

Interactive Governance of Regulatory Reform in the Issuing of Building Construction Permits in DKI Jakarta

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Abstract

This study assessed interactive governance of regulatory reform in the implementation of integrated permit processing in the Investment Agency and One Stop Services (DPMPTSP). Interaction/coordination among regulatory reform actors in the integrated units was plagued by problems. Improvement in interactive governance was adopted to solve the problems in the regulatory reforms of processing building construction permits. The research was based on qualitative research design. Used Data collection techniques included in-depth interviews and desk research. Results showed that regulatory reforms in the processing of building construction permits in DPMPTSP, DKI Jakarta is influenced by rigidity of regulations, weak institutional functions, and inconsistency in central government policies. Weak institutionalization of interactive governance is the major obstacle that has hampered the implementation of regulatory reform in the building construction permits processing. Recommended course of action include strengthening institutional capacity, improving policy consistency between the central government and DKI Jakarta administration, and creating avenues that strengthen coordination and interaction among relevant actors.

Keywords: *building construction permits; interactive governance; permits; regulatory reform.*

INTRODUCTION

The problems that relate to regulations are closely associated with the increase in the number of regulations, policies and programs and attendant costs. The quality of regulation can be improved through changes in the existing regulatory system and the development of a new management approach. Besides to concern about quality, the purposes of regulatory reform are basically three *inter alia*, economic, administrative, and political. To address regulations related problems that are associated with the administrative issues, policymakers implement regulatory reforms that are aimed at strengthening government effectiveness and efficiency. Some of the reform initiatives that were adopted to achieve such objectives include cutting government costs by privatizing cost state-owned enterprises, streamlining administrative structures and processes, integrate multiple policies through redefining policy objectives, and reducing inconsistencies and uncoordinated actions (Liou, 2007).

Improving regulatory quality through better governance in the processing of building construction permits is vital for improving the investment climate, especially in DKI Jakarta, which is a mirror of the country's image with respect to the quality of issuing operational permits in other regions. The World Bank selected DKI Jakarta and Surabaya as the two regions in Indonesia that served as samples in conducting its ease of doing business survey, with a proportion of 70 percent and 30 percent, respectively. Currently, the management of building permit processing and issuing, es-

pecially for buildings with a height of 8 floors and above, is carried at the Investment Service and One-Stop Integrated Services (DPMPTSP). The legal basis for implementing a building construction permit (IMB) is the DKI Jakarta Provincial Regulation No.7 of 2010 concerning Buildings. The issuing of high-rise building construction permits in DKI Jakarta is conditional on fulfilling various requirements. There are approximately 17 requirements that must be passed to build a building with a height of 8 floors and above. Only seven requirements can be managed by DPMPTSP independently of the 17 requirements that must be followed. The rest is the authority of other SKPD, such as the Water Resources Service, the Environment Service, and the Transportation Service, and so on. The authority of the technical agency is providing technical recommendations as a prerequisite for obtaining an IMB which will be issued by the DPMPTSP. To strengthen the management of issuing building construction permits, DKI Jakarta Government has implemented the Governor DKI Jakarta Regulation No.129 of 2012 concerning Procedures for Issuing Building Permits.

To streamline the provision of services that relate to the processing and issuing of permits, DKI Jakarta issued DKI Jakarta provincial Regulation No.12 of 2013 stipulates the transfer of permits and non-permits services to the One-Stop Integrated Service Agency (DPMPTSP). Nonetheless, institutional complexity between DPMPTSP and several agencies that have duties and functions that relate

to the processing and issuing of building permits. However, there are currently no regulations that stipulate and regulate the interaction between the technical agencies and (DPMPTSP). Based on a previous study on regulations, which was conducted by Jakarta Property Institute in 2017, DKI Jakarta has 25 regulatory frameworks that regulates the issuing of building permits. To that end, this article used an interactive governance perspective to identify regulatory reform that is needed to improve the interaction and coordination between technical agencies and DPMPTSP to guide the transitional period in DKI Jakarta. The existence of regulatory complexity undermines the provision of permits services for providers and users alike. Thus, the novelty of this research is its focus on enhancing effectiveness of public service delivery through introducing regulatory reform rather than implementing deregulation as is the common practice. The research used the prism of adopting regulatory reform with the purpose of enhancing interaction among institutions by creating harmony and achieve common goals despite having different interests. Specifically, the research analyzed factors that influence the relationship between interactive governance and regulatory reform. The novelty of this research lies in the use of interactive governance framework in implementing regulatory reform in building permits (institution), which is in contrast with the policy of deregulation that has been associated with enhancing the effectiveness of organizations in the public sector. The regulatory framework compris-

es laws, government regulations, ministerial regulations, regional regulations, and local government head decrees. The provide the legal foundation for DPMPTSP DKI Jakarta in processing and issuing building construction permits in DKI Jakarta (Jakarta Property Institute, 2017).

