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PUBLIC SERVICE INNOVATION IN THE PERSPECTIVE OF PUBLIC CHOICE THEORY

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Abstract.

This research aims to analyze innovation in public service through the lens of Public Choice Theory, a framework that examines public service from the perspective of economic behavior and individual rationality in decision-making processes. Public Choice Theory emphasizes the significance of individual preferences and competition in determining optimal services for the community. In the context of public service innovation, this approach provides a new perspective on how the government can enhance service quality by adapting to the needs and preferences of the populace while also improving accountability within the bureaucracy. The study employs a descriptive qualitative method with a case study approach, focusing on several government agencies that have implemented technology-based services and community participation. The findings indicate that the application of Public Choice Theory principles in public service fosters increased efficiency, transparency, and accountability, while also enhancing competitiveness among government service units. Furthermore, public choice-based service innovations can elevate community satisfaction and promote service sustainability. It is anticipated that these findings will offer recommendations for the government to develop responsive, competitive public service policies that are oriented towards the needs of citizens.

Keywords: Public Service Innovation, Public Choice Theory

1. Introduction

The development of public services in several local government agencies in Indonesia continues to progress. This can be seen from the innovations carried out by agencies or institutions providing public services. Some of the public service innovation programs that have been widely developed in the region include implementing a service quality management system (Total Quality Management), providing technology and information-based services, conducting public-private partnerships (Public Private Partnership), and other programs that now make more use of digital technology.

In the era of competition, public organizations are required to be able to improve their working mechanisms and procedures in accordance with the development of scientific and technological advances so that they can produce quality public service performance in accordance with community expectations and ultimately be able to realize one of the goals of regional autonomy, namely to prosper the community. The issuance of Law Number 25 of 2009, which specifically regulates Public Services, is one of the proofs that the problem of service to the community is a serious matter to be considered by both the central and regional governments. Public services that must be provided by the government can be classified into two main categories, namely: Basic Needs Services (which include health, basic education and basic needs of the community) and Public Services (which consist of: Administrative Services such as making ID cards, birth certificates, death certificates, land certificates and others; Goods services such as the provision of telephone networks, the provision of electricity, the provision



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of clean water; and Service Services such as the implementation of transportation, health maintenance, higher and secondary education, postal services, waste and others (Mahmudi, 2010).

As an effort to encourage public service provider agencies to continue to improve their services, the Ministry of PANRB (State Apparatus Empowerment and Bureaucratic Reform) issued Ministerial Regulation Number 30 of 2014 concerning Guidelines for Public Service Innovation. In the regulation, it is stated that in order to accelerate the improvement of the quality of public services, it is necessary to build a culture of at least one innovation every year developed by each Ministry/Institution and Regional Government (One Agency, One Innovation program) through the cooperation of the public service innovation development work network, including by conducting public service innovation competitions and awarding public service innovation awards.

Since 2014, every year the Ministry of PANRB has held a Series of Public Service Innovation Competitions (KIPP) which is held every year. The goal is to encourage the development of public service innovation, encourage the development and transfer of public service innovation, accelerate the improvement of the quality of public services, and increase public satisfaction with public services (PANRB Ministerial Regulation No.30 of 2014 concerning Guidelines for Public Service Innovation). The innovation competition is based on the Decree of the Minister of PANRB No. 289/2022 concerning Top KIPP Public Service Innovations in Ministries/Institutions, Regional Governments, State-Owned Enterprises (SOEs/BUMN), and Village-Owned Enterprises (BUMD).

Innovation in public services is a strategic issue in an effort to realize an effective, efficient, and responsive government to the needs of the community. In recent decades, various countries, including Indonesia, have faced pressure to improve the quality of public services that are able to meet the expectations of modern society. This hope arises from the increasing public awareness of their rights as citizens, technological developments, and increasing demands for transparency and accountability of the government. The community can assess whether the service received is of quality or not through experience, as stated by (Andani et al., 2019) in providing an assessment of the quality of service based on a comparison of the experience that has been felt with what is expected of the service. Therefore, the government needs to develop relevant innovations to provide better, faster, and more effective services to the community.

There have been many studies that discuss public service innovations, including one entitled "Land Service Innovation for Online Certificate Checking" (Nugraheni et al., 2021), where the research shows that the existence of online certificate checking service innovations can improve the performance of the West Kotawaringin Regency Land Office more quickly, precisely, transparency and accountably in providing services to applicants. However, what distinguishes this study from other studies is that this study discusses the problem of how to innovate public services when viewed from the perspective of Public Choice Theory. with a focus on one of the agencies that innovates public services in Ponorogo Regency, namely the One-Stop Investment and Integrated Services Office (DPMPTSP).

