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## *Organizational Structure and Public Service Satisfaction in Yogyakarta City*

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### **ABSTRACT**

This research aims at explaining the relation between organizational structure and public service satisfaction. The survey is conducted technically by requesting some respondents to grade the implementation of changes in organizational structure and performance of Licensing Department of Yogyakarta, Indonesia. The academic findings are: (1) the implementation of the policy of changes in organizational structure led to the characteristics of post-bureaucratic organization, (2) the public service satisfaction has been in the relatively high level, and (3) the relationship between organizational structure and public service satisfaction is positive and significant. The theoretical implication of this research is that the empirical study supports the assumption which the organizational structure affects public services. The practical implication that could be recommended is that the characteristics of organizational structure should be fostered. Thus, the citizens obtaining services from the institution would be very satisfied. The limitation of this research is the small population of samples and respondents so that it would be hard to generalize the findings. It is suggested that the explanation of why public organization could provide access and assurance for citizens in lower level could be the issues to be investigated further.

**KEYWORDS:** Public Service, Organizational Structure, Institution, Citizen, Assurance.

### **BACKGROUND**

A number of studies have concerned on the phenomena of public organization

reform conducted by government in various countries since the 1980s. They aim at fostering the performance of public services. The studies have explained the factors which influence the quality of public services and then give assumptions that adaptation in changes of the economic environment, renewal of planning and work system, creativity and innovation of human resources, and the openness of political system are all factors that affect the enhanced performance of public organizations. Aucoin (1990), for instance, reviewed the reform of public organization administration and management. He, then, explained that the reform movement has had been in world-wide scale since two decades ago. The reform in the United Kingdom, Australia, and New Zealand primarily represented the movement to respond the changes in international economic system. Based his point of view, theoretical issues emerging during the reform were the behavioral problem of elected politicians and bureaucratic apparatus – based on public choice theory – the freedom and innovative problem, and organizational structure – based on the managerialist paradigm. Furthermore, Stewart and Walsh (1992) stated that the change in management of public services in the United Kingdom, particularly at the local government level, was indicated by the implementation of government contracts handed over to the private sector, the reduction of staff, reorganization of local government, significantly increasing productivity, and performance management of the government. Wollmann (2004) added

that in the United Kingdom, Germany, and France, the changes in public policy, community participation, and political accountability are boiling factors that influence the success of the local government reforms.

In the United States of America essential factors, as explained by experts, including changes in culture, work systems and organization are forms of government organization reform to improve productivity and public services. Osborne and Gaebler (1992), with the idea of “reinventing government” gave guidance for the state administrators to expand “entrepreneurial government”. Meanwhile, M Shamsul Haque (1998) stated that bureaucracy changes aiming to improve the organizational performance start to flourish in the market-centered model of government that recently emerge in South East Asian countries. He argued that the goals of bureaucracy lead to the changes in objectives, roles, structures, norm, and beneficiaries, that will affect identity, commitment, the legitimacy of the government bureaucracy. Countries in the region introduce new legislation and institutions to facilitate the realization of pro-market policy and market expansion activities.

Most studies focused on the factor of state reorganization are conducted normatively. Garnett (1980) and Conant (1988, 1992), for example, state the significance of state reorganization. While, Barzelay (1992) conveys that the importance of post-bureaucratic paradigm is to foster the public organizational structure. Thompson (1993, in Brudney, Hebert, and Wright 1999) describes that attempts to revitalize state and local governance are aimed at improving the organizational structure of government.

In contrast to the aforementioned studies, this

research examines the implementation of the policy of state reorganization structure of local government and argues that the changes affect the enhancement of public service satisfaction. On the other words, this study points at exploring the factor of state reorganization structure of local government and the effect of the performance of public service satisfaction. This research is conducted at Licensing Department of Yogyakarta. This city was the winner of Investment Award as the best city for investment in 2009 from Investment Coordinating Board collaborating with Regional Autonomy Implementation Monitoring Committee that has evaluated the performance of government services in licensing department. The Mayor of Yogyakarta said that the Investment Award denotes an evaluation toward the performance of municipal services in the area of licensing. Head of Licensing added that criteria of assessment in achieving the honor comprises aspects of authority/investment service institution, aspects of service procedures, performance evaluation of licensing services, aspects of information systems of licensing services and investment, as well as innovation and achievement of local investment services. The glorious achievement of Yogyakarta could be reached after a realignment of local organization with the establishment of Department of Licensing legitimized by regional regulation No. 10 year 2008.

The research questions of this study are written as follow: How is the implementation of organization reconstructing policies of Licensing Department of Yogyakarta as it has been assessed by public service recipients? How is the level of public service satisfaction in Licensing Department of Yogyakarta? Is there any positive and significant

correlation between organizational structure changes and the public service satisfaction?

Researches dealing with the relationship between organizational structure changes and enhancement of performance have been conducted but the focus is different from this research. Tolbert, P. S., & Zucker, L. G. (1983), for instance, examined organizational structure in the context of the success of the programs carried out by an organization that was affected by institutionalization. They investigated diffusion and institutionalization of the changes in formal organization structure that is associated with the civil service reform in various cities. Sven Modell (2001) examined aspects in institutionalization of performance measurement in public sector organization, particularly in health care sector in Norway. The study criticized the approach of neo-institutional sociology and found a relationship between aspects of institutionalization and the constituent. Boyne and Cole (1998) studied the revolution, evolution, and structure of local government organization with a study case in London. They criticized the conventional analysis of the structure of government organization concerning with the revolutionary changes that results in liberal reorganization. They proposed a new perspective on the changes of organizational structure emphasizing the significance of considering the evolutionary process due to the population growth and the reallocation of service responsibilities among service organization units, for example. They analysed fragmentation and concentration in the structure of local government organization. Boyne (2003) reviewed a number of studies carrying out the relationship test between one or more variable independents and at least one dimension of service performance. In the

study of the relationship of the dimension of organization, including variables of size, internal organization, as well as external organization, and the dimension of public service improvement, particularly customer satisfaction, Boyne found that only a study stated that there is a positive relationship between variables of size and variables of customer satisfaction. On the other hand, none of the studies maintained that there is positive relationship between variables of internal and external organization and sub-variable of customer satisfaction.

There are two aspects of the organization of public services as targets of reformers (Boyne 2003). The first is size – large or small organizations. Traditional argument toward the structure of local government suggests that the consolidation of small units will produce a profit in providing service in term of coordination and efficiency in term of economy. On the contrary, public choice theorists noted that the merits of responsiveness and efficiency will be achieved if the organization units are fragmented. The relationship between size and performance is nonlinear – widely small or large organization might be less successful than medium size (Boyne, 2003). The second is internal and structure and external structure. Internal structure of public service providers are indicated by extent of formalization (for example, reliance on rules) and centralization of power. The organization theory suggests that the structure which grows formal and is centralized will work in simple and stable environments (Bozeman, 1982; Dawson, 1996). Even if that is true, then the relationship between internal structure and service performance is varied due to the circumstance of the public organization (Boyne, 2003). The variable of

external structure reflects the existence of the mixed economy of service delivery that comprises public, private, and voluntary organizations. Public agencies might turn into the part of network of partnership or contract out parts of their services to other providers. Whether the external form of organizational structure will bring about better performance will rely on whether they can mobilize the skills and resources in cooperative network rather than it is simply handled by a single organization that is isolated (Boyne, 2003)

Meanwhile, Jefferey M. Sellers and Anders Lidström (2007) did some investigation on decentralization, local government, and welfare state. They described the local government decentralization index in 21 countries associated with social welfare and government infrastructure. They emphasized that the significance of decentralized government structure is to coin out welfare. Carolyn J. Hill and Laurence E. Lynn Jr. (2005) examined the literature regarding government organization conceptually shifting from a hierarchical government toward greater reliance on horizontal, hybridized, and associational form of governance. They argue that the empirical evidence is still rarely found.

There are only but researches that focused on the relationship between organization structure and performance, particularly the performance of public service satisfaction. Generally researches are dealing with the relationship between organizational structure and organizational structure. Some recent researches commonly find that the relationship between organizational structure and organizational performance does not exist. Then, it can be explained as follows.

There are several studies on the relationship

between organizational structure, whose dimensions include organization and sub-unit size, and performance. Revans (1958, in Dalton et. al, 1986) examined the relationship between organization as well as sub-unit size and performance, with samples of retail stores, which brought about the curvilinear relationship among variables. Blau, Heydebrand, & Stauffer (1966, in Dalton et. al., 1986) investigated the relationship between organization as well as sub-unit size and performance, with samples of health care organizations, that turned out the positive relationship among variables. Hrebiniak & Alluto (1973, in Dalton et. al., 1986) studied the relationship between organization as well as sub-unit size and performance, with samples of hospital departments, which obtained the inverse relationship among variables. Reimann (1975, in Dalton et. al., 1986) examined the relationship among organization as well as sub-unit size and performance, with samples of school districts, which results the zero relationship among variables.

Moreover, there are a number of studies on the relationship between organizational structure, which the dimension is span of control, and performance. Woodward (1958, in Dalton et. al., 1986) examined the relationship between span of control and performance, with samples of industrial organizations, which brought about the curvilinear relationship among variables. Ronan & Prien (1973, in Dalton et. al., 1986) investigated the relationship between span of control and performance, with samples of manufacturing departments, which obtain the zero relationship among variables.

It was also investigated the relationship between organizational structure, in which the dimension is

flat/tall hierarchy, and performance. Blau (1968, in Dalton et. al., 1986) studied the relationship between flat/tall hierarchy and performance, with samples of government agencies, which obtained the positive relationship among variables.

Ivancevich & Donnelly (1975, in Dalton et. al., 1986) examined the relationship between flat/tall hierarchy and performance, with samples of salespersons, which brought about the inverse relationship among variables.

The relationship between organizational structure, which dimension is administrative intensity, and performance has also been researched. Hildebrand & Liu (1957, in Dalton et. al., 1986) examined the relationship between administrative intensity and performance, with samples of manufacturing, which obtained the positive relationship among variables. Bidwell & Kasarda (1975, in Dalton et. al., 1986) studied the relationship between administrative intensity and performance, with samples of school districts, which brought about the inverse relationship among variables.

There are numbers of studies on the relationship between organizational structure, which dimension is organizational size, and organizational performance. Glisson and Martin (1980, in Boyne 2003) examined the relationship between organizational structure, with sub-variable of organizational size, and service performance, with the variable of efficiency in 30 organizations in one the U.S. city. Midwinter and Mc Vicar (1993, in Boyne 2003) studied the relationship between organizational structure with sub-variable of organizational size and service performance with the variable of output quantity and output quality in 155 local authority library department in Great Britain. Duncombe, Miner, and Ruggiero (1997, in Boyne

2003) investigated the relationship between organizational structure with sub-variable of organizational size and service performance with sub-variable of value for money in 585 school districts in New York. Bradley, Jones, and Millington (2001, in Boyne 2003) studied the relationship between organizational structure with sub-variable of organizational size and service performance with sub-variable of outcomes in 2,675 schools in England.

Some studies investigated the relationship between organizational structure, which the dimensions are internal organization and external organization, and performance. Meier and Bohte (2000, in Boyne 2003) examined the relationship between organizational structure, with sub-variable of internal organization that is span of control, and service performance, with sub-variable of outcomes in 678 school districts in Texas. Meier and O'Toole (2001, in Boyne 2003) studied the relationship between organizational structure, with sub-variable of external organization that is frequency of contact with other bodies, and service performance, with sub-variable of outcomes in 507 school districts in Texas.

There is only a study on the relationship between organizational structure and public satisfaction (customer satisfaction), namely D'Aunno, Hooijberg, and Munson (1991, in Boyne 2003) who investigated the relationship between organizational structure, with sub-variable of organization size, and service performance, with sub-variable of consumer satisfaction in 35 state-owned university hospitals in the U.S. This study employed the measurement of organizational size which is the number of hospital beds.

Hence, many researches were conducted to investigate the relationship between organizational

structure, which one of the dimensions is sub-unit size or span of control or internal organization, and performance, which the example of employed dimensions is output or outcome or value for money. A few studies have been carried out that analysed the relationship between organizational structure and service performance; however, the context is private organization. Furthermore, from the survey that has been analysed, Boyne (2003) concluded that most of the studies found that the relationship between organizational structure and service performance is insignificant. Practically, it is consider that the study on the relationship of organizational structure and public service satisfaction has not existed yet. As the result, this study aims at examining the relation between the organizational structure and public service satisfaction.

In Indonesia, the practical study on the relationship between organizational structure and public service satisfaction has not existed yet. Generally studies conducted are dealing with regional autonomy, bureaucracy, and decentralization. King (19998), in his research on educational organization in Indonesia, reported that there is only few possibility to carry out the decentralization as a devolution, in which the central government hands over the power to the decision makers at the regional level. Nevertheless, a research is possibly undertaken should it be regarding with deconcentration, where the central government put its employees in the regional level, and as delegation of authority, meaning that the central government delegates the power to the servants in regional level. Thus, King stated that the problem of decentralization in Indonesia is the 'struggle' for region to carry off it. Kristiansen et. al. (2008), through the research on six regional governments,

found that national systems and political and bureaucratic tradition in Indonesia might bring a huge impact toward the existence of corruption and opacity of financial management of the region. This proves that in the autonomy and decentralization era the power from the central government to regional government was dominant and tended to bring negative impacts.

This study examines the relationship between organizational structure and public service satisfaction. What does organizational structure mean? The structure of an organization is the pattern of rules, positions, and roles that give shape and coherence to its strategy and process, and is typically described in organization charts, job descriptions and patterns of authority (Leach, Stewart, dan Waish.1994:52). In other words, the structure of an organization can be defined simply as the sum total of the ways in which it divides its labour into distinct tasks and then achieves coordination among them (Mintzberg 1979:2). According to Mintzberg, the concept related to the organizational structure encompasses 1) job specialization, behaviour formalization, and training and indoctrination (the design of individual positions); 2) unit grouping and unit size (the design of the "super-structure"); 3) planning and control systems and liaison devices (the design of lateral linkage); 4) vertical decentralization and horizontal decentralization (the design of the decision making system).

The significance of each concept is defined as follows (Mintzberg, 1980:325-327); Job specialization is the main parameter to determine the division of labour, concerns with the numbers of duties and each scope in a certain position (horizontal job specialization), and monitors duties of the superior (vertical job specialization). The special



job in horizontal and vertical sensory typically includes in categories called underskilled while horizontal but “enlarged” vertical job usually is called professional. Behaviour formalization refers to designing parameter, which the standard work process undergoes rules, procedures, policy guidelines, job descriptions, job instructions, and others. The underskilled job is typically adjusted very formally. Structures that rely on standardization for coordination (either from the work process or vice versa) commonly are called as bureaucracy. Then, those who count on direct supervision or adaptation are named as organic. Training and indoctrination is design of parameter that the standard skills and knowledge pass through the widely educational program, typically in outside organization and before individuals begin their job (particularly in training). Unit grouping (the basis of the establishment of organizational units) refers to the design of parameter that the direct control is the essential aspect to be carried out (and it is also employed to influence the mutual changes). It is also related to the basis that the positions are grouped into units that later engrow the comprehensive units until all are grouped in the strategic apex. Various possible bases for the establishment are skills, knowledge, the work process, business functions, products, and customer services. It may be consolidated into two bases. The first is by function that by means of the organization is to bring about products and services. And, the second is by markets that by the characteristics of main markets are where the organization functions. Unit size (the number of organizational units or usually called as span of control) refers to the number of positions or sub-units that are grouped into a unity. Many literatures show that the greater

the reliance on standardization to coordination (through either work process, or output, or skills), the larger the unit size. It is due to the lack of direct monitoring. Thus, positions or units can be grouped under a single manager. However, it also shows that the reliance on the mutual adjustment of small units since informal communication is needed a small working group. Planning and control system is design of parameter in which outputs are standardized in organizations. This system might be considered as two kinds.

Behaviour planning focuses on outputs from a certain decision or behaviour; for instance, a hole is drilled in two centimetres of diameter or a new product will be presented in September. Control performance concerns with measurement after the performance evidence of all decisions or behaviours is given positions or units during certain periods; for example, the sale growth of division in the first quarter in this year. The liaison devices refers to tools that organizations can encourage mutual adjustment in all units. It can be placed along a rough continuum to increase elaboration and formality of the liaison position and then groups of duties and commissions, which have relationship of information in entire units through the integration of managers who were given the formal authority over the decision of their units. It entirely aims at fostering matrix structure which omits classical principles of command unity in supporting responsibilities of two or more managers or units during a certain decision-making. Vertical decentralization refers to the extent to which formal decision-making power is “delegated” down to the chain of line authority. Horizontal decentralization refers to the extent to which power flows informally outside this chain of

line authority that is, to analysts, support staffers, and operators in the operating core.

Meanwhile, Campbell, Bownas, Peterson, and Dunnette (1974, in Dalton et.al. 1986) suggest to distinguish between “structural” and “structuring” in organizational characteristics. The “structural” of an organization refers to physical characteristics like size/sub-unit size, span of control, flat/tall hierarchy, and administrative intensity. While the “structuring” refers to the policies and activities taking place in an organization that describes and limits the behaviours of members of the organization such as specialization, formalization, and centralization.

Denhardt and Denhardt (2003) explained that phenomena of public organization undergo three paradigms, namely Old Public Administration, New Public Management, and New Public Service. In the Old Public Administration paradigm, the characteristic of the organizational structure established in government organization is bureaucratic organization. This bureaucratic organization is characterized by its basic characteristic, namely top-down authority, hierarchical organization (control from the top of the organization), and closed system (thus citizen involvement is limited). It means that the structure of the government organization has top-down authority, hierarchical organization controlling from the top of the organization, and closed system with limited citizen involvement. Furthermore, the characteristics of this bureaucratic organization are designated by the basis of establishment of organizational units based on functions from the duties and compulsories commanded by the supervisor to subordinates, with the large amount and formation of organizational units, a vertical pattern of coordination

among its organizational units, and its structural design that is pyramidal and closed. In New Public Management paradigm