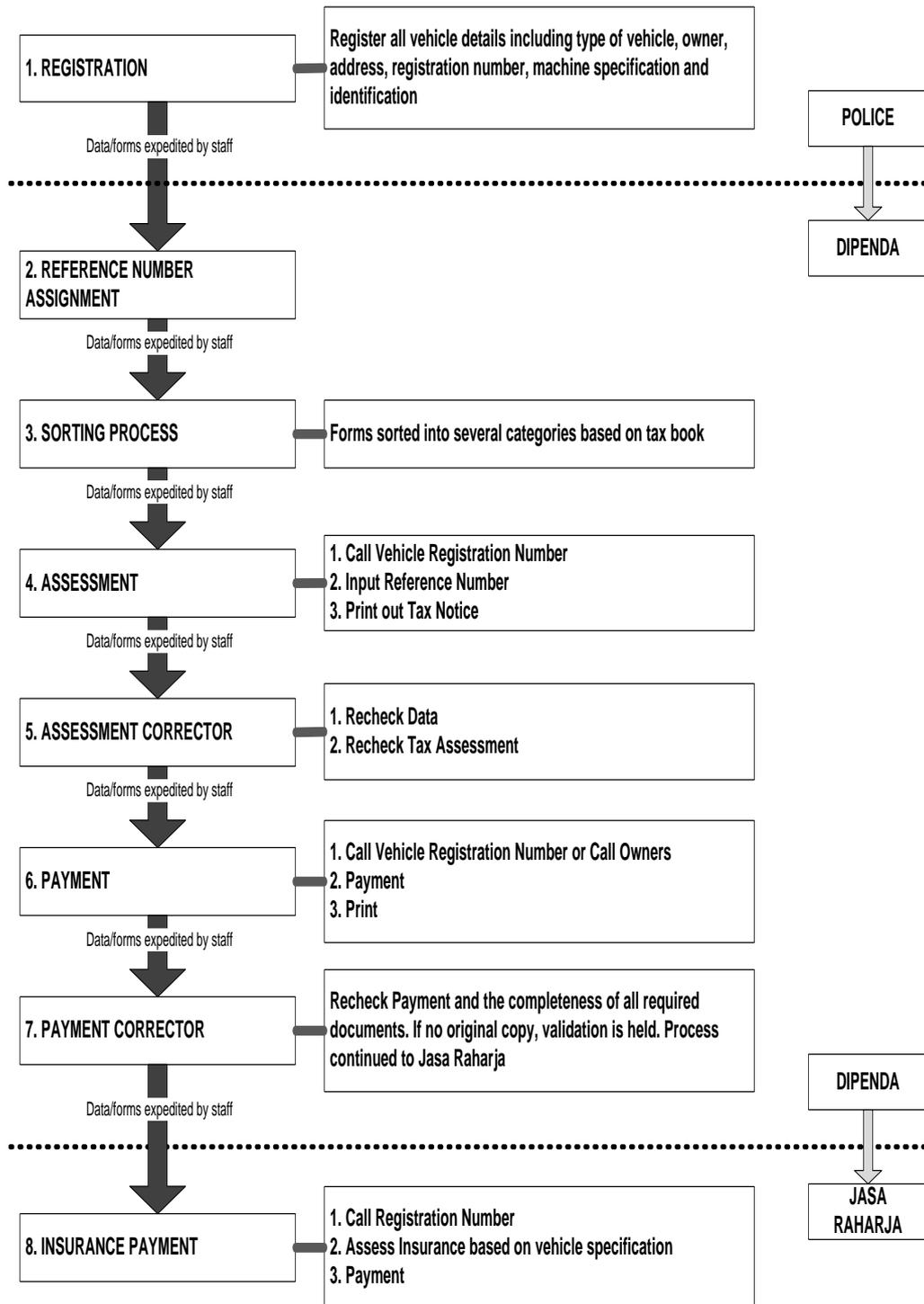
**(Union-Former EDP Staff of the revenue agency)**

Notably, the habit of not maintaining documents properly is a common problem in public organisations in Indonesia. Several publications (e.g. Badudu, 2012; Indopos, 2011; RadarBangka, 2012) explore the poor archival database or documentation systems of public sector organisations from central government levels such as ministries, down to the local units. The Republic of Indonesia's National Archival Agency (ANRI, *Arsip Nasional Republik Indonesia*) also points out that the poor archival management in local levels is due to the low quality and quantity of personnel and limited budget allocated for archival management. The limited use of information technology in archival and database management also contributes to the problem (ANRI, 2010).

Another perceived reason for the change was SAMSAT's work processes, which during the 1980s, involved manual transfer. Shown in figure 5-1 is the process of

vehicle taxing and insurance payment taking place during 1977-1988, in which all stages in the process were manually conducted.

**Figure 5-1 Flow of Manual Processes (1977-1988)**



Source: ILGA-1, ILGA-14, And ILGA-15

Figure 5-1 presents three main stages in the process that define different territories or domains for each contributing organisation. The first process is the registration process, which became the main responsibility of the police unit. The registration process included detailed identification of a vehicle and its owners. The police dealt with its legal and security issues. Police unit also issued a registration number and its plate. Once the process in the police section is completed, data form was then transferred to the revenue agency to process tax payment. Similarly, once taxing process was completed, data form was taken to JR to manage payment for compulsory road traffic accident fund.

From the process itself, respondents perceived that there was flaws with the process, which relates to how each staff dealt with his or her perceived territories or domains of works. This can be seen as an expressed territorial behaviour in which staff felt in-charge with their jurisdiction of works, they perceived that they had power over deciding when to do the job or when not to. Staff involved in transferring documents between stages did not seem to share the sense of urgency of completing services in timely manner. Intentional delays caused by staff deliberately waiting for documents to pile up rather than transferring it directly to the next stage of the process, prolonged the processing time. In this sense, SAMSAT faced difficulties in ensuring that everyone was fully responsible not only for the completion of their responsibilities, but for doing their jobs timely.

**We counted only on people. However, having people as your backbone, made it more complicated. People thought differently. Rather than speeding up their work, they thought about 'being efficient' for their own benefit. They tried to save their energy not to go back and forth so that they waited until many documents piled up on the counter.'**

**(Revenue agency-Head of EDP Unit)**

This situation was worsened by the inability of SAMSAT to identify which particular parts of the processes were associated with the delays. Intentional delays were seen to be collective behaviour, as either staff became part of such practices considering that it was beneficial economically or they were not able to get away from such practices. From the processual view of change, this can be understood as an organisational context in which dysfunctional behaviour became a part of the informal system. It made difficult for SAMSAT to impose punishment as a way to tackle the behaviour. As recalled by the Head of EDP Division;

**You can say that it happened in every stage of the processes, yet, it was difficult to clearly point out at whom doing it. It was a collective behaviour.**

**(Revenue agency-Head of EDP Unit)**

Perceived to be contributed by these two factors, processing time in dealing with vehicle certificate validation, tax and insurance payment altogether took around 6 months to complete, which also became a major concern for SAMSAT. Amongst five main services provided by SAMSAT, the process of tax payment, validation of vehicle number certificate and annual payment of traffic accident fund were those the organisation was most concerned with. Because these services were conducted annually, SAMSAT expected to process large numbers of documents per year. As confirmed;

**'Annual validation should have been easy and quick. It only involved re-validation and also simple payment for excise tax and accident fund. Yet, the public needed to wait for weeks or even months to have their vehicle documents processed. It was not good.**

**(Revenue agency-Head of EDP Unit)**

The three organisations realised earlier on that ‘time’ was an aspect of services that they needed to sort out.

### **5.2.2. The Change and the In-between Dynamics: Instating Document Management**

Embarking on the need to shorten processing times, SAMSAT underwent a change emphasising on instating document record system started in early 1980s. Processes involved in the new system involved classifying, labelling and sorting documents/records into designated shelves.

**It was a simple idea; we actually just needed to ensure that we were administratively diligent. We needed to know what to prepare for the next day, so we were able to make document ready. Also, when a staff needed to take a particular vehicle document, they were required to return it at its original place. It made it easier for other staff to locate the same document.**

**(Union-Former Head of the revenue agency)**

In spite of its simple idea, implementing such change was considered to be challenging and took long to finish. The former head of the revenue agency stated;

**The actual processes (of change) took years. The first attempt was conducted for the whole six months. This was quite a long process. Why? This was the first time, surely. It was so catastrophically messy here in the system. There were huge amounts of documents kept in the system.**

**(Union-Former Head of the revenue agency)**

The challenges of implementing this change were related to detaching old habit -of not properly documenting vehicle records-- and institutionalising a new one

to all three contributing organisations. This reflects the need to deterritorialise one domain before a change can actually take place. Stated previously in section 5.2.1, people were used to not properly handle vehicle documents that made it difficult to locate them when needed. This habit had to be eliminated if the change was to take place. Consequently, this required all three organisations to develop shared understanding on this. Process wise, however, it was not an easy one considering that each organisation had just started to work together as collaboration and each had its own way in dealing with their documents. In addition to discussions amongst the three collaborating organisations to build shared understanding on the matter, training for all staff to classify, label, and sort documents/records into different designated shelves was conducted for staff from the three collaborating organisations.

During the transitional period, all three organisations reported that the process was not easy. As a consequence of a change in the common documentation system, all three organisations were required to develop shared understanding on the importance of the new system. Establishing this was not trouble-free, however, as they had just started to work together in collaboration and each department had its own preferred and established way of dealing with their documents. Staff were reported to have found difficulties not only in learning to find the correct document in the appropriate place, but also with the time taken to return documents as expected. Delays still occurred.

This dynamic led the three organisations to think of the way to ensure that the change initiative could be implemented successfully. Thus, in addition to discussions amongst the three collaborating organisations to build shared understanding on the matter, regular training for all staff to classify, label, and sort documents/records into different designated shelves was conducted for staff from the three collaborating organisations.

**We needed to make sure that the process of document keeping was well-understood. The training started with our own staff, those from the revenue agency, as it was easier to handle and we had large number of them working in SAMSAT. Then we proceeded with staff from the other organisations.**

**(Revenue Agency- Head of tax division)**

Furthermore, whilst the change was considered to be an appropriate solution for the document-handling problem, this did not seem to solve the issue of how staff expressing territorial behaviour by intentionally delaying the process. Hence, further changes were perceived to be needed to accommodate such a problem. In this regard, more changes were initiated. In the next section, a discussion on the technological changes that characterised most changes conducted at SAMSAT since the early 90s is presented.

### **5.3. TECHNOLOGICAL CHANGE**

This section discusses findings related to technological change, which is mainly about database development. All respondents agreed that database development at SAMSAT set up a foundation or base for further changes, which were not only technological changes but also process changes. Technological change was seen not only as a way intervene with one's domain, especially related to document handling but at the same time, eliminating the potential for further dysfunctional practices stemmed from territorial behaviour, which was bribery practices. Details of the perceived reasons for the changes as well as the dynamics in its implementation are presented in the next two subsections.

### **5.3.1. Reasons for the changes**

In general, the interviews with respondents at SAMSAT brought several insights on the needs for change and how such reasons were developed. It was found that the reasons were not only based on what SAMSAT and its collaborating organisations experienced but also were driven by an external situation. Process wise, this external situation was not only perceived to affect how SAMSAT was operating, but also how the public perceived SAMSAT.

It was also interesting to find that these reasons for the changes were interrelated one to another, which from the processual perspective, reflecting the complexity of change context, as one perceived reason led to another reason. Hence, it is difficult to classify these perceived reasons into black and white categories. Despite its relatedness, it can be said that these perceived reasons were sourced from mainly two aspects; the first one relates to lengthy processing times and the second relates to people management. As these aspects were interrelated, it is also worth noting that the changes had been seen also to bring about significant impact for people rather than only for process improvement at SAMSAT (detail on this issue is presented in Chapter 6 – Perceived Impacts of the Changes).

#### ***5.3.1.1. Lengthy Processing Time***

Reasons for the changes may not be something new from time to time. Instead, the reason for the change can be something that is carried forward from previous change or unfinished change, which reflects the essence of processual change as organisational changes may not be always planned and staged. The case of SAMSAT provides an example of this. The reason for the change, especially that led to technological change was carried forward from previous change, and whilst it was able to reduce processing time from months to only a day, with some preparation in place; it was not able to solve the potential for

dysfunctional practices, such as bribery, especially when the system was crowded with the public queuing for validation, taxing and insurance payment.

The interviews with some respondents revealed that lengthy processing times was not only because of intentional delays, but was also caused by a change in the process. There had been an increase in the number of transactions dealt by SAMSAT. Such an increase was in line with increases in the number of vehicles operating on-road (SkawanCreative, 2012).

**I think, overtime we experienced an increasing trend in transactions as there were more and more people owning vehicles, either cars or even motorcycles.**

**(Union – former head of the revenue agency)**

Consequently, high transactions increased staff workload, which was believed to slow staff capacity in processing validation and payment. Thus, it led to lengthy processing time.

In overcoming the overloading problem and also reducing processing times, as its initial effort, SAMSAT attempted to solve it through recruiting more staff. Having the most flexible personnel arrangement compared to the other two contributing organisations, the revenue agency went ahead and recruited large numbers of staff.

**We tried to alleviate the workload problem through recruiting more staff. Yet, with so many people on board, we had difficulties in controlling how people behaved.**

**(Revenue Agency- Head of tax division)**

Whilst recruitment did help reducing the workload, it was a short-term solution as according to some respondents, large numbers of staff led to different

personnel problems, which then became the second perceived reason for the change.

#### **5.3.1.2. *Personnel Problem: Negative Behaviour leading to Corruption Practices***

Not all organisational changes are initiated based on identifying gaps in the organisational system, such as a gap in process time. This study found that changes could also be caused by a secondary problem resulting from the effort aimed at closing the gaps. From processual view, depending on the context faced by the organisations, the change initiatives may have unintended consequences that push the organisations to plan another change. As found in SAMSAT, the attempt to solve the problem of increasing workload had an unintended effect of lack of control in that bribery practices potentially flourished. This reflects that the inability to control one's domain and maintain the change may lead to the occurrence of dysfunctional practices, such as bribery. This situation was worsened by the lack of transparency in the system. In this context, transparency refers to a situation where no mechanism existed for the public to understand what they needed to do and what to expect from SAMSAT. From territorial perspective, this reflects the boundaries set by the territorial owners that make it difficult for outsiders to understand the process within ones' territories. With no clear guidance in tax assessment process, staff was able to play around with the system, as the public did not have any idea as to what happened in the system and how they could deal with it. This created a hapless situation in which irresponsible staff forced the public to part with larger sums than required for the service. The large number of staff and no control mechanism worsened this situation.

**At that time, the processing time took so long. All processes were manual. The worst case was tax officers assessed the amount of tax to be paid by taxpayers on their own. Yes, we had a tax assessment book, but not detail. So, people played with gaps in rules and regulations.**

**(Revenue agency-Head of EDP Unit)**

It was found that potential for bribery practice took place especially when the system was crowded. Lengthy processing times resulted in bottleneck situations where the public queued to enter the process. Consequently, the public tried to find a way to escape from such a situation, not only through bribery but also through using mediators or middlemen or brokers. These brokers provided service for 'speed up' the process. What made this became a systemic problem was that because those brokers did not operate independently; they colluded with some internal staff to prioritise the brokers' clients. Overall, this worsened the already negative behaviour. An interviewee stated;

**The processes were much longer and took long time to finish, and I guess that was why they kept using middlemen service expecting to speed up the process.**

**(Police-Head of Vehicle Validation Unit)**

Such practices disadvantaged the public. Why? In addition to lengthy processing time, they were also required to pay more than what they were supposed to pay if following formal procedures. This created what is called as '*pung-li*' or '*pungutan liar*', an illegal fee needed to pay to smoothen the process.

This problem, it was found, not only brought disadvantage to the public, but also to SAMSAT and its contributing organisations, especially relating to the first reason of why SAMSAT was established, which is, to help collect revenue. Without a detailed payment receipt, it was difficult to know how much the public paid for their vehicle registration, tax and insurance, and more importantly, what

the exact amount of money should have been received by the three contributing organisations. Hence, it became difficult to ensure accountability between the actual and targeted revenue.

**‘All the receipts were manually written and there were times when we found gaps between money, receipts and tax notices. So, it was difficult for all of us. An example, we needed to have ten millions Rupiah in cash, instead, we only had 9.5 million Rupiah. Where was my five hundred thousand then? This was especially when the system was really crowded.’**

**(Insurance company-Head of Representative)**

One respondent further stated that such deliberate negative practices were not only associated by one or two organisations; instead, all three contributing organisations all contributed in damaging the system. The irresponsible staff ‘played’ with the system differently from one to another depending on their territories of functions. This reflects how individuals made use of their territories as they felt comfortable and knew their territories very well that they knew loopholes in which they could take advantages from. In other words, staff was involved in gaming the system and one of the causes of this gaming was the public’s lack of understanding of the system employed in SAMSAT.

**All of us played around with the system. We played with the tax; the police played with the registration and security issues. We all contributed to damage the system. We tried to make it difficult for the public, especially those new to the system. Extending time, delaying works!**

**(Revenue agency – Chief of IS/EDP Division)**

In public organisations, cases of corruption have been highlighted to be damaging to the integrity of organisations. Referring to figure 1.1 (p. 9) and figure 1.2 (p. 10), it was clear that public organisations in Indonesia were

perceived to involve in corruption practices. Corruption, collusion and bribery created a difficult situation for everyone, as it could not be differentiated between those organisations involved in the practices and those that were not. It was even more difficult to point to those individuals who were involved, despite every respondent agreeing that such practices were rampant in the office. Hence, corruption, collusion and bribery were considered to be a clandestine collective behaviour. Furthermore, it was more difficult for the three contributing organisations to overcome the issues due to the covert nature of such practices.

**You can say that it was a collective behaviour, in many stages. Yet, bribery was a covert practice that it was difficult to clearly identify whom doing it. You know that it was there, but you just were not able to say, 'Hey, you did it, didn't you?'**

**(Revenue agency-Head of EDP Unit)**

On this ground, it is important for SAMSAT to detach itself from corruption image. It became one of the main reasons for change in a way that organisational change was driven by the need for the organisation to change its old/negative image and build a new or better image. This reflects the need for psychological disownership, in which to some extent also reflects the process of deterritorialisation. This was evident in SAMSAT, which for one particular collaborating organisation –police unit--, all respondents emphasised on the need to change the image of their organisation in the eye of the public. Respondents from the regional police stated that they were aware that the public perceived the institution as a corrupt organisation. This situation was highlighted in this statement;

**'The public pictured the police as being corrupt and the attention increased after reform.**

**(Police-Head of Vehicle Validation Unit)**

In the Province of East Java, the Indonesia Corruption Eradication Commission (CEC/KPK - *Komite Pemberantasan Korupsi*) recorded some incidents of corruption on tape and presented them to the Governor (Amri, 2009) reinforcing the image of a corrupt organisation full of bribery, collusion and nepotism. The bribery practices 'attached' to the image of police officers presented the regional police in a poor light. The Police Head of SAMSAT when interviewed stated;

**'I am sure that it is widely known that SAMSAT is a place where police get 'hot money' and that is why some of irresponsible staff really wanted to come to work here. This damages our reputation. Things like that really damaged our image. As a police, we are supposed to be the ones who protect public.'**

**(Police representative -Head of representative)**

'Hot money' (*uang panas*) is the term commonly used in Indonesia to describe the money extracted from public. Specific to the police unit, images of bribery cases evidenced at SAMSAT ruined the image of the police as an organisation that safeguards and protects public.

Closely related to previous point of improving SAMSAT's tainted image, and the need for improvement, this study also found that organisational change could be externally driven. Yet, rather different from creating a good image, the external driver for change shown in this case was related to public pressure, which was significantly experienced by SAMSAT since 1998, a year when Indonesia's reform for new administration began. It can be stated that the reform set as a starting point of the fact that the public has become the main driver of change, especially for public organisations.

It is of note to mention that in Indonesia, expressing opinion against any government institution is uncommon, especially before the reforms era. The reform process ended the 32-year-long Soeharto's regime, which was considered to be responsible for social and political crisis (cronyism, nepotism, corruption, collusion) as well as for economic problems (i.e. high dependency on foreign debt) (Bhakti, 2004; McCargo, 2003).

**'Whilst we had lengthy processing time, I do not think we had many problem with the public. However, after reform in 1998, I think the public changed. They became more critical than before. They became more demanding as well as have more concern on services they get from public service organisation, like us. Even more, now they can speak their rights freely.**

**(Revenue agency-Head of the agency)**

Thus, a combination of internal gaps as well as its side effects and external conditions, created the urges for changes. In SAMSAT's case, the unfinished task to reduce processing times worsened by corrupt practices, damaged both SAMSAT's performance and also its image in the public's eye. From processual view, this reflects a dynamic of which external political condition significantly affect the way changes are initiated in public organisations. This situation consequently prompted the three organisations to find ways that enabled them to lessen the negative impacts of such negative behaviour. The next section presents the changes implemented as responses to these identified reasons.

### **5.3.2. The Changes and the Transitional Dynamics: Simple Data Recording to Integrated Database Development**

One of organisational change types is technological change, which is related to the implementation of technology in a process or improvement/advancement of existing technology used in organisations. This study found that technological

change at SAMSAT was a continuous action rather than a one-stop organisational change. It means that subsequent changes, including procedure changes, were based on the implementation of technological changes conducted previously. In this sense, change can be seen as continuous processes. In addition, technological changes at SAMSAT provided an example of incremental change in a way that SAMSAT conducted the changes one step at a time for over 30 years. Consequently, this section is divided into subsections, each of which explains a stage of technological change conducted at SAMSAT, starting from computerisation to integrated database development

#### ***5.3.2.1. Computerisation and Electronic Data Recording***

The initial technological change conducted by SAMSAT was the installation of computers in seven SAMSAT units in the province, including the main SAMSAT site in Surabaya. It was found that the decision to implement the change in small scope was based on the constraints faced by the organisation, especially related to financial limitation, as well as the existence of supporting personnel to aid computer operationalisation and maintenance. This, whilst reflecting organisation's turf to implement technological change, its autonomy was still constrained by the availability of resources. Whilst the financial limitation was inevitable considering that procuring electronic equipment, such as IBM AS/400 and IBM S/26, during the 80s was very costly, the organisation did not have any personnel with information technology, or at the very least, computer skills.

**'I was the one and only programmer at that time, and my educational background was social science.'**

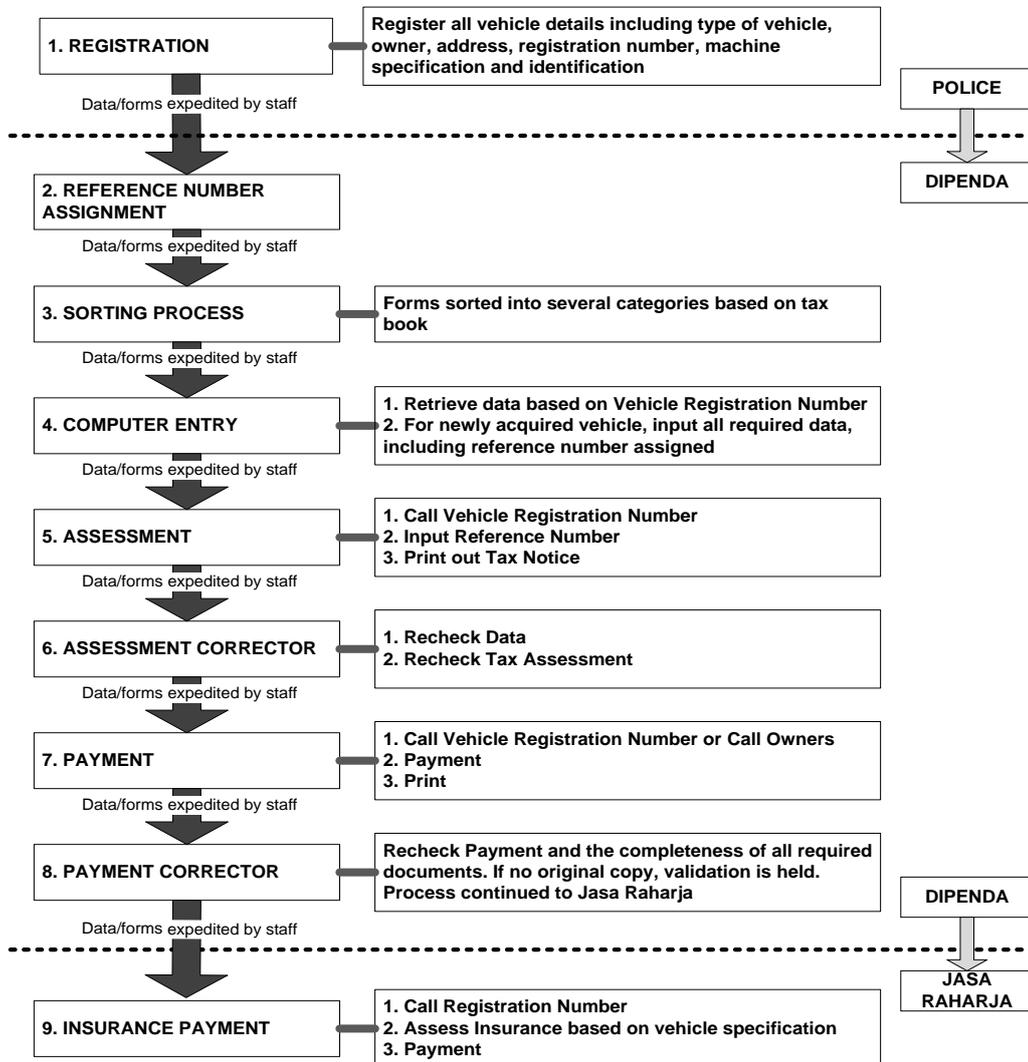
**(Revenue Agency-Chief of the IS/EDP Division)**

This study therefore found that resource deficiency or difficulties faced by an organisation during change implementation may not lead an organisation to

potential failures in change; instead, difficulties can also lead an organisation to craft a way out and succeed a change. From the perspective of processual change, this showed a rather uncommon transitional dynamics.

During the transitional or the implementation phase, as stated by respondents (i.e. Former Head of Revenue Agency, Chief of the IS/EDP Division and Head of IS Unit), SAMSAT through the revenue agency invested heavily in improving human resource capacity related to information system handling. Interestingly, despite the non-existence of staff with an IT background, rather than assigning several people to deal with the IT program, the revenue agency required one of its existing staff to learn about information systems and technology by taking a non-degree program, so that he was able to help in managing computer-based processes at SAMSAT. With one man responsible for the task, the change implementation was considered to be manageable. The computer-aided process in vehicle registration, taxing and insurance payment is presented in figure 5-2.

**Figure 5-2. Computer-aided Vehicle Taxing Process**



Source: ILGA-14, ILGA-15

Figure 5-2 provides an illustration of how process at SAMSAT was changed after computerisation. As its initial technological change, the installed computers were used for the purpose of electronic database/recording, which was conducted by transferring all vehicle data from written documents to electronic files. Compared to the manual process depicted in Figure 5-1 (p. 155), computer-aided process had eight steps, which was one step more compared to the manual process. A computerised data entry was added to the existing flow, especially in the revenue agency’s part of tax processing. This means that amongst the three

domains or territories of the collaborating organisations, only one domain experienced the change. This was aimed mainly to help reducing time in recalling vehicle records.

With electronic data entry, the process of retrieving registered vehicle data became easier and quicker than before. Data entry itself included both old data kept in archives and also new data entry from over-the-counter vehicle tax applications. The other processes involving the police and the insurance company were still the same as the previous process. This data was kept locally in the computer used for data entry. Consequently, data was only internally accessible and used by each of the seven SAMSAT offices.

From the processual perspective, exploring the transitional processes during this change, resistance to change was identified. Despite the small scope of a change, the resistance was found not as an overt action, but expressed more in terms of uneasiness, as people were worried that a change could disrupt their control over their territories. During this limbo period, in SAMSAT's case, computerisation and electronic data recording had caused internal staff to worry that they might not be able to retain authority over their territories, within which they had been able to gain personal benefits such as possible additional income from bribery. Yet, there were no reports of overtly dysfunctional actions from the members of the constituent organisations, nor any open protest. People stayed with the uneasy feeling that resulted from their inability to predict the opportunities of getting additional income with becoming more radical. An interviewee shared his opinion.