Public Choice Theory emerged as one of the relevant economic-political approaches to understand the dynamics of innovation in public services. Public Choice Theory, developed by James M. Buchanan and Gordon Tullock in the mid-20th century, analyzes political behavior using economic theory and emphasizes the importance of individual preferences in public decision-making. Public Choice Theory is another way of looking at it, so that it can be called



a new perspective, which can be used as an instrument to view economic and socio-political phenomena more broadly (Rachbini, 2006). Thus, Public Choice Theory introduces the concept of competition and economic rationality in public services, which encourages the government to create services that are more competitive, efficient, and based on people's choices.

Based on this background, this study will answer the question of how public service innovation is seen from the perspective of Public Choice Theory. Meanwhile, the purpose of the research is expected to contribute to developing a theoretical study of public service management from the perspective of Public Choice Theory, and practically, the results of this research are expected to contribute to efforts to improve public services, and can be used as a relevant reference material to make improvements that are felt necessary in improving public services to the community.

2. Method

The method used in this study is a qualitative research method with a descriptive approach. The use of qualitative methods with a descriptive approach is intended to find, understand, explain, and obtain an overview (description) of how public service innovation is when viewed from the perspective of public choice theory.

Based on the problems that have been formulated and the goals to be achieved, the focus in this study is: public service innovation seen from the perspective of public choice theory. Meanwhile, the research location where the researcher can capture the actual situation of the object being researched and to further narrow the scope of the discussion and at the same time to sharpen the social phenomenon that wants to be studied in accordance with the substance, namely Public Service Innovation in the Perspective of Public Choice Theory, at the Investment and One-Stop Integrated Services Office (DPMPTSP) of Ponorogo Regency.

The main sources of data in qualitative research are words and actions, the rest are additional data such as documents and others, so what is included in this research is that it can be in the form of events, documents (things or objects) or people that can be observed and provide data and information in accordance with the focus of the research that has been set. Data collection techniques are carried out by interviews, documentation, and direct observation. Meanwhile, data analysis is carried out through three (3) procedures, namely: data reduction, data display, and concluding drawing.

3. Results and Discussion

The Ponorogo Regency Investment and One-Stop Integrated Services Office (DPMPTSP) is an agency or institution that provides one-stop services in the field of administrative services, namely licensing and non-licensing services to the community. There are 3 (three) types of services provided by DPMPTSP, namely: assistance services for the issuance of business licenses through the Online Single Submission (OSS) application, Non business licensing services through the SPRINTER (Integrated Licensing Information System) and MPP (Public Service Mall) Digital applications, as well as Non Licensing services.

Business licensing through Online Single Submission (OSS) is an electronically integrated business license for business actors who will start or continue to do business based on the level of risk that can be accessed through oss.go.id link. The Digital Public Service Mall (MPP) is an application from the central government that can be used by business actors who will carry out



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non-business licensing. Meanwhile, SPRINTER (Integrated Licensing Information System) is an internal application or innovation application from the DPMPTSP of Ponorogo Regency that can be used by business actors in carrying out non-business licensing that does not yet exist in the central application (for example, midwifery practice permits, nurse practice permits, physiotherapy practice permits, and so on) which can be accessed through sprinter.ponorogo.go.id link.

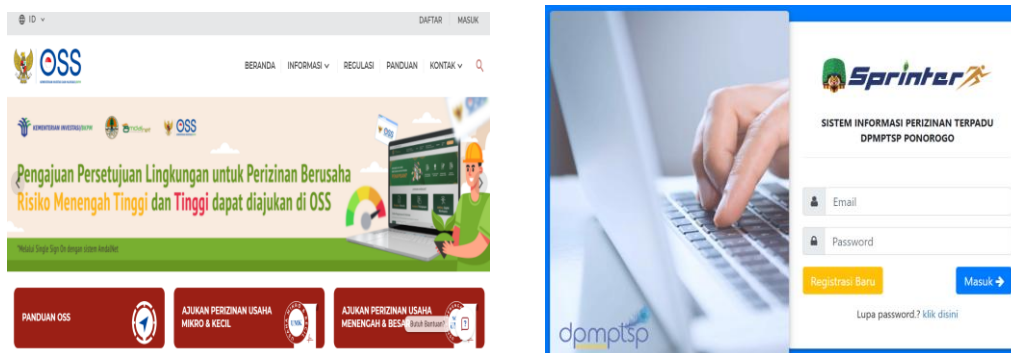


Figure 1. OSS and Sprinter services (source <https://dpmptsp.ponorogo.go.id/>)

The results of the study show that DPMPTSP services to the community related to licensing and non-licensing are offered in several alternative options or options that allow the community to choose the type of service according to their needs and preferences. The public can get services by coming directly to the agency office, through a digital application, or by coming to the Public Service Mall located in one of the shopping centers in Ponorogo Regency, namely the Ponorogo City Center (PCC). In this case, it can be said that as an effort to meet the needs of public services in the field of licensing and non-licensing administration, DPMPTSP makes innovations by utilizing technological developments so that people have a choice. These technology-based services also make it easier for the public to access information related to licensing procedures, document requirements, and costs that must be incurred, so that the principle of transparency in services can be realized. As said by Haikal (2022), Information transparency is very important for service provider agencies to do in order to provide attraction to service users by making it easier for the public to access all information on the service implementation process, so that they feel comfortable in getting services.