An institutional perspective can be used in assessing the need for regulatory reforms in the processing and issuing of building permits by DPMPTSP, DKI Jakarta. The existence of the 'unregulated' transitional period denotes that the integration of services has yet to perform in accordance with expectations. Meanwhile, lack of clarity of transition from the technical agencies to DPMPTSP makes the interaction between the two actors difficult. One of the root causes for the poor interaction between DPMPTSP and technical agencies in managing building permits is the limited authority the former has over activities of the latter. Meanwhile, from the vantage point of technical agencies, it is not easy for them to delegate the authority they have to DPMPTSP without sufficient preparations. What makes issues more complex, moreover, is that there is mechanism in the form of a regulation that regulates the relationship between the technical agencies and DPMPTSP.

Regulatory reforms of DPMPTSP operations is difficult to implement because of the absence of transitional rules that govern DPMPTSP relations with technical agencies. The problem is especially so with respect to the permit processing and issuing services in the area of building construction. One of the

ways to redress that problem is to adopt an interactive governance approach. This article analyzed interactions among relevant agencies right from the initial permits issuing process through the transition to an integrated permit processing and issuing arrangement. Characteristics of interactive governance, especially the existence of institutional complexity and dynamics of the transitional process that involves the phased transfer of the processing and issuing of building and construction permits from technical agencies to DPMPTSP. The complexity of the institutional dynamics is attributable to the multiplicity of actors that include government and non-government agencies and institutions. The authors consider interaction relevant and influential in determining the performance of the regulatory reform agenda.

DKI Jakarta, which is Indonesia's capital city, is strategically located for investment projects, which the policy of processing and issuing building construction permits very important. Each agency has the authority to issue building construction permits. Nonetheless, regulations on issuing building permits follows an intersection of various sources of vertical authority (central government level) and horizontal authority (across local government levels). Such conditions complicate the management of building construction permit issuing services. Complexity is attributable to burdensome procedures faced in processing building permits (Parama, 2020), and poor governance in the management of permits processing and issuing that involves various

government actors. To redress regulatory complexity and the large number of actors involved in the processing and issuing of building construction permits in DKI Jakarta, various efforts have been made to implement regulatory reform that aims at improvements in the management of operational permits in the real estate sector. Regulatory reform entails efforts to reduce complex regulatory in administrative practices and procedures that actors from the government and non-state actors.

The need for effective regulatory structures to sustain the process of economic growth is widely recognized (Y.-F. Zhang, 2010). Over regulation increases complexity and social cost to society (Y. F. Zhang & Thomas, 2009). Thus, regulatory reforms can help to lower barriers to competition and encourages the allocation of resources to be based on market dynamics. Nonetheless, sustaining regulatory reforms requires support from political leadership. However, designing, implementing and enforcing regulatory reforms is not the monopoly of the government, but also involves non state actors (OECD, n.d.). A solid regulatory framework is only possible if it is based on and supported by a good institutional environment (Kirkpatrick, 2014). A good institutional environment creates an incentive structure that reduces uncertainty, promotes efficiency, and contributes to strong economic performance.

Regulatory reforms in on the processing and issuing of building construction permits in DKI Jakarta, which falls under the jurisdic-

tion of DPMTSP, can lead to an improvement in the performance of not only DKI Jakarta but also the country on the ease of doing business index. Regulatory reforms enhance the business climate by improving the interaction process among actors that are involved in the processing and issuing of building construction permits. Based on the regulations, the existence of DPMTSP as the agency that provides permits processing and issuing services lacks sufficient authority to influence and intervene in activities of implementing / technical agencies. Based on results of study on permits in DKI Jakarta conducted by Jakarta Property Institute (2017), in addition to poor interaction and coordination among relevant institutions, problems faced in the issuing of permits in the area of building construction also include the complexity regulations in the permits process, lack of private sector involvement in policymaking, and inadequate socialization of policies.

Interaction between actors, which can also be referred to as interactive governance is required to achieve the desired output and outcome of regulatory reforms in DPMTSP business process. The regulatory reform aims to redress institutional obstacles that DPMTSP faces in mobilizing ideas and resources from other actors both government and non-government to support the exercise. Interactive governance according to Kooiman et al. (2008) includes activities of the governing system, the system to be governed, and governance interaction. Thus, the concept considers the actors who are involved, struc-

tures, processes, relationships, and interactions in a complex and diverse system. In other words, interactive governance involves several parties that have different interest but interact and participate in formulating, promoting, and achieving common goals through mobilizing, exchanging, and disseminating various ideas, rules, and resources (Torfing et al., 2012). The governance debate in Asia has to large extent focused on the emergence and role of “transitional institutions” that are different from the standard institutions in the Anglo-Saxon countries (Qian, 2003) as cited by (Torfing et al., 2012). The debate on what constitutes inclusive institutionalism is still rife. However, the focus in this article is on the development of State Business Relations (SBRs) and the role of consultation, credible commitment, and monitoring/ reciprocity (Doner, 1992; Ritchie, 2005) as cited by (Torfing et al., 2012).