**Computerisation was rather difficult as that was new to people. People were afraid of not being able to get additional and yes, illegal income as the chance was lessened through automation. They complained.**

**(Revenue agency-Head of the Tax Division)**

Moreover, respondents reported that during this transitional period, staff showed some frictional resistance in intentionally delaying the transfer of documents between stages of operation. Again, this reflects territorial behaviour in which staff aimed to mark their territories through their deliberate actions and imposed control toward outsiders. This was considered to be an unintended negative side effect. As illustrated in figure 5-2, computer registration added a stage to the existing process (figure 5-1) and had not been used as a replacement for inter-stage manual processes, which still relied on 'books and staff' as recalled by Head of the Tax Division. Hence, whilst computerisation was able to reduce processing time in terms of recalling vehicle records and eliminate potential delays caused by difficulties in locating relevant documents, such changes did not eliminate those human factors that could cause intentional delays in manual transfer. Instead, the computerisation process, which was done through adding one step to input data electronically, was found to add to potential delays, as there was one more stage to be covered in transfer.

**I do not think that computerisation helped so much in reducing processing time. Why? Because there were still human factors in between the process. Somehow, they still intentionally delayed times. We still needed them to transfer documents from one operation to another, even after computer data entry.**

**(Revenue Agency-Head of the EDP Unit)**

Dissatisfaction toward organisation's achievement was also found to trigger changes in organisations. In this sense, a change can trigger another change, which either because of the persistence of a problem or newly identified problems emerged as a result of change implementation. In SAMSAT's case, similar to administrative change, it was also found that computerisation and electronic data recording left a gap, leading to the need for further changes.

In addition to progressing changes based on identified gaps in a system, this study also found that the direction of change was influenced by changes in organisational structure. Leaders or board compositions in organisations was found to affect how and why a change was implemented. SAMSAT's case provides examples of how leadership changes could affect the way technological changes were implemented, especially relating to the choice of technology used to achieve the same objectives of reducing processing times, as well as eliminating opportunities for bribery to exist.

Based on data analysis, it is understood that SAMSAT experienced changes in the technology used in its processes, when heads of its contributing organisations changed. In 1991, for example, the revenue agency underwent a change in its leadership when a new head was assigned. With regard to technological change, the new head decided to change from using mini and mid-range computers to personal computers (PCs). The reason was to minimise operational cost.

**Yes, I remember when one of the former head of the revenue agency decided to change our IBM computers to personal computers. One of the considerations was because it was easy to handle in addition to the fact that those personal computers were cheaper alternatives toward mid range computers.**

**(Revenue agency-Head of tax division)**

Changes in the direction of changes, or at the very least, the detail of change can be based on various reasons or situations faced by an organisation during change implementation. Financial flexibility or cost minimisation can be one of those reasons. In SAMSAT, the decision to switch to personal computers enabled the organisation to have more financial flexibility and acquire more computers for operation. The products were widely available in the market and also that the prices of PCs were cheaper than those of mini or mid-range computers.

Changes initiated top-down may generate resistance from lower organisational level. This again, also represents some degree of territoriality. Related to resistance to change, this study found that people involved in the initiation or implementation of a change could create attachment that leads to the creation of territory, which is perceived to belong to those initiating changes. In this sense, as people become attached to a change, they perceived that such change was their territory, hence any intrusion on that territory can be seen as an encroachment.

Related to that finding, SAMSAT's case provides an example of a perceived territorial encroachment resulting in a covert dissatisfaction. For some respondents (e.g. Former head of the agency, chief of IS/EDP division), a switch to PCs was perceived to be a setback rather than an achievement. Compared to the mini/mid-range computers, the use of PCs to assist daily operational activities was perceived to potentially jeopardize the security of the system. A major weakness of the idea was that personal computer units were less robust to block computer virus attacks or hackers compared to mid/mini computers.

**It was a really disappointing decision to change into PCs, mid and mini computers were unlike PCs that were easily hacked, those minicomputers were classic and powerful!**

**(Revenue agency-Chief of the IS/EDP Division)**

The change to PCs enabled SAMSAT to install more computers for more units in the province by 1995. Yet, all of these computers were operated individually for each unit. Consequently, data recorded in each system was only accessible through the unit in which data entry was conducted. For SAMSAT, whilst computerising all units was an achievement, as time went by and the number of vehicles on-road steadily increased roughly by 10% annually, such a situation created a more advanced need. For example, despite data was electronically recorded, provincial-wise data aggregation was still manually conducted, which

took longer time to finish as data need to be transferred manually from towns across East Java to Surabaya. It is worth of note that administratively, East Java province covers an area of 47,922 square kilometres, which is equal to 18,503 square miles. The province comprises two main islands, the foremost of which is the eastern part of Java Island and the second is Madura Island. These two islands are connected by a suspension bridge. In addition to these two main islands, the province also has several small neighbouring islands, of which the two most populated islands are Bawean and Kangean; both are located to the north of Surabaya in Java Sea. The only mode of transportation to get to these islands is by using small ferries or boats. The geographical nature of the province made it more difficult to transfer data from those remote places to Surabaya. In addition, manual calculation, especially for large data numbers brought higher risk for miscalculation, such that there was uncertainty about whether the income collected represented the actual numbers of vehicles.

Embarking on this internal assessment, SAMSAT therefore identified the need to be able to control its transaction from units across the province. This ability it was perceived, not only enabled SAMSAT main office to monitor transactions in a quicker manner, it also made easier to monitor units' performance. Thus, establishing a network system was perceived to be a solution for such need.

#### **5.3.2.2. *Connecting Territories: Establishment of Information System Network***

This subsection explains another technological change, which occurred at SAMSAT. For some organisations, a change can be seen as a fundamental shift from an organisation's existing state; whilst for others, a change is more gradual, in a way that the change represents an incremental development of what an organisation already has. The findings suggest that technological change in

SAMSAT was incremental and continuous in a way that, one change was used as a foundation for subsequent change or another change.

SAMSAT's case provides an example of how an organisation assessed its need for a change, based on the situation it faced and how such situation possibly hindered or enabled SAMSAT to achieve its objectives as a revenue generating unit for the three contributing organisation. From processual perspective, this reflects the notion of context in changes. Considering its geographical characteristics, establishing a network to help connecting units in remote places became a necessary change. Yet, establishing a network was challenging for the organisation, especially as it needed to cover widely spread remote areas of the province. The problem was to fit the available financial resource with the technical requirements.

Thus, in order to tackle the limitation or difficulties in dealing with change, contributing organisations involved in the collaboration need to compromise their territories with each other. In SAMSAT's case, in order to find cheaper alternative media for data transfer, the revenue agency as the one responsible for funding SAMSAT's operation was needed to think out of the box by choosing radio spectrum as data transfer media. Yet, during 1990s, data spectrum was only accessible for police use. To that aim, the revenue agency and the regional police set up an agreement on the use of radio spectrum for the purpose of SAMSAT. This was considered to be a quantum leap for SAMSAT East Java, compared to similar arrangements in different provinces. For one reason, such cross-boundaries arrangement was made possible and it made East Java province to be the first one that connected its remote units, regionally.

**Twenty years ago, It was revolutionary; it was an extraordinary change for us. We were the first one initiating communication network, which we intended to connect all cities in East Java with our server.**

**(Revenue agency-Chief of the IS/EDP Division)**

This arrangement allowed SAMSAT to group connection for some remote towns. It means that some units in a same group were able to integrate their transaction data; yet, it also means that access to this group was also restricted to those only included in the same cluster. For instance, the Sumenep cluster covered areas surrounding the regency and was limited to those in Madura Island. Consequently, having this regional cluster system means that none of these regional clusters were linked directly to the Manyar site in Surabaya. As a result, whilst data was easily updated regionally, the reporting mechanism to Surabaya was still manual.

Respondents from all three organisations, especially from the revenue agency, stated that people's acceptance of the change was relatively good. Yet, one of the reported difficulties was with the manual compilation of the reports submitted to Surabaya as the main office. Manual compilation did not only take time to do in terms of synchronising data, but also meant that the SAMSAT office took moretime to provide timely reports for the relevant bodies, such as the regional police or even the government of the province.

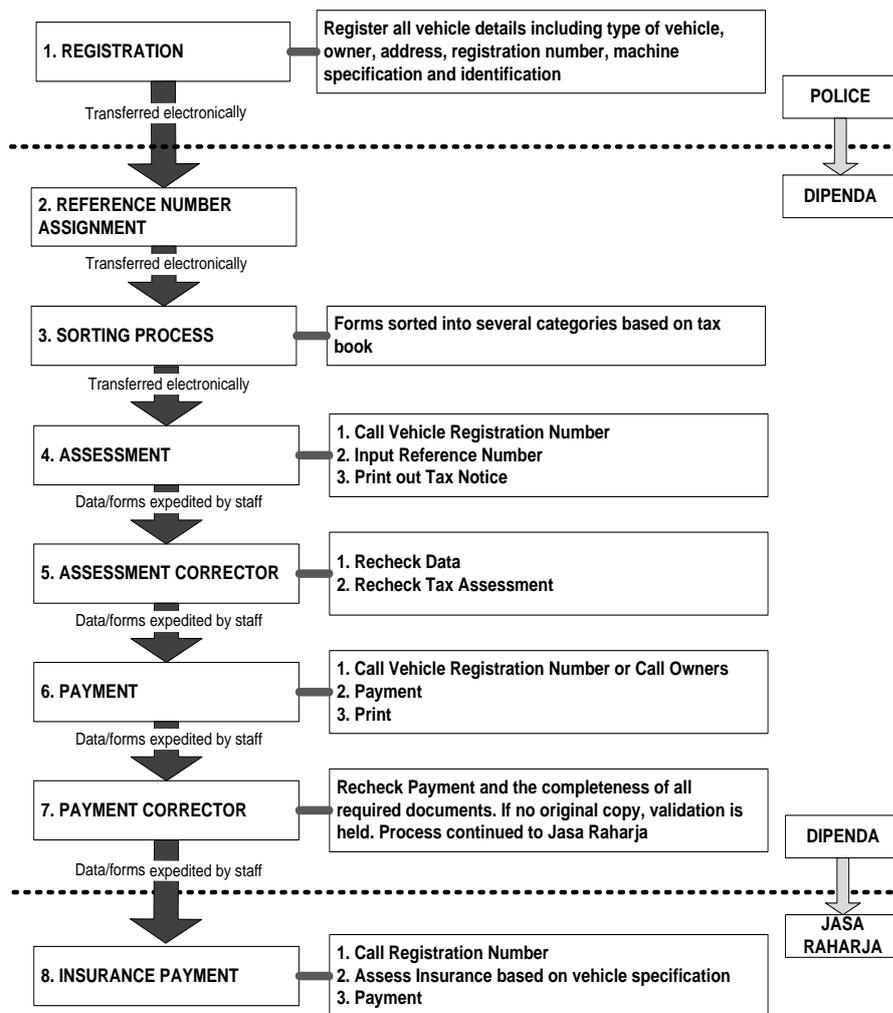
Furthermore, this research found that incremental organisational change was adopted by SAMSAT in all of its initiated change. Once the regional network was set-up, the second stage was implemented by computerising its processes. It was to include registration or data entry, reference assignment, tax assessment and sorting processes.

**'In 1995, we conducted automation for registration, reference assignment, assessment, and also sorting process, which we aimed to even reduce the processing time further.**

**(Revenue agency-Head of the EDP Unit)**

The change conducted in 1995 was in fact an advancement of previous computerisation stage, which was only focused on tax registration. With this change, all stages were computer-assisted processes. Below, a schematic illustration of the changes in the process is presented.

**Figure 5-3 The 1995 Computer-aided Process**



Source: ILGA-15

Figure 5-3 shows a rather different process compared to the one depicted in figure 5-2, especially in terms of manual document transfers. The change reduced not only the manual processes of registration, reference number assignment and tax assessment, but also omitted the need for manual document transfers between stages. Consequently, there was less staff involvement. With most of the operations automated, it was possible to carry on data processing faster. The change itself was able to speed up the process and reduce processing to less than a day service. From territorial perspective, this change was actually deterritorialising an existing domain or territory, which was considered to be imperative in causing slow process.

During the change process, the dynamics within SAMSAT was reported to comprise resistances for the change. This study found that automation started in 1995 triggered resistance from internal staff. From territorial perspective, this resistance was found to relate to a feeling of losing their territories of operations. With most processes automated, it reduced the need for staff, especially those responsible for manual transfer. Some respondents, including the chief of police representatives and the head of the IS unit, remarked that this change caused some problems with those people.

**The change eliminated around ten out of twenty five staff who previously work in manual processes. It took a long time to adjust. They kept coming back to their empty desks and did nothing. It was quite disturbing for those who were working at that time. Then, the Head of DIPENDA, asked us to take the unused desks out of the room so that no spaces to linger around.**

**(Revenue agency-Head of the EDP Unit)**

In addition to complaints, during this transitional period, redeployed people were reported to keep coming back to their previous workstations in spite of not working there anymore. They came to the office and sat down at their previous

desks or workstations. On confirming this with different respondents, most agreed that it caused annoyance to those who worked at the stations, whilst others stated that they understood the feeling of losing something that was theirs, their responsibilities or tasks. Moreover, by not being assigned to deal with those responsibilities anymore, it also meant that those staff lost opportunities to gain additional income.

This shows that it was difficult for people to be detached from what they perceived as their own territories, even though they did not literally own the workstations or the desks. The ownership itself was basically their perception of belongingness, in which people got used to work in the designated areas as well as how they conducted the works. The change had removed not only their material territories, such as workspace, but also a more abstract territory such as their chances to get additional income.

In SAMSAT's case, the organisations' needs for a change was found to evolve along with the development in organisations' external environment, which include society development as well as technological development. The finding suggests that despite regional network database and automation process implemented in SAMSAT, after few years, the system was not able to cope with significant increases in the number of vehicles. Moreover, the existing system was perceived as insufficient in supporting SAMSAT's need to prepare timely and accountable report integratively across province. To this aim, the next technological change conducted by SAMSAT was to establish an integrated database that connected all units in East Java. The next section explains the findings related to the establishment of the database.

### **5.3.2.3. *Integrated Database Development***

As stated previously, the need for a change can be sourced from organisations' assessment on both their internal capacity (section 5.2.1) and external environment (section 5.3.2.2). For SAMSAT, its database system and regional network arrangement did not suffice to fulfil both external and internal challenges. Internally, with reform movement in 1998 and its aftermath policy, such as decentralisation, had pushed local government to rethink again about how they operated. Meanwhile, externally, there were significant increases in the numbers of vehicle and changes in public's pattern of consumption.

Internally, SAMSAT and its three contributing organisations also faced major change due to Indonesia's reform movement and political situation. As stated in Chapter 1 and 4, Indonesia underwent a reform that ended the 32 years of Soeharto's administration. The effect of this major political change was not only experienced by public sector institutions at the national level, but also those in regional/local government levels, including SAMSAT and its three collaborating organisations. Restating previous finding, the public has been found to be a significant driver for change since the reform.

Reform was understood to elevate the pressure for the organisation to fulfil high financial targets. This was due to the decentralisation regulation issued by the central government, following the reform and demands for more autonomy from various regions. More autonomy or turf did not only mean more authority to manage own domains (Wilson, 1989), it also meant that each region needed to fund their own operational and administrative activities. Hence, the roles of any revenue generating public organisations such as SAMSAT was also elevated as it needed to focus more on how to control their income. As stated by one of interviewees, the fact that Surabaya, the second largest city in Indonesia, had a population of more than 3.1 millions (PemkotSurabaya, 2013) and more than 10

millions registered vehicle tax payers, made the target for SAMSAT and its contributing organisations were high.

**We are in the same category as Medan, North Sumatera in terms of office category, which is in large city or metropolitan. However, our target is higher than that of Medan.**

**(Revenue agency-Head of the agency)**

Controlling income did not simply mean that SAMSAT ensured higher financial targets, but it also required the organisation to think carefully about its spending. The fact that the financial crisis was still on going further heightened the need for the organisation to tighten its budget.

**We still faced a financial crisis. So, we needed to use the budget wisely. We focused on system maintenance. Besides, with the Y2K approaching, we were busy with internal preparation for system change.**

**(Revenue agency – Head of the EDP Unit)**

In addition to that internal pressure, externally, SAMSAT also faced a challenge related to significant increase of vehicles operating on road, which by mid 2000s, almost reached 6 million, with a growth rate of 10% per annum (BPMJATIM, 2013). This increase, especially in motorcycles, was caused by the fact that the expense to buy a motor vehicle was much cheaper than going places by using public transport (TristarFinance, 2012). This situation was worsened by loose credit scheme for vehicle ownership. Thus, the public preferred to own vehicle rather than to take public transport.

**Let's see in the society and their pattern of consumption. The cost of having return trips by public transport, such as mikrolet\*, was more expensive than owning a motorcycle. It made you more mobile. It also explained the considerable growth rate of vehicles.**

**(Union-Former Senior EDP Staff of the revenue agency)**

Note: \* mikrolet or bemo is a primary mode of public transportation in the form of vans, which is widely used in cities/towns in Indonesia.

Thus, for the organisation, these internal and external developments were seen as factors affecting SAMSAT's operation. Increases in the number of vehicle on-road also increased transactions in SAMSAT, which was expected to increase the three organisations' revenue. Yet, such expectation was said to be difficult to achieve due to some reasons.

The first reason identified was related to a better reporting system. SAMSAT needed to have a reporting system that enabled it to monitor and control revenue generated from each unit across province in timely manner. This was impossible to achieve as the existing database system was integrated regionally so that longer times were needed for manual transfer to Surabaya.

The second reason identified was related to a sound database system. Although all SAMSAT units have electronic database, the operation basically was ran on PCs. A PC was not able to cope with large amounts of data. Hence, to be able to cope with large numbers of data, a greater capacity of electronic storage system was needed. Thus, a robust database system was needed

The change to close these internal gaps was conducted only after leadership succession at one of the contributing organisation, the revenue agency. It was understood that the revenue agency was the one responsible for SAMSAT operational funding, in that a major decision like database integration needed to

be carefully executed. A former head of the revenue agency confirmed this situation.

**The previous Head of the agency decided to use PCs rather than mini computers. We did not change our infrastructure until the succession. We thought that running database on PCs did not bring us forward. It did not help much so that I decided during my administration to build complex database that I expected to be able to improve SAMSAT performance.**

**(Union-former head of the revenue agency)**

The finding suggests that for a major change, it is better to have all ideas to be tested through pilot testing, which is useful not only for testing whether the idea can be successfully ran and purpose-fit, but also, –especially in the case of interorganisational network, is useful to test whether the ideas are acceptable for each contributing organisation.

**We piloted the system before implemented it. Similar with Clipper X and also Basic. Especially with BaSIC, after pilot test, it could not cope with the need to operate smoothly. We kept on testing for both software and network arrangement to ensure that it can cope with SAMSAT's needs.**

**(Revenue agency-Head of Tax Division)**

In the case of SAMSAT, a pilot test was coordinated by the EDP/IS division of the revenue agency. The result of the pilot study became an input for the revenue agency to decide which system suited the needs of SAMSAT most.

#### ***5.3.2.4. Detaching Dependence on IT Consultant***

In conducting technological change, organisations may depend on IT consultants, especially when the organisations do not have the expertise needed for

managing the system. Dependency on IT consultant is found to lessen organisations' control on their own system; hence, lessen their autonomy toward their own territories. However, this study found that the need to gain control over organisations' own territories of technology/system can create an urgency to improve staff IT skills. In SAMSAT's case, system migration was a momentum to become more self-sufficient in terms of understanding its own system, as well as bringing down the cost of the upkeep.

SAMSAT decided to detach itself from being dependent on its IT consultant. Previously, all system and devices maintenance was conducted by IT consultant so that it was perceived to limit SAMSAT, especially the revenue agency as the one responsible for managing SAMSAT's operation, in dealing with its own system. For respondents that formerly dealt with IT system, they felt 'dictated' by their IT consultant.

**We could not afford to be dictated by our IT consultant. Any troubles with the system, even a simple one, we needed to consult its engineers. We did not have much time to do that. We struggled with the time already as well as the cost. It cost us a lot. Likewise, do not forget that consultation fee was not any cheaper.**

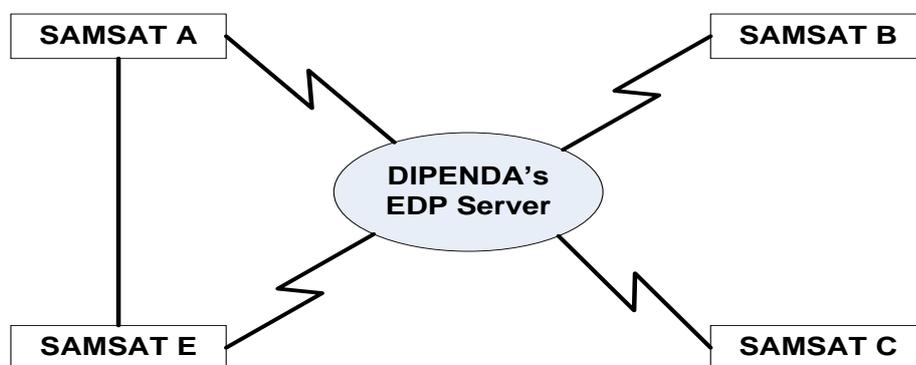
**(Revenue agency-Head of the Tax Division)**

The efforts to detach from its IT consultants characterised the dynamics within this period of change. SAMSAT dealt with this phase of change through instructing its staff to 'stalk' – as the respondents named it – the consultants. The aims of this stalking (sometimes called shadowing) process were one, to ensure that the staff could get deeper understanding about SAMSAT's system and hence, two, could reduce the dependency of SAMSAT on the consultants. In fact, it was reported by several respondents, especially those who were once involved in the IT department or currently in the division, that SAMSAT had a strong willingness to handle its own system.

For SAMSAT, being independent was found to bring advantages. First, by being able to manage its own system, any system failure or even small disturbances were able to be solved relatively quicker, than if it fully depended on the IT consultant. Time was a crucial aspect of the service as SAMSAT needed to deal with an increasing pressure from the public who wanted quick processing time. Second, detaching itself from the dependency on consultants was also perceived to give some benefits for the organisation in terms of managing its own IT system. Compared to other provinces' in SAMSAT units, East Java's SAMSAT claimed to be able to manage its own system and did not subcontract its IT system management to third parties. However, this claim could not be confirmed with other provinces' SAMSAT, due to the scope of the research, which is limited to SAMSAT Surabaya only.

Moreover, the change to have a more complex database system was found to enable each SAMSAT unit in the province being able to access SAMSAT's main server at the revenue agency in Surabaya. For the public, this regional database connection enabled them to make their payment for annual registration and validation process at any SAMSAT unit closer to their place. Once the tax and insurance were paid, the data of the registered vehicle was updated. The connection mechanism is presented in figure 5-4.

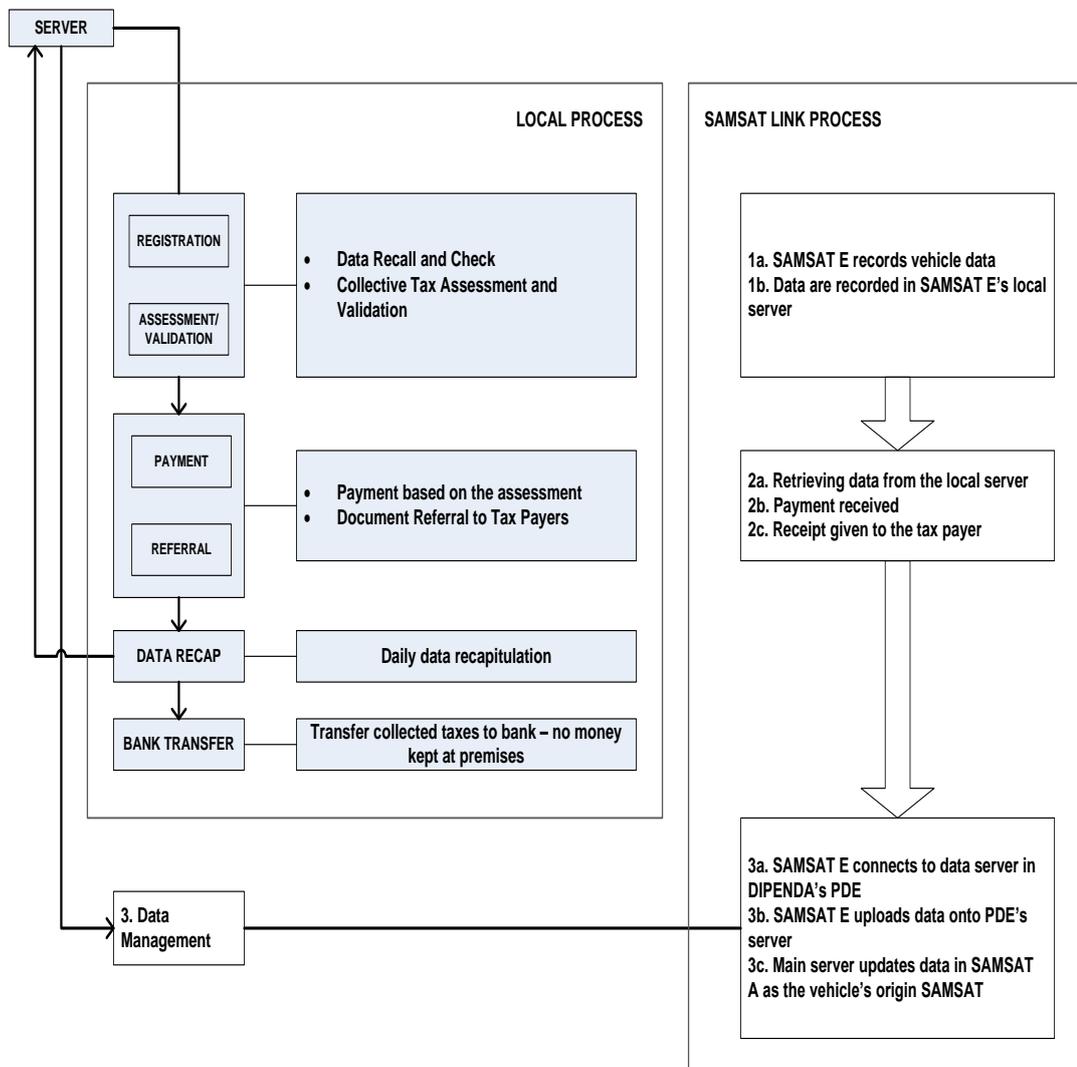
**Figure 5-4 SAMSAT Link**



Source: Research Field Note on ILGA-14 Interview

Figure 5.4 illustrates how the network worked. As the network still used a distributive mechanism, SAMSAT units in different region were not connected to each other. Only those within a regional network could access each other's database. For example, let's take a connection between SAMSAT A and SAMSAT E. These two units were connected through Surabaya's main server. Relevant vehicle data was not updated unless a local server uploaded it onto the main server, which all local servers were connected to. The schematic process is presented in figure 5-5 below.

**Figure 5-5. Process of Payment Inter Unit through SAMSAT LINK**



Source: Research Field Note on ILGA-14 Interview

The mechanism depicted in figure 5-5 shows how SAMSAT processed vehicle data. Technological change conducted by SAMSAT, so far, did not affect the process undergone by the public. Data was processed locally before being uploaded onto the main server. Once in the server, any SAMSAT unit when needed, could access the updated data. These processes took place internally, which means that for the public, apart from the ability to pay their vehicle taxes and insurance anywhere convenient to them, the process they needed to go through remained the same. It means that in spite of changes in technology used in accessing information, front office process remained the same as that which already existed as presented in Section 5.3.2.2.

Despite external conditions such as geographical topography that affected the need for the change, this study found that climate phenomena, such as rain and storms could also trigger technological change. The next section explains technological change, which was not only related to the need for integrating database to reduce processing time, but also related to the need for tackling climate disturbance.

#### ***5.3.2.5. Redefining of the Processing Time: the Internet Based Connection***

The findings in this section confirm the previous point that drivers for change can be externally sourced. Whilst the external environment can be uncontrollable, such as climate, this study found that technological change could be aimed at tackling issues of disturbances that potentially affect organisational operations. In SAMSAT's case, time has been always a crucial aspect for SAMSAT operations. Collaborating organisations needed to find ways in dealing with variety of aspects that potentially harmed the efforts to fulfil SAMSAT's objective in providing timely services.

As stated previously in section 5.3.2.2, SAMSAT's mode of operation especially in connecting its different areas of operation was basically based on radio waves. SAMSAT had already discovered the use of the radio spectrum through further collaboration with the police unit as the spectrum actually belonged to the regional police for regular coordination. SAMSAT found that this spectrum had some disadvantages. One was related to the fact that SAMSAT used another organisation's mode of communication, meaning that the terms of usage depended on how the owner managed the spectrum. Another disadvantage was as the existing network infrastructure relied heavily on the use of the radio spectrum, it was easily affected by bad weather.

