

Conflict of Interest: Evidence from The Implementation of The Provincial Government Policy, Jakarta

Eddy Guridno, Eko Sugiyanto, TB Massa Djafar

Abstract: *This paper tries to disentangle the causes of conflicts of interests between the proponent and the opposition factions on the implementation policy of the provincial government. We also explain the impact of the provincial government policy to close the business operation of the Alexis Hotel after the period of conflicts of interest. In this research, we use Pfetsch's theory on public policy, as well as Steinberger's and Sartori's theory on conflict to explore the sources and forms of conflict of interest between the executive government, the parliament, and the interest groups. Through qualitative method with a typical case study, we find that the emergence of the provincial government policy to shut down the operation of Alexis Hotel can occur in the form of the campaign promises, the moral preferences, the supports from the element of society, and the applicable regulations. Such policy gives a substantial impact on law and order, popularity, and the management of other cases.*

Keywords: *Conflict, Policy Implementation, Interest Groups, Jakarta.*

I. INTRODUCTION

Government policy constitutes a linkage between a political output and a management product. In David Easton's system theory, it is a form of output that is received by the communities, which then they provide the feedback in the form of input to the political system [1]. This can generate various complaints and or supports for the political regimes. The input will be reprocessed by the system where the result will be a new output.

Recently, the provincial government at DKI Jakarta rejected the extension of a business license at the Alexis Hotel. Such policy constitutes a violation of the Provincial Regulation No. 6 / 2015 on Tourism and the Provincial Regulation No. 8 / 2007 on Public Order. The output is then received by the interest groups as part of the community, which provides the diverse feedback to the Jakarta administration. The Indonesian Moslem Scholar Council (MUI) and the Front of Islamic Defenders (FPI) are two interest groups who gave a support to this policy. Meanwhile, the Jakarta Entertainment Entrepreneurs Association (ASPIJA) and the Indonesian

Hotel and Restaurant Association (PHRI) are those who grieved about the policy.

The feedback from these interest groups enters the political system. In this context, conflicts of interest occur among several actors and stakeholders within the DKI Jakarta Government in a bid to halt the Alexis Hotel business. Basically, a conflict of interest is a social conflict that has an attachment to the state, government officials, and government policies, which takes into account for the national interests, the political and the managerial values, as well as those who have concerns on public and business issues [2]. Forms of conflict of interest can be varied, which include the political contestation, the political and managerial opposition, the disagreements, the debates, and the disputes, as well as the differences of opinion [3].

Based on the previous illumination, the problems that occur in the policy implementation of the provincial government at DKI Jakarta towards the Alexis Hotel are as follows: First, the rejection that gives a serious consequence in the operation of the Alexis Hotel is an attempt to fulfill the campaign promises in the 2017 DKI Jakarta provincial election and the enforcement of provincial regulation.

Second, each interest group has different considerations. While, both ASPIJA and PHRI make the economic issues of the Alexis Hotel as a reason to against the policy, both FPI and MUI make the moral subjects as a rationale to support the policy. Third, the pros and cons arguments among the interest groups are then entered into the provincial parliament. Here, there are factions involved in polemic that are depicted into two coalition lines, the supporters and the oppositions of the provincial government. Such blocs are a form of conflicts of interest that is defined as a conflict among parties related to the national interests as well as the political and the managerial values [4].

Fourth, conflicts of interest are likely to take the form of political opposition, disagreement, and the political debates among factions to support and or to oppose the provincial government policy on the Alexis Hotel [5]. Other forms of conflict can also be an effort from the political parties in the legislature to reject policies made and practiced by the executive [6]. This can happen because they act as the representation of the public interests to the government in the prevailing political system [7]. Last, conflicts of interest among two factions allegedly depart from the political-economy motives [8]. The proponent factions have the political-economy reasons to perpetuate the authority of the current administration which they support.

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Meanwhile, the opponent factions have the political-economy incentives to delegitimize the authority of the current administration.

Through a desk-study review and semi-structure interviews (SSIs) with multi-stakeholders, in this research, we try to disentangle the causes of conflicts of interests between the proponent and the opposition factions on the implementation policy of the provincial government. We also explain the impact of the provincial government policy to close the Alexis Hotel business after the period of conflicts of interest.

II. LITERATURE REVIEW AND THEORY

There are many empirical studies that are related to the conflicts of interest. For example, Prayudi's study explores the political dynamics between the provincial parliament and the executive during Basuki Tjahaya Purnama (BTP) administration [9]. The relationship between the two was marked by various conflicts since BTP became a vice governor. The conflict spread to the threat of several public services programs, as well as the threat in fulfilling the budget needed by the provincial government. In addition, conflict developed not only among the circles, but also grew into the realm of society. Various groups in the community were finally dragged into the conflict between the executive and the legislative.

