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by Gita Susanti Et Al .

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Samel W. Ririhena, H. Suratman, Alwi, Gita Susanti

Abstract: Reforms are demands to improve services, especially health services to the community in Merauke. The purpose of writing is to analyze the theory of agency in order to verify the health care bureaucracy reformas Merauke district, which includes reform of the bureaucracy, adverse selection and moral hazard. This study used a qualitative approach and data collection is done by using interviews and interview based on interactive model of Milles and Huberman. The results showed that the reform of health care bureaucracy in Merauke not running optimally, and the problem of adverse selection and moral hazard is still happening in the agency relationship between the Department of Health and the Health Center.

Keyword: Health Care, Reform, Bureaucracy, District, Merauke

1 INTRODUCTION

Public service as one of the strategic issues to realize a good government, where there is interaction between the government and non-government parties that younger manifested through the process of public service. These conditions require the government to reduce the role includes the provision of public services. public services is dependent upon the government. Through the provision of regional autonomy from the central government to local governments that use a decentralized system in order to implement self-government besides viewed positively on the effectiveness of government management, decentralization is also considered in accordance with the principles of democracy that allows every citizen to determine his own destiny and desire to appreciate it free (Setiyono, 2004)[1]. But with the autonomy that has been given has caused problems in the area, where people compete for power in the interests of individuals and groups. In fact with the grant authority of this center does not change the performance of the bureaucracy in the region in efforts to provide services to the community, even impressed no element of negligence that affects the welfare of the people in the area. In the era of regional autonomy, the bureaucracy more closely and directly dealing with the public as well as a manifestation and an arm of the government. Services provided bureaucracy area synonymous with government services.

The mandate of regional autonomy that the improvement of the quality of public services in various sectors of life should be ingrained in the reference and in the area of bureaucracy. Rashid (1997)[2] states bureaucracy in the area have a major role in the implementation of public affairs. Furthermore, the theory underlying this study is the principal-agent theory. This theory became main stream in economics (including accounting sciences) and political science, in the local government in the context of regional autonomy in Indonesia. The theory that explains the relationship of principal and agent is one rooted in economic theory, decision theory, sociology, and organizational theory. Principal-agent theory to analyze the contractual arrangement between two or more individuals, groups, or organizations. One party (the principal) make a contract, either implicitly or explicitly, to another party (the agent) in the hope that the agent will act / perform the work as desired by the principal (in this case was delegated authority). Lupia & Mc Cubbins (2000)[3] states delegation occurs when a person or a group of persons (the principal) choose another person or group (agent) to act in accordance with the interest of the principal. In order to better understand the process of bureaucratic reform health services implemented by local governments, used agency theory perspective. Where, the principal is meant here is the Merauke District Health Office, and agent is the Health Department clinic. (Community Health Center).

4 RESEARCH METHODS

This study used a qualitative approach. intends to focus and get a picture that is both descriptive and bureaucratic nature of the health care reform in Merauke. Selection of a qualitative approach in this study is based on suitability of the construction of theoretical models used. Source of data used are primary data and secondary data. The technique of collecting data through observation, interviews and documentation. Analysis of the data used in this study is the interactive model of Miles and Huberman (in Sugiono, (2008)[4], suggests that activity in qualitative data analysis is done interactively and continues over time to complete, so the data is already saturated. Activity in the analysis of data, namely data reduction, the data display, and conclusion drawing / verification. The researchers took the study site in the district of Merauke. The focus of this study, namely; Reforms problems, problems Adverse

- Samel W. Ririhena: Graduate School, Science Of Public Administration. Hasanuddin University Makassar email: samel.unhas@yahoo.co.id
- H. Suratman: Faculty Of Social Sciences and Political Sciences. Hasanuddin University Makassar
- Alwi: Faculty Of Social Sciences and Political Sciences. Hasanuddin University Makassar
- Gita Susanti: Faculty Of Social Sciences and Political Sciences. Hasanuddin University Makassar

Selections, second, moral hazard problem in the relationship between the agency with the Health Department clinic.