From processual view, Indonesia's specific context as a tropical country had influenced how SAMSAT operated. Indonesia experienced high frequency of terrestrial rains and storms that caused noises and disturbances on data transmission. With at least 6 months of rainy season per year, SAMSAT expected that there were some disturbances of the radio frequency used. When such disturbances existed, data or information processes and transfers were troubled, which in turn, caused delays in servicing the public.

These experiences pushed the organisation to solve this discrepancy. Aiming to solve that, SAMSAT considered an internet-based connection due to its reliability over bad weather.

**The problem we had with that kind of communication system was the fact that it was prone to bad weather condition. We could not afford to lose track on transaction information, not now, especially with more customers complaining**

**(Revenue agency-Chief of the IS/EDP Division)**

To improve the existing communication system, SAMSAT through the revenue agency installed Virtual Private Network (VPN) based on Internet Protocol (IP)

system. A VPN works over the Internet allowing for data transmission (send and receive) from a computer to another within a private network despite the fact that they are located in different locations. It helps extending a private network using a public network through the internet (Mason, 2002). In order to ensure that VPN system was more reliable than radio-wave network, the system was tried-out or piloted in a new supporting unit located in the border town between the East Java and Central Java provinces.

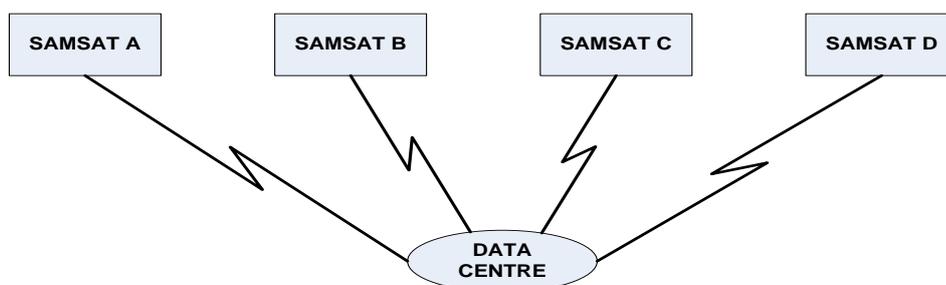
In this regard, piloting the change benefits organisations in some ways, with one of them being early identification of potential problems or difficulties faced by organisations in implementing an idea of change. For SAMSAT, piloting the change was considered as an integral part of implementation. The pilot showed that there were no significant difficulties experienced and the connection was steady and reliable.

**We did not find any trouble with VPN-IP. In fact, it was a sound communication system. It became easier to connect with main data centre. We decided to use VPNIP as our backbone.**

**(Revenue agency-Chief of the IS/EDP Division)**

The VPN-IP system made it possible for the new supporting unit to access main data centre in Surabaya and the unit's transaction could be updated in real time. Schematic illustration of VPNIP is presented in Figure 5-6.

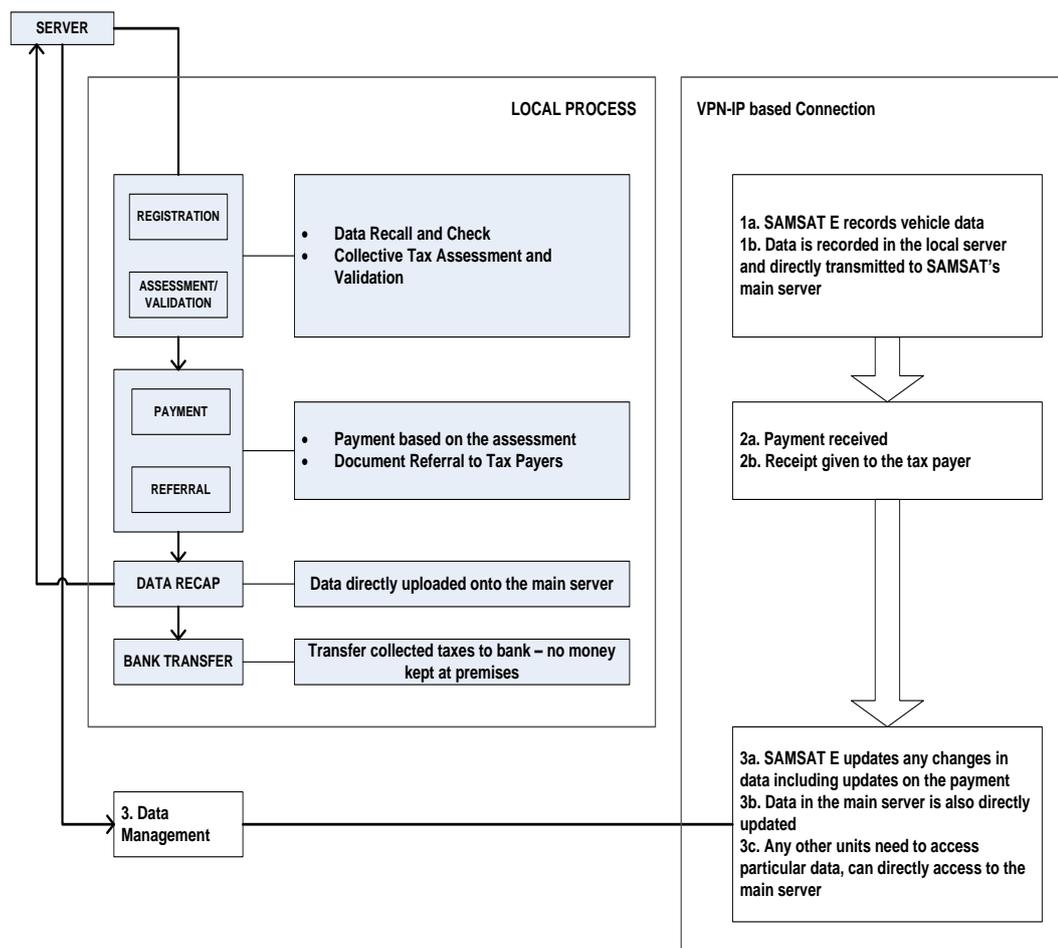
**Figure 5-6. VPNIP Connection to Main Data Centre**



Source: ILGA-15's note

Figure 5-6 illustrates how each SAMSAT unit in the province can connect directly to SAMSAT data centre in Surabaya. Data could be updated directly, which means that once it was recorded onto the system, any SAMSAT unit could access it. This local process is depicted in Figure 5-7.

**Figure 5-7 VPN-IP based Process**



Source: Field Note on ILGA-15

As shown in figure 5-7, compared to previous system, VPN-IP – based process eliminated at least two stages of the process. The first one was the stage when SAMSAT unit needed to upload its data onto the main server and the second was when the main server updated the particular vehicle's data onto the server where the vehicle was originally registered.

The elimination of these two stages resulted in much less time needed to process documents. In addition, as real-time access to information was possible, accurate data from all regions could be easily aggregated and used to develop reports on actual revenue accomplishment. Most processes including annual tax payment and re-validation only took a maximum of 10 minutes. For regular services, which were used for new vehicle or vehicles with modified characteristics (changes of owner, body modification), the average completion time was around 60 minutes.

In spite of the effort being considered to be able to fulfil its perceived purposes, the respondents pointed out that the organisation experienced another pressing problem. The new system has brought changes in how people worked together in the organisation as well as how they delivered the service to others. However, what seemed to be missing was that the calculation of potential disturbances caused by the public congregated in operational sites. While SAMSAT was able to predict the benefits of such improvement in its services, the side-effect of the easiness of service was rather unpredicted.

The dynamics during the implementation of this change were characterised by staff being overwhelmed by the public's acceptance on the service. While on one hand, this seemed to be a good achievement as the public was eager to engage with the service, which resulted in such a congregation of the public that it led to long queues in the front office. This was reported to create crowding situations. As explained previously, crowded situations created opportunities for bribery and corruption to exist, as the public tried to get away from such situations by any means. In addition, complaints about queues increased. While people enjoyed the ease of accessing the services, queues were unavoidable, so the public needed to find ways to cope with such situation. The service itself was relatively quick once a vehicle owner or a customer got into the registration system; yet, waiting in the queue was reported to cause inconvenience for the

public. In fact, as reported by one of the respondents from police office, the public did count the time of waiting as 'being in the service'.

**It was not nice, I think, for the public. We admitted that the service was much quicker than what we had before; yet, the public queuing for the service was unbelievably crowded. This caused complaints from the public as they thought that the waiting was actually part of being in the service.**

**(Police representative – Head of Validation Unit)**

On the question of whether such a 'waiting period' prior to the service was considered to be 'processing time', a respondent from the revenue agency confirmed the information shared by the police unit that the waiting time was *not* considered to be part of the service.

**No, it was not. The waiting time was not considered as part of the processing time. The waiting time took place before those vehicle owners were put in the registration system. Yet, we did realise that this was a potential problem as crowded situation meant opportunities for bribery practices. We did not want that.**

**(Revenue agency - Head of the EDP Unit)**

This crowding situation drove SAMSAT to think about lessening the time for the public spent on the site so that SAMSAT needed to find ways to solve this problem. In this regard, the next section explores the decision taken by SAMSAT and its three contributing organizations to deal with such problem. With 'time' becoming its main emphasise in conducting change, SAMSAT and its three contributing organisations attempted to address the problem by conducting changes in SAMSAT process.

## **5.4. PROCESS CHANGE**

This section explains findings related to changes in processes conducted in SAMSAT. What it means by process is related to how service is delivered to the public or how the public dealt with SAMSAT's front offices. This study found that although process change was initially started as a way to reduce time and break congestion of people before entering the process, the reasons evolved to include providing alternative accesses for the public, to think about different methods of attaining it. The findings are presented in two sections. The first section is related to the reasons for the changes with the second section related to the implementation of the changes including the dynamics involved.

### **5.4.1. Reasons for the changes**

This study found that in the context of public sector organisations, the public, as an external stakeholder, can play important roles in shaping organisational change and becomes a major driver for a change. Again, restating the finding in previous section, the public has become a major driver of change for public sector organisations. In the case of SAMSAT, the need to ensure comfortability and accessibility of services for the public were perceived to be major reasons for SAMSAT's process change.

It is also crucial to note that SAMSAT could no longer deprive the public's opinion on how SAMSAT's services were delivered. Prior reform era, Soeharto's regime imposed strict regulations on how people could express their opinion, which resulted in the lack of freedom of speech and information (Bhakti, 2004; McCargo, 2003). Evidence for this strict regulation is also shown through the banning of three publications in 1994 (Bhakti, 2004). There was however no evidence of this strict regulation in how the regime dealt with people on the street or the public; nonetheless, the public seemed to have learnt that they cannot speak freely of their views on the performance of the government that

led to minimum control to PSO. Again, publicly available documentation showing restrictions imposed on the freedom of speech was not possible to trace (until 1998) as all public information needed permission from the former Department of Information, which was known to be authoritarian (McCargo, 2003). After reforms, the former Department of Information (*Indonesian: Departemen Penerangan*) was dissolved through a Presidential decree (no. 136/1999) and replaced by the newly established ministry, the Ministry of Communication and Informatics. Whilst both ministries shared almost similar terms of information, their essential role with regard to controlling mass media publication differed. The Ministry of Communication and Informatics (MCI) does not strictly control the way media gather and disseminate information to the public. Through reforms, the public was given more freedom to express their voice. Thus, it was new for SAMSAT to experience public criticism.

As previously explained in section 5.3.2.4, with time needed to process annual validation, tax and insurance payment was reduced, SAMSAT experienced another problem, public congestion to get the services. For SAMSAT, this situation created some problems. For one, public congestion was identical with crowding situation, which even though the public had not been counted to be 'in the service', the public considered their waiting time as part of processing time. Hence, it lessened the significance of SAMSAT's effort in reducing processing time. For another, public congestion created hapless waiting period that potentially led to the occurrence of bribery practices in order to speed up the process. Either way, SAMSAT needed to find a way out that helped to reduce processing time even further so that an application could be processed faster and also to break the queue so that potential congestion could be prevented.

At this point, it can be said that there were patterns of how organisational changes were implemented at SAMSAT. This study was able to find that organisational changes in SAMSAT were incremental and step-by-step. Ideas

were not generated or initiated at once. Instead, ideas for the changes were developed through learning curve, in a way that SAMSAT started from a simple change and move upward and forward with more advanced changes. SAMSAT's efforts to solve the congestion problem were basically based on what the organisation already had. More specifically, subsequent changes conducted by SAMSAT was based on the successful establishment of integrated database.

In the next section, findings related to the changes and how such changes were implemented, including the implementation dynamics, are explained.

#### **5.4.2. The Change: Public-oriented Changes**

This section presents findings related to process change conducted at SAMSAT, which in general, can be grouped into two main aims. The first aim is to reduce public queues at SAMSAT offices and the second aim relates to providing better access to the services. This study found that in the context of interorganisational collaboration, organisational change, especially those related to processes are more difficult than technological changes as changes in processes can potentially cross the boundaries of each contributing organisations. Process changes may require modification, including addition or even elimination of existing process. Within interorganisational collaboration, consequently, processes can be sourced from different organisational domains. In effect, to change the process, each contributing organisation is required to compromise that such change can be implemented. However, this is not always the case as each different organisation has a different bargaining position, which to some extent, is found to affect the direction of organisational changes.

#### **5.4.2.1. Simplifying Process and Territories Negotiation**

Finding ideas for changes are not easy, especially when an organisation has pursued several changes to solve the same problem. In the case of SAMSAT, it experienced difficulties in seeking for an idea, apart from reducing processing time, to lessen or reduce public queues in SAMSAT's offices. Although various ideas were put on the table, nothing was perceived to appropriately overcome the problem. The consideration to even further reduce the processing time did not seem to be feasible as processing time was already less than fifteen minutes. With technological change not in the option, the alternative was simplifying the process. This was found to be a complicated process.

Previously explained in Chapter 4, SAMSAT is a national collaboration initiation. Its establishment is mandated by the national government through three ministries, which are Ministry for Internal Affairs, Ministry for State-owned Enterprises and National Police. SAMSAT's operation is regulated nationally and thus, is uniform across the nation. For respondents, whilst regulated procedures made it easier to compare unit performance across the nation, the procedure was considered to involve many processes. This set of processes was understood to contribute to long queues despite automation.

**It used to be four booths, such as registration, payment, validation and referral as instructed by the Central Government's instruction (Instruksi Bersama Menteri – Ministries Collective Instruction). We did not want that as it contributed to prolonged processing time. It needed to be simplified.**

**(Union-Former head of the revenue agency)**

Yet, the decision to simplify process was not easy. For one reason, SAMSAT needed to overrule national regulation. It was regulated that SAMSAT's annual validation, taxing and insurance payment comprises four booths, which were

vehicle registration, payment, validation of documents and referral. Document registration and payment were the responsibility of both the revenue agency and insurance company, whilst the police unit was responsible for validating documents, as it involved security checking, and document validation. The processes, even with automation, still took around 15 minutes. On this matter, a proposal was initiated to simplify the process from four booths to two booths by merging the existing processes.

For another reason, the decision to simplify processes was not easy due to territorial issues. The idea of merging the processes faced disagreements, especially relating to the redefinition of organisational territories, including what processes to merge and those responsible for handling the new process. From the police unit for example, it was reported to question how the security aspect was ensured. This question was based on regulated process in which all security-related aspects became the responsibility of the police unit. Hence, simplifying the process potentially required contributing organisations to give up their territories or at least, compromise their boundaries.

**The concern was about security issues and the validation of vehicle document. It needed to be settled.**

**(Revenue agency-Senior Staff of Tax Division)**

In addition to that, resistance was also noted to exist. The resistance reported was related to the fear that technology change would displace people so that more jobs were eliminated. This characterised the dynamics of change implementation during this change process. The internal staff learnt that from the 1995's automation process, some former colleagues were recalled back to their origin organisations. With this process discretion, they were fearful of what they perceived as worse consequences.

**Some staff approached me. They said, ‘please, don’t do this to us, save us our jobs, don’t computerise everything.’ It was hard for some people, as they did not feel secure. Yet, we went through with idea, because we had the right reason. But, you need a good leader to back you up.**

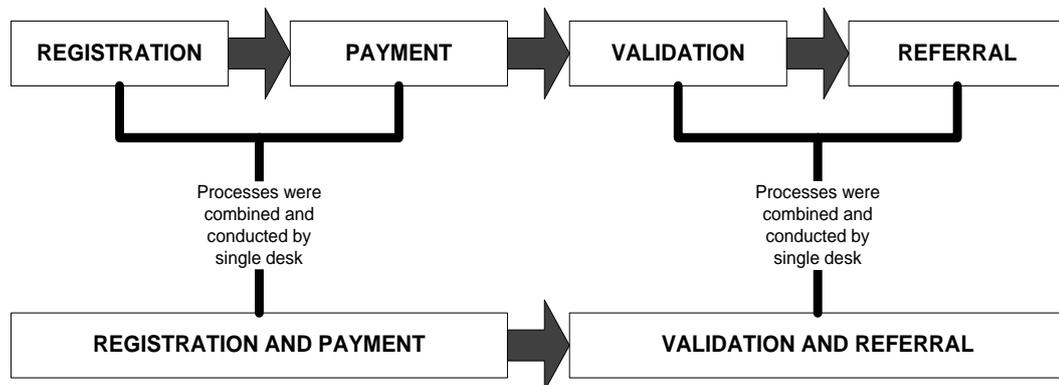
**(Revenue agency-Head of the EDP Unit)**

Process-wise, during this transitional period, staff were reported to have uneasy feelings about the change. They did not feel secure and were afraid of the possibility of losing the opportunities to do the tasks or responsibilities assigned to them. From territoriality perspective, this was caused by some perceived encroachments experienced by staff to their existing domains. It was also worthy of note that the insecure feeling was not only expressed by internal staff, but also by the brokers or middlemen. This change was thought to reduce the possibility of irresponsible officials colluding with the public or brokers. For brokers, computerising all processes meant that the process became easier and thus, the public would be able to deal with the process themselves. This, consequently, lessened the opportunities for the brokers to ‘help’ the public to get into the system and thus, lessened the chance to generate extra income.

To deal with these three issues and ensure that none of the three organisations felt threatened by this change, some measures were taken by the three organisations. First, regarding interorganisational boundaries and territories, the negotiation amongst the three contributing organisations agreed that security issue was still put as the primary concern, as emphasised by the police unit. Hence, to ensure that the security issue was under control, the first booth, handling registration and validation process, was to be attended by a police representative. The function of the second booth was to take payment and hand in the receipts, both tax and insurance, to taxpayers. This booth was to be

attended by a member of staff from the revenue agency. Presented in Figure 5-8 is the illustration of the changes.

**Figure 5-8. Discretion of Processes**



Source: ILGA-1, ILGA-2, ILGA-13, And ILGA-14

Figure 5-8 shows that the new process combined both responsible for registration and payment. Similarly, the second booth combined the process of validation and tax receipt referral in one process (DIPENDAJATIM, 2004). Compared to the regular processes, this new process was seen as simpler, as only two officers manned the front office process. Hence, the public dealt with less people.

The second measure relates to leaders' roles in change programs. This study suggests that in SAMSAT's case, leaders' willingness to take risks plays important roles in ensuring that a change initiation can take place. Within a context of interorganisational collaboration, all leaders of contributing organisations need to be on the same page about change ideas. In SAMSAT's case, the change to two-booth process can be seen as a form of deviation from national regulation. The leaders of the contributing organisations agreed to negotiate on their territories to enable this simplified process to take place. This agreement was validated and approved by the decree of the governor of East Java province, who was formerly was the Head of the revenue agency.

**The Governor backed us up thoroughly. He coordinated with the Head of DIPENDA, Head of Regional Police and also the Head of Jasa Raharja Branch for East Java. They were all agreed and issued Collective Decree, which was approved by the Governor.**

**(Revenue agency-Head of the Tax Division)**

This finding suggests that the discretion conducted by SAMSAT was not only a matter of overruling the ministry decree. Instead, this study was able to identify some factors considered to shape the organisation's readiness to change, including attachment with powerful individuals or organisations, ability to generate and access resources, ability to control their territories and also successful previous changes implementation.

The first factor suggests that attachment to or connection with powerful individuals improves bargaining position of organisations in managing their environments. Powerful individual or organisation is expected to be able to provide support. In Indonesian context, connection to what perceived as a strong or powerful party or person, can help to smoothen someone's or an organisation's way to achieve their aims. In SAMSAT's case, a string of attachment established between the revenue agency and the provincial government through the governor smoothened SAMSAT's idea to run its two-booth processes. This finding also strengthens the finding in Section 5.3.2.1 that leaders or the composition of boards in organisations are found to affect how and why a change is implemented. While these two findings refer to rather different aspects (one is about how leaders affect change; and the other is about connections to powerful individuals); both findings are found to be related to the impact of hierarchy via leaders or influential individuals in organisations during change processes.

Second factor considered to shape organisation's readiness to pursue more change or take a risk for conducting change is organisations' ability in generating income or accessing useful resources. This ability provides an organisation with more power to deal with change or at least, give the organisation flexibility in managing resources. In SAMSAT's case, the three organisations were known to be high contributors for their super organisation. For example, the revenue agency contributed for more than 70% of the province's total income.

**No one could deny that we actually performed well that we deserved to get more flexibility in using the fund.**

**(Revenue agency-Chief of the IS/EDP Division)**

The third factor contributing to shape organisation's willingness to change, is its ability to control its own territories, which can be in terms of its own systems, structures or even resources. The ability to control provides a sense of belongingness and helps to build confidence to be in-charge for an initiated change. In SAMSAT, this ability to have control over its IT system was the example.

**We already set up our own system, whilst other SAMSAT did not even think about building up network. We knew how to do it. We moved toward automation whilst others were busy with manual operation.**

**(Revenue agency-Chief of the IS/EDP Division)**

From the processual perspective, this study also found an organisation's previous experience in conducting change contributes to shape how an organisation sees its own readiness to conduct another change. Successful experience is found to have positive effect on further change. Besides, incremental change characterised by stages or step-by-step changes is also found to help an organisation to be ready at its own pace. SAMSAT's case provides an example of

its previous experiences of implementing organisational change since 1980, helped to build its readiness for further change.

**We had been ups and downs with difficulties in implementing changes. We faced angry people, we found our ways in dealing with technical difficulties, and we fought with brokers. We also experienced being told off by the public (laughing). It helped us to build our strength!**

**(Union-Former Senior EDP Staff of the revenue agency)**

In addition, to deal with resistance to change, especially from staff and also to ensure that there were no problems with regard to perceived territorial encroachment amongst the three organisations, a pilot was conducted. SAMSAT decided to pilot this in Gresik's SAMSAT Unit, located in a neighbouring location to Surabaya. The pilot project was expected to demonstrate the benefits to implement such change. It was expected to lessen people's fear of a new method, as well as boost motivation to become involved in the change process. Pilot testing was also expected to share the new practices as well as to channel out some fears.

Piloting change ideas is found to help to channel people's fears of change and bring about confidence. Furthermore, there was neither significant internal difficulties nor complaints from the public reported. The idea was perceived to work relatively well. The pilot study also produced a benchmark for actual implementation. The head of the IS unit, who became a senior EDP staff in Gresik's office during the piloting, mentioned that the Gresik unit was able to reduce its processing time for annual registration from one day to around ten minutes. The new process was considered to be easy and involved fewer staff members. As the idea was proved to be effective, this pilot project set robust justification for the change idea to be implemented on a much larger scale in SAMSAT Manyar Surabaya.

Successful implementation of process change to simplify process was then used as a basic process for almost subsequent services initiated by SAMSAT. Further changes were introduced to ensure that the public experienced faster processes, even before their application were processed. The next section explains findings related to how SAMSAT engaged in further changes by providing convenient access for the public.

#### ***5.4.2.2. Providing Alternative Accesses to Services for the Public***

As stated in the previous section, organisations' experiences in conducting changes help to build confidence to conduct further changes. In addition, further changes can be built on the existing one. In SAMSAT's case, it was found that its further changes were actually based on its successful implementation of both technological and process change. With better information technology and simpler process, SAMSAT still experienced public congestion in its offices. The organisation attempted to break such queue by introducing alternative of accesses to SAMSAT service. This included on-site drive-through service, SAMSAT corner, Mobile SAMSAT, SAMSAT Delivery/Quick Response and also e-SAMSAT. All of these services basically used the same basic process similar to the one conducted on-sites.

SAMSAT drive-through was the first semi off-site unit that was intended to break the queue at SAMSAT's office. The idea of drive-through was adopted from fast-food chain restaurants, for its simplicity, speed, and semi-separated location.

**We went out to have a take-away through drive-through lane in McDonalds. The idea struck us! A drive-through! Surely, it was not going to be in the building, which means that it would break the congestion.**

**(Revenue agency-Chief of the IS/EDP Division)**

According to the respondents, the simplicity offered by a drive-through can be seen through its two-part service delivery system: the first takes the orders and the second hands over the food. In essence, this concept aligned with SAMSAT's 'two-booth' process. Hence, it did not really change the existing processes. A drive-through is designed to quickly process an order from customers, who do not have to leave the convenience of their cars. Quick process means that there are fewer queues in the system. Hence, adopting a drive-through idea for SAMSAT means that the organisation had to make sure it was able to process the application quickly, which was possible to be conducted as it was already supported by a sound database system.

**One thing that made it possible to initiate drive-through service, which was a spectacular innovation, was our complex database. Without this database, I personally think that many changes would not have been possible to be introduced.**

**(Union-Former head of the revenue agency)**

Consequently, this study found that despite previous experiences in conducting change, organisations could still feel threatened with new changes, especially if it is related to the integrity of their territories. The collaborating organisations felt that changes could threaten their domain, as well as their turf or autonomy. Some respondents reported that initiating drive-through idea faced strong criticism and scepticism from some parties, including the police unit and other government bodies. With SAMSAT drive-through, the feature offered was a speedy service, which attracted a question on its security aspect. For the police unit, security issue was not something to compromise with, especially related to how documents can be checked in timely manner.

Regarding piloting a change idea, this study found that in order to implement a major change, the choice of the context on which a pilot is tested can affect the

result of the pilot on overcoming resistance to change. It might be better for an organisation to set a pilot project in a context representing some degree of complexity. A successful pilot testing conducted in a close-to-real context might be able to create a beachhead effect that is expected to calm down resistance for change, especially related to questions on whether such change is doable or not. The pilot for SAMSAT drive-through was conducted twice, one in Batu, and the other in Surabaya. The reason of two pilot tests was that despite successful test, resistance still existed. Those who resisted the idea of change questioned the result of the first pilot study as Batu, a small town located around 90 kilometres south of Surabaya, was considered to be not suitable to represent the complexity of a city. When Surabaya was used as a pilot and succeeded, there were no more doubt of its practicality, neither in towns nor big cities. The successful drive-through implementation in Surabaya had led the organisation to implement the service for other SAMSAT units in East Java.

**Once it gained success in Surabaya, we did not experience any significant difficulties. Those who resisted the idea became quiet. No more argument.**

**(Union-Former head of the revenue agency)**

The finding suggests that the limitation or difficulties faced by an organisation during change may serve as a push factor for the organisation to be more creative to tackle its problem. In SAMSAT's case, as the new service offered a quick and comfortable way to pay vehicle taxes, it attracted the public to use the service. With more people using the service, there were lengthy queues. The public chose to use drive-through than regular service. Yet, the drive-through service were not quick enough to get the queue moved, which implied that 10 minutes were not fast enough. For the staff, this created pressures as they were perceived to work slowly. The identified cause was the use of scanner in capturing and uploading scanned document as part of security check.

**We recognised from observing the drive-through process day-by-day that it was the scanner that held back the process. Scanning document took time and it was not fast enough. When the queue was long, it really put a pressure on us to think a way out of this.**

**(Revenue agency-Programmer at EDP unit)**

The need to resolve the scanning problem mounted as SAMSAT also intended to replicate the drive-through service in other units, as acquiring reliable and fast scanners was costly.