In another study, Alexandi addresses the issue of a tug of war between the National Development Planning Agency (Bappenas) and the Ministry of Industry and Trade (Kemenperindag) pertaining to the policy of establishing the Anti-Dumping Import Duty for flour import activities [10]. The management of the flour industry at that time was transferred from the Logistics Affairs Agency to a private company, Bogasari Flour Mills. In this context, Bappenas saw this policy as only benefiting Bogasari Flour Mills, while Kemenperindag believed that this policy could protect small businesses.

In contrast to Prayudi's and Alexandi's study, several scholars try to investigate the conflict of interest phenomenon in the planning and the implementation of fiscal decentralization policy in Indonesia [11 and 12]. Here, the problems at the central government level spread to the local government unit and the community level.

In this study, we aim to show how conflicts of interest occur between the political elite, the executive, the internal legislative, and the interest groups. The latter represents two forms, protective and promotional [13]. Unlike Alexandi's and Prayudi's studies which only concern on the interests of their members through a protective approach, in this study, the promotional interest groups (e.g. MUI and FPI) are included in the analysis by bringing moral values as an agenda for their struggle. Aside from the ASPIJA and PHRI which are categorized as the protective interest groups since these parties defend the business interests of the Alexis Hotel.

Based on the literature reviews, according to Pfetsch, there are several parameters in arranging the government policy in the midst of conflict [14]. First, parameter sources from the internal aspect that includes the internal pressures in the political system, the obstacles that are caused by internal pressure, and the internal supports. Second, it comes from the external aspect that involves the international pressures, the challenges and the supports from such pressures. In this study, we identify those challenges and supports as interest groups

that lie outside the political system. Last, it constitutes the perceptions of the interests of a party and the political opposition that will confront this party. Therefore, the political decisions that emerge from it are essentially the determination of conflicts of interest between each political actor [15]. Usually, the interests of minorities are defeated by the new political policy. Nevertheless, democracy eliminates these conflicts of interest.

In conveying their aspirations and interests to the channels they have, there are four strategies used by the interest groups to achieve their objectives [16]. First, a direct lobby with the government can bring the issues concerned by the interest groups. Here, lobbyists try to target a small group of government sections, identified as a key to policy making. This is formally legitimate because one function of the political system is to collect the demands from people outside the political system to be processed into output. Thus, this method is most used by the interest groups in submitting their agenda to the political elite of policy makers. Second, the interest groups try to influence the political parties in order to convey their objectives. Relationships between these two parties can be tenuous, depending on the attitude of the interest groups. But usually the interest groups try to keep their distance from political parties.

Third, the interest groups influence indirectly through the mass media, which can be used as a discourse funnel to disseminate the agenda. Such channel can influence the public to agree to the agenda carried by interest groups, to help fight for it, and to participate in pressuring the government so that the agenda can be included in political policy. Fourth, the interest groups can use lobbyists to achieve their goals. In this context, they strive to make effective political communication to the government, help to target which parts of government making policies regarding the interests of clients, and even assist to voice of the interest groups to be considered by the government.

Moving from the strategies, Grigsby sees the interest groups as having business patterns influencing the government in the form of lobbying directly to the government, lobbying grassroots masses, participating in political campaigns, and bundling efforts [17]. First, direct lobbying is a strategy of interest groups to make personal connections to the political actors in the system, their staff, and try to persuade them to fight for the interests of the interest groups. The success of this lobbying effort is related to two factors: the lobbyist expertise, and the effort to create and maintain close relations with parties from the government who are influential in making political policy.

Second, lobbying for grassroots masses to support the agenda set by interest groups. The pattern generally conducted by interest groups is to spread the purpose of their interests to the mass media that can be accessed by the public. Third, participate in the political process. Interest groups can enter political parties, determine political policies from the inside, and also support one political candidate who carries an agenda of the group's interests. The matter of supporting political candidates outside of interest groups is done by the elements of interest groups in the form of assisting the campaign of candidates in political elections. Fourth, make a bundling effort to contribute to one of the candidates.

Bundling is a combination of contributions from many people that accumulates into a big contribution. Last, the so-called “soft money” that is the fund provided by the interest groups for the sake of financial contributions to the development of political parties.