3. RESULTS AND DISCUSSION

Reforms

Functional rationalization is part of the wider Civil Service Reform agenda that seeks to improve government performance through organizational restructuring (UNECA, 2003). Principal-agent theory provided justification for reform by identifying problems layered bureaucratic hierarchy, some principals with conflicting objectives, and the long-term contract is not determined between principal and agent and the agent monopoly difficult to motivate and control (Therkildsen, 2006). Thus the recommended size is to reorganize the government through regulation, decentralization of functions, compression several entities, and simplification of the production process, among others, with the goal of achieving impersonality, formalism, and rationality (UNECA 2003). Although the review organization and restructuring of the public sector has been popular in many countries studies have concluded that the creation of formal institutions, the new has not been able to replace or override the old informal ways of doing things (Robinson, 2006). The issue of structure is one of the factors that determine the success of the organization in carrying out the duties of service to the community. The clearest statement of reforms in an institutional perspective can be found in the book Nils Brunsson and Johan P. Olsen (1993), see also Brunsson, 1989) on "reform of the organization." Brunsson and Olsen found any success, designed institutional reforms should be the "top down" in which the leaders of institutions attempt to impose their views on the suitability of the new logic reminder institutions. Any attempt to build from the ground up reform seen as almost certain to fail, given the need for a clear vision about the future direction of the institution. Where is the institution or institutions in the start in top down, then the existing structure is not really able to launch the reform process so as to achieve the vision and mission of the organization can be manifested. In addition to the structure, other things that are institutionally affect the course of reform of the bureaucracy as a problem recruit employees or officials in a position that is demanded by the structure of the organization. Therefore, employee recruitment and placement should be based on the issue of competence, professionalism, and integrity of the employee concerned. The third factor pointed out above, it is associated with clean and good governance principles. To create clean and good governance principles are needed bureaucrats who have the competence, commitment, and integrity so that really can create what the expectations of the people to be able to bring in clean and good governance. In accordance with the results of the interview can be concluded that a very important issue in the body of Merauke District Health Office. Therefore, the Merauke district health office is also doing bureaucratic reform efforts in order to improve health services to the community in Merauke. Issues still affect the structure of the wheels of official organizations, which have an impact on improving the quality of service to the community. In addition, in an effort to reform the bureaucracy that is done is still plagued with problems

recruit employees or officials in the department. In addition, the issue of staffing is one of the most influential factor in the life of an organization. Particularly the Department of Health which is one SKPDs directly related to the public service, in dire need of employees who have competence. In addition, local governments are also very involved in the process of staffing. It is intended that the placement of any employee who is very disturbing to the implementation of the duties and functions of the departments concerned. For the Department of Health, the staffing besides competence, commitment and integrity, should also pay attention to the balance between medical and non-medical personnel are equally duty of service to the community. The fact shows that for sufficient medical personnel when compared with a population of Merauke, while for non-medical personnel are inadequate, almost all existing health centers, so the effect on the delivery of health services to the community.

Adverse Selection

The process of exercising the health care reform includes several aspects that may be associated with adverse selection problem. Prior to the implementation of activities in the fields of health care, Health Department Merauke make decisions about how to allocate tasks and funds between PHC. Due to the asymmetry of information that exists and is assumed interest of the health center, is possible if the Department of Health chose the wrong kind which of PHC (ie lack of willingness and ability) as their agent. The first of this section is to explain the allocation process in order to improve service to the community. This is consistent with what is proposed by Barney and Ouchi, (1986)[5]. That the problem of adverse selection can be developed when the agent has private information about the type of work that the principal can not freely obtain information. This personal information together with the interests of the agent can create an incentive for agents to describe opportunistic yourself as something that in reality they are not. Improved health care plan also includes increasing the number of health centers and sub-health centers to support service processes to better direction. Allocation process is integrated into the funding process Merauke District Health Office. This process is different from the allocation to improve the quality of health care. The desire of the health centers with good motivation to complete tasks that are not known to services by the department. However, there appears have a great willingness to participate in solving the health care programs by health centers. This is done because there is an urgent need to reform the bureaucracy to improve the quality of health care in Merauke. In addition there are the demands of the community in order to get better service. Health centers prefer to increase their participation. In fact, according to the Health Department rarely heard no health clinic complaining of the service implementation in the field. Uncertainty however, whether the Department budget for proper health centers, and in relation to the cost of the agency, do not exceed the savings made on the cost of screening. From the perspective of agency theory, the budget allocation process does not prevent the risk of the wrong type of existing health centers. Due to the asymmetry of information about the commitment and competency or ability of health centers to achieve the goal of health care programs. It is intended that the institution is