**Quick was not enough in this matter. Scanners did not solve the problem for reducing time. We competed with time. Quick was not enough in this matter. Scanners did not solve the problem for reducing time. We competed with time.**

**(Revenue agency-Chief of the IS/EDP Division)**

The statement 'quick was not enough' emphasises on the long-standing effort of SAMSAT to reduce its processing time. Previously, SAMSAT was able to reduce its processing time from 6 months to less than an hour. This statement also shows that there was a shift in how SAMSAT understood 'lengthy', and a 10-minute process was already considered as a 'lengthy' time. This shows that experiences in conducting successful change pushes an organisation to further climb up its learning curve. Its ability to deal with difficulties during change implementation gets better by each successful change. This also means that there has been elevated expectation on organisation's own performance. The way organisation define its achievement seems to be significantly influenced by organisation's experiences in conducting changes. Furthermore, for SAMSAT, its ability to understand the cause of what perceived to be a 'lengthy time' had brought the organisation to improve its own ability to deal with problems. For SAMSAT, their

internal staff were able to replace scanners with webcams that were modified to quickly capture and upload documents onto the system.

**The problem we faced was we were not able to find a very fast scanner, so we modified a webcam to capture the document. Unlike scanners, this modified webcam took only seconds to capture documents and upload it onto the system.**

**(Revenue agency-Programmer at the EDP unit)**

By using a webcam, SAMSAT was able to reduce the processing time to five minutes or less. The camera was placed on a supporting device that held the camera in an upside-down position. The height of the position was measured carefully --at around 40 centimetres from the base-- to ensure that the camera was able to capture the whole document in a focussed and clear shot. Although it was not a compact design, it was practical and easily reproduced.

Further change ideas, including SAMSAT corner and Mobile SAMSAT, were actually developed on the same basis as SAMSAT drive-through, including its processes and even, reasons underlying the development of ideas. Yet, compared to SAMSAT drive-through, these changes were initiated to bring the service closer to the public by offering proximity and convenience of access.

Surabaya is a metropolitan covering around 330 square kilometres (PemkotSurabaya, 2013). It is well known for business and trading activities. The city hosts more than 15 large shopping malls (Tripadvisor, 2013). These characteristics were perceived by the respondents to play important roles in shaping SAMSAT's decision to fulfil the public demand.

**We are in a metropolitan, full of business and trading activities. Hence, you cannot expect people at work to easily go out and pay their taxes when due. You have to consider the traffic and everything. We needed to find ways to help the public dealing with it.**

**(Revenue agency-Senior Tax Division Staff)**

For SAMSAT corner, besides preventing congestion, practicality and convenience are the primary features offered through SAMSAT Corner. The underlying idea is to let people access the service at their own convenient time. They do not have to spend time going to any SAMSAT sites. Instead, they can just go to shopping centres closer to their residence. To date, there are seven SAMSAT Corners located in different malls and shopping centres in Surabaya (DIPENDAJATIM, 2012a).

Another change idea was SAMSAT Keliling or mobile SAMSAT. Offering similar feature of bringing SAMSAT closer to the public, for remote areas such as in villages or remote suburbs of cities or towns, Mobile SAMSAT offered proximity and flexibility for the public. Yet, the idea of having similar service such as SAMSAT corner in malls due to the characteristics of society in rural or remote areas.

**In rural areas, like shoe horse areas in the eastern part of the province, their challenges are different from those living in cities or metro areas. Their locations are usually very remote. So, we introduced what we call as 'SAMSAT keliling', a mobile SAMSAT. This kind of service provides flexibility as we come to them, not they come to us.**

**(Revenue agency-Senior Tax Division Staff)**

Mobile SAMSAT was flexible as the service is mobile and changing locations from one site to another on a scheduled basis. For rural areas, sometimes the

schedule follows Javanese market days to suit the needs of the public in particular regions – as some traditional markets only open on particular days of the week (Note: instead of having seven days a week, Javanese culture has ‘Pancawara’, or five days in a week, for markets – Panca is a Sanskrit word for five).

**They need us to be close so that they can access the services. The proximity is an important aspect. Mobile SAMSAT moves from one rural area to others, or from village to village, depending on their market days**

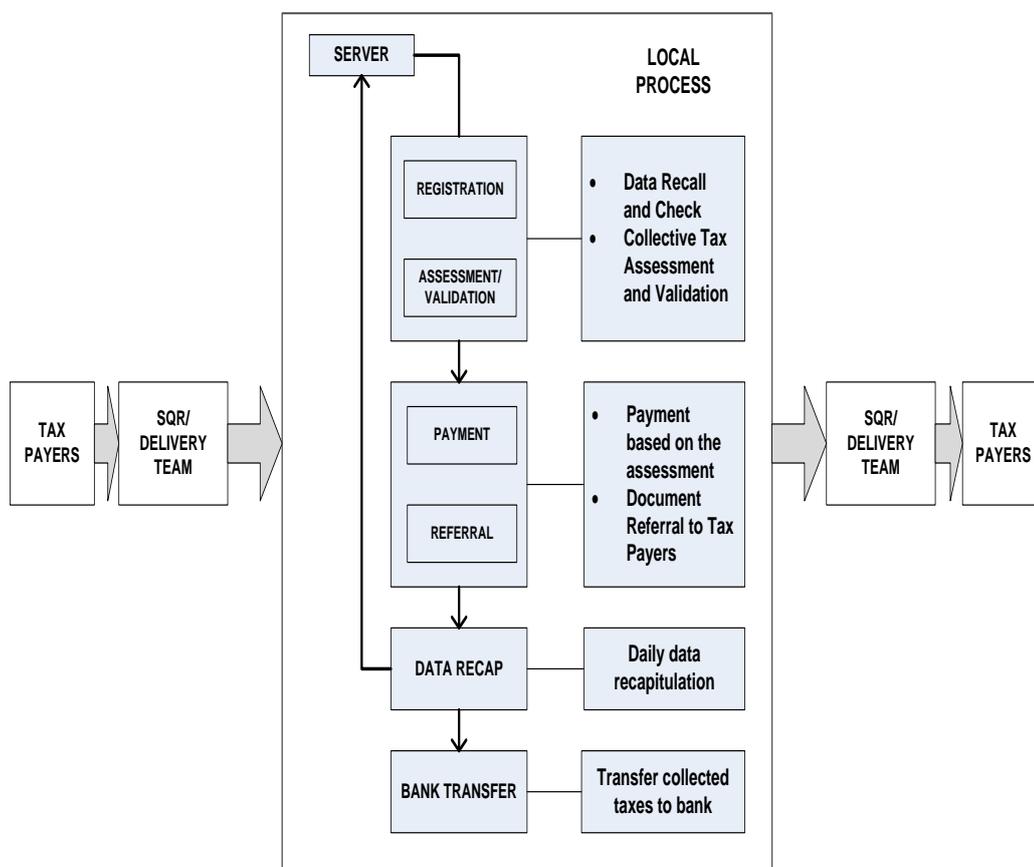
**(Police representative - Head of the representatives)**

Therefore, with more people using the service, Mobile SAMSAT is also made available for those living in urban areas. It still offers flexibility and convenient access, as the public does not need to go SAMSAT units or even to malls to conduct annual registration and validation. The schedules for Mobile SAMSAT are announced publicly through mass media or national/regional police websites (Atas, 2013)

Two other services offered by SAMSAT were pick-up and delivery service. Whilst these two initiated services had the same ideas of bringing up services closer to the public, these two services had slight different process compared to SAMSAT drive-through or SAMSAT corner or mobile SAMSAT. The difference between these two different groups of service was in the approach used to deal with the public. The two services were designed to be proactive to the public and operated like a delivery system in a fast-food restaurant, involving calling and delivering the service to customers. SQR teams used cars for their operation whilst SAMSAT Delivery team rode motorcycles. SAMSAT Delivery accommodated customers living in small streets or alleys who are unable to be accessed by cars.

Regarding the processes, both services do not differ from a regular registration and validation service. All processes are conducted in the SAMSAT office. The difference is only on the fact that both SAMSAT Delivery and SQR pick the documents and the payment from the taxpayers. Presented below is the illustration of SAMSAT delivery and SQR.

**Figure 5-9. SAMSAT Delivery and SQR Processes**



Sources: TPSAMSATJATIM (2011)

Figure 5-9 depicts that the main process of both SAMSAT delivery and SQR was conducted at SAMSAT office. The process itself took around 10-15 minutes to complete apart from the time needed for picking-up and delivering the documents from and to the public.

This study found that not all change ideas could be sustained. Moreover, it is also found that organisation image plays important roles in ensuring that the ideas

are acceptable to the public. Compared to all initiated ideas, this study found that the last two ideas, SAMSAT delivery and SQR, failed to sustain as there were no demand for the service. This service was initiated as part of providing alternatives services, yet, the decision to use the service was completely up to the public. Respondents believed that such reluctance was caused by negative image of the contributing organisations, especially the police unit.

**I think the main reason related to the fact that police was known as a corrupt organisation. It was understandable if the public had a priori perception that police could not be trusted with their vehicle documents and money. Who would have been responsible if the police took away the money and documents? It was difficult to escape from bad image.**

**(Police representatives-Senior SAMSAT Corner officer)**

For the staff, especially those operating in the field, which in this case, were the representations from the police unit, such situation was perceived to be unfortunate for them, and even, sad.

**That was hard for us as a police officer. Because we were the ones that picked up the documents and sent the documents back to the customers. When there was no trust and the public looked at us like we were bunch of thieves. That was kind of sad.**

**(Police representative – Head of validation unit)**

This shows that not all changes, regardless the aims are good and intended for greater good, bring positive feelings for those implementing it. In general, it can be seen that a negative image may affect how the public perceived the trustworthiness of a service and organisations involved. In SAMSAT's case, as the process included a period when documents were taken to SAMSAT offices,

hence, were not under the control of taxpayers, it raised concerns on the safety of the documents as taxpayers distrusted police members in handling the documents. This finding strengthens previously explained findings that one of the reasons for conducting changes, especially for police unit, related to how to detach negative image of being a corrupt organisation. This did not only affect one organisation, but also other members of the collaboration.

For the three collaborating organisations therefore, this situation pushed them to work harder in finding ways to lessen such negative image. For the IT division of the revenue agency, as the one responsible for IS development, such a situation pushed staff involved to think about alternative processes that can help convenient access, help the organisation to fulfil its financial target, and at the same time, lessen a negative image. In this regard, online transactions were introduced as a solution. Next section explains the findings.

#### **5.4.2.3. *Less Human Interaction and Borderless Access***

In general, the province of East Java has a high growth of the numbers of on-road vehicles. By 2011, the number of registered vehicles reached 10,300,948 (BPMJATIM, 2013). Yet, large numbers of those registered vehicles operated outside the province. This caused a complexity as vehicle owners had difficulties in accessing annual validation, taxing and insurance service. In return, such difficulties affected SAMSAT financial performance.

**Most of late payment cases seemed to be caused by inability to access any payment points. We recognised that many taxpayers lived outside the province, which means that there are no ways to access the service, as we do not have any cooperation with SAMSAT of other provinces. Difficult.**

**(Revenue agency-Head of the Tax Division)**

In spite of the fact that SAMSAT was a mandated interorganisational collaboration established as a national agreement, most respondents agreed that to have inter-provincial arrangement to monitor and control registered vehicles, was difficult due to system readiness as well as the potential impacts caused by such coordination.

**We tried to speak with the ministries of having inter-provincial connection. I don't think it could be agreed on. Apart from the fact that other provinces' SAMSATs were not ready, in terms of infrastructure, they also concerned about massive impacts that such collaboration might cause.**

**(Revenue agency-Chief of the IS/EDP Division)**

Inter-provincial SAMSAT collaboration did not seem to be a feasible choice, at least, at the time when the particular change took place. Compared to other provinces, the system employed in SAMSAT East Java is more advanced. In addition, SAMSAT units in East Java province have been experiencing changes for the last 30 years. Whilst it could be hard for them, it also prepares them for further changes. It creates readiness for another change. This, to some extent, set a different level of readiness compared to other SAMSAT offices in different province. Recalling what has been explained in section 4.4.2 on the Integration Mechanism about implementing the same patterns in different regions, one interviewee shared his opinion on why it was also difficult about bringing it about as well as the possibilities of working collaboratively on the vehicle arrangement database. It was not only related to the system, which to some extent, would have been easily copied and pasted into Jakarta's system, but also related to political dynamics within different parties at the particular province.

**Collaborating would be difficult, I suppose. Because, in addition to different system readiness, we have also different dynamics. Again, things such as the relationship amongst those in top provincial level, the relationship amongst institutions and, sometimes, we talk about things more than politics, it is also about their willingness to give up what had been considered as their income.**

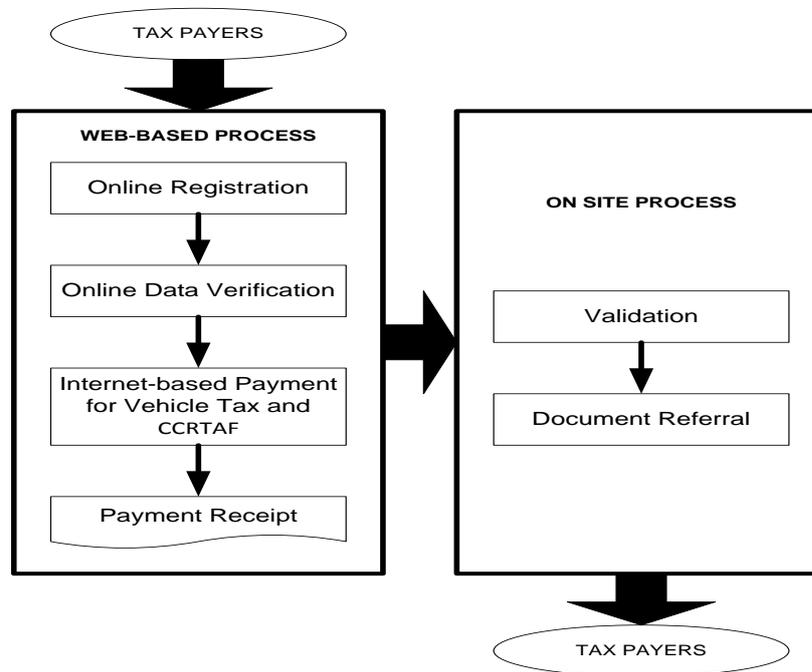
**(Union-Former EDP staff of the revenue agency)**

Readiness for conducting change was not only related to the availability of financial resources or advanced system, but also related to how involved parties were ready to take on potential consequences of the changes. On the other hand, the readiness to change from the other SAMSATs from different provinces is not known.

As the option to pursue with inter-provincial collaboration had a thin possibility, SAMSAT needed to find a different way to tackle the issue of controlling registered vehicles, as well as fulfilling the financial target of each contributing organisation. The existing processes, including drive-through, corner, mobile and delivery, still required vehicle owners to be in the province or come directly to any SAMSAT office. These processes did not have the feature of flexibility in terms of document submission and validation. On these grounds, e-SAMSAT, an internet-based process, was introduced to help with payment for insurance and vehicle tax.

The e-SAMSAT process has rather a different flow of processes compared to existing services. Whilst it offers a virtual service, it is not an absolute 'human-less interaction' as it still involved manual validation as shown in Figure 5-10.

**Figure 5-10. E-SAMSAT Process**



Source: Warta\_Surabaya (2012)

Figure 5-10 shows two stages of processes in e-SAMSAT. The first stage is the payment process, which needs to be conducted before or on the tax due date to avoid fines. The second stage is more flexible, as it can be conducted any time after the payment is made. The second stage requires taxpayers to bring their payment receipts to any SAMSAT units --within East Java province-- along with their vehicle documents to be validated. Comparing the process with the regular one, e-SAMSAT has a reversed flow as payment comes first prior to validation.

Nevertheless, in spite of offering more flexible access, respondents noted two downsides of e-SAMSAT. First, the service required Internet connection, which means that the service was limited to those with privilege to access the internet. Second, e-SAMSAT service required taxpayers to have bank accounts with online-banking feature. Thus, the service was limited to those with access to online banking account.

Consequently, this study found that successful previous change elevates organisations' learning experience and may change the way organisations perceive their achievements. As organisations develop over time, their perceptions on what should be the targets for changes are different. Changes result in different levels of equilibrium that requires organisations to achieve a better target. In SAMSAT's case, taking an example of processing time that became a major concern since the beginning, the word 'lengthy' has a different magnitude from time to time.

**I think we need to see this achievement differently. When it becomes a web-based service, we do not talk about processing time in terms of hours or even minutes. We count it in 'seconds'. You know, if you access a website, two seconds time lag are already too long.**

**(Revenue agency-Head of the EDP Unit)**

## **5.5. CONCLUSION**

This chapter explains findings related to the perceived reasons for the changes. With regard to technological change, this study found that successful technological changes potentially lead organisations to pursue further and more advanced technological changes. In other words, one change leads to another. This means that despite accomplishment or fulfilment of targeted outcomes, along with successful technological change, organisations might find themselves setting their targets even higher.

Within the context of interorganisational collaboration, technological changes can also lead to cross organisational boundaries, which may make territories of each contributing organisation become blurred. In the case of SAMSAT, it was found that along with more advanced technology used as basis for the changes, SAMSAT shaped its target, especially in terms of processing time reduction, even

higher, with less and less time needed to process vehicle registration, validation, taxing and insurance.

This study also found that the need to maintain organisational territories could shape how organisational change was conducted, especially within the context of interorganisational collaboration. In this sense, organisations involved in a collaboration need to be ready to negotiate and compromise their boundaries so that organisation changes can take place. This requires willingness from contributing organisations to detach its existing function.

Having explained the changes and the dynamics within, the next chapter, Chapter 6, explores the impact of the changes as perceived by respondents.

## **6. THE IMPACTS OF THE CHANGES IN SAMSAT**

### **6.1. INTRODUCTION**

This chapter is the final part of the findings. It explains the impact of the changes on SAMSAT and its three contributing organisations. This study reveals that organisational changes resulted in two impacts; direct impacts and indirect impacts. Direct impacts were those expected, tangible and measurable impacts, such as higher financial performance, short processing time, and less queues. Indirect impacts on the other hand, were unintended and less tangible. They included the organisation's readiness for change, redefinition of 'time', being a reference site, resource limitations, territorial encroachment and territorial enlargement. This study further reveals that these two impacts coexisted as a result of the dynamics of change programs.

Consequently, based on both the direct and indirect impacts, this chapter explains the specifics relating to the unplanned, indirect, intangible yet significant impacts perceived by SAMSAT and its organisations. Such emphases on the indirect impacts were taken as they represented the dynamics of changes as well as its complexity. Indirect impacts show that not all results of changes are planned and at the same time, emphasise that not all unintended impacts are potentially negative for organisations. The findings are presented in several sections, each of which aims to delineate the impacts as perceived by the respondents of the study.

## **6.2. IMPACTS FOR INTERORGANISATIONAL COLLABORATION**

Within the context of interorganisational collaboration, a change initiative is understood to bring consequences not only for individual organisations involved, but also to the collaboration itself. In general, this study found two major impacts on collaboration; first, increased readiness for further changes and second, the willingness to take risks and pursue something out of the box successfully, may bring advantage to be a first-mover and set a benchmark for a new practice. Moreover, although most changes are result-driven, this study argues that in incremental changes, impacts of change occur along with the implementation, as one change leads to another. Details of the impacts are explained in the next two sub-sections.

### **6.2.1. Measureable Performance and Improved Quality of Planning**

None of the changes conducted in SAMSAT were unplanned. Each change had its own objectives, which as stated previously, were mostly related to processing time reduction. However, besides achievement in terms of time reduction, respondents perceived that they also experienced some advantages especially in terms of measureable performance as well as better planning.

Technological change was found to be the largest contributor to processing time reduction. Altogether, automation process, establishment of information network and database development helped SAMSAT organise its operational activities that were easy to operate and also easy to control. Reference was made earlier in Chapter 5 that one of the perceived problems experienced by the contributing organisation was difficulties in ensuring that their revenue was an actual representation of transactions taking place in the front office. This difficulty was perceived to be caused by inability of the organisation to control staff behaviour in manual processes. As most of the processes were automated,

human intervention was lessened so that the resultant revenue was an actual representation of the transaction recorded in the system.

**Since that change, our revenue has started to be measurable. Both tax --for us-- and non-tax revenue for police were accountable We could know that our targets were close to our actual revenue. The insurance company also experienced the same thing.**

**(Revenue agency-Chief of the IS/EDP Division)**

With more certainty in revenue collection therefore, it was easier for SAMSAT as well as for its contributing organisation to make operational plan as targets were identified clearly.

**It became easier to know how much our revenue was. As a result, we can know whether our target has been achieved or not. If not, then we can do something about it. It helps with the planning as well.**

**(Insurance company - Head of representative)**

Hence, although the main purpose of change was to reduce processing times, by elaborating the use of technology through information systems, database as well as automation operation, SAMSAT got an indirect impact in terms of better planning capacity. This was also shown through their further planned changes in a way that their experiences gave them a foundation to pursue more advanced changes.

The next section explains findings related to SAMSAT's readiness for changes as a cumulative effect of experiencing changes.

### **6.2.2. Elevated Readiness for Change**

As stated previously, SAMSAT started its organisational change initiatives since early 1980 through different kinds of change, including administrative, technological and process changes. Each change was planned to serve certain purposes, which mostly were to deal with or close the gaps with both internal and external gaps. Such gaps created pressures for SAMSAT and its contributing organisations, which somehow was taken as challenges for those worked in SAMSAT to be more innovative in finding out solutions.

**We got used to high targets and pressures. But let's see it as a challenge; such pressures helped us to come out with innovation. I think, the more people are pressured and get stressed out, the more those people are able to think smarter and different. Don't you think so?**

**(Insurance company - Head of representatives)**

As a collaboration, the three collaborating organisations at SAMSAT experienced various pressures or problems, one of them was time. Referenced in Chapter 5, for more than 20 years, the major emphasis of change initiatives conducted by SAMSAT was on reducing processing times. The changes were conducted incrementally, which means that SAMSAT set its targets –in terms of processing time—reduced with every single change initiative. Output-wise, the changes implemented were able to fulfil the intended aims, which were to reduce processing time, from around 6 months to only less than 10 minutes, especially for annual validation. Yet, rather than only focusing on the grand output, this study explored the processes of the changes.

The findings suggest that by each change, SAMSAT learned to improve its system. An example is the administrative change, which was conducted by installing document management requiring internal staff to classify and place document records, accordingly. This change established a new habit of record

keeping in which staff became more organised in terms of document management. Furthermore, through technological change, SAMSAT did not only establish a sound database and information system, but also set a foundation for further changes as recalled by one of the respondents.

**One thing that made it possible to initiate drive-through service, which was a spectacular innovation, was our complex database. Without it, many changes were not possible to introduce.**

**(Union-Former Head of the revenue agency)**

As organisations are able to accomplish their change objectives, any subsequent changes conducted are usually more complex or more advanced than previous ones. In SAMSAT's case, organisational change began as something simple. For example, document management, and subsequent change following document management were far more complex due to the technological nature of the changes. Accordingly, more complex changes also means higher targets of achievement. SAMSAT showed that along this learning curve, there were changes on how the magnitude of 'time' as a major aspect of change has shifted over time. With more complex organisational change, which in the case was shown through the initiation of web-based service, 'lengthy processing time' was understood in a matter of 'seconds' rather than 'minutes'.

**I think we need to see this achievement differently. When it becomes a web-based service, we do not talk about processing time in terms of hours or even minutes. We count it in 'seconds'. You know, if you access a website, two seconds time-lag are already too long.**

**(Revenue agency-Chief of the IS/EDP Division)**

This represents awareness toward challenges embedded in a more complex change. Such awareness was developed as people got involved in change and understood the nitty-gritty of the system. During the interviews with staff from

EDP/IS division, respondents shared their difficulties and challenges in installing such system and how they dealt with those difficulties confidently.

Furthermore, implementing change is understood to be challenging, not only in terms of managing available resources and setting up more advanced information systems, but also because changes are mostly about people. SAMSAT's case provided an example that regardless of whether it was a technological change or administrative or process change, organisational change always involved people management. This is especially as SAMSAT needed to ensure that the changes were understood and accepted by its internal staff, which was not an easy task. The experiences of dealing with people during changes provided SAMSAT with better understanding in managing people during change implementation.

**We had been ups and downs with difficulties in implementing changes. We faced angry people, we found our ways in dealing with technical difficulties, and we fought with brokers. It helped us to build our strength!**

**(Union-Former Senior EDP Staff of the revenue agency)**

Further findings reveal that incremental changes can help organisations to prepare themselves better for further changes. Each change helps organisation to learn how to deal with different difficulties. Relating it to the human body, each change creates an antibody for specific disease and with time, as organisations deal with different changes and different difficulties, an immune system is developed, which is established as readiness for an organisation to pursue more complex changes.

### **6.2.3. Deviation from Common Practices: National Reference Site**

As referenced in section 5.3.4.1, to further reduce processing times, SAMSAT simplified its processes from the four booths to the two booths process. In addition, this study also found that the willingness of an organisation to take risks in change by deviating from common practice brought an advantage for it to further reduce its processing time. By compressing four steps processes into two step processes, SAMSAT East Java set a new practice that distinguished itself from other SAMSATs. Its successfulness in implementation was perceived as an example of best practice that was then used as a pattern for process improvement nationally. SAMSAT East Java thus became a reference site for other SAMSATs. In the 2000s, this process change was adopted nationally. The practice has been diffused to other SAMSATs on the basis of its potential advantage.

**Even Jakarta, the capital, chose to follow us. All the idea and the process, how everything engineered was totally ours, from this office.**

**(Union-Former head of the revenue agency)**

However, whilst the pattern of process could be replicated, the concern was on the organisational context enabling the change to take place. As shared by one of the respondents, other SAMSATs might find it difficult to copy the system, as the process adopted at SAMSAT East Java was literally due to differences in the organisational context. For change to take place therefore, each contributing organisation needed to be a risk taker and willing to reduce organisational ego, so that the collaboration could take the advantage of working together.

**To copy directly the system will not be possible, I think. In East Java, we have worked together for more than 30 years and involved in various change. By time, we lowered our ego and compromise, which I am personally not so sure whether other SAMSAT had arrived to the stage where we are now.**

**(Union-Former EDP senior staff of the revenue agency)**

Most respondents confirmed this opinion. As discussed in section 6.2.2, one of the major impacts perceived by respondents relates to how SAMSAT's experiences of changes brought different ways of understanding the need of change as well as SAMSAT's readiness to deal with more changes. This study found that previous experiences in dealing with changes affected how the organisation conducted its subsequent change initiatives. It also gave the organisation an edge to become a pioneer for more change and innovation.

**We already set up our own system, whilst other SAMSAT did not even think about building up network. We knew how to do it. We moved toward automation whilst others were busy with manual operation.**

**(Revenue agency-Chief of the IS/EDP Division)**

In general, it can be said that organisational changes brought some advantages to the collaboration, especially in terms of fulfilling its objectives as a one-stop service for collecting revenue for the three contributing organisations. Although the main aim of most change initiatives were related to reducing processing times as well as providing alternative services, it was found that organisational changes, through automation and information system, helped SAMSAT to change the habit of its internal staff in terms of data management as well as made SAMSAT to become a national reference site. Furthermore, SAMSAT's experiences in implementing changes built its readiness for further changes.

In addition to the impacts of organisational change on the collaboration itself, this study was also able to identify some perceived impacts of the changes on each contributing organisation, which at some point differed from one to another. In this regard, the next section discusses the impacts of the changes in these organisations.

### **6.3. IMPACTS OF THE CHANGES ON THE CONTRIBUTING ORGANISATIONS**

This study argues that whilst organisational changes in an interorganisational context are conducted collaboratively within this interorganisational context, the members of collaboration might perceive and experience different impacts. It was found that such perceptions are related to the context and situation faced by each organisation. With relation to SAMSAT, this study found that resources played an important role in organisational change in terms of influencing the way organisations dealt with changes.

#### **6.3.1. Resource Availability and Territorial Change**

As previously discussed in Chapter 5, technological changes brought significant improvement on how SAMSAT was able to reduce its processing times. The integration of processes from four different booths to two booths marked a simplified process to further reduce processing times. To some extent, these changes blurred the boundaries of processes conducted by each contributing organisation. As a reminder, within the context of two-booth process, the first booth was manned by police officers, as it was responsible for registration and security verification; whilst the second booth was manned by staff from the revenue agency, which dealt with payment for both vehicle tax and insurance. This represents shifts in territories dealt by organisations as a result of organisational changes.

Furthermore, it is argued that there is a relationship between the availability of resource and territorial sustainability. Organisations possessing access to resources, regardless of the types of resources, are deemed to have greater possibility to maintain their territories. It was thus found that within the context of interorganisational collaboration, possessing access to resources provides an advantage for a contributing organisation to hold a crucial position in a collaboration, which in turn, increase its bargaining position towards other collaborating organisations.