In this study, at least what was seen in the beginning was the interest group's effort in dealing with political elites in the form of political lobbying and direct lobbying to the government, with the aim to succeed the goals of the interest groups. Each of the groups entrusted their agendas to the political parties in the provincial parliament. This connects with two important functions of political parties as a medium to aggregate the interests of the community and to articulate it. However, other patterns can be carried out by interest groups in achieving their goals.

III. METHOD

This research uses a qualitative method. It is interpreted as a research that uses a natural approach with the aim to understand the phenomena studied in the context of a specific setting [18]. Here, it is a form of studying a typical phenomenon that cannot be studied through analysis of statistical data. Thus, it is characterized by the interpretation of the researcher in investigating cases of certain phenomena in their natural environment. Investigations are not merely in the form of collecting the raw data, but are accompanied by an interpretation of the data, so that the data is meaningful in compiling a series of stories about the investigated phenomenon [19]. In line with this argument, there are many sources of data in qualitative research. These constitute interviews, conversations with other parties, photo documents, as well as the researcher's memo and field notes [20].

In principle, qualitative research are divided into several forms, as follows: (1) Ethnographic studies; (2) Grounded theory; (3) Case studies; (4) Phenomenological research; and (5) Narrative research. Our research uses a case study in examining a specific set of cases tied to a particular system framework [21]. It attempts to look at a phenomenon that is explored in a variety of times. Thus, such approach collects in-depth data, including the multiple sources of information techniques (e.g. observations, interviews, audio-visual material, documents, and reports) based on specific themes in the study. Since this research will raise the case of provincial government policy towards the Alexis Hotel, a basic understanding of the political-economy theories is needed. In line with this argument, our qualitative research uses theory as a broad explanation of the behavior of the actors, as a perspective lens in seeing the phenomenon, and as a reference at the end of the research conclusions [22]. To reach those objectives, the data must build the propositions in the dialectical forms that link to the theoretical frameworks.

As we mentioned earlier, we use several semi-structured interviews (SSIs) and a desk-study review to collect the data relevant in this study. In the former, such interviews aim to find out the phenomenon based on the experience and meaning of each interviewee [23]. The parties used as resource persons constitute the executive (e.g. relevant stakeholders at the provincial government unit), the legislative (e.g. members of the provincial parliament at the proponent and the opposition factions), and the interest groups that reflect the protective sides (e.g. ASPIJA and

PHRI) and the promotional sides (e.g. MUI and FPI). Meanwhile, in the latter, the investigation of the data can be in the form of documents, minutes of meetings between the executive and the legislative, books, dissertations, journals, as well as print and online mass media. All of these are very important to support or even to test the data obtained from the interview.

In line with the above arguments, we test the data through the triangulation by comparing several sources [24]. More broadly, we can use such approach as a variety of methods, results, and theories to strengthen the validity of the data. Instead of objectivity, our focus is related to the confirmation, where each source reinforces one another.

IV. RESULT

When the provincial government closed down the business operation of the Alexis Hotel, various elements of the community expressed their support to both the national and the provincial parliament. Mass organizations that had previously questioned the determination of the provincial government have now turned to positively endorse the executive. Such support was provided by FPI and MUI as both organizations were aware that they did not have a political authority to eradicate disobedience. For this reason, a political will from the provincial government was needed.

The decision of the provincial government to shut down the Alexis Hotel also spread to the public sphere. Various taglines were propped up during the citizen conversations on the social media, where the negative sentiment towards Alexis Hotel was higher than the positive one. Overall, 71% of discussions showed the level of public trust in the executive. However, various rejections took place when the executive implemented this policy. The management of the Alexis Hotel stated that what was alleged by the provincial government actually did not exist. They even emphasized that Alexis Hotel had never once made a guilty plea for it.

Both ASPIJA and PHRI also defended Alexis as they saw the policy in a hurry and arrogant manner. The former viewed that the executive could not include the clear evidence of prostitution, without taking the employers' arguments into consideration. In their perspective, Alexis gave a maximum contribution to the provincial owned-source revenue. Meanwhile, the latter wanted the provincial government to support the interests of entrepreneurs, because it improved the welfare of citizens in Jakarta.

The interest groups who protected Alexis Hotel then submitted their complaints to the provincial parliament. In this context, there was a conflict in the form of debates between the supporting and opposition factions. The debate took the form of the provincial government policy towards the provincial regulation, whether such policy is merely a campaign promise or not, the contribution of Alexis Hotel in the provincial owned-source revenue, the investment climate, the unemployment issue, and the expansion of impact.

First, the opponent factions in the provincial parliament viewed that the current administration violated the existing provincial regulations and has not acted according to the official mechanisms and procedures.

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While, the proponent factions admitted that such policy was served as a form of fulfilling the campaign promises. However, it was merely based on the provincial regulations that banned prostitution. In addition, the decision to close Alexis Hotel was not only due to the moral issues (i.e. cultural ethics), but it was also due to the legal issues.

Second, the opposition factions believed that Jakarta really needed the additional revenue from the taxes collected at the hotel and entertainment sectors. In this context, the entrepreneurs in this particular industry have fulfilled all obligations based on provincial regulations. Thus, the decision to shut down the business operation of the Alexis Hotel will give a negative impact on the provincial owned-source revenue. In addition, such decision will potentially disrupt the potential investment of Jakarta. However, it has been denied by the supporter factions, as the loss of income from Alexis was not significantly contributed to the provincial owned-source revenue. In fact, the prostitution business, which was a mainstay of Alexis's business, did not play a part in the overall provincial revenue. If such business is included in the form of tax, it is actually against the law.

Third, the opponent factions criticized that the provincial government set the policy without considering the effects of unemployment since the hotel business and entertainment services were categorized as a labor-intensive industry. However, the proponents argued that the management of the hotel should be responsible for this action as the company already violated the provincial regulation. Thus, in this case, the executive has acted decisively so that the entrepreneurs engaged in this kind of field would not dare to breach the regulations.

Last, the opposition factions assessed that prostitution is a disease that cannot be suppressed, but it can be localized in certain places. It is considered as a form of entertainment and lifestyle services. As a metropolitan city filled with people with the diverse backgrounds, Jakarta needs to be filled with businesses like this. Thus, localization has made it as a great opportunity to monitor and control the spread of HIV. However, the proponents argued that localization of prostitution would bring the sexual acts outside of the marriage became latent.

From the above arguments, the provincial government decision to close the business operation of Alexis Hotel can give serious implications to some issues that are related to law enforcement, entrepreneurs, the popularity of the current administration, and the emerging cases of other prostitution in Jakarta.

First, the decision by the provincial government is viewed by the policy makers as taking a serious action through the adoption of good law and order. In this context, the government must ensure that the status and position of every citizen within its jurisdiction is equal before the law. From this explanation, entrepreneurs can no longer play with the law and cannot implement actions against the law.

Second, the provincial government policy is so popular among the majority of the community, where Moslems are still dominant citizens in Jakarta. This raises the popularity of the current administration where the positive sentiment towards the performance of the provincial government increased rapidly from 36 % in 2017 to 71 % in 2018. It is followed by the negative sentiment towards the Alexis Hotel,

where there was a substantial increase from 30 % in 2017 to 85 % in 2018.

Last, there was a hidden prostitution development in several hotels in Jakarta that needed a serious action from the provincial government. With the closure of large prostitution, it could appear elsewhere. This eventually enlarged and went through a similar cycle. Thus, there is an urgency to increase public participation and report on other prostitution at the bottom level.

V. CONCLUSION

The provincial government implements the policy to close the business operation of the Alexis Hotel is a subject related to the campaign promises, the law enforcement, the moral preferences, and the legitimacy in the public supports. Such policy gains some responses from the interest groups. On the one hand, the protective sides defended the Alexis Hotel on the grounds that it gives a contribution on tax revenue and expands the job creation in Jakarta, as well as the provincial government is accused of having such policy arbitrarily.

On the other hand, the promotional sides give a fully support on this particular policy that fights for the moral values in the community. This created some debates within the provincial parliament that seem to be small in the inner circle of parliament, but it was a big issue in the mass media. In general, all factions agreed to shut down the operation of Alexis. However, the effect further created another debates on the future employment status of Alexis's workers and whether the action of the provincial government was in accordance with the applicable laws and regulations. In addition, such policy created the negative perceptions among the current and potential investors in Jakarta.

In principle, conflicts that occur between the supporting and opposition factions in the provincial government level are the manifestation of conflicts that already took place in the national scale politics. The proponent factions of the provincial government are the parties that form the backbone of the Red and White Coalition led by Prabowo Subianto. While, opposition factions of the provincial government are parties that center within the Great Indonesia Coalition. This conflict is also supported by the differences in a way of thinking among the communities. In this study, it was symbolized by the interest groups who played their role in the policy issues of the provincial government to close the Alexis Hotel.

Overall, the provincial government policy to shut down Alexis has a massive implication in terms of the law and order, the popularity, and the management of other cases similar to Alexis.

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