Table 1 shows the conceptual framework that is adopted from Kooiman et al. (2008) and several other references.

RESEARCH METHODS

The study used a qualitative research design (Morse (1991) as quoted in Creswell (2014)). The research used data collection techniques that included in-depth interviews, literature study, and observation. Respondents included representatives of the One-Stop Investment and Integrated Service Agency, the DKI Jakarta Provincial Environmental Service, the DKI Jakarta Provincial Transportation Service, the DKI Jakarta Provincial

Table 1 Research Dimensions

Concept	Variabel	Dimension	Indicator
Interactive Governance	Interactive Governance	Governing System	<ul style="list-style-type: none"> - Regulatory system related to human resources on regulatory reform for building permits - Regulatory system related to natural resources related to regulatory reform for build-
		System to be Governed	- Institution that describes the working model of a governance activity regulatory reform building permit
		Governing Interaction (structural)	<ul style="list-style-type: none"> - Problem solving by related actors - Use of top-down controls for problem solving (Hierarchical Governing). - The involvement of other authorities as a form of interdependence in managing the government to achieve the desired goals (Co-Governing).
		Factors that influence interactive governance	<ul style="list-style-type: none"> - Actor representation in the regulatory reform process - Actor's trust in the regulatory reform process
		Institutionalization	- Characteristics of the institutional structure in regulatory reform
		Capacity	<ul style="list-style-type: none"> - Capability / institutional capacity in the regulatory reform process - Characteristics of regulatory reform govern-

Source: Composed by Researchers, 2020

water Resources Service, Developers, and the Regional Autonomy Implementation Monitoring Commission (KPPOD). Meanwhile, data analysis technique used included description, analysis and interpretation of results with close reference to the objective of the research (Kooiman et al., 2008).

FINDINGS AND DISCUSSION

The Impetus of Interactive Governance

Understanding regulatory reform has evolved from initially concentrating on elimi-

nating regulation (deregulation) to a more systemic approach that combines de-regulation and re-regulation, driven by the goal of improving regulatory effectiveness. Meanwhile, the reform process itself has undergone changes: once seen as something essentially episodic in nature a one-off set of interventions, to what is today being considered as a dynamic process that is increasingly integrated into public policy-making (Meloni, 2010). The big mission in regulatory reform activities is to create a conducive economic climate

for a country.

The focus of this research is regulatory reform in DKI Jakarta which is necessitated by the establishment of DPMPTSP, which is an autonomous that is charged with the task of processing and issuing permits and non-permits in an integrated manner. The motivation for the initial concept of the formation of DPMPTSP was to increase the convenience in providing permits services, especially in the building construction sector, by integrating the provision of various permits issuing services into one agency. DPMPTSP issues many and various types of permits, of which building construction permit is just one type.

The existence of one agency that provides permits services, especially those that relate to building construction, improved clarity in management flow of permits processing, which previously lacked order and clear direction. Before the existence of DPMPTSP, permits processing was spread across various technical agencies that were located in different locations. That created difficulties for applicants in complexity of procedures, all of which increased time, effort and cost spent on permits processing. For instance, an IMB applicant had to deal with several agencies, which was inefficient. Moreover, the head of local government as the supervisor of providers of the services, supervising many Regional Work Units (SKPD) that are spread in different parts of DKI Jakarta Province was difficult and time consuming. Thus, the establishment of DPMPTSP which serves as the pre-integration of the permits processing and issu-

ing process, was expected to reduce irregularities and opportunities for malfeasance that are likely to characterize the service delivery process. Nonetheless, improvement in the quality services depends on the quality of regulatory framework especially in its regulation of the power and relations between technical agencies and DPMPTSP. Specifically with regards to IMB, the integration of permits issuing into one agency and location, was expected to substantially reduce the complexity of the process, which in turn lowers costs incurred by users.

The existence of an integrated permits system has created a better inter-agency surveillance system. Compared to the previous system that was in place prior to the implementation of regulatory reform, the need for coordination in the processing of permits which the integrated system requires, has created opportunities for technical agencies to interact with each other. This is a good as it enhances policy effectiveness and responsiveness thanks to improvement in coordination among actors in the policy process right from formulation, implementation, to policy evaluation. The increased coordination across technical agencies of DKI Jakarta Province occurred during the implementation phase, while involvement of non-government actors mostly occurred during policy formulation and evaluation stages.