As explained in Chapter 4, amongst the three organisations, most resources for SAMSAT's operational activities were funded through the revenue agency's budget. For respondents, this was due to the idea that the revenue agency's budget was more flexible than the other two organisations, JR and police unit, as its budget was managed locally by East Java local government.

**'This is mainly because the availability of resources. We are under the provincial government; our budget is quite flexible compared to that of police or insurance company. That is why, SAMSAT activity is financed through the province's regional budget.'**

**(Revenue agency-Head of the revenue agency)**

In general, the flow of resources in SAMSAT is quite unique as it represents complex interdependence. On one hand, the exchange direction can be seen as 'joint' due to resources from the collaborating organisation 'acting in unison with a third party', which in this part, is the public. The three organisations under SAMSAT provide the services for vehicle registration, tax and insurance for the public. Although the flow of information from one collaborating organisation to other represents reciprocal dependency, the flow of physical and financial resource in this case is mostly unilateral, which means that most elements flow from one organisation to other members. This arrangement of resources was

perceived to help the other contributing organisations share hardware, which was needed for operations as well as expertise so that efficient operations could be achieved.

**'Physical resources are mainly managed by the Revenue Agency, including database. They have already all the stuff needed and all the expertise, and we do not need to duplicate it.**

**(Police Representative -Head of representative)**

It is worthy to note that the revenue agency also held a key role in controlling information systems. This led the agency to hold the centrality of function within the network, which means that the agency became an important part in how other members of collaboration acquired resources as well as how most of the changes were initiated.

On the issue of technological change, in particular, database and information systems, becoming the major change initiatives conducted by SAMSAT, respondents from the revenue agency agreed that those decisions were mostly based on the revenue agency's initiatives. This was as the agency was the one responsible for database development as well as managing SAMSAT's information system. In this sense, to some extent, territoriality in terms of attachment to one's areas affects how change direction is shaped. As shared by one respondent:

**'Why? because I was the head of EDP unit and I was responsible for ensuring that all processes related to my unit to support SAMSAT operation was optimal. Hence, we did propose for system improvement as a basis for technological change.**

**(Revenue agency-Chief of Tax Division)**

In a rather different example, a similar sense of territoriality was also shown through how the police unit was so strict about security issues in process changes, in areas such as the two-booth processes and the drive-through services. For the police unit, its central role in the collaboration related to how it could ensure that all processed vehicles were eligible and had no criminal records. For the police, this was made possible, as they were the ones with access to the criminal database.

**'Security check is done through accessing police's database of criminal records. It is accessible only by the police officer and cannot be delegated or transferred to our colleagues from the revenue agency or insurance company.**

**(Police Representative - Senior Police Representative)**

The Head of EDP unit, who emphasised that the criminal database was exclusively accessed by police unit, also confirmed this situation.

**'We do have to respect other organisations' interests. For police unit, its database is specific to criminal record. It is located in police headquarter, not here, and accessible online by police officers who are assigned to man the registration or verification. It is police's territory, which cannot be interfered.**

**(Revenue agency-Chief of IS/EDP unit)**

This exclusive access granted the police unit a strong boundary for police's territories. In terms of organisational change, as recalled by several respondents, including the former head of the revenue agency, this strong will to maintain boundaries shaped the way organisational changes, especially process change, was designed.

**‘The police unit was so insistent about keeping the ground safe in a way that security was not negotiable during change. Hence, we tried to accommodate their requirement in the system. Some boundaries remained strong by changes, some were negotiable, for example document checking. To shorten time, we did not photocopy, we captured it. Faster, as we wished, but also safe, as the police unit wished.**

**(Union-Former Head of the revenue agency)**

Whilst these two contributing organisations showed their resource strength, a rather different example was shown with the insurance company. In the interviews conducted to the head of representative and head of regional East Java branch, both confirmed that whilst the company also actively involved in how changes were conducted, they acknowledged that they did not have enough resources to cope with the changes.

**‘All three of us (referring to the contributing organisation) were actively involved in the changes. Yet, as a state-owned company, we were a bit different in how we managed our resources. We were not that flexible compared to both revenue agency and the police. Most of the time, we just agreed on the ideas, because we believed those ideas were good.**

**(Union-Former Head of the revenue agency)**

As referenced in Chapter 4, the status of JR as a state-owned insurance company set the difference between the company and the other two organisations. Jasa Raharja (JR) served two aims, social and economic. The insurance managed by JR through SAMSAT was included in JR’s social function, which was focused on managing funds for accident victims. Yet, as an SOE, while it is not aimed to be a profit-seeking entity, JR itself was expected to be profitable. Hence, the deployment of resources including human resources, needed to be carefully

planned. The need for personnel to keep up with the changes was also perceived to be difficult to be fulfilled by JR.

**'we were happy with all of these changes. Good for completing our jobs and ensuring good income for organisations. However, we do find it difficult to keep up with the pace of changes, especially related to personnel need.**

**(Insurance company – Head of Representatives)**

Thus, additional personnel meant additional funding, at the very least, for salary component. Personnel wise, the introduction of alternatives services was perceived to be impossible to keep up. Up to the time of interviews, respondents acknowledged that SAMSAT has developed, not only in terms of services offered but also in terms of numbers of units providing services.

**All services, I think, until the recent month, it reached 281 services, I mean, 281 service sites, across cities, towns, and regencies in East Java province. They offer similar services to what we have here in the headquarter.**

**(Revenue agency-Chief of Tax Division)**

For collaborating organisations, whilst this means that it becomes easier to fulfil financial target, such development brings consequences on resource arrangement. In fact, with regard to the increasing numbers of sites as well as technological change and process change, it became possible for the insurance company to 'let go' its front office process to be managed by the revenue agency. In all operating units (i.e. SAMSAT drive-through, SAMSAT mobile, SAMSAT corner, etc), the processes were manned by two staff, one from the police unit and the other from the revenue agency.

**‘We could not possibly keep up with changes in service, especially with more SAMSAT units developed in the province. Thus, we were okay with the arrangement with two-booth processes as our task is handled by the revenue agency in the front office.**

**(Insurance company – Head of Representatives)**

These statements from the insurance company reflected two ways processes. One, lack of resources, especially human resources, affected the way the insurance company engaged in change initiatives, which most of them, were agreed on. Two, with more changes taking place, including technological and process changes, and its inability keep up with the pace of personnel needed, the insurance company’s front office process was handled by the revenue agency.

Hence, it can be said that resources played an important role in the process of changes, both as factors affecting change direction and also as impact of changes. Organisational changes involved the negotiation of boundaries amongst the three contributing organisations, based on their resources and the importance of the resources in the collaboration. More specifically, territoriality over one’s areas, which in this case, can be in organisation-wise or individual-wise, can shape how changes are directed.

In addition to the impact of changes on resources, this study also found that changes were perceived to help SAMSAT and its three contributing organisations to deal with corruption issues, as well as help to improve their image.

### **6.3.2. Image Building and Corruption Eradication**

As discussed in Chapter 5, one of perceived reasons for the changes conducted at SAMSAT East Java was the need to eliminate bribery and corruption practices. Moreover, for contributing organisations, such as the police unit, changes were

important to assist with not only eliminating corruption, but also help to improve organisational image. Hence, willingness to changes was seen as a way to develop a more positive image about the contributing organisations.

Internally, the three contributing organisations agreed that the effort to eliminate corruption was not only about improving public image, but also had to start with their internal staff. Staff were perceived to be an important factor in ensuring that dysfunctional practices could be eliminated.

**The automation helps us to easily identify where we went wrong in terms of transaction identification. I mean, everything is clear and electronically recorded that any imbalance on cash can be identified.**

**(Insurance company – Head of Representative)**

Thus, in addition to process automation, each contributing organisation placed an emphasis on ensuring that everyone understood the consequences of conducting bribery or corruption in the workplace.

**Without realising, I think we kind of develop ‘no corruption’ culture at some points. I don’t know with JR or revenue agency, but for us, the public perceived us to be a corrupt organisation, we wanted to show that was not true. Thus, whenever I got new recruits or transferred staff, I asked them what they wanted to find, if it was for the opportunities to get hot money, I could not accept them.**

**(Police Representative-Head of Representative)**

This statement was also confirmed by another respondent, who agreed that SAMSAT and its three contributing organisations were quite strict in penalising individuals who were found to breach the rules in dealing with corruption and bribery practices. However, respondents also realised that eliminating corruption was never an easy task to do, especially as corruption was perceived to be a

collective effort. It was emphasised by one of respondents that corruption was about individual mentality that to change it took long time. To help eradicating corruption, changes were believed to be a good way as they helped to improve holes in the system.

**I do not know whether we could eliminate all corruption practices in here, but there were cases when our leaders fired or demoted staff that was found to cheat or corrupt whilst doing their jobs. Corruption is about mentality; you will always find a bad egg in a breed, right? The changes we have been doing are to eliminate corruption opportunities. I think nowadays, staff was afraid to try behaving bad.**

**(Police Representative-Head of Representative)**

Chapter 5 has delineated different change initiatives conducted at SAMSAT. Although none of the change initiatives were directly intended to solve bribery cases, most respondents reported the impact on such matter. It should be noted that none of respondents were able to pinpoint the direct evidence of such impacts; instead, they presented some proxies that were used to reflect on the eradication of such negative practices.

**Compared to few years back, nowadays we can see that the public do their vehicle annual taxing and validation on their own. They seem to appreciate the improvement on our side. You can see in malls and in drive-thru services, there are always many customers.**

**(Revenue Agency-Senior Tax Division Staff)**

A police respondent, who used to work as a SAMSAT corner officer, confirmed this opinion. He confirmed that the public responded positively toward SAMSAT services, implying that the public were able to identify the advantages of such services as well as feeling comfortable to do the services on their own and not use middlemen.

**The average applications per day were around 200. During weekends, this number increased significantly. It offered the convenient and practicality, shopping and paying taxes.**

**(Police representatives-Senior SAMSAT Corner Officer)**

Whilst potential opportunities for bribery and corruption practices were reduced due to automation, it was difficult to explore whether the image of corruption could be replaced with a free-from-corruption organisation. This is as the image labelling involved public judgement. However, as this research was not intended to explore public opinion, the improvement of such an image might be able to be relayed through the dissatisfaction of brokers or middlemen operating in SAMSAT sites as reported by one of the respondents.

**The public do not use brokers or middleman anymore. For that, complains came from those middlemen as it was difficult for them to get income from our customers. I think we gained trust from the public, which is good.**

**(Police representatives-Head of Representative)**

In summary, changes were perceived to bring indirect impact for contributing organisations in terms of image building. It is also worthy to note that this was in line with how the contributing organisations perceived the reason for the change.

#### **6.4. CONCLUSION**

By employing this processual-like view of organisational changes, this study argues that organisational changes brought not only direct impacts but also indirect impacts to both the individual organisation and the interorganisational collaboration itself. Whilst direct impacts were related to the expected outcomes

as planned by the organisation, indirect impacts represented unplanned outcomes of changes as perceived by the organisation. This study was further able to identify several impacts.

Change efforts are considered successful when they can achieve or go beyond their predefined objectives or targets. Such output-based indicators of whether changes can be categorised as failures or successes are usually predefined (prior to change program), tangible and measurable. This study was also able to confirm that such output-based indicators are usually for planned changes, yet, those indicators evolve as organisations climb up their change experiences. In SAMSAT's case, each change was aimed at different objectives.

Moreover, despite the fact that SAMSAT was able to achieve its targets such as shortening processing time, facilitating measurable performance, reducing queues, providing alternative of service and also convenient access to the services, this study reveals how hands-on experiences in conducting each successful change helped SAMSAT to learn how to deal with further changes. With each successful change, which meant that SAMSAT was able to get a change done, it learnt to overcome problems occurring during change implementation. It was also found that an organisation's willingness to push the boundaries further and to take risks in trying new processes, did not only help them to reduce time significantly, but also brought an advantage as the first mover in Indonesia. For this practice, the organisation was considered as a reference site for other SAMSATs nationally.

Finally, the findings reveal that territoriality occurred during the process of changes. In this regard, access over resources owned by each contributing organisation was found to play an important aspect in how each bargained for the direction of change. At the same time, changes were also found to affect the ability of each contributing organisation managing its own territories.

The next chapter, Discussion, presents the findings from all three chapters and highlights the main points, relating them to the theoretical as well as empirical literature.

## **7. DISCUSSION**

### **7.1. INTRODUCTION**

Aiming to explore the dynamics of interorganisational collaboration in conducting organisational change through the lens of territoriality, this chapter discusses the findings outlined in previous chapters by comparing and contrasting them with existing studies in territoriality, change and interorganisational relationships. Interorganisational relationships are argued to be an arrangement that goes beyond the notion of New Public Management (Hartley, 2005) and reflects what is called as network governance (Evans, 2009). Under this idea, public administrators are expected to shift their perspective of inward-looking to outward-looking by put this focal point on end-users, and for this to happen, public sector organizations are expected to collaborate and work together with other parties to deliver better public services (Ho, 2002). This study suggests that in the context of organisational change, territoriality is found to be a process rather than only a manifestation of both symbolic and material objects. This study further expects to contribute to the field of both organisational change and territoriality by maintaining that deterritorialisation needs to take place before the involved organisations can pursue more changes.

The discussion in this chapter is structured into several sections based on the major themes generated from data analysis. Section 2.2 is focused on territoriality and the creation of the interorganisational space during change. The finding confirms that territoriality relates to defended spaces, which is symbolic rather than physical or material. This research argues that organisational changes, especially technological-based change, are found to redefine the boundaries of organisations. Moreover, it is also found that the substitutability of

the roles of involved organisations in the collaboration influences how territories are redefined. Furthermore, section 2.3 discusses about change and territorialisation process. The finding confirms that organisational change can be seen as territorialisation process, in which within it involves deterritorialisation as the first step in conducting change. Section 2.4 concludes the chapter.

## **7.2. CHANGE, TERRITORIALITY AND INTERORGANISATIONAL SPACE**

Discussion about territoriality cannot be separated from issues of boundaries. While there seems no exact definition of boundary, it can be seen as a line separating and differentiating the inner and outer parts of a territory (Marshall, 2003). A boundary can act as 'perimeter defense', which control both access and rights of relevant groups to the territory (Cashdan, 1983, p. 49). This implies that boundaries can serve as fences that regulate a territory or the space within the boundaries.

In the case organisation, territoriality seems to be an integral part of changes conducted within the organisation. Changes in territories occurred as results of organisational change and at the same time, the change itself can be seen as a representation of territorialisation process. In this section, the discussion is focused on the creation of inter-organisational space, especially about how organisational changes affected territories and factors contributing to the territorialisation process. It is divided into two parts, in which the first one explores how technological change redefines territories and the second is focused on how power possessed by the contributing organisations affect the way changes were conducted, which represents territorialisation process.

### **7.2.1. Technological Change and Redefinition of Inter-organisational Boundaries**

As discussed in Chapter 4, SAMSAT was actually a central government initiative, which is implemented at local administrative governmental level. Its initiation was based on the needs for three organisations to deal with vehicle registration, taxation and insurance arrangements. In this sense, exchange of information and shared resources are the main advantages of SAMSAT as an inter-organisational arrangement.

Different from the existing literature, SAMSAT is a case of a mandated inter-organisational collaboration, which was established from voluntary movements from three ministries. In a study conducted by Rodríguez *et al.* (2003), mandated collaboration has a characteristic of non-voluntary process as well as a political process. Non-voluntary as the members of collaboration may not develop shared understanding about their roles in the collaboration. In this sense, mandated collaboration is rather different from common inter-organisational collaboration, which is usually formed voluntarily. It is also a political process as collaboration involves power relationships amongst contributing organisations, and interactions of values and interests held by each member organisation (Benson, 1975; Hardy and Phillips, 1998). For some collaboration, political reason is more prominent as organisations need to maintain reputation, prestige and even legitimacy (Rodríguez *et al.*, 2007).

This study found that the creation of inter-organisational space gets complicated due to technological changes, which requires the collaborating organisations to redefine their territories. The study is able to suggest that with more advanced technology; the process boundaries of each organisation within inter-organisational space become less rigid and more permeable than before.

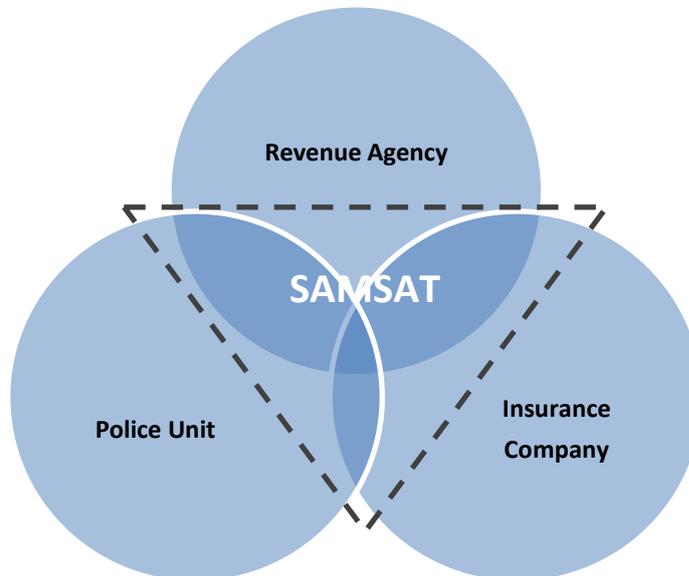
Organisations, as social systems, have their own boundaries, which are constructed through similarities and differences compared to other entities

(Hernes, 2003; Marshall, 2003). In this sense, the case organisation can be seen as a 'boundary reinforcing entity with largely independent interests', which somehow, makes inter-organisational collaboration challenging as they need to balance between their own interest and collective aims (Brummel *et al.*, 2012, p. 516).

Various authors propose to identify types of boundaries in organisations. Hernes (2003), for example, argues that there are mainly three types of boundaries in organisations, which are physical, mental and social boundaries. Physical boundaries include regulations that define task and responsibilities. Whilst physical boundaries may refer to any tangible objects that set lines demarcating borders between outer and inner parts, both mental and social boundaries provide less visible fences to differentiate the insiders with the outsiders as well as to regulate behaviours for those within the perimeter of the territory (Harvey, 1990; Hatch, 1987). Rather broadly, Lamont and Molnár (2002, p. 168) proposes that social boundaries can be understood as 'objectified forms of social differences manifested in unequal distribution of resources (material and nonmaterial) and social opportunities'. It means that social boundaries differentiate groups of people and thus, establish 'otherness' (Hernes, 2003, p. 39). To sum, boundaries determine not only the inner areas of territories or domains, but also set the criteria of eligibility to enter the domains.

This case provides an example of different domains within an office. The police unit has its vehicle registration and validation as well as registration plate units to work under SAMSAT. Meanwhile, vehicle excise tax is coordinated under the revenue agency. As for the insurance company, it is only compulsory accident fund that is conducted under SAMSAT. Figure 7-1 below illustrates the inter-organisational space amongst these three collaborating organisations.

**Figure 7-1 Inter-organisational Space at SAMSAT Process**



The arrangement of boundaries affects how an organisation functions (Schneider, 1987). Furthermore, as argued by Hernes (2003), boundaries help organisations to act within their boundaries, but at the same time regulate and enable them to extend influences and mobilisation of resources to external parties. This case provides an example of the existence of boundaries in each organisation defining their domain of works. There are boundaries that separate the process within SAMSAT. However, along with advancement of information system, SAMSAT deviated from the nationally regulated process by simplifying its processes that they were reduced from 5 to 2 combined processes. In the new processes, the first part, which is related to registration and security checking is conducted by the police, while the second one is by the revenue agency by handling both tax payments for itself as well as insurance payment for the insurance company. It means that there is a change of boundary in a way that the insurance company's front office process is managed by another agency.

Organisational change and information system has been intensely researched, especially in the field of management information system (Markus and Robey,

1988). It is found that the use of advanced information system in digital age change not only the way works are to be done, but also changes 'the professional relationship' (Mishna *et al.*, 2012, p. 277). In addition, Lee and Madnick (1992) argue that technological change, especially information systems, may influence and redesign the structures and processes in organisations. The authors build their study on Miller (1959b) who introduces territory as a spatial dimension of the production process, which used as boundary to categorise or group processes in organisations. Lee and Madnick (1992) expand it by introducing the concept of territorial rationality and territorial entity. Territorial rationality can be seen as 'collective perspective', which is used to frame decision-making process (p.221). It can be understood as an underlying logic. As for territorial entity, it represents a sub-system, functionally or hierarchically, in an organisation. Every organisation may possess many territorial entities. They argue that the advancement of technology, especially related to integration of information system consequently also integrate territorial rationality and may lead to conflicts amongst territorial entities as they might different opinion about the integrated system.

Although sharing a similar focus on territoriality, the current study is different from that of Lee and Madnick (1992). The main difference is on the focus of the study. The current study focuses on the occurrence of territoriality in broad aspects of organisational change within a context of inter-organisational collaboration, while Lee and Madnick (1992) emphasise not on organisational change per se, but rather on the integration of information system within different subsystem in an organisation.

To sum up, this study suggests that technological change may redefine the boundaries of organisation, especially physical boundaries that may lead to territorial infringement. Physical boundaries involve regulations, which manage organisational processes. While the actual boundaries as the regulation –per se-

are not change, its implementation is changed. In the context of inter-organisational collaboration, it potentially challenges collaborating organisation's domains by easing access to the territories. Consequently, the inter-organisational space needs to be redefined.

In addition, this study also finds that a change of boundary does not only occur as a result of technological advancement. Other factors such as centrality of functions as well as substitutability of functions are found also to matter in determining inter-organisational space and boundaries, which mean that these factors also crucial in territorialisation process. The next section discusses these factors in detail.

### **7.2.2. Change, Elements of Power and Territorialisation Process**

Broadly, territoriality can be seen as an action of an entity –individuals, groups, organisations, or even nations—to communicate its ownership on certain aspects (Thom-Santelli, 2010). Within specific context of network or collaboration works, involved organisations need to understand other contributing organisations' expectation of the roles and functions that they can do or even what they cannot do. Vaughan (1983, p. 21) states that one of the conditions for network formation is that a clear 'domain consensus'. Each party involved in a collaboration need to understand each other's expectations about what their roles and functions are or what they can do or they cannot do. This aligns with social exchange theory perspective on collaboration or interorganisational relationship (Levine and White, 1961). An entity communicates its ownership of a domain through setting up boundaries (marking) and maintain it by defending it (Sack, 1983). A rather similar thought is shared by Wilson (1989, p. 182) on turf or autonomy, that it has an internal aspect that defines the 'central task' of an agency as shared by members of

organisations and serves as a sense of identity for the member. Moreover, according to Hatch (1987), boundary affects how individuals or groups experiencing power in organisations. It influences the way members of particular groups or owners of the particular territories to act, react and take action to conserve and protect their territories by conveying messages through territorial behaviour that separate themselves to other groups.

Whilst to a great extent, the existing literature on territoriality in organisations focuses on understanding it in terms of marking and defending territories; this study aims to extend the understanding by including the context of interorganisational relationship and organisational change. Embarking on previous section that changes in interorganisational space are resulted from organisational change, especially technological ones, this section focuses on identifying factors that influence organisations' ability to sustain or defend their territories. In brief, this study found that power and its element play crucial roles in this matter. Discursively, power amongst collaborating organisations was found to be rather unequal. Furthermore, this study suggests that such condition is contributed by organisations' accesses to resources as well as centrality and substitutability of their functions within collaboration.

In interorganisational literature, all perspectives, including social exchange, resource dependency and also political economy agree that resources play critical roles in defining interorganisational relationship (Farmakopoulou, 2002). From the perspective of social exchange theory, for example, views that resources, both human and non-human resources may become organisations' underlying reason for collaboration to achieve their organisational goals (Levine and White, 1961). This view represents functional perspective in interorganisational collaboration, in which intention to collaborate is –usually– internally driven. Rather differently, both political economy and resource dependence theories relate resources with how organisations deal with their

counterparts and their environment. Scarcity of resources influences the survivability of organisations, which to some extent, can make organisations depend on other organisation for their existences (Aldrich, 1976). Organisations have more power if they can acquire access to resources (Benson, 1975). Based on these arguments, to comprehend collaboration, including mandated interorganisational collaboration; the roles of resources should not be discounted.

Following Hardy and Phillips (1998), this study is able to confirm that organisations join collaboration as they have particular interests or expect some advantages/benefit from collaboration, which in this case is to operate efficiently. More specifically, it means that there is no duplication of resources for operational aim. However, while the premise of no resource duplication was able to be fulfilled, some of the collaborating organisations experienced lack of resources to keep up with changes within the collaboration. As argued by Santos and Eisenhardt (2005), boundaries of organisation should be set to ensure that organisations operates efficiently, which means that organisations can redefine their boundaries as they think of the benefits or disadvantages of interacting with external environment. In this sense, organisations may engage in the interactions as they get benefit over their resources to operate more efficiently. This concept seems to fit SAMSAT's case, especially to the insurance company's situation, where amongst the three collaborating organisations, has the least flexibility over its resources due to its nature as a state-owned enterprise.

Critical literature on interorganisational collaboration highlights that a collaborating organisations with better access to resources have more power than those with lesser access resulting in dynamic relationships amongst collaborating organisations (Hardy and Phillips, 1998). Conforming to the existing literature, SAMSAT's case provides a showcase that access to resources determines how organisations can maintain or expand their territories or

domains within collaboration. Furthermore, SAMSAT's case also shows that there is asymmetrical power amongst collaborating organisation as represented by their access to resources (that is, information system database, personnel), which conform with Farmakopoulou (2002) contending that the relationship becomes 'asymmetrical' as some organisations becomes more powerful than others so that they can make less powerful organisations to do what they want to achieve. Consequently, such situation enables organisations to expand their boundaries to their external environment, which can possible result in infringements to other's territories.

Rather differently from the existing literature, this study argues that considering organisations' lack of resources, which can potentially hinder them to operate efficiently, organisations may take decision to lower or loosen their boundaries resulted in increasing the potential of being infringed by other organisations. Taking an example of the insurance company, with regard to the idea that its front office process was handled by another organisation, the insurance company did not do much to defend its territory as it did not have enough resource to deal with it. With more innovative services offered and more SAMSAT units introduced in East Java, in terms of human resources, it became less possible for the insurance company to cope with the changes; hence, accepted the idea of front office process rearrangement.

Thus, grounded from the evidence happening in the case organisation, the study suggests that in the situation where collaborating organisations perceive that they experience scarcity of resources, they become more lenient to open access to their territories through collaborating with other organisations. This situation creates a dependency relation. The greater the level of dependency relation is, the more possible for collaborating organisations to experience territorial infringement by others.

On the other hand, while consideration for lack of access and efficiency of resources may push organisations to deliberately lower their organisational boundaries for other organisations to infringe, it is necessary to draw a rather different perspective on the factors affecting organisations' ability to infringe or encroach upon others. Furthermore, following the idea of intra-organisational power, in which organisational units with functions central and non-substitutable to organisations have more power than other units (Hickson *et al.*, 1971), this study suggests that within a context of interorganisational collaboration or network, an organisation, which its roles and functions are considered central to collaboration, has more possibilities to maintain its territories or even expand its current territories.

Analogising units in the context of intraorganisational power structure, this study extends the idea to the context of interorganisational collaboration, in which collaborating organisations can be seen as units within a collaboration entity. Taken the perspective of the exchange theory to understand the case, the flow of resources in SAMSAT is quite unique as it represents complex interdependence. On one hand, the exchange direction can be seen as 'joint' as resources from the collaborating organisation 'acting in unison toward a third party', which in this part, is the public. However, the flow of information from one collaborating organisation to other represents reciprocal dependency, the flow of physical and financial resource in this case is mostly unilateral, which means that most elements flow from one organisation to other members of collaboration (Levine and White, 1961, p. 600). For the revenue agency, its role as the source of funding brought the agency to be a central player in the collaboration. The agency also held key role in controlling information system. Keen (1981) puts forward that information technology holds strategic role in organisation as gaining access to information system may provide the access holder with power and influence. Overall, this leads the agency to hold the centrality of function within the network, which means that the agency becomes

an important part in how other members of collaboration acquiring resources. In addition, the centrality of the agency was also evidenced through how the three organisations agreeing on the idea that change initiatives mostly came from the revenue agency. It is important to note that rather than having its territories reduced, the agency was perceived to expand their roles, including handling the front office works, which previously was manned by the insurance company. Thus, it can be suggested that centrality of functions affect how organisation maintain and even, expand its territories.