not efficient and effective can be selected to perform the required tasks. General willingness reported health centers to receive an allocation of additional funds could indicate their desire to be successful and faithful in carrying out the program to the public health service. On the other hand there is no showing that the health center is not only maximize the size of the block grant funds the government. The decision to not filter the Health Department health centers systematically productive capability is understandable, because of the need to implement health care programs quickly and precisely but in practice this decision means that the health department had to make budget allocation decisions to all health centers as well.

Moral Hazard

Adverse Selection is opportunism before the contract is performed in which the use of asymmetry of information relating to the condition of the output in the future dating. while moral hazard is a post-contractual opportunism that exploit the asymmetry of information about current performance (Barney and Ouchi, (1986)[5]. Merauke District Health Department regulates the process of implementation of health care services to the community by funding health care centers through a performance-based budgeting procedures. According to the Directorate General of Budget Ministry of Finance (www.depkeu.ac.id) Performance Indicators are quantitative measures that describe the level of achievement of a goal or goals that have been set. Therefore, the performance indicators that will have to be a calculated and measured and used as a basis for assessing the level of performance or look good in the planning phase, the implementation phase or phase after completion and useful activities (work). Input-based financing in conjunction with the monitoring procedure that is connected to the availability of funds is apparently analogous to the procedure-based code of conduct. However, what is important from the perspective of agency theory is to recognize which of the monitoring procedures are directly related to the amount of funds received by the health center. In an effort to increase professionalism and competence, just monitoring the amount of the medical officer who has an effect on the implementation of the health ministry. If the absorption of funds by the health center is much lower than what has been allocated, the Department may reduce funding for community health centers with the amount of funds allocated for next year. Although reporting health centers do not have a direct effect on the level of resources the clinic, reporting requests confronted with a closed area of employment performance information to improve the quality of health services provided by health centers. The most important quantitative information concerning the number of visits to the community health center and the estimated average service time. Overall, the demand for this reporting seems to have happened asymmetry in information that high. Asymmetry of information generated from the service process will be reduced by collecting certain information reporting on health care quality improvement program that professional. Obviously, that, reporting information about the asymmetry of information resulting from the complexity associated with the differentiation of the region reduced the answers to questions concerning the health center environmental conditions, such as the recruitment of medical and non-

medical personnel, and cooperation with relevant institutions in the working area health centers.

4. CONCLUSION

In general it can be concluded that the reform of the bureaucracy in the body Public Health Office Merauke district has not run optimally, where efforts to improve health services in Merauke continued. It could be argued that because the Department of Health has not been applying the principles of good governance and clean governance as well. This condition occurs because the issue of recruitment and staffing has not been based on competency and professionalism and integrity factor of bureaucrats or existing employees. In addition, the institutional structure also affects the performance of the existing bureaucracy, where the merger unit which will greatly influence the process of service delivery to the community. It is also highly influenced by political forces, where officials placement problem can not be separated from political factors were also influential. Furthermore, principal and agent relationship is still a gap between the two, especially regarding the asymmetry of information and signals. It is known that there is information asymmetry caused by the dominance more information by health centers providing services to the public. Thus causing adverse selection, which enables the agent doing the decisions that could benefit the interests of agents. Another thing is the information asymmetry associated moral hazard problems that can occur throughout the health care activities carried out because monitoring is difficult and the results are evaluated as well.

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