The policy carried out by DPMPTSP, which provides several alternative services to the community, shows that DPMPTSP indirectly applies the principle of Public Choice Theory in public service innovation that allows people to choose services according to their preferences. The Public Choice Theory framework can be used to see the phenomenon of the government, in this case, as an actor providing public services in the economic and political fields through its policies or individual attitudes in choosing services that are beneficial to them. Public choice can be a guide for decision-makers to determine the most effective policy choices (Maani, 2013).

Public Choice Theory provides a new perspective for the government in managing public services by introducing a mechanism for competition and individual choice. The application of this theory encourages the government to be more adaptive to the needs of the community and reduce inefficiencies in the bureaucracy. The existence of the Public Service Innovation Competition (KIPP) from the Ministry of PANRB can also be said to be one of the drivers for public service providers to compete in public service innovation. The innovation has the nature



of novelty that brings added value in it; the added value or excellence of innovation can be a driver for an innovation to be accepted and adopted by its users easily (Putri et al., 2022).

Innovation is the accumulation of human knowledge and discoveries from the past to the present, with all its technological advances. So it can be said that innovation is essentially something natural and humane to happen, and innovation in the public sector is an absolute thing because the state needs acceleration or acceleration to advance the economy and community welfare (Hilda, 2014). Through technology-based service innovation, the public service process becomes faster, and administrative costs can be reduced. With online services, people can access these services without having to come directly to government offices, thereby reducing the workload at the level of face-to-face services. In addition, the improvement of the quality of public services can affect public satisfaction, so that public trust in the government (Mahsyar, 2011).

Public Choice Theory assumes that individuals and groups act on rationality to maximize their interests. In this case, public service innovation is seen as a response to the needs and preferences of the community. The government, as a political actor, is required to develop policies that not only meet the demands of the administration but also provide real benefits to the community. Strategic changes in public policy as a tangible form of innovation should be interpreted as one of the preferences so that public policies have the value of novelty and usefulness for society at large (Sururi, 2017).

The success of service innovation based on Public Choice Theory is greatly influenced by public access to technology. In urban areas, where the technological infrastructure is relatively good, the implementation of digital-based service innovations is easier and more effective. In addition, electronic services have changed the paradigm from traditional services to online-based services, as long as there is an internet connection (Afrizal et al., 2023). However, in rural or remote areas, limited infrastructure can hinder the implementation of digital services, thus reducing the effectiveness of the application of this theory.

The active participation of the community in providing feedback or choosing the type of service desired is an important element in Public Choice Theory. The feedback is used as a process of evaluating or assessing the service. The organizational culture and commitment of government leaders also greatly determine the success of public service innovation. Bureaucrats who tend to maintain the older system that is more convenient and profitable indicate the potential for conflict of interest, which is also explained in Public Choice Theory, which is that public officials may be driven by self-interest in public service decision-making.

From the perspective of Public Choice Theory, the implementation of public service innovations can be used to overcome various bureaucratic problems, such as inefficiency, corruption, and non-transparency. For example, through the adoption of digital technology, the government can reduce direct interaction between the public and bureaucrats, which is often a source of corruption. On the other hand, public involvement in decision-making related to public services, such as the selection of service providers or service options, can improve the efficiency and accountability of government services. Thus, understanding and applying the principles of Public Choice Theory can provide a new perspective for the government in developing innovative policies to improve the quality of public services.



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4. Conclusion

Public Choice Theory explains that individuals in the public sector have a similar motivation to individuals in the private sector, namely, seeking maximum benefits. In the context of public service innovation, public service providers need to innovate to improve the quality of their services so that they can meet public expectations and increase public trust. The existence of several alternative services gives the public the right to choose or access the type of service according to their preferences.

Public service innovation from the perspective of Public Choice Theory is a strategic step to increase efficiency, effectiveness, transparency, and public satisfaction with public service providers. Within the framework of Public Choice Theory, this innovation not only meets the demands of the community but also creates an environment where the government can be more responsive and accountable, so that public service innovation is not just a technical improvement, but also an approach to strengthen the relationship between the government and the community, as well as create a better government.

This study recommends that, in order to achieve the optimal implementation of public service innovation, the government needs to overcome existing challenges, such as strengthening digital infrastructure for more inclusive use of technology throughout Indonesia, increasing public participation, reforming bureaucratic culture, and developing innovative policies that are more focused on improving service choices.

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