Furthermore, when organisations enter a collaboration, they do not only have an organisational space, but also interorganisational space (Rodríguez *et al.*, 2003). It implies that each contributing organisation in collaboration has its own space of operation and at the same time, together with the other collaborating organisation, they create a space together, in which they operate and exchange some organisational aspects. The maintenance of domain is common as the respective organisations feel the need to defend their domain of responsibilities (Bihari-Axelsson and Axelsson, 2009). This put forward the importance of marking one's territory by setting up clear and sound boundaries. Through clear boundaries, people communicate their ownerships and establish shared understanding amongst organisational member about what they perceive as their own (Brown *et al.*, 2005). Consequently, unclear boundaries or failure to mark one territory may lead to any disagreement over who can claim the territory can escalate the conflict as the parties involve perceive that any action taken by other parties infringes upon their territories (Brown and Robinson, 2007).

This study is able to conform to existing literature by arguing that collaborating organisation set up particular boundaries to protect their territories. By bringing up the issue of security, for example, the police unit set up its boundaries, which means to limit access to its territory. The police unit marked its boundaries

legitimately through regulation by ensuring that no other parties than its own police members deal with the security checking. This study found that security aspect was always brought forward whenever new changes were initiated. The police unit ensured that no one breached the physical boundaries. This territorial behaviour also reflects the manifestation of power of the agency over one process in spite of its less tangible existence (Sack, 1983, p. 59). It is basically about how particular group rather than individuals or populations maintain itself in the situation with asymmetrical power. There is a balance in favour of that group, which makes that group is able to perpetuate. This reflects a response on the changing of the structure of domination within the collaboration, in which by time, in the case of SAMSAT, resources play important roles in shifting the boundaries of organisations. Moreover, referring to the idea of intraorganisational power, this boundary sets irreplaceable or non-substitutable roles of the police, which also consequently enlarge the power of police unit. By exercising territoriality, ones can make power into a more explicit aspect that other parties can sense its existence.

In relation to the context of change, territoriality may affect members of organisations during change programs, especially when the change can potentially disrupt or challenge existing perceived territories in organisations, both material and symbolic. Literature in change and territoriality notes that when changes take place, there are potentials for members of organisations to resist changes (Brown *et al.*, 2005). However, there was little evidence on how organisations might react to such resistance to change from the perspective of territoriality in interorganisational collaboration. Existing studies, such as that of Reebye *et al.* (2002) in their work about territoriality between pharmacist and physicians in the UK primary care setting propose that on the basis of responses to encroachment, it is not always negative. They argue that there are three types of territoriality, which are neutral, positive and negative territoriality. Positive territoriality means that no parties are harmed or felt challenged by the

encroachment. Neutral territoriality means that although territoriality infringement is known to take place, the territoriality holders do not do any defending action to maintain their territories. As for negative territoriality, it occurs when territoriality is perceived to be harmful and threatening to the territorial holders. In this sense, territorial encroachment can be seen as an invasion that in an extreme condition can lead to a change in territorial holder (Lyman and Scott, 1967).

Compared to existing literature, this study aims to extend the existing evidence by elaborating the dynamics of interorganisational collaboration. From the perspective of the police unit, its territoriality or territorial behaviour by setting up boundaries through security issue can be seen as a way to maintain its position in the system of collaboration. For other contributing organisations, police's boundaries with security issues were perceived as a way to resist organisational change. Territorial behaviour communicated by a member organisation is considered to hold back the collaboration to progress further. In turns, this creates a drive for other member organisations, especially the one with resources, to find ways to eliminate the source of territoriality. As found during analysis, there was an intention for the revenue agency to initiate an innovative service featuring human-less interaction. In this case, all process will be automated fully. At this point, main database is held by the revenue agency, while the police unit holds that of related to vehicle criminal record. As an implication, if it is to be automated, it requires a full integration, hence, breaking down database boundaries. While this idea is still an intention, it shows that perceived resistance to change resulted from the need to maintain boundaries of organisation, can lead to further territoriality by other organisation. Thus, this study suggests that during change implementation, territorial behaviour that is perceived to be hindrances to change progress may induce further territorial behaviour from other members of collaboration.

Another point emerging from the findings is the subtle effect of culture in the management of change, especially in the context of interorganisational collaboration. One of the most evident one is 'sungkan' or overly respect. Literature on Indonesian politics and culture such as that of Geertz (1961, p. 41) mentions that 'sungkan' can be described as 'a feeling of respectful politeness before a superior or unfamiliar equal'. This is not only reflected in day-to-day social interactions, but also in the relationships amongst individuals and groups in organisational settings. In the case of SAMSAT, this value seemed to shape how the collaborating organisations dealt with each other. While territoriality or territorial behaviour exist, its strength as an expressed behaviour is softened as individuals and also groups of people embraced such 'sungkan' value. There are some examples can be drawn from this case. First, related to the reasons for the change, while all contributing organisation agreed that corruption practices could sometime be overt practices, to eradicate it bluntly did not seem to be possible as they had to deal with people. Hence, the changes conducted were used as tools or ways to eliminate or at the very least, to minimalise the opportunities of corrupt practices. To some extent, this also reflects a political process in which rationalisation of an action is justified through putting forward 'broader social reality' in a way that organisations aim to fulfil its interest through linking it with 'social norms' (Pfeffer and Salancik, 2003, p. 192). This is also in line with the idea that an organisation itself can be seen as a special corporate actor, in which it may get support and legitimation from the public to achieve or fulfil its goals (Hannan and Freeman, 1984). Second, related to expressing territorial behaviour, each contributing organisation did not do it in frank ways, instead, each of them aimed to find ways to justify their territoriality through various ways, including the change itself or even through the use of regulations or rules as borders for their territories. In short, this study suggests that cultural values, such as Javanese 'sungkan' affects how territoriality is shown in the context of interorganisational collaboration change. It becomes less hostile

as Javanese people are commonly known to conceal their true intentions or even feelings, in order to be polite to others (Forshee, 2006; Sutarto, 2006). Thus, it can also be suggested that sincerity plays important roles in the dynamics within collaboration as each collaborating organisation aims to balance the fulfilment of their interest and the social politeness of not hurting their collaborating counterparts.

In a nutshell, grounded from the evidence found during analysis, this study suggests that the process of boundaries change are potentially influenced by elements of power owned by the collaborating organisations relative to their counterparts in the collaboration or networks. Such elements involved centrality in the network as well as substitutability of roles and functions and also access to resources.

### **7.2.3. Summary**

To summarise this section (7.2), this study supports the idea that boundaries of organisations are dynamic and socially constructed. It is argued that within the inter-organisational collaboration context, technological changes influence the way collaborating organisations redefine their boundaries. Boundaries redefinition may result in perceived territorial infringement by other member organisations. Such infringement is argued to be influenced by the idea that relevant organisations possess resources that other do not.

Thus, territory can be seen as a mock outcome of territorialisation process rather than only about expressed behaviour of marking and defending between two or more entities. This highlights an important point of how change can be seen as a territorialisation process, which is discussed in the next section.

### **7.3. CHANGE AND TERRITORIALISATION PROCESS**

This study analyses organisational change in interorganisational collaboration from the perspective of territoriality. As previously discussed in section 7.1 and 7.2, organisational change can lead to the emergence of territorial behaviour as well as result in changes in both organisations' territories and interorganisational space. Yet, territorial issues were found not only relate to process of marking and defending territories or changes in territories; instead, this study also found that changes involve territorialisation process. This section discusses this finding in three sub-sections; first, how organisational change represents deterritorialisation-reterritorialisation process; second, deterritorialisation and organisational image; and third, territorialisation and sectorial-ego.

#### **7.3.1. Change as Deterritorialisation-Territorialisation Processes**

Investigating the dynamic of change is intriguing as it involves understanding about the process of change, rather than only focuses on the outcomes of changes or whether the change is successful or not. As previously discussed in Chapter 2 on territorial rationality, Quinn and Kimberly (1984, p. 303) argue that changes involve transitions of values and assumptions. This implies that the process of changes is potentially understood differently from time to time and from people to people. From the lens of territoriality, this study was able to find that change process can be seen as process of deterritorialising value, meaning and practices and reterritorialise them later. In explaining this, it is important to explore organisational change and the dynamic within its implementation, including resistance to change.

### **7.3.1.1. *Initiation of Change: Resistance and Deterritorialisation Process***

As discussed in Chapter 5, this study found that conducting changes in SAMSAT was never easy as they involved three different organisations. Change initiatives always got reactions from those working in SAMSAT. To be able to change, it was necessary for SAMSAT to detach old or existing habits before a change could take place.

Dynamics of change have been a long standing point of discussions amongst scholars in organisational change literature as its complexity and somehow, chaotic nature are difficult to be untangled (Alvesson and Sveningsson, 2008). Organisational change is more than just ensuring whether the outcomes of change programs are successful, but need broader understanding about the past history of organisation, possible future expectation, as well as organisations' ongoing process of changes (Dawson, 2013). However, most literature in organisational change put emphasis on outcomes or whether change initiatives are successful or not, and still small, yet growing numbers are focused on understanding the complexity of change through processual view (Pettigrew, 1985b). Some prominent works including ICI's case of (Pettigrew, 1985a) or change and innovation journey of (Van de Ven *et al.*, 2008). Involvement of researchers to dig stories of those involved in change become crucial in understanding the complex dynamic of organisational change (Pettigrew, 1997). Stories shared reflects how people in organisations understand and make sense of the changes, which also means that each person can understand the changes differently (Reissner, 2011). This means that changes, may not be as how people expect to see and experience, which then, may potentially lead them to react or even resist changes.

People react to changes, either by agreeing or disagreeing to the initiations. Reaction to changes is a common process. Reactions to change do not always

represent negative responses (Piderit, 2000), yet, it is commonly associated with resistance as an attempt to obstruct organisational change programs (Szabla, 2007). Specific to rejection to organisational change initiations are caused by conflict of interests or inter-groups politics (Pettigrew, 1979), the culture of organisations (McNabb and Sepic, 1995) and also, human resistance (Waddell and Sohal, 1998). On this ground, understanding reaction to change is never easy as it is multifaceted (Szabla, 2007).

This study found that reaction to change can be contributed by how people in organisations understand the reasons underlying changes. It was found that people understood the needs for the changes differently or the logics. Following Lee and Madnick (1992) who introduce the term 'territorial rationality', which can be seen as 'collective perspective', which is used to frame decision-making process (p.221), SAMSAT was found to also possess many territorial entities. This study has a convergent point (Lee and Madnick, 1992). In this context, this study argues that the way each collaborating organisation understanding the changes in is actually a result of dynamic interaction between their roles as agents and actors, or, as termed by Lee and Madnick (1992), as 'Janus', a mythological with two faces (p.221). It is argued that the rational used by members of organisation in making sense of the changes is based on their territorial, or following Lee and Madnick's term, 'territorial rationality'. This study suggests that territorial rationality is influenced by people's knowledge on organisation's objectives, personal interest and political agenda.

Referring back to the multifaceted reactions to change, some authors (see for example, Piderit, 2000; Szabla, 2007) emphasise that reactions to change can be conceptualised into three states, namely cognitive, emotional and also as behaviour. Most reactions to change, which are usually portrayed as resistance are behavioural, either it is an action or inaction (Brower and Abolafia, 1995). Some reactions are also argued to be emotional, which is sourced from

individuals attachments to something (Vince and Broussine, 1996). Other authors also found that reactions to change can also be understood as cognitive responses as people experience something different from their routines (Piderit, 2000).

The case of SAMSAT provides not only a good representation of what captured in literature, but also a rather different understanding on some issues underlying change process, such as corruption. Whilst corruption is undoubtedly intensively discussed in public sector literature as a driver for change and reform (see for example, Martin *et al.*, 2009 on the relationship between change, corruption and deinstitutionalisation; Misangyi *et al.*, 2008 on ending corruption; Rose-Ackerman, 1999 on causes and consequences of corruptions), this study offers an alternative way to understand corruption and change as issues of territorial behaviour or territoriality, which take place in different points along the line of change process.

Referring to Chapter 2, Martin *et al.* (2009) argues that one of the conditions that contributes to the occurrence of corruption is changes in organisations. These existing works on corruption and organisational change investigate the phenomena from the perspective of how corruption is being normalised or institutionalised in organisations that it becomes a common practice, or even, routine. Compared to these works, this current study emphasises a rather different point, which is how organisational change can actually help to eradicate corruption in organisations.

This study suggests that the organisational change, especially its initiating stage, was actually a process of deterritorialising multiple layers of meaning embraced by members of organisations. Deterritorialisation, following Deleuze and Guattari (1980), deterritorialisation is removal of control toward one's territory, which can be symbolic in nature (Maréchal *et al.*, 2013). The case shows that the

intention to eliminate corruption, for example, involved endeavours to detach people from what they perceived to be their zones of operations, hence, their territories. Organisations need to shake status quo enjoyed by people in their zones. In doing their jobs, people have at least, two layers of meaning; first is how things are supposed to be done in organisations and the second is related to what affect individuals personally. From the perspective of performance or organisational functions, members of organisations seemed to think that they were doing a good job; yet, they did not. At this point, people's territories were created through interactions amongst members of organisations. From personal view, people got clandestine issues related to the income they could potentially get, in which gains were not visible or obvious, which then, triggered corruption. When SAMSAT initiated the change for the first time, it shook these meaning systems. Consequently, reactions for the change occurred. Whilst such reactions, either positive or negative, can be considered as normal responses to any change initiatives (Oreg *et al.*, 2011), this study elaborates the perspective of territoriality suggests that such reactions can be seen as a response for crossing territorial boundaries. People will see their territories as much as positive or neutral and not negative until it affects their abilities to generate resources to do many things, including getting additional income. It becomes personal to many people in organisation.

Hence, this study proposes that to understand corruption means also comprehend how people have this system of understanding about what is appropriate for them to get out of the system. They are dependent on that as part of their income. It is not just a matter for them to take an advantage in opportunistic ways, because they are able to take advantage, which over time, it becomes part of the system. Thus, adding to the existing literature on territoriality that terroir or territories in organisations include both material and symbolic aspects of organisations (Maréchal *et al.*, 2013), this study can serve as

an example that a sense of territories can emerge from ongoing activities, from interactions amongst people.

As members of organisations perceived it as their territories, they then take it for granted. It is more like behaviour or *parkour*, when people have a new –if not, different—way to see their spaces and understand their space by moving around the space (Ameel and Tani, 2012). In this sense, people sense their environment and its existence and learn to live together. It becomes a condition for other actions within the system, including taking personal advantage, or corruption. This, in organisational corruption literature, is understood as a normalised condition, in which ‘corruption becomes normative, adapted to, and enacted mindlessly’ (Ashforth and Anand, 2003, p. 5). As from territoriality perspective, this study supports Grosby (1995, p. 147), who argues in his work on territoriality as transcendental feature of modern society that people within a territory ‘participate in patterns of activity which are valid within certain territorial boundaries’. This means that individual member of a territory is aware of behavioural patterns that constitute such territories and becomes a part of such pattern by participating. While Grosby (1995) discusses territoriality in the context of nation, this study frames similar practices within the context of organisational change. Through this frame, this study argues that corruption reflects how people learn to understand what they think as common practices within a particular territory. Further, this study suggests that territories may not even be physical at all and things like corruption is actually a territoriality, as people try to defend their territories as they inscribe themselves in money, as symbolic issues, through which territorialisation takes place. The case shows that in order to change, SAMSAT needed to deterritorialise or detach old practices or conditions contribute to the occurrence of corruption. Automation of data keeping and eliminating manual transfer were some of the example. Slowly and in staged processes, SAMSAT eliminated such practices and replaced them with new practices. By creating detachment, SAMSAT deterritorialised these meaning

system and such changes did not only affect the organisational process, but also affect people personally, especially that of related to their income.

Except for small number of works (see for example, Maréchal *et al.*, 2013 on reviewing organisation territoriality studies; Paquette and Lacassagne, 2013 on territorialisation and deterritorialisation in mining sector), most existing literature does not really see territoriality as a process, territorialisation is an on-going active process. Territories have elements that may be permeable (Mishna *et al.*, 2012) and somehow, questionable in terms of their stability (Grosby, 1995). Sometimes, people can be more tolerant and less defensive over their territories and it depends on how strong their attachment are to their territories. People might not tolerate encroachment or come to close proximities to their territories at different times.

On a rather different, yet, related topic, it is also important to highlight the factors contributing to fail change attempts. This study found that in order for a change to be successful, it does not only depend on the readiness of internal organisation in pursuing changes, but also on the readiness of external parties or in this case, is the public. This conforms to various literature on organisational change. Organisational readiness itself can be understood as 'a shared psychological state in which organisational members feel committed to implementing an organisational change and confident in their collective abilities to do so' (Weiner, 2009, p. 1). Yet the SAMSAT case presented evidence that the public was not ready to accept the change in terms of newly initiated services. It was not about the internal organisational readiness to change only, but also related to the renegotiation of trust building with the public at large. The reason for this was lack of trust due to former experiences dealing with public organisations, which were publicly perceived as corrupt ones. Hence, it can be stated that there was a condition of broken trust at the organisational level. For the organisations, this unfortunate situation was unavoidable and needed to be

understood as an unintended consequence of having been known as a corrupt organisation. Literature in organisational trust asserts that it is possible for organisation to repair trust (Bottom *et al.*, 2002). However, as stated by Korsgaard *et al.* (2002), the successfulness of the effort depends on the responses of the violator or the organisations. In this case, SAMSAT showed that the three collaborating organisations aimed to create a better image for the organisation, yet, it seemed that for the public, they simply were not ready to let go their negative perception. This, to some extent, also reflects the need to unlearn the negative memory for a change to take place.

From both the management of change as well as the organisational politics literature, referring to section 5.4.2.1, this study found that for change to take place, organisations cannot neglect the importance of attachment to or connection with powerful individuals. It can improve the bargaining position of organisations, especially public organizations, in managing their environments. This finding strengthens the idea that it is important for public organisations to develop or gain support from both political and key external stakeholders (Fernandez and Rainey, 2006). Moreover, such political support is particularly needed when organisations face uncertainty as well as during change processes (Buchanan and Badham, 1999). This shows the need to have both the willingness and the appropriate skills to engage in such a political process within an organisational context (Treadway *et al.*, 2005). In addition, the study also found that an organisation's ability to generate income or access useful resources also influences that organisation's readiness to change. This ability provides an organisation with more power to deal with change or at least, gives the organisation greater flexibility in managing resources. This cannot be separated from how organisational actors control and manage the flows of resources into public sector organisations (Fernandez and Rainey, 2006). Being able to control resources can also enables control of their own territories or what they perceived as *their* areas or fields, in terms of systems, structures or even

resources. This was also found in this study to influence organisations' readiness to change.

To summarise, with regard to change initiation, the main argument of the previous section is that the change itself will not take place unless there is a deterritorialisation process happening in the organisation. Furthermore, if such changes are intended to benefit external parties, the readiness of the external parties for such changes is needed for them to be successful. Basically, there should be some sort of deterritorialisation to take something obstructive away, to enable changes to take place. In order to establish organisational readiness for change, it is important to understand that there are several important factors that need to be elaborated. There should be strong political support from both internal and external influential actors. It should also be noted that for the case of public organisations, public support is equally important to ensure that any changes conducted can be sustained. Furthermore, access to resources as well as ability to manage organisationsal territories also play crucial roles in ensuring that organisation can push forward change ideas.

#### **7.3.1.2. *Change and Reterritorialisation as Dynamic Balancing Process***

To the extent of reviewed organisational change literature, especially those in network or collaboration setting, only small numbers of works discuss change process from territoriality perspective. As stated in section 7.3.1.1, this study argues that in order to take place, deterritorialisation process needs to take place. This conform with the idea of Deleuze and Guattari (1980) on deterritorialisation that removes territorial attachment. Deterritorialisation means taking things away from people and it impacted on them. This leads to the existence of reaction or even, resistance to change, in which resistance to change may reflect both psychological attachment to a territory (Brown *et al.*, 2005) and territorial behaviour to defend one's territories (Brown and Robinson,

2011). A rather similar work, Sliwa (2009) puts forward that when change takes place in a city, people of that particular city might not experience things the same way, which actually, represents detachment to a territory they once knew. For Deleuze and Guattari (1980), this can be an example of absolute deterritorialisation, in which no turning back to old practices. Compared to Sliwa (2009), this current study explores the idea of change and reterritorialisation in organisational setting. Hence, the next question would be how an organisation can reterritorialise and how far reterritorialisation would be.

Referring to Lewin's three stage theory of change with unfreezing – refreezing mechanism (Swanson and Creed, 2014), change process involves institutionalising change, or refreezing. Organisations need to break something and then put it back together again and when it got to solid, they need to break it again, and keep doing that so in a sense they do not want to create another form as restricted as before. This study suggests that this creates a dilemmatic situation, in which organisations want to create some systems that are flexible and easy to change, yet, this can lead to inflexible system if the process of reterritorialisation goes too far.

In general, this study views that reterritorialisation process as a tangent between the system and the flow of information produces what the strategy call as 'dynamic capabilities' (Eisenhardt and Martin, 2000). The use of information technology is crucial in establishing organisations's dynamic capabilities, especially related to the notion of knowledge management (Sher and Lee, 2004). The flow of information gives the ability to spot the things that are working or not working, taking too long or not taking too long, making sure that the truthful is maintained. Furthermore, it is maintained with the level of resource investment that organisations prepare for. The case of SAMSAT, indeed, provides a good example on how the changes, especially technological changes, helped the organisation achieved better performance, especially in service delivery,

which was proxied through shorter processing time. However, the case also shows that once processing time shortened, the changes did not stop.

It is undebateable that organisational change is dynamic, which means that in addition to its complexity, change is actually a never ending journey (Todnem By, 2005). What becomes an issue is that organisations need to decide when they need to engage in next change. There is no definite answer to such question as it depends on the condition/situation faced by organisations. From the perspective of territoriality, this relates to setting up boundaries of practices, changes were characterised with temporalisation. Illustrating it from SAMSAT's case, during a decade of year 2000 until 2010, there were various changes implemented, and some of those changes were improvements of previous or existing systems (refer to Section 5.2). SAMSAT learned that successful changes did not mean that they could change people behaviour permanently. Instead, people tried to find loopholes in the system. For example, refer back to the introduction of computerised registration (section 5.3.2.1 p. 142), manual transfer was still in state and resulted in people intentionally waited until documents piled up before they transferred to next step unless they got incentivised. Thus, this study suggests that instead of having dynamic capabilities, changes could also create dynamic incapacibilities, in which people where people keep finding holes in the system and ways to use that. This represents unintended dysfunctional consequences of changes, which are somehow, unavoidable. While such changes were aimed as positive initiatives, there were some opportunities to abuse the system.

Another critical point of this discussion is the ability of people to find loopholes in systems that reflects territorial function of changes, in a way that a change can be seen as a territory in itself. This supports the idea that territories do not have to be physical (Maréchal *et al.*, 2013) and territoriality itself can be seen as 'an ideological phenomenon' (Grosby, 1995, p. 147).

To avoid this, organisations may choose to collapse the boundaries through deterritorialisation. Taking an example from SAMSAT, time becomes a major aspect of the change by keep reducing time (i.e. two days instead of four days; one day service instead of two days service, etc). This becomes a norm of change initiatives for not having overdue refreezing stage. It conforms with the idea of Deleuze and Guattari (1980) about the nature of nomad, which keep on moving and face different experiences between territories as well as within territories. Within the context of organisational change, there is no clear answer on how to manage the balance, yet, organisations need to learn not to do it over time as once it is institutionalise, people will try to find loopholes and hence, creating dynamic incapacibilities. Thus, this study suggests that organisations can set system parameters to stay fluid without completely reterritorialize, a new temporal boundary. The boundaries are temporal and become norms for the nature of change in organisations.

To sum, grounded from the evidence found during analysis, this study suggests that the process of institutionalising change is in fact a territorialisation/reterritorialisation process, in which people aim to embed new practices as new routines. To ensure that reterritorialisation process does not create another state in which members of organisations –referred to Maréchal *et al.* (2013) on ‘*terroir*’- may feel overly secured and comfort that potentially lead to incapacibilities and the emergence of territoriality behaviour, organisations need to conduct deterritorialisation process and create another change. However, organisational wisdom is needed to ensure the balance of such process, in a way that organisations need to be fluid enough to allow change and at the same time, have enough time to institutionalise changes as new routines.

In addition to the idea of deterritorialisation and territorialisation as process embedded in organisational change, this study also found that the process of deterritorialisation was also observable in how members of organisations

establish organisational image. The next section presents a discussion related to de-territorialisation process and the creation of inter-organisational image.

### **7.3.2. De-territorialisation and Change of Organisational Image**

This section discusses the concept of territoriality in relation to how it influences the establishment of inter-organisational identity and culture. Investigating this concept is important as the existing studies in the field show interesting findings on the difficulties of creating organisational identity/culture in post-mergers organisations. This discussion offers a different context as the case organisation represents permanent structure with temporary members, which makes it intriguing to understand how the identity and culture was established.

Most literature exploring inter-organisational collaboration and identity leads to the discussion about post-merger and new organisational culture/identity establishment (for example, see Clark *et al.*, 2010; Vaara, 2000). In fact, there is lack of literature exploring identity beyond the context of single organisation boundaries (Clark *et al.*, 2010). Hence, although this case study is not about merger or post-merger situation, the insights from the literature are expected to help comprehending the dynamic nature of how individuals within groups in inter-organisational collaboration dealing with day-to-day working and being a part of an integrated office.

Identity is argued to be socially constructed, which means that it depends on actors' interpretations on what differentiate their selves and others. From the perspective of mergers and culture literature, the conflict amongst organisations seems to be more apparent in the context of post-merger, where members of organisations identified their selves to have different characteristics than other groups from previously different organisations (Vaara, 2000).

In organisational change involving inter-organisational arrangement, members of organisations may understand their identities differently (Van Leeuwen *et al.*, 2003). Members of territories are defined through a combination of various structural organisational levels (vertical structural relationship/hierarchical) and also different functions within organisations (horizontal/lateral) (Lee and Madnick, 1992).

It results in difficulties in identifying members of a territory due to the fuzziness of interaction within organisation, especially as it is influenced by social interactions. As argued by Van Maanen and Barley (1982), social interactions lead to blurriness of values, rationalities as well as work habits in organisations. The implications of such interactions are that there are no parts of organisations, including individuals and groups are fully autonomous, which means that to some extent, they are all related (Lee and Madnick, 1992). In addition, it strengthens the argument presented earlier that those boundaries are dynamics as they are continuously redefined. However, whilst they are all related, it does not mean that individuals or groups share the same goals.

This case study provides an example of this fuzzy structural arrangement. As presented earlier in Chapter 4, SAMSAT is an integrated office comprising of three public organisations working collaboratively for registration, taxing and insuring vehicles. As it is a mandated inter-organisational collaboration, its structural arrangements including who reports to whom are permanent and nationally applied to all provinces. Meanwhile, human resources who work in SAMSAT, whilst they are parts of inter-organisational teams, they are still answerable to their origin organisations. Their existences in SAMSAT are more about temporary assignments than permanent one. Consequently, this results in fluid movements of personnel in organisations. Altogether, this condition shapes the characteristic of SAMSAT, which owns a permanent structure and at the

same time, has temporary human resources arrangement. This is found to affect members' identity as part of inter-organisational collaboration.

Especially for staff movement, with changing personnel assigned to work in SAMSAT as representatives from each collaborating organisation, this would also mean that no one could 'save' their territories for long. Changing territories as well as changing those in charge of those territories could help eliminating strong attachment to the territories. Similar to the case of Wikipedia, perceived ownership on particular tasks can lead to over protection to that particular territories (Thom-Santelli *et al.*, 2010). This can create complication as people can change from what supposed to be group work to become a personal problem. In this regard, strong attachment to territories might bring dysfunctional consequences as people or individuals are able to find niche and loophole in the system and thus, create an opportunity or potential for corruption.

Discussing the concept of territorialisation introduced by Deleuze and Guattari, (Paquette and Lacassagne, 2013) state that territorialisation can be understood as a way to create differences or distance between two entities. Hence, it can be implied from this definition that expressing territoriality may emphasise differences between entities in organisations. On the other hand, the idea of de-territorialisation can be understood as a way to 'depart from a territory'. In SAMSAT case, this is represented by the idea of imposing uniforms for those assigned to work at SAMSAT. By this, members of organisation working in SAMSAT may 'free' themselves from the characteristics of their territories or their origin organisations.

As suggested in the finding in Chapter 4, to establish a different image and to avoid that SAMSAT's organisational image to be associated with one particular organisation, it was agreed by all three collaborating organisations to establish a

specific dress code or uniform. The dress code was to be different from those of its collaborating organisations. This uniform was intended for staff of each organisation, who was assigned to work in SAMSAT, to wear during office hours.

According to some respondents, this aimed to help with creating a new organisational image and improve teamwork spirit. It was also acknowledged that the intention to impose a specific dress code was to help improve cohesiveness amongst people from different organisations to work together. Imposing a dress code or uniform in an organisation comprising different individuals and groups can be understood as a way to homogenise the difference (Brown *et al.*, 2005).

With regard to the importance of organisational dress or uniform, some research in organisational symbols and identity present that enforcing a dress code or uniform contributes significantly to organisational dynamics (Pratt and Rafaeli, 1997; Rafaeli and Pratt, 1993). Rafaeli and Pratt (1993) find that dress may convey organisational value and also organisational identity. Furthermore, (Pratt and Rafaeli, 1997) emphasise that a simple organisational symbol, such as dress code, reflects social identity.

Rather similarly, in territoriality literature, it is also acknowledged that enforcing uniform or similar dress code in organisation can be seen as a way to mark the territorial based on relevant identity the organisation would like to convey (identity-oriented marking) (Brown *et al.*, 2005). Within the same environment in which similarity with their counterparts or colleagues is enhanced, such as through imposing dress-code (Rafaeli and Pratt, 1993), people are expected to develop their ownership toward what they shared together (Brown *et al.*, 2005).

In the case of SAMSAT, the dress code imposed on the organisation's members serves as a cue to communicate the identity of being part of and working in SAMSAT. Hence, each staff -regardless their origins of organisations- shared similar identity of being the same group as SAMSAT's staff. The dress code

homogenised the differences between people and thus, promote cohesiveness and teamwork spirits.

Nevertheless, the awareness that they were homogenised and thus similar to each other was found to convey both positive and rather negative sides. Study by Elsbach and Kramer (1996) find that members of organisations are aware of how external parties perceive the reputations of their organisations. This may influence how members of organisations perceive their organisational identity. From the interviews, it was found that whilst some respondents were aware of the need to be cohesive and build a good organisational image of SAMSAT, they also concerned about the fact that the public might see them differently as they worked in SAMSAT, which notably, comprises three different institutions, namely the revenue agency, the police and the insurance company.

Amongst these three organisations, the one most associated with negative organisational image was the police unit. For most respondents, the image of corrupt organisation was strongly attached to the police and it became a 'public understanding' that to smoothen the process in dealing with the police and SAMSAT in general, was to buy their way in by bribing SAMSAT officers. This image was acknowledged to be bothersome as it damaged the images of the other organisations as well. In this case, the idiom that 'one bad apple spoils the bunch' took place in SAMSAT.

It is worth noting that during interviews, some respondents continuously emphasised on the terms 'we are not them' as well as 'this is ours and that is theirs'. This reflects territorial behaviour, especially marking the territory in which individuals feel a psychological attachment to it (Brown *et al.*, 2005). Psychological attachment is maintain to be one of major issues faced by organisations during inter-organisational arrangement, including merger (Knippenberg *et al.*, 2002). More specifically, the term 'we are not them' reflects what is called by Brown *et al.* (2005, p. 589) as 'negative territoriality', which is

constructed from the awareness of individuals that they are attached to or connected with something that potentially damage their identity or image.

Compared to the private sector, the public sector is always positioned in a low-tolerance environment for errors. Public sector organisations are more subject to attention from society or their constituents, that any small mistake, even the unintended one, can negatively twist public opinion on public services and their officials (Savoie, 1995). Referring back to Chapter 5, police organisation in Indonesia is perceived as one of the corrupt organisations by the public. This creates pressures for the members of the organisation as regardless that they might not be involved in corruption or bribery practice. Being a part of an organisation with negative image can affect their image as public officers.

A study by Dutton and Dukerich (1991) state that the awareness of individual **on** what they are attached to constructs their identities. Accordingly, positive image of an organisation or a group may increase individual's psychological attachment to the organisation or the group. Similarly, negative image of the organisation may have a dysfunctional effect toward its members. Meanwhile, a study conducted by Sutton and Callahan (1987) provides an example about how the image of the organisations underwent bankruptcy is considered to spoil the image of executive officers and potentially threaten their careers. They argue that in the case of undesirable organisational image, members of organisations might be afraid if the spoiled image is transferred to and reflected on their individual images. In this sense, psychological attachment to organisations play important roles in determining whether individuals feel threatened or challenged with any changes experienced by their organisations. It implies that individuals concerns about groups or organisations they belong to. When the group is perceived to have positive image, the individuals might try to communicate through their behaviour that they belong to that particular group. Accordingly, when the individuals realise that the group they are associated with is perceived

to have negative or spoiled image, they also try to communicate to others that they do not belong to the group as the association might damage the image of the individuals.

In SAMSAT case, there were tendencies for non-police respondents to emphasise that they were not from the corps. At the same time, it seems to be important for them to ensure that the researcher understood that most of the changes were initiated from their organisations and 'not' from the others. These actions represent both psychological ownership and disownership.

Whilst psychological ownership shows attachment toward an entity representing 'a feeling of possession' (Mayhew *et al.*, 2007, p. 477), psychological disownership is literally its opposite. The stronger the feeling of attachment toward an entity, there is more possibility that individuals attempt conduct territorial behaviour (Taylor and Brooks, 1980). Accordingly, –despite opposite directions-- when individuals do not want to be attached or associated with a negatively imaged entity, they show more effort to detach and disassociate them with the particular entity.

This implies that despite the fact that they work together and there is a systemic effort to de-territorialise or make the inter-agency collaboration to be cohesive, there is still a need for the employees to differentiate themselves from their counterparts. Individual members of different organisations try to communicate and provide cues that they actually belong to one particular group and not to the other. They did not only mark their territory, in which they would like to be associated with; but also provided clear boundaries of what they did not belong to. The statement of ownership and disownership marking the territorials was clearly made.

Hence, this study is able to suggest that in inter-organisational collaboration, de-territorialisation seems to be impossible. This study argues that it is caused by psychological disownership, which represents unwillingness to be attached or

associated with a negatively imaged entity. This is worsened by the fact that although the collaboration is structurally permanent, the members or the personnel involved in the collaboration are relatively temporary. It becomes more difficult as individuals are aware that their images are potentially affected by the image of other collaborating organisations. Thus, to make them holding a shared identity of being a part of collaboration becomes more complicated.

Besides the issues of territoriality practice, this study also found that most respondents emphasising on the existence of sectorial-ego, which is argued to be a prominent practice in Indonesian public sector. The next section discusses the issue of sectorial-ego in detail.

### **7.3.3. Deconstructing Sectorial-ego and Territorialisation**

Referring to section 4.3, One of the findings in this study is about 'ego-sektoral' (in Bahasa Indonesia) or 'sectorial-ego' as the term acknowledged by most authors (see for example, Mulyani and Jepson, 2013; Tjhin, 2012). This term is commonly found in various literatures analysing public sector in Indonesia to represent 'strong sectoral focus' (Astawa, 2004, p. 6). To the extent of accessible literature about Indonesian public sector, the notion of sectorial-ego, whilst it has been acknowledged in numerous articles (see for example Butt and Lindsey, 2008 on economic reform; Subagyono and Tanaka, 2010 on environmental studies), it has not been discussed to the conceptual level.

Whilst this study also supports the existing literature that sectoral or sectorial is the representation of ministries or government departments; it argues that the term experiences a narrowing of meaning. Especially in the case organisation, the construction of 'sectorial' is referred to individual's origin organisations rather than to the 'sector' that it is supposed to represent. This places sectorial-ego in its meso or organisational level. The notion of sectorial-ego was acknowledged, either implicitly or explicitly, during interviews, which mainly

referred to the existence of 'conflicting' perspectives as well as 'differences' in each organisation's interest. Any differences in perspectives amongst the three organisations emerged during change implementation were attributed to the existence of sectorial-ego. Although it was stated by some of respondents that such 'ego' once became a major problem for the collaboration during its initial stage, it was found to be manifested in less palpable manners in the network at the time being.

Aiming to take the understanding of sectorial-ego to conceptual level, this study suggests that sectorial-ego can be explained through the perspective territoriality. Sectorial-ego refers to differences in sectorial's –or in this case, organisations' – interests regarding some inter-organisational policies. Whilst possessing conflicting interests or views are common in organisations and even more common in the context of inter-organisational relationship, the term 'ego' alleviates its significance in influencing the relationships. This study argues that the normal existence of conflicting interests may turn to be 'sectorial-ego' as the relevant organisations engage in territorial behaviours and how organisations communicate their ownerships of particular aspects, such as ideas, policies or interests. Territorial behaviour is manifested through marking and defending one's territories (Brown *et al.*, 2005).

Organisations or individual communicate its ownership of some organisational aspects to others by marking what they perceived as 'theirs' or their territories. As noted in the literature, marking can be done through identity-oriented marking and/or control-oriented marking. It can also be temporarily (Taylor and Brooks, 1980) or permanently marked to be one's own (Donald, 1994). Marking behaviour can be associated with the feeling of ownership or attachment to particular objects (Brown *et al.*, 2005). As individuals or organisations feel that they are attached to the objects, they make proprietary claims over them.

In addition to marking, organisations or individuals can also engage in maintaining and defending their territories. The stronger their attachment or ownership feeling toward particular objects may result in stronger actions in defending their territories. However, territories can be understood as bounded space and boundaries is argued to be socially constructed that territories can be under continuous interpretations and thus, potentially result in conflicting views (Wollman *et al.*, 1994). Further, he argues that collective interests are subject to different meaning construction (Keen, 1981). It means that although an idea is intended to fulfil collective interest, how the interest defined is very much subjective so that different opinions may lead to conflict.

Sectorial-ego is argued to represent these territorial behaviours, especially defending behaviour. Organisations, regardless their sectors of origins, take with them a sense of attachment toward particular ideas they produced and attempt to 'win' the ideas over their counterparts in collaboration contexts. The urge to maintain own interests are argued to be influenced by changes in organisation. People might feel threatened as changes may encroach their territories, reduce their authority, autonomy and even power (Keen, 1981). This reflects what Wilson (1989) that while public organisations might be willing to collaborate with each other, especially those with almost similar tasks or areas of responsibilities, they have needs to maintain their turf or autonomy.

This study extends what is argued by Tjhin (2012, p. 312) that sectorial-ego reflects a 'a misplaced sense of pride or authority' by adding that strong sense of attachments or ownership over one's territories serves as a reason of why public sector organisations engage in territorial behaviour, which in this case, is represented through sectorial-ego.

In addition to the idea that sectorial-ego has become an embedded characteristic of public sector organisations in Indonesia, especially when they have to deal

with other organisations, in line with the discussion in the previous sector, this study argues that sectorial-ego is also influenced by organisations' access to resources, which includes activity, service or commodity as well as personnel, fund, and also information (Benson, 1975; Cook, 1977). Access to resources influences organisation's position in the network. This conforms to Levine and White (1961) who emphasise that the interactions amongst organisations in a network is influenced by their access to resources. In this sense, as public organisations perceive that they hold better resources, especially those critical for the collaboration, they, hence, possess more power to bargain for their interests.

In a nutshell, this study argues that sectorial-ego experienced in the context of mandated inter-organisational relationship in Indonesia represents territorial behaviour, which whilst it may be referred to be conducted in organisational level context, it is actually an embedded characteristics of inter-departmental/ministries relationship. This study argues that sectorial-ego is influenced by conflicting perspectives and difference in organisational interests that creates strong sense of attachments or ownership over one's territories and also by organisations' access to resources.

### **7.3.4. Summary**

This section discusses change and territorialisation process. Based on evidence observed in the case organisation, some interesting findings were noted. This study argues that territoriality can be seen as a process that takes place during change. In other words, the idea that the territories are just a mock outcome of processes of territorialisation, deterritorialisation and reterritorialisation. In order to change, deterritorialisation must take place, in which people are detached from their territories and reterritorialising, in which change are institutionalised as common practices. These dynamics are really what is missing

from the previous literature. In a context specific to Indonesian, this study is able to suggest that sectorial-ego represents territorial behaviour, in which if changes are to take place, willingness to eliminate ego need to be exist at the first place.

#### **7.4. CONCLUSION**

This chapter has discussed the findings of organisational change and territoriality within a mandated interorganisational context, by comparing and contrasting the phenomena found in the study with existing literature. Some findings confirm what the current literature states. From the perspective of territoriality, organisational change can be understood as processes of deterritorialisation, reterritorialisation and territorialisation. Furthermore, organisational change itself can create or trigger the emergence of territorial behaviour. In this regard, territorial behaviour can serve as both causes of changes and impact of changes. These findings represent phenomena that are rather different from the existing studies, which are then expected to give contribution to the field. The next chapter explains the contribution of this study as well as concludes the overall study.

## **8. CONCLUSION**

### **8.1. INTRODUCTION**

This chapter presents the conclusion of the study as well as pinpoints the main findings and contribution to knowledge. In particular, the study fulfils its aims of exploring the dynamics of organisational change, in the context of interorganisational collaboration from the perspective of territoriality.

There are several sections in this chapter, each of which has its own aims. The next section, 8.2, summarises the empirical chapters whilst section 8.3 summarises the findings and identifies contributions of the study. It is followed by section 8.4, which presents the implications of the study. The implications are in three-fold, theoretical, methodological and practical. The fourth section, 8.5, presents the limitations and suggestions for future research. The final section, 8.6, concludes the chapter with remarks.

### **8.2. FINDINGS AND SUMMARIES OF EMPIRICAL CHAPTERS**

This section aims to summarise the main findings of the study based on established research questions. In answering these questions, summary of the chapters are also presented as well as important points identified in finding or empirical chapters. It delineates what the study has found in data analysis and hence, represents the answers for research questions. For that purpose, there are three subsections representing three research questions as well as three empirical chapters. It should be noted that whilst there are three empirical chapters and each was aimed to explore particular issues (i.e. chapter 4 for insights on each contributing organisation), answers to each research questions are not exclusively discussed within those chapters.

RQ1. How does each contributing organisation play roles in the organisational change?

This research question is mostly accommodated through chapter 4, which is exploring SAMSAT and its contributing organisations. Chapter 4 is the first of three empirical chapters that discussed findings related to the roles of each contributing organisation in collaboration as well as they perceived their roles in organisation changes conducted at SAMSAT. More specifically, this research was able to draw some points:

1. SAMSAT was established as a mandated interorganisational collaboration from three different organisations, which are revenue agency, regional police and also a State-owned Enterprise, which its core business is providing public insurance, especially road and traffic insurance.
2. Each contributing organisation in SAMSAT has its own functions, which also set their specific domains of responsibilities. Regulations serve as boundaries for these domains. This means that their roles are very specific and regulated. However, as SAMSAT evolves, these roles experienced some shifts.
3. In general, the collaboration employed both formal and informal mechanisms to coordinate amongst contributing organisations. Having three different entities to work together also means that each organisation has its own line of command.
4. Based on formal arrangements, all three organisations have relatively similar power as they have different functions and roles. However, it is found that their contributions in resource arrangements differ from one another, which may lead to asymmetric dependence amongst the three organisations.

5. There are existences of sectorial-ego representing different interests amongst sectors/organisations. Such ego runs from national to local levels and contributes to the dynamics of interorganisational relationship.
6. SAMSAT as a form of collaboration is unique. This uniqueness is in terms of how the collaborating organisations aim to set a different identity for their organisation members, who are assigned to work at SAMSAT.

RQ2. Why do the organisational changes need to be conducted?

This research question is intended to explore the reasons underlying the needs to conduct organisational change. However, the investigation was able to explore more than the reasonings underlying change; the study, instead, found more dynamic processes involved in implementing the change. This includes how members of the collaboration perceived the needs for the changes as well as the challenges they faced during changes. Data analysis found that there were three types of changes conducted, namely administrative, technological and process changes. Amongst these three types, technological changes were perceived to be significantly affect the way SAMSAT operated. More specifically, this study found some important points

1. SAMSAT embarked on its journey of change with the intention to shorten its processing time and was aware that there were factors contributing to the extended processing time, including corruption practices. This practice, whilst claimed to be exist, was clandestine in nature. Hence, the effort to engage in further processing time reduction was also partly a way to eliminate corruption practices.
2. Corruption practice, while it was not the main point of the study, was found to become a major issue perceived by the respondents. In the past,

overt corruptions were reported to manifest in bribery and extortion. In addition to that, staff were also found to game the system. Before its system became more transparent, they played around the rules and benefited from the public's lack of understanding toward the rules. The changes conducted by the organisations were found as ways to deal with these issues. More importantly, the pace of changes was also perceived to be an important factor in ensuring that no territories are developed in avoiding potentials for corruption practices.

3. Reasons for the changes were found not only sourced from identified gaps in organisation process. Instead, this study also found that changes could also be caused by a secondary problem resulting from the effort aimed at closing the gaps. Organisations can initiate a change program that is intended to solve an organisational problem, yet, such program may potentially have an unintended dysfunctional effect that is considered to become an underlying reason for another change.
4. As SAMSAT evolves and external environment of the organisation changed, there were shifts on how SAMSAT set its direction for change, which was more external focus on customers or the public. These changes pushed SAMSAT to engage in more advanced changes with higher targets than before.
5. Amongst the three types of changes conducted at SAMSAT, administrative, technological and process changes, technological change was the largest part. In addition to the aim to shorten processing time, technological change was found as a way to shape people' behaviour and way to reduce corruption practices.
6. The advancement of technology as well as technological changes conducted at SAMSAT were found to affect changes in organisational

boundaries or domain. Easy access of information opened possibilities of more mobile and accessible services. Whilst this was a good development for service provision, for collaborating organisations, this also affected their resource capacity. Lack of resources was found to affect the ability of contributing organisations to maintain its domains.

7. Whether or not a function is substitutable and the centrality of functions were found to affect the ability of contributing organisations in maintaining or even, expanding their domains.
8. SAMSAT East Java experienced great deal of autonomy compared to other provinces' SAMSAT due to its willingness to deviate from common processes, which also means detaching itself from national regulation and collaboration arrangement set by central government.
9. The nature of organisational changes was incremental and each one was based on previous change.
10. SAMSAT conducted various changes to ensure that each change was better than the previous one. This has become a norm as well as was also aimed to reduce the possibility of people finding loophole in which they could take personal advantage.
11. Not all changes were successful, some were in fact, considered as 'unwanted' by the public or unsuccessful in gaining public acceptance. One reason identified was because of the negative image of being a corrupt institution. For the public, it was about a broken trust. Related to this, the study found that successful change does not only depend on the readiness of internal organisation in managing change implementation, but also requires trust from external parties, especially if the targets of such change are the public. The public is also expected to be able to

unlearn their negative memory in order to be able to support or put trust in organisations.

RQ3. What are the impacts of the organisational changes?

This research question is accommodated through Chapter 6, which is the third empirical chapter of the thesis. This chapter was focused on discussing the impacts of the organisational changes conducted at SAMSAT. It is worth to note that the impacts presented in the chapter did not always represent end products of the changes. Instead, the impacts can also be starts of another change in SAMSAT.

1. In terms of output or target achievements, this study found that all members of organisations perceived that most changes achieved their targets. Aspects such as short processing time, reducing queues as well as convenient access to services were fulfilled through various changes. However, the impacts are beyond those measureable aspects. Successful changes have pushed organisations to move further and involve in another change. This also brought SAMSAT to be a reference site for other SAMSAT.
2. Organisational changes were seen as one way journey or no turning back as the public have experienced better services. For each contributing organisation, this brought different impact, including improving the image of organisation.
3. It is also important to note that changes also affected the way collaborating organisations managed their boundaries of territories. Technological change has made it easier to manage operations in SAMSAT, yet, it also means that possibilities to access other domains are

higher. As data gets integrated, boundaries become blurred. For organisation with unsubstitutable functions, such as the police, despite advancement of information technology and database integration, none of collaborating organisations other than itself can access its criminal database. Whilst for insurance company, due to less flexible human resource arrangement, its front office function is conducted by representatives from the revenue agency.

Next section presents main findings of the study as well as pinpoints some contributions of the study.

### **8.3. CONTRIBUTIONS OF THE STUDY**

Through these main findings, the study is able to explore more on the dynamics of changes in relation with the context of interorganisational collaboration and territoriality perspective. Presented in this section are what the study expects to be its contributions to the field of knowledge.

**First**, this study contributes to the field of the management of change by elaborating the concept of change as a territorialisation process. This especially relates to the way change is understood from processual perspective (Pettigrew, 1997), which helps to understand the experiences of and the interactions amongst those involved (Kurnia and Johnston, 2000). This study argues that change process can be understood as a dynamic process of territorialisation that involves both deterritorialisation, change and reterritorialisation. To some extent, this study was able to confirm Lewin's unfreezing-change-refreezing concept (Lewin, 1948); and at the same time, supports those criticising Lewin's on his assumptions of planned change (Dawson, 1997; Pettigrew, 1985b; Wilson, 1992). This study conforms to Lewin's planned change in terms of the notion of unfreezing and refreezing by analoging it with deterritorialisation and

reterritorialisation process. Yet, it differs than Lewin's as this study took into account dynamic organisational process and thus, support processual view of change (Dawson, 1997; Pettigrew, 1985b), such as political context, that contributes to elevate the complexity of change. However, compared to these works, this study extends its view on change by elaborating lens of territoriality in understanding the context.

This is based on the ideas that organisational change involves deterritorialisation and reterritorialisation process. By deterritorialisation, it refers to the idea that changes cannot take place without deterritorialisation. Organisations need to ensure that the system is not maintained in a status quo for so long, that it will give people a chance to find a loophole in the system, and take advantage from that to create a source of corruption or other dysfunctional practices. With regards to territorialisation, organisations need to ensure that the changes conducted can be institutionalised. Yet, as a suggestion for further research, more questions need to be asked, for example, to what extent should the process of reterritorialisation be imposed? Organisations want to create a system that is flexible to change, hence if they territorialise too much, they will end up creating a system that is inflexible to change and thus, need more power to deterritorialise once again.

**Second**, this current study extends the literature of organisational change and interorganisational collaboration by elaborating the view of territoriality. As stated previously in Chapter 2, Review of Literature, there were only small numbers of studies in the area of change and interorganisational collaboration that employed territoriality lens (for example see Rodríguez *et al.*, 2003 on managing interorganisational space and organisational change). Rather different to the study of Rodríguez *et al.* (2003) is that the study was able to find that organisational change and territoriality seems to influence each other in an interorganisational context. Changes implemented in SAMSAT are found to

redefine interorganisational space. For example, the advancement of technology in the process of vehicle registration, taxing and insuring, contributed in changing the territories of SAMSAT's contributing organisations. At the same time, each contributing organisation has its own roles and functions that create their territories that defines their autonomy. This conforms to Wilson (1989) on turf, which organisations need to maintain and defend their reasons for being. The nature of these roles and functions contribute to whether such roles or functions are substitutable or whether they could be carried out by other organisations or not. In addition, some roles and functions can also make a contributing organisation hold a central position in the network, that conforms to the work of Hickson *et al.* (1971). This study was able to extend this work by putting forward that these two elements of power are found to contribute to an organisation's ability to maintain or even expand their territories. Such ability in maintaining territories is found to shape the direction of changes. Hence, a contributing organisation owning elements of power such as non-substitutable function and centrality in the network can have more bargaining power in designing how the changes will be.

**Third**, this study contributes to the thin literature of Indonesian context of organisational politics and power as well as its interorganisational collaboration by understanding the roles of organisational ego. As noted by Anderson (2007), there is very little understanding on how traditional values embeded in Indonesian culture affect the way Indonesian political dynamics is established. More specifically, he states that lack of understanding of 'traditional political conception' has potentially 'hampered the analysis and evaluation of the influence of such conceptions on contemporary political behaviour' (Anderson, 2007, pp. 1-2). In this study, it was conducted by unveiling the dynamic of sectorial-ego, a term specific to Indonesia's public sector organisations as well as the subtle roles of Javanese 'sungkan' value in how organisations deal with territoriality.

The existing studies in Indonesia have mentioned the existence of sectorial-ego, yet, to the extent of accessible literature (see for example, Butt and Lindsey, 2008; Mulyani and Jepson, 2013; Tjhin, 2012), none of these studies explain sectorial-ego apart from that it represents different and somehow, conflicting interests amongst ministries or different public organisations. Data derived from this study shows that in the context of interorganisational collaboration in public organisations, sectorial-ego is unavoidable. Sectorial-ego is found to consist of two dimensions, one vertical relationship that runs from national level down through local level government; and second, horizontal relationship that represents how an organisation deals with their counterparts at its lateral level of government. With regards to interorganisational change, this study suggests that change cannot take place if local level organisations, such as SAMSAT's contributing organisations, do not lessen the magnitude of vertical ego. In this case, lessening vertical ego is conducted through over-powering national policy with local policy. Furthermore, with relation to horizontal relationships, organisations need to be able to compromise their interests to fit with other organisations within the network, if they want organisational change to take place. This dynamic of sectorial-ego also represents the idea of territorialisation process and managing territories.

As for the subtle roles of 'sungkan' value in how organisations deal with the issue of territoriality, this study was able to find that while territorial behaviour existed and manifested in how collaborating organisations deal with changes amongst themselves, the expressed behaviours were not hostile or rude. This study contributes to the relevant fields by pinpointing the important roles of strong Javanese value of overly respect in shaping how people behave in a supposed to be hostile territorial infringement. This case study offers an example of how three different organisations aim to express their territorial behaviour in a softened tone that they do not want to face their counterparts straightforwardly,

especially in avoiding, accepting defeats, as well as to make their counterparts following one organisation's idea of changes.

**Fourth**, specific to the body of literature on the issue of readiness of change and innovation, especially in public sector organisations (Boo, 2008; Fernandez and Rainey, 2006; Walker, 2006), this study contributes to extending factors influencing public organisations' readiness to change, including the role of leadership and access to or ownership of resources. For leadership role, this study was able to suggest that organisational readiness to change is shaped by not only leaderships, but also organisational attachment with powerful individuals or organisations in a way that such attachment or connection will improve bargaining position of organisations in managing their external environment. This study supports what Wilson (1989) argues about autonomy, in which turf or autonomy is represented through organisations' ability in handling their resources. This study found that the ability of organisations to generate or produce as well as to ensure the accessibilities of the resources, can potentially determine the power to deal with their changes and innovative initiatives. In addition, it was also found that organisations need to be able to manage its ability to control their territories, which provides a sense of belongingness and helps to build confidence to be in-charge for an initiated change. Last but not least, organisational memory and successful change implementations affect organisations' readiness to change as they feel more comfortable and confident in bring about further change. In short, successful previous changes implementation has positive effects on further change.

**Fifth**, with regard to corruption issue, one of the main findings related to how such practices became a part of organisational dynamics in change. The study was able to confirm that one of the reasons of pursuing changes was the need to eradicate corruption and other dysfunctional practices in organisations. The study contributes in denoting the existence of 'gaming the system' as a part of

overt corruption in interorganisational setting. Gaming, as defined in the existing literature, as deliberate action to falsify ones' low performance to appear better (Patrick, 2011; Radnor, 2008). Slightly different, this study found that 'gaming' appears to be deliberate actions from public officers in taking advantage from the public through manipulating the systems. Moreover, this study extends the idea that corrupt behaviour is indeed caused by 'factors beyond individual control' (De Graaf and Huberts, 2008, p. 640). This study argues that corruption acts can be seen as a manifest of commonly shared multiple layers of meaning systems. In one layer, people know that corruption is dysfunctional for the collaboration; in a different layer, people are unable for not doing such practices, as they need to fulfil their personal needs. From the territoriality perspective, corruption is found to be a representation of how well individuals in understanding and defending their territories, which are the opportunities to gain hot money. Whilst technological changes minimise these practices, the collaboration is suggested to maintain the pace of change to avoid over reterritorialisation that potentially leads to the occurrence of (another) corruption practice.

Sixth, methodologically, this research offers a rather different approach at looking at the issue of corruption. An extensive review conducted by Jain (2001) provide comprehensive understanding about corruption through various research, which by large numbers, are quantitative in nature. It is not necessarily visible in a sense that everybody knows what is going on, yet, to prove it or catch how everyone is doing it, is not feasible. But everybody knows. It is not going to show up in the questionnaires. In fact, this study supports what De Graaf and Huberts (2008) states about the best way of studying corruption, which is through qualitative study as it can give contextual view of the acts. For this study, qualitative method has been deemed to be suitable to explore how corruption became one of the reasons for change. Subsequently, this study frames the issue of corruption through territoriality, which shows that corruption can be seen as

an established territory. In this sense, people have become comfortable with what they think belongs to them, and consider as their territories; hence they abuse the situation and use it as their source of income. This study is thus able to unveil the obscured aspects of organisational life by process view of territoriality, is supported by employing qualitative method informed by grounded analysis that exhaustively broke down collected and detailed data. Furthermore, using a qualitative method, gives an advantage of understanding the corruption issue as it can reveal more information and individual views better, than by using a quantitative method.

#### **8.4. IMPLICATIONS OF THE RESEARCH**

This section presents the implications of the research. It comprises three subsections covering three areas of implications, which are theoretical, methodological and practical implications. Each section aims to derive potential implications of the research based on the findings. Whilst theoretical and methodological implications are scientific, practical implications denote the importance of the findings at praxis level.

##### **8.4.1. Theoretical Implications**

From the theoretical perspective, the findings of this study highlight an alternative view to understanding organisational changes in organisations. Most studies in organisational change that include a focus on territoriality in terms of how people express territorial behaviour as results of change, especially in changes in workplace design. This study however moves beyond such materialist perspective by bringing up the issue of changes as a process of territorialisation/deterritorialisation. This stance requires broadening theoretical perspectives of both organisational change and territoriality.

Thus, as changes involve the process of deterritorialisation and reterritorialisation, this situation highlights the importance of considering to what extent organisations should manage the process of deterritorialisation and reterritorialisation to ensure that needed changes take place. If the process of deterritorialisation happens very often without giving time for reterritorialisation, change might not be able to be institutionalised appropriately. In such cases, people might experience difficulties in understanding and practicing expected habits before they are required to move on to the next changes. However, if the process of reterritorialisation takes time, which means that the process of embedding targeted value or practices are too long, it potentially results in the establishment of status quo that might lead to unneeded organisational inertia.

### **8.4.2. Methodological Implications**

This study employed processual approach in delineating the findings and suggested that organisational changes can be seen as a territorialisation process involving deterritorialisation and reterritorialisation. This highlights the importance of employing a processual approach in investigating such a phenomenon. Thus not only does a processual approach seem to better capture the dynamics implementation of change, including interactions amongst related parties, it also gives the details of the processes as well. However, purely adopting a processual approach requires longitudinal data, and commitment to time is needed for conducting similar research. Hence, this situation needs to be carefully considered.

### **8.4.3. Practical Implications**

With relation to practical implications, this study expects to be able to offer an insightful understanding on the dynamics of a mandated interorganisational

collaboration, especially in developing countries, such as Indonesia. The issue of sectorial-ego, which is commonly found in public sector organisations in Indonesia can be explained as a result of territoriality process, which takes place not only horizontally amongst organisations involved in the collaboration, but also vertically within the same command line that runs through national to local level. This understanding requires organisations involved in a collaboration to carefully deal with sectorial-ego, as each organisation does not only need to manage and probably compromise their territories amongst themselves, but further needs to manage within themselves, a sense of territoriality which runs from the top.

On reflecting on the content and context of the study as well as how the study was approached, the next section presents suggestions for further research, offering some extensions or improvements to the current study.

## **8.5. SUGGESTIONS FOR FURTHER RESEARCH**

This section discusses potential issues for further research in the area. These suggestions are developed based on the findings found during the analysis conducted.

There is the need for further investigation on territoriality amongst organisations within a vertical relationship context. This study found that during change implementation, resistance as part of reaction to change did not only take place within the context of inter-organisational. Member organisations also experienced resistance to changes from those in vertical organisational relationships, either higher authorities or lower level organisations. For example, one reason identified is that the police higher authority resisted the change on the basis that it deviated from common practice in Indonesia. Whilst this study contributes to the understanding of territoriality in the context of horizontal

organisational relationship, it would be interesting to investigate this phenomenon from the perspective of territoriality, across a vertical relationship.

The study also covered only one local government institution. Whilst the study did not intend to claim a generalisation of results, it is deemed to be better if the study can include more local governments, in order that more propositions can be established. Further investigation by using different cases or conducting comparative case studies, may improve the robustness of findings as well as identify patterns in how mandated interorganisational collaboration can be understood.

Another important point resulting from the process of reflecting on the issues raised by the studies as well as their findings is the potential use of the Corruption, Collusion and Nepotism lens to frame the analysis. My research found that one of the reasons for the change was to eliminate corruption in SAMSAT. The practice of corruption itself was not something that was easily identified and it could follow different routes to manifestation, including bribery and extortion. Hence, for future research in the area of organisational change, corruption, collusion and nepotism could also be employed as a lens that helps to understand the dynamics of change in public sector organisations but it would need to address the methodological problems entailed in accessing these different routes.

In addition to this, considering that there are issues that are very specific to Indonesian context, such as sectorial-ego and also KKN, it raises an interesting thought on the importance of culture in understanding why such issues exist. The use of culture may help to sharpen the analysis, especially in terms of relevant espouse values embedded in the society and how such values could potentially affect the way people behave and interact with each other both in social context as well as in organisational one. This research itself found a small yet not-to-be

neglectable point of the importance of culture in the study, especially related it back with the idea of group interview. Some respondents, in fact, showed the behaviour of 'over respect' or in Javanese culture, 'sungkan', when they had to share their ideas in front of their superordinates or bosses. It is then, suggested for future research to elaborate the cultural context in similar studies of public organisations dynamic of change.

## **8.6. CLOSING REMARK**

This thesis has investigated the dynamic process of change in an interorganisational context. Emphasis is given on the issue of territoriality. The main finding is that organisational change involves process of territorialisation, which at the same time, denotes the importance of understanding territorialisation beyond the concept of expressed behaviour, and more so, as a process.

## APPENDIX A – Ethical Approval

5/19/2014

The University of York Mail - Re: Application to HSSEC - 06-2011/12

UNIVERSITY *of York*  
powered by Google™

Dian Ekowati <de515@york.ac.uk>

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### Re: Application to HSSEC - 06-2011/12

1 message

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misc519@york.ac.uk <misc519@york.ac.uk>

1 February 2012 16:37

To: de515@york.ac.uk

Cc: steve.toms@york.ac.uk

Dear Dian

Thank you for resubmitting you application to HSSEC. I am happy to approve the changes made by Chairs action but suggest that you improve the English and make the participant letter shorter.

Good luck with your research.

Trevor Sheldon  
Chair of HSSEC

On Nov 29 2011, de515@york.ac.uk wrote:

Dear Professor Sheldon,

Thank you for the email. I will discuss with my supervisors, both Professor Toms and Dr. Lindsay with regard to this development. I will revise and change the document as required by HSSEC.

Thank you very much.

Sincerely,

Dian Ekowati

On Nov 29 2011, misc519@york.ac.uk wrote:

Dear Dian

Many thanks for your application to the University for Ethics Approval for your research project. Your application was discussed at the Humanities and Social Sciences Ethics Committee (HSSEC) and had been approved subject to mandatory changes being made and approved by HSSEC.

Please make the following mandatory changes, and ask your supervisor to check your draft and sign-off on your response to HSSEC, which should include a covering email/letter showing how you address the points below. Submitting any revised documents showing track changes and inserting comments may also help.

**Mandatory**

The Committee would like action or clarification on the following:

The 'Participant Information Sheet' should explain to the respondent what is (and who is on) the "research panel committee".

<https://mail.google.com/mail/u/1/?ui=2&ik=1db4080494&view=pt&q=hssec&psize=20&pmr=100&ptr=50&search=apps&th=13539c76327ee9bd&siml=1353...> 1/2

## APPENDIX B – Indonesian Government Approval



**PEMERINTAH PROVINSI JAWA TIMUR**  
**BADAN KESATUAN BANGSA DAN POLITIK**  
JALAN PUTAT INDAH NO.1 TELP. (031) - 5677935, 5681297, 5675493  
SURABAYA - (60189)

Surabaya, 10 Januari 2012

Nomor : 072/160/203/2012  
Sifat : Biasa  
Lampiran : -  
Perihal : Penelitian/Survey/Research

Kepada

- Yth. 1. Kepala Badan Penanaman Modal Prov. Jatim  
2. Kepala Dinas Pendapatan Prov. Jatim  
3. Direktur Intelkam Polda Jatim  
4. Bupati/Walikota Malang di Malang  
5. Bupati/Walikota Madiun di Madiun  
6. Bupati/Walikota Kediri di Kediri  
7. Bupati Lamongan di Lamongan  
8. Bupati Ponorogo di Ponorogo  
Cq. Kepala Bakesbangpol dan Linmas

Menunjuk surat The University of York tanggal 10 Januari 2012 perihal Permohonan Perpanjangan Ijin Survey, bersama ini diberitahukan bahwa :

Nama : DIAN EKOWATI, SE., MSI., M.APP COM (ORGCH)  
Alamat : The York Management School, University of York, Heslington, York  
Y010 5DD United Kingdom  
Pekerjaan : PHD Candidate  
Kebangsaan : Indonesia

bermaksud mengadakan penelitian/survey/research :

Judul : "INOVASI LAYANAN PUBLIK PEMERINTAH DAERAH DI INDONESIA"  
Penanggung Jawab : Dian Ekowati, SE., Msi., M.App com (OrgCh)  
Peserta : 1 (satu)  
Waktu : 6 (enam) bulan  
Lokasi : Badan Penanaman Modal, Dispenda, Polda, Kab./Kota Malang, Madiun, Kediri dan Kab. Lamongan, Ponorogo

Sehubungan dengan hal tersebut, diharapkan dukungan dan kerjasama pihak terkait untuk memberikan bantuan yang diperlukan. Adapun kepada peneliti agar memperhatikan hal-hal sebagai berikut :

1. Berkewajiban menghormati dan mentaati peraturan dan tata tertib yang berlaku di daerah setempat;
2. Pelaksanaan penelitian/survey/research agar tidak disalahgunakan untuk tujuan tertentu yang dapat mengganggu kestabilan keamanan dan ketertiban di daerah setempat;
3. Melaporkan hasil penelitian dan sejenisnya kepada Bakesbangpol Provinsi Jawa Timur dalam kesempatan pertama.

Demikian untuk menjadi maklum.

a.n. KEPALA BADAN KESATUAN BANGSA DAN POLITIK

PEMERINTAH PROVINSI JAWA TIMUR  
Kepala Bidang Budaya Politik  
EDDY SURWANTO S STP M PSDM

## APPENDIX C – Topic Guide

# TOPIC GUIDE FOR SEMI-STRUCTURE INTERVIEW

PUBLIC SERVICE INNOVATION IN INDONESIAN LOCAL GOVERNMENTS  
(Both in English and Indonesian)

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### *Introduction*

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- Thank the interviewee for his/her participation in the research
- Build rapport by introducing myself and my background – icebreaking
- Explain the aim and objectives of the research and the importance of their information
- Explain and assure interviewee for the issue of confidentiality and request him/her to answer with confident as all answers will be relevant
- Ask them to fill a consent form

### *About Interviewee*

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- Ask them about themselves and their background
  - Name, age, rank and positions
  - Work experiences and job roles

### *Research Topic*

---

(due to the nature of semi-structured interview, the order of questions are flexible depending on interviewee's responses. Prompting and prompting for more detailed questions will be done when necessary)

THEMES	Questions
CHANGES IN DELIVERED PUBLIC SERVICES	<ul style="list-style-type: none"><li>• Describe the main changes in how local government has delivered services to local community?</li></ul> <p><i>((Depending on interviewee's opinion, continuing questions should be flexibly customised. Combination of some questions are needed to probe their views. Prompting will also be conducted))</i></p>
NPM ASSUMPTIONS WITHIN	<ul style="list-style-type: none"><li>▪ What do you think becomes the main reason of this particular innovation to be chosen?<ul style="list-style-type: none"><li>○ Is it top-down instructed? Or is it cost-efficiency orientation? Or to be more responsive to local needs? Or mixed?</li></ul></li></ul>

THEMES	Questions
INNOVATION	<ul style="list-style-type: none"> <li>○ What is the evidence of such driver? Why do you say that?</li> <li>○ Did you do any critical assessment for any needs, or feasibility study for this?</li> </ul> <p><i>Following set of questions provide guidelines of each topic, which can be combined to explore the tensions between factors.</i></p>
	<ul style="list-style-type: none"> <li>▪ How were you involved in this particular activity – i.e. One Stop Shop (depending on particular innovation conducted in the organisation)? <ul style="list-style-type: none"> <li>○ What was your role in the development of ideas?</li> <li>○ To what extent, you are given ‘freedom or autonomy’ to improvise the way you deliver your service to customers?</li> <li>○ How were different ideas gathered and discussed? What were the process to inform?</li> <li>○ What about the role of your organisation in informing the government on this new practice?</li> <li>○ Or was it ordered from central government through certain body? Is there any criteria for assessing good practice that is externally developed?</li> </ul> </li> <li>▪ Who else were involved in the development of this particular activity? <ul style="list-style-type: none"> <li>○ What were they? What were their roles? How were they involved in this activity? Why?</li> </ul> </li> </ul> <p><i>(some of the questions overlap with the way organisation diffuses innovation)</i></p>
	<ul style="list-style-type: none"> <li>▪ How do you think the relevance/responsiveness of this particular activity to local needs? <ul style="list-style-type: none"> <li>○ How do you know that it is relevant to local public needs? What was the evidence of the relevance?</li> <li>○ What did the organisation do to consult local community?</li> <li>○ What do you think the benefit of this particular service to customers? What is its significant improvement?</li> </ul> </li> </ul> <p><i>(and / or prompting the interview to other reason for innovating, such as competition-based that leads to efficiency, or standardisation of practices)</i></p>
	<ul style="list-style-type: none"> <li>▪ How was the performance measurement set up by Central Government affect your organisation’s decision in initiating or implementing this practice? <ul style="list-style-type: none"> <li>○ Does the performance indicators reflect the need to improve services?</li> <li>○ How would you compare the performance of your organisation to other ILGs?</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>▪ What are aspects that make this particular activity different? In what way it is new or detached itself from previous practice? <ul style="list-style-type: none"> <li>○ In terms of aims?</li> <li>○ in terms of organisational structure:</li> </ul> </li> <li>▪ Or is it built from established/existed practices? How?</li> </ul>
IMPACT OF	<ul style="list-style-type: none"> <li>▪ How would this activity/new practice help organisation to perform better?</li> </ul>

THEMES	Questions
INNOVATION	<ul style="list-style-type: none"> <li>▪ What are the changes it brings to how you do your responsibility compared to previous practices?</li> </ul>
ORGANISATION'S EFFORT TO ENCOURAGE, SUSTAIN, AND DIFFUSE INNOVATION	<ul style="list-style-type: none"> <li>▪ How does your manager/leader encourage staff involvement in the development of this new practice as well as its implementation?</li> <li>▪ Is there any mechanism to transfer this new practice to other ILGs? How? What are the mechanisms?</li> <li>▪ In medium and/or longer time line from this point (i.e. 5 years), how this current practice can be improved or further developed?</li> </ul> <p><i>(some of the questions related to this theme overlap to other themes that they are not put in this section. Questions are flexibly customised and adjusted to interviewee's opinion.)</i></p>

## APPENDIX D – Invitation Letter

# INVITATION LETTER

## PUBLIC SERVICE INNOVATION IN INDONESIAN LOCAL GOVERNMENTS

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Dear Sir/Madam

My name is Dian Ekowati, and I am conducting a research on Public Service Innovation in Indonesian Local Governments. This research is aimed to explore whether New Public Management is a genuine foundation to encourage public service innovation in relation to public reform movement. It seeks to examine how the interaction of external and internal factors affect the decision of Indonesian Local Governments (ILGs) in conducting public service innovation, explore how the concept of innovation is understood and manifested, and also investigate underlying reasons for varieties of innovation at ILGs level.

For this aim, we would like to invite you to participate in the study. Before you decide, it is important to understand why the research is being undertaken and what we intend to do, so please take the time to read the information on the following pages carefully.

The participation is voluntary; however, your participation is very valuable and greatly appreciated. If you would like to participate in this study, you will need to fill the reply slip and return it back in the provided envelop or you may send an email to the researcher ([de515@york.ac.uk](mailto:de515@york.ac.uk)) confirming your willingness to participate. In addition, it is also possible for you to withdraw your participation at any time prior to report writing and there would be no need for you to provide any reasons.

We greatly appreciate your help with this research and believe that you and your colleagues can provide valuable perspectives on this important topic. Should you have any queries, or questions, please do not hesitate to contact me. If you provide your contact details, I will be more than happy to provide you with the summary of findings once the study is completed. Please be rest assured that all information will be **anonymised** with no any personal identification to any specific individual or organisation. Your name and your organisation's name will not appear in any written report or future publications as outcomes of this study.

Yours Sincerely,

**Dian Ekowati**

## APPENDIX E – Information Sheet

# PARTICIPANTS INFORMATION SHEET

## PUBLIC SERVICE INNOVATION IN INDONESIAN LOCAL GOVERNMENTS

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You are invited to participate in a research project that is being conducted as a part of a PhD study of Dian Ekowati at the University of York, United Kingdom. This study is funded by the Ministry of National Education as part of its Doctoral Scholarship program provided to the researcher. Prior to my study in York, I worked as an academic in the Department of Management, Faculty of Economics and Business, Airlangga University, Surabaya, Indonesia. I greatly appreciate your participation. This sheet is intended to provide relevant information including details of aims and processes. Please take time to read the following information carefully and ask me for more information.

### ***What is the aim of the research?***

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The importance of public service innovation has been associated with the need to reform public sector, which is signified by changes in public demands, technology and automation systems, increasing costs over productivity, as well as increasing awareness toward resource deficiency. This movement has been embraced by New Public Management (NPM), which views that innovation is needed for public organisations to improve their performance in service delivery. Similar pattern is also 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 initiative in 1999 to decentralise significantly many of its functions and responsibilities to local government. The study aims to explore whether NPM is a genuine foundation to encourage public service innovation. NPM It seeks to examine how the interaction of external and internal factors affect the decision of ILGs in conducting public service innovation, explore how the concept of innovation is understood and manifested, and also investigate underlying reasons for varieties of innovation at ILGs level.

### ***Why have I been chosen?***

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You are being asked to participate as I am recruiting 20 people involved in innovation initiatives from four Indonesian Local Governments. It involves people from different sections and divisions to explore their views and involvement on innovation. For this purpose, top-level ILGs officers, heads of planning agencies, and lower level staff involved in initiation and implementation of innovation will be interviewed. Participation is entirely voluntary. You are free to withdraw from the research at any time without giving a reason and without any detriment to yourself or your organisation.

### ***What does taking part involve?***

---

If you agree to participate, an interview will be conducted and will take approximately 1 hour to be finished. The researcher will visit your office or other public places to conduct an interview at a date and time that would best suit you. Prior to the interview process, the researcher will brief you on consent form. You will be given an opportunity to ask questions and then, if you agree to participate, a written consent form is needed to be signed by both the researcher and you. The researcher will ask your permission to record the interview, which if you decide not to be recorder, the researcher will take notes instead. Considering interviewee's convenience, if you prefer not to have a face-to-face interview, telephone interview or internet-based interview mechanism can also be done.

### ***What is the likely benefit?***

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There may not be any direct benefit to you for participating in this study. However, it is expected that the findings will be of great value to your organisation as well as Indonesian Central Government in managing innovation activities related to public sector reform. It will lead to new understanding about how public service employees comprehend the need for innovation. This will provide input to central government on how innovation activities should be managed, sustained, and diffused in local government levels so that they better meet the needs of local needs.

### ***What is the possible risk or inconvenience to me?***

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There are likely no risks attached to the study because your information is confidential *and* available only to the researcher and her research panel. Research Panel Committee consists of three research supervisors. They are (1) Professor Steven J. Toms, (2) Dr. Colin Lindsay, and (3) Dr. Kim Loader. *In addition, this study also assures the anonymity of respondents.* Anonymity aspect is assured and there will not be any part of my name, or any other information

that could identify the respondents, will be included in any written reports or publications as results of the research. The only tangible cost to the participant will be the inconvenience derived from revealing their views, pressures from taking time to attend an interview, and some degree of tiredness.

### ***What will the information you provide be managed?***

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If you agree to participate, the interview will be recorded and Interview tapes will be transcribed. All data will be treated anonymously. There will be no any personal identifiers such as name will be recorded. Every participant is given a code name that is kept in separate sheet and is accessible only for the researcher. Accordingly, all data are presented by codes, and there will be no any identifiers or participant names taken part in the research or any other information that could identify them will appear in the thesis or in other written forms. This information will be used to write up a PhD thesis, publishing articles in professional and academic journals and conference presentations. In addition to anonymity please be rest assured that all data will be treated confidentially. Data will be stored in the designated department laptop provided to the researcher and can only be accessed through the researcher's account via password. All tapes and transcriptions will be secured in a locked drawer accessible only by key that is always kept with the researcher at all times. This drawer is kept in the PhD suite, which its entrance is accessible only for authorised magnetic card holders. It is only the researcher who will be responsible for collecting, handling, storing, and analysing the data. When the study is completed, all the information will be destroyed. The confidential handling, processing, storage and disposal of data will comply with the 1998 Data Protection Act.

### ***What is the next step?***

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If you are willing to participate in the study, please complete the reply slip and return in the provided envelope or you may send an email confirming your participation to the researcher (contact details are in the bottom of the page). The researcher will contact you after receiving your reply slip to arrange the date and time of the interview. A consent form can be signed on the day of interview. The consent form will not be used to identify you. It will be filed separately from all the other information. However, you may keep this sheet for reference.

### ***Further Information***

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Should you have any questions about this study, please do not hesitate to contact the researcher, Dian Ekowati. Her contact information is +44

7545273134 or [de515@york.ac.uk](mailto:de515@york.ac.uk) or +62 31 7318210. For any further concerns, you can contact her supervisors, (1) Professor Steven J. Toms at [steve.toms@york.ac.uk](mailto:steve.toms@york.ac.uk) and (2) Dr. Colin Lindsay at [colin.lindsay@york.ac.uk](mailto:colin.lindsay@york.ac.uk).

## APPENDIX F – Informed Consent Form

# INFORMED CONSENT FORM

## PUBLIC SERVICE INNOVATION IN INDONESIAN LOCAL GOVERNMENTS

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This form is for you to state whether you agree to participate in the study. Please read and answer every question. For any clarification or more information, please do not hesitate to ask the researcher √

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1. I confirm that I have read and understand clearly the information sheet for this research and have had the opportunity to ask questions about the study

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2. I understand that my participation in this study is voluntary. In addition, I have the right to request the interview be stopped and withdraw from the research at any time and have their information withdrawn as well, without giving any reason and without any detriment to my organisation and myself.

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3. I agree to participate in this study

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4. I understand that the interview will be audiotaped. I can request a copy of the recording of the interview (You may take part in the study without agreeing to this part)

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5. I understand that information collected is only accessible to the researcher, Dian Ekowati, and via translation to her research supervisors

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6. I am aware that the information collected during the interview will be used to write up a PhD thesis, as well as journal articles and books

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7. I understand that information collected during the course of the research project will be treated as strictly confidential and is only available to the researcher and her research supervisors.

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8. I understand that information collected during the course of the research project will be treated anonymously. There will not be any part of my name, or any other information that could identify me, will be included in any written reports or publications as results of the research.

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9. I understand that the information obtained will be retained in locked filing cabinets in a storeroom in The York Management School, University of York and then will be destroyed when the study is completed.

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Participant

Date

Signature

Researcher

Date

Signature

## APPENDIX G – Participant Reply Slip

### REPLY SLIP

PUBLIC SERVICE INNOVATION IN INDONESIAN LOCAL GOVERNMENTS  
(Both in English and Indonesian)

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Reference Number:

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Name :

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Address :

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Phone Number :

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Email :

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***Please tick box***

- I am interested in participating in the above study and willing to be contacted by phone or email to discuss possible participation

## LIST OF ABBREVIATIONS

<b>APBD</b>	: Anggaran Pendapatan dan Belanja Daerah (Regional Budget)
<b>APBN</b>	: Anggaran Pendapatan dan Belanja Negara (National Budget)
<b>BAKESBANGPOL LINMAS</b>	: Badan Kesatuan Bangsa, Politik dan Perlindungan Masyarakat (The National Unity, Politics and Public Protection Office)
<b>BBNKB</b>	: Bea Balik Nama Kendaraan Bermotor (Vehicle Registration Fee)
<b>BPKB</b>	: Bukti Kepemilikan Kendaraan Bermotor (Proof of Vehicle Ownership)
<b>BPMJATIM</b>	: Badan Penanaman Modal Jawa Timur (Bureau for Capital Investment – East Java Province)
<b>CEC</b>	: Corruption Eradication Committee
<b>CPI</b>	: Corruption Perception Index
<b>DIPENDA</b>	: Dinas Pendapatan Daerah (Regional Revenue Agency)
<b>DirektoratPAPBN</b>	: Direktorat Perencanaan Anggaran Pendapatan dan Belanja Negara (Directorate for National Budget Planning)
<b>DJPK</b>	: Direktorat Jenderal Perimbangan Keuangan (Directorate General for Financial Balance)
<b>DPR</b>	: Dewan Perwakilan Rakyat - National People Representative Body
<b>DPRD</b>	: Dewan Perwakilan Rakyat Daerah - Regional People Representative Body
<b>EDP</b>	: Electronic Data Processing
<b>HSSEC</b>	: Humanities and Social Sciences Ethics Committee
<b>IBM</b>	: The International Business Machines Corporation
<b>ILGs</b>	: Indonesian Local Government(s)
<b>IS</b>	: Information System
<b>IT</b>	: Information Technology

<b>JR</b>	: Jasa Raharja (Public Insurance Company)
<b>KEMENDAGRI</b>	: Keputusan Menteri Dalam Negeri (Decree of the Ministry of Internal Affairs)
<b>KNPAN</b>	: Komisi Nasional Pengawas Aparatur Negara
<b>KPK</b>	: Komite Pemberantasan Korupsi (Corruption Eradication Commission)
<b>LGR</b>	Local Government Revenue
<b>MENPAN</b>	: Menteri Pendayagunaan Aparatur Negara (Ministry of State Apparatus Empowerment)
<b>MIA</b>	: Ministry of Internal Affairs
<b>MoD</b>	: Ministry of Defense
<b>MOU</b>	: Memorandum of Understanding
<b>MSOEs</b>	: Ministry of State-Owned Enterprises
<b>PAD</b>	: Pendapatan Asli Daerah (Local Government Revenue)
<b>PAKN</b>	: Perusahaan Asuransi Kerugian Negara (Insurance State Company)
<b>PCs</b>	: Personal Computer(s)
<b>PKB</b>	: Pajak Kendaraan Bermotor (Vehicle Excise Tax)
<b>POLDA</b>	: Kepolisian Daerah (Regional Police)
<b>POLRES</b>	: Kepolisian Resor (District/Town Police Commands)
<b>POLRI</b>	: Kepolisian Republik Indonesia (Indonesia National Police)
<b>POLSEK</b>	: Kepolisian Sektor (Sectorial Police Commands)
<b>POLWILTABES</b>	: Kepolisian Wilayah Kota Besar (Metropolitan Police Commands)
<b>PSI</b>	: Public Satisfaction Index
<b>PSOs</b>	: Public Sector Organisations
<b>PT</b>	: Perseroan Terbatas – Limited Company – Ltd.
<b>SAMSAT</b>	: Sistem Administrasi Manunggal Satu Atap (Integrated One-Roof Administration System)
<b>SCKB</b>	: Surat Coba Kendaraan Bermotor (A Probationary Vehicle Registration Number Certificate)
<b>SOEs</b>	: State-owned Enterprises

<b>SQR</b>	: SAMSAT Quick Response
<b>STNK</b>	: Surat Tanda Nomor Kendaraan (Registration Number Certificate)
<b>SWDKLJJ</b>	: Sumbangan Wajib Dana Kecelakaan Lalu Lintas Jalan (Compulsory Contribution for Road Traffic Accident)
<b>TII</b>	: Transparency International Indonesia
<b>TKCB</b>	: Tanda Coba Kendaraan Bermotor (Probationary Vehicle Number Plate)
<b>TNKB</b>	: Tanda Nomor Kendaraan Bermotor (Designated Vehicle Plate Number)
<b>TPP</b>	: Tim Pembina Provinsi (Provincial Coordinating Team)
<b>TPT</b>	: Tim Pelaksana Teknis (Technical Implementation Team)
<b>USAID</b>	: United States Aid for International Development
<b>UK</b>	: United Kingdom
<b>USA</b>	: United States of America
<b>LGSP</b>	: Local Government Support Program
<b>VPN</b>	: Virtual Private Network
<b>IP</b>	: Internet Protocol

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