Endi Jaweng, who is a non-government actor, a representative of the Regional Autonomy Implementation Monitoring Commission (KPPOD), acknowledges improvement in co-

ordination and collaboration among regulatory reform actors that occurs because of formation of DPMPTSP. Improvement in in permits services, which is attributable to the formation of DPMPTSP, has not only contributed to changes in the procedures in the business processes of implementing permits between government agencies, but also higher openness of the government created opportunities for the participation of various stakeholders including professionals and the business sector in permits service delivery. The result of Interview with Endi Jaweng in 2020 when, thanks to the involvement of KPPOD and the World Bank, the permits reform process in DKI Jakarta is very open. At the formulation stage, KPPOD was involved in the launching of DPMPTSP first program. Subsequently, KPPOD has regularly provided inputs that have contributed to improvement in the quality of DPMPTSP services. Meanwhile, the World Bank has been actively involved in providing input to the framework that is used in assessing the ease of doing business.

Nonetheless, obstacles have stymied changes, which the regulatory reform process has created to generate a lot of improvement in the interaction pattern of actors that are involved in the issuing of building construction permits. As an agency that is entrusted with the authority to manage both permits and non-permits, DPMPTSP is constrained by limited authority. Moreover, there is still no regulatory clarity on the mechanisms that supposed to be used in delegating authority from technical

agencies to DPMPTSP. Contrary to expectations, the increase in interaction among agencies involved in regulatory reform on harmonizing the issuing of permits, has however, not reduced regulatory overload.

The implementation of interactive governance is a complex process that involves various social and political actors that have diverse interests in formulating, developing, and achieving common goals through mobilizing, exchanging, and implementing various ideas, rules, and resources (Torfing et al., 2012). Based on the concept of interactive governance, this research identified various actors involved and problems in the implementation of building construction permits regulatory reforms. Actors and problems were categorized into three phases of the policy, *inter alia*, pre-construction, construction, and post-construction. Table 2 shows the results of the mapping exercise of interaction problems in DPMPTSP permits regulatory reform process. To resolve the three obstacles above, there is need for improving interaction and coordination among actors who are involved in regulatory reform on building permits in DKI Jakarta. The justification for the interaction is explained in the following section.

Based on system theory perspective in general and **governing system dimension** in particular (Kooiman et al., 2008), complexity is indicative of the architecture of the relationship among parts of the system on one hand, and between the system and its environment, on the other. Regulatory reform in the realm of building permits in DKI Jakarta enhances

Table 2 Problem Mapping of Interactive Governance

Problem	Definition	Impact
Different of the standard procedure and criteria	Sectoral ego due to minimum coordination in the implementation of permit service which has high complexity across sectors. IMB-related regulations intersect with sectoral regulations that are separate from one	This intersection with sectoral regulations has caused the permits integration not running optimally.
Disharmonization of regulations	In terms of management, the delegation of authority in construction permits of high-rise buildings given to DPMPTSP does not fully transfer technical authority from technical agencies, because the governing regulations of DPMPTSP are under sectoral regulations.	The implementation of permits integration leaves two tasks that are differentiated into administrative matters/ permits issues authority by (DPMPTSP) and technical/ supervision by related tech-
Inconsistency in central government and local government policies.	the policies that regulate permit services, especially after the establishment of OSS stipulate that regions only take care of submissions and commitments that are not carried out by the central government.	The difficulty of integrating existing systems at the regional level (Jakarta) with those at the central government level requires adjustments.

Source: Field research, 2020.

interaction between actors, especially government actors, especially in conducting internal supervision of activities that relate to processing and issuing building permits. Regulatory reform in building permits in DKI Jakarta with respect to the governing system consists of natural resource systems, which relate to problems of buildings and spatial planning. Regulatory reforms that are needed should promote improvement in the governance improvement that pays attention to the environment in such a manner that minimizes developed linked environmental degradation in DKI Jakarta.

Besides the natural resource system, the governing system can be assessed from the perspective of the social system that is associated with the involvement among government and non-government actors that are constrained by limited resource capacity. In pro-

cessing building construction permits (IMB) in DPMPTSP, interrelationships and interdependence among sections requires DPMPTSP to coordinate with other related agencies, such as the Bureau of Development and Environment (Biro Pembangunan dan Lingkungan Hidup), DKI Jakarta Provincial Environmental Service (Dinas Lingkungan Hidup), DKI Jakarta Provincial Transportation Service (Dinas Perhubungan), Provincial Water Resources Service DKI Jakarta (Dinas Sumber Daya Air). The above agencies are all offices of the local government. However, in addition to government actors who mainly provide technical services during the processing of building permits, the government also involves other actors who are experts and provide technical review of conditions on the ground and community on the impact that issuing IMB has on society. Although the regu-

latory authority that is charged with issuing IMBs has undergone substantial changes after the integration of separate permits, there is still a mismatch between regulatory practices and the facts found on the ground with respect to governance in IMB services management.

The impetus to improve governance is inseparable from the influence of globalization which compels governments to limit the adverse impact of development on the environment by anchoring and underpinning development programs and policies with Sustainable Development Goals (SDGs) principles. To that end, the issue of IMB is not only limited to fulfilling the economic objectives, but also is also expected to contribute to the creation of environmentally sustainable policies. This is because the one of the impetus for overhauling and reforming institutions that are involved in the issuing of permits is the detrimental effect to the environment that is attributable to uncoordinated actions of government actors. The results of interview with Fachrul (developer) in 2020, that flooding which has become a common problem in DKI Jakarta, is in par as a result of issuing of building permits for premises that are not based on conducting comprehensive supervision and inspection of sites for which permits are applied. In the aftermath of reforming the IMB processing and issuing in DPMTSP, awareness of the importance and need for environmental sustainability among developers has increased.

Based on the research findings, despite in-

tegration of permits processing services, due to difficulties in implementing horizontal integration, the permits system is still complex. One of the difficulties faced is the limited human resource capacity to support public services. The number of personnel in DPMPTSP and technical agencies is far small compared to the huge task of managing all applications in DKI Jakarta. Moreover, work of existing human resources is not only limited to handling permits services, but are also obliged to carry out other tasks. It is also important to note human resource capacity constraint is not stymying efforts to accelerate services because of the quantity, but also incongruence and mismatch between the competence of personnel and duties they are supposed to carry out to support service acceleration. Failure of DKI Jakarta provincial government to resolve human resources capacity problem, inevitably led to the reluctance and refusal of technical agencies to support DPMPTSP activities by transferring and relocation some of their personnel to the institution. Andika (Water Resources Office of DKI Jakarta Province) from the interview said that efforts to diffuse the situation by the management by recruiting additional personnel have not generated concrete results.

Even after the establishment of OSS (DPMPTSP), due to human resource constraints, recommendations that related to the permits issues that are still handled by technical agencies. Such a condition increases the burden of work for technical agencies. This is because in additional to implanting their core

functions, technical agencies have to carry out additional tasks and services they have to provide to support OSS operations. Thus, based on prevalent regulations, the existence of DPMPTSP should have created a system where it is the only agency that delivers permits services. Nonetheless, in practice the current permits management system is a dualism in which DPMPTSP handles administrative matters while handled technical agencies are still responsible for tackling by technical matters that relate to processing of permits. Fauzi (DKI Jakarta Provincial Transportation Agency, 2020) from the interview said that to that end, implementation of regulations on the processing and issuing of permits is still partial as it is characterized by two separate systems, inter alia, the system that is charged with permits administrative issues and the other that concentrates on permits' service technical matters. DPMPTSP is still merely servicing as an entry point, with technical agencies still responsible for caring out most of the crucial work of processing permits. This is major weakness of the current permits governance system.

Besides, technological infrastructure capacity that underlies the governing system of the integrated permits processing and using system is still inadequate. Such weakness is reflected in the recommendation services of technical agencies, and activities that involve the inspection of documents that support IMB permits applications at DPMPTSP, which are still by and large manual. To that end, while government actors profess commitment and

hope to improve the permits system, which is not difficult to realize given the fact that DKI Jakarta has a digital platform that can be adopted to support the process, suboptimal interactions between OSS and technical agencies have created obstacles to adopt the requisite technology.

Secondly, the **system to be governed dimension**, which refers to the principles and values in institutionalizing regulatory reform, institutions that describe work models, and solutions to problems in the building construction permits in DKI Jakarta. Based on the explanation above, the implementation of building construction permits' services in DKI Jakarta has been formally centralized at DPMPTSP. The problem that has ensued relates to the difficulties faced in integrating various prerequisites for processing and issuing building permits. The difficulty of integration is attributable to conflicting sectoral regulations. DPMPTSP has same power and authority as technical agencies, which implies that it has no authority in the making of cross-sectoral arrangements. Moreover, technical agencies are organizations that have the authority and power based on existing regulations to carry out their duties and functions in their respective areas. Therefore, problem-solving should only focuses on developing a network that transforms a time-consuming process into an efficient one. This may explain why the process of the issue of transferring institutional authority has not been a priority. This may be because of the difficulties such a process is liked to create, which

DKI Jakarta tried to avoid by adopting a gradual approach in implementing the integrated permits services policy. The act of integrating simultaneously various sources of authority that are underpinned by regulations, without strong support and encouragement of top management is not easy. The result is that the integration process has created a situation where DPMPTSP plays a coordinating role of the multiphase gradual permits services' improvement process implemented in DKI Jakarta.

In general, the researcher mapped two problems that were strategic in nature, inter alia, problems of regulation and institutional capacity. Regulatory reform on building permits requires the integration and transfer the authority that is still vested in technical agencies to conduct the processing and issuing of various permits, to DPMPTSP. Achieving that is only possible if relevant stakeholders at the technical agency level have the willingness to improve and increase the effectiveness of permits services in DKI Jakarta, the formation of collaboration agreement among the relevant parties, including government agencies, that should strive to address the problem of a legal vacuum that has undermined the functions of such agencies as the Development and Environment Bureau (Biro PLH) and take measures to harmonize regulations across agencies such was the case with respect to Environmental Service regulations. However, solving the crucial problem of unifying power and authority that is spread across various agencies into one agency, re-

quires top leadership support to galvanize all agencies in DKI Jakarta Provincial Government and strengthen the institutional capacity of DPMPTSP to carry out the integrated permits' service activities.

Third, from perspective of **the structural interaction dimension**, the dominant form of interaction is co-governing. DPMPTSP, as the agency that has the authority to provide permits and non-permits services, does not necessarily mean that it can operate independent of other agencies. This is because processing an issuing building construction permits, involves other does not violate existing laws. The existence of various actors with diverse interests, thus, makes coordination crucial. Moreover, DPMPTSP has limited resources which implies that support from other technical agencies is essential for it to operate in accordance with public expectations. Furthermore, improving permits service system can improve the performance of ease of doing business of DKI Jakarta, and Indonesia. The complexity of permits service prerequisites in processing and issuing building permits to construct buildings and premises, encourages coordination of all relevant actors. As regards supervision, DPMTPSP is not the only agency that carries out supervision, but also other agencies. Fachrul (developer) from the interview said, this means that processing and issuing IMB, for instance, requires review by all relevant agencies, including PPB and PTSP supervisory agencies.

Regulatory reform that involves the integration of permits processing and issuing ser-

Table 3 The Dimension of Interactive Governance

Dimension	Indicator	Findings
Governing System	<ol style="list-style-type: none"> 1. Regulatory system related to natural resources 2. Regulatory system related to the human resources involved. 	<ol style="list-style-type: none"> 1. The impetus to improve governance that takes into consideration environmental aspects 2. Limited human resource capacity undermines the permits management system
System to be Governed	Institutions that describe the working model of a governance activity.	The absence of institutional authority to influence institutional integration, it can be seen from the partial business process. So that problem solving has not yet reached the resolution of strategic problems, coordination is only a routine in the business process.
Governing Interaction (Structural)	<ol style="list-style-type: none"> 1. Problem solving by related actors 2. The use of top-down control for problem solving (Hierarchical Governing). 3. The involvement of other authorities as a form of interdependence in managing the government to achieve the desired goals (Co-Governing). 	<ol style="list-style-type: none"> 1. Voluntary professional involvement in permits operations. 2. Hierarchical governing: dominated by the central role in policy making, it makes difficult for regions to follow existing standards. 3. Co-governing is an alternative in overcoming problems faced with resource mobilization.

Source: Field Research, 2020

vices enhances governance and interdependency of actors. Regardless of whether the current system is favorable or not, the researchers believe that collaborative governing or co-governing is a necessity under such conditions. However, the processing and issuing of permits has not been exhaustive as some permits still require technical agencies to monitor and supervise the implementation of activities and synchronization of data still. Integration of services has also led to improvement in the relations between DPMPSTSP and non-governmental actors such as KPPOD and the World Bank. The two institutions have provided input to the permits service integration process that have contrib-

uted to improving service delivery. Consequently, DKI Jakarta, and Indonesia, have registered improvement in the ease of business index.

Factors Affecting Interactive Governance

From an Interactive governance perspective, findings of this research point to several factors that influence regulatory reform in the processing and issuing of building permits in DKI Jakarta.

Culture

Interconnection between the existing structures and representative cultures is one of the important topics in interactive governance. Empowerment inspires cultural perspectives, which is manifested in the capacity of

individuals or groups to engage and possibly influence the political process. The cultural perspective analysis entails interactive governance in which the government implements interactive government reforms forms passed the test of crucial analysis as a means of empowering and improving citizens discipline (van Meerkerk & Edelenbos, 2014). In the context of regulatory reform, especially with respect to building construction permit processing in DPMPTSP, DKI Jakarta (representative culture through the inclusive involvement of a cross section of actors, has emerged. However, their roles in the policies are diverse. For example, technical agencies presume that their role is not strong enough to influence policies on improving permits services without forging collaboration with other technical agencies. The problem of managing construction permits is multi-sector in nature, which implies that the improvement process requires the involvement and mutual commitment of various actors, both government and non-government. The impetus for this is not yet discernible from interactions between actors, especially in the internal setting. Non-governmental actors should also play an important role in providing input to the government to improve services. That way, non-state actors become a vital source of information that state actors use in formulating and implementing policy. Such collaborative arrangement, if materialized creates a permits process ecosystem in DKI Jakarta between the Government as providers, professionals represented by KPPOD, and the busi-

ness sector.

Culture is considered to be high-level interactive governance in which shared beliefs, norms, and values are created. By emphasizing the importance of interpersonal and institutional relationships. Moyson *et al.* as quoted in (van Meerkerk & Edelenbos, 2014), lends implicit support for the idea of a more cultural approach to interactive governance. received the supports. The two are closely related; it is not only about the degree to which citizens trust their government, but also the degree to which public officials view citizens as trustworthy partners in an emerging interactive governance process. As these processes involve some degree of collaboration between public officials and citizens. Trust has become an important factor that influences the quality and effectiveness of government-public relations over time.

In the context of reforms in the interaction among actors involved in the processing and using of building permits in DKI Jakarta, trust has begun to emerge. This is an offshoot of an increase in interaction, collaboration and participation of non-government stakeholders in providing inputs and recommendations that are tailored toward improving permits process, including construction permits. This is one of the lessons-learned that can be emulated from the integrated permits practice in DKI Jakarta. This is reflected in the involvement of KPPOD in the formulation and evaluation of policies, which process also serves as a forum for the business sector to express their aspirations through service user satisfac-

tion surveys and other means. To that end, DKI Jakarta Government has embarked on efforts to adopt a collaborative strategy as a way to enhance the multiple-actors engagement in government administration. However, research findings showed that business actors have yet to provide much direct input into the policy process, especially evaluation of its performance. This might be as a result of fears that their criticism would have adverse impact on the quality of permits services they would receive. Such fears are not entirely irrational as they are based on and are can be the theory of prismatic society by Fred W. Riggs (1964) as quoted in Kasim (2013). Thus, although freedom of speech does exist, the development of citizenship culture is yet to occur. Citizen participation in the political process does not exist or is still very minimal. Several previous studies confirm these findings. Business sector reluctance to become directly involved in the policy process is among other factors, caused by the government's lack of proactive measures that create such opportunities.

Institutionalization

Robert E. Goodin, as cited by Edelenbos (2005), defines institutions as rules and roles are organized patterns of social construction, norms, and roles. The main difference between rules and roles lies in the fact that roles refer more specifically to actors, while rules apply to the entire network of actors in an organization role, therefore are individual-oriented. The drive to improve interactive governance in the regulatory reform of build-

ing construction permits, which is manifested in the establishment of DPMPTSP, has several weaknesses. Despite that DPMPTSP is with the authority to deliver permits and non-permits administration services, given the top-down hierarchical government system, it still lacks the real power. Consequently, actual or realized output of the regulatory reform is not in line with the desired output. Regulations that govern the implementation of the integrated processing and issuing of permits were poorly formulated. As a result, the current regulatory system is characterized by dichotomy with the handling of some permits falling under DPMPTSP while the proves in and using of others is still to technical agencies. This situation is exacerbated by confusing lines of authority and responsibility between regulators at the national and local government levels, and lack of the right resources and capacity to support effective regulation at the local level. Although regulations at the local government level support reform, in reality most are still weak (Minogue & Carino, 2006). This is compounded by little efforts toward strengthening the institutional capacity of DPMTSP, and development of competent and adequate human resources.

This condition further increases the intensity of interaction between actors involved in permits administration in technical agencies of DKI Jakarta Province. The gradual, phased nature of the permits service integration process in DKI Jakarta has made problems that are associated with high interaction among actors who have diverse interests but lack

common regulatory framework to regulate the relations inevitable. These are obstacles that are limited to confined to DKI Jakarta but because they are rooted in the laws, regulations and institutions that are set at the national level, are also likely to be pervasive in other local governments in Indonesia. Thus, actors of regulatory reform of building permits in DKI Jakarta, give such complexities, face many challenges. The problem is compounded by the fact that instituting reforms does not only involve one or two sectors, nor can be done by adopting patchwork measures, rather require the adoption of comprehensive measures that involve the participation of all technical agencies that cover all sectors in DKI Jakarta.

Thus, institutionalization is still one of the areas that needs strengthened. This is particularly so with respect to harmonization of existing policies, laws, and regulations. Limited coordination and synchronization between various public institutions in policymaking and the implementation process, has led to a situation where nearly all existing laws, rules, and regulations contradict each other (Kasim, 2013). Harmonization of policies through simplification of procedures that applicants of building permits have to submit to obtain permits should improve inter-agency coordination, which in turn will enhance responsiveness and public access to permits services.

Capacity

Capacity is one of the prerequisites for creating policies and programs that are conducive to innovation and sustainable economic

development. Capacity is manifested in the maturity of the existing digital infrastructure and composition of technical agencies in DKI Jakarta. From the infrastructure perspective, it is undeniable that Jakarta has a much more established infrastructure than other regions. However, as regards composition, technical agencies of DKI Jakarta still lack sufficient human resources. Consequently, existing personnel suffer from heavy workloads. Moreover, the need for cross-agency interaction, which the integration of services creates, increase the need for harmonization and coordination of activities. To address the problem of limited human resources, DKI Jakarta Government implemented an incentive policy that links performance allowance to workload to. The average amount of allowances in DKI Jakarta is higher than in the average for all local governments in Indonesia. Nevertheless, in terms of size, it is still not yet proportional to the demand for services. Many technical offices still experience manpower shortage. Doubtless, the above situation affects interactive governance as the capacity of actors influences the intensity and quality of interactions.

The problem of lack of human resources is not only limited to one or two agencies, but is also an issue that affects almost all technical agencies in DKI Jakarta Province. To that end, the implementation of regulatory reform in building permits cannot be separated from the state of development of the regulatory system at the national level that has yet to implement strategic improvements in harmoniz-

ing various interests into one vision. A proper deregulation strategy is needed for institutional governance that is based on a one-door system to work well. (Minogue & Carino, 2006). DKI Jakarta is still in the nascent procedural evolutionary process a at a more strategic level, redressing the problem that central policies that can reverse the ongoing evolutionary regulatory reform process, there is need for DKI Jakarta government to persuade the central government to avert such course of action in future. With such assurance, interactions within the administration system, particularly those that are related to regulatory reform, are carried-out in a mutually supportive and non-rivalrous manner by DKI Jakarta Government and the central Government.

CONCLUISON

Regulatory reform in building construction

permits services in DKI Jakarta was characterized by the establishment of a special agency that provides one-stop integrated permits services or the One-Stop Investment and Integrated Services (DPMPTSP). Regulatory reform, thus, indirectly applied the concept of interactive governance. The motivation lies in the complexity of interactions and variety of actors with diverse interests involved in processing and issuing permits especially building permits that are drawn from the inclusive government and non-government stakeholders. Based on findings, the regulatory reform has changed business processes, not only in terms of sequence but also the shape and composition of interactions between government and non-government actors.

In the end, one of the key factors that influence the performance of regulatory reform in building permits service provision is the insti-

Table 4 Factors Affecting Interactive Governance

Dimension	Indicator	Findings
Culture	<ol style="list-style-type: none"> 1. Representation of actors in the regulatory reform process 2. Actor's trust in the regulatory reform process 	<ol style="list-style-type: none"> 1. There are representatives of government and non-government actors in regulatory reform with varying influences, so that a joint commitment is needed to encourage better governance. 2. Trust is seen by involving non-government actors in the regulatory reform process.
Institutionalization	<ol style="list-style-type: none"> 1. Characteristics of the institutional structure in regulatory reform 2. Role of related actors in regulatory reform 	<ol style="list-style-type: none"> 1. A rigid institutional structure with a top-down hierarchy that needs interaction in the regulatory reform process. 2. Leaders as actors who are key to commitment in regulatory reform and promote interaction.
Capacity	<ol style="list-style-type: none"> 1. Capability / institutional capacity in the regulatory reform process 2. Characteristics of regulatory reform governance objects 	<ol style="list-style-type: none"> 1. Limited digital infrastructure/technology and human resources' competence. 2. Regulatory reform cannot be separated from the political influences (legislative process) that shape it.

Source: Field Research, 2020.

tutionalization process, which is strongly influenced by central government policies. Improving service delivery at the local government level, such as DKI Jakarta, through implementing phased gradual regulatory reforms can yield good results. This is despite issues of difficulties in internal coordination and synchronization of supervision of work and operations between DPMPTSP and relevant technical agencies in the processing and issuing of building construction permits. Improvement in the harmonization of central government and local government policies should increase the benefits that the integration of permits services creates. As one of the performance indicators used to gauge the score and rank of a country on ease of doing business is the cost, predictability and accessibility of permits services, especially for building and construction activities, improvement in the delivery of permits services should contribute to higher scores and ranks for DKI Jakarta and by extension, Indonesia. Implementing effective regulatory reforms, however, was influenced by the support that relevant technical agencies gave to the process and commitment of top leadership in DKI Jakarta Provincial Government. Support and commitment of top leadership are very important in creating joint commitment from relevant actors during the implementation of regulatory reforms that involved the establishment of DPMPTSP, which is one-stop service institutions, and equipping it with sufficient infrastructure and human resources to support the regulatory reform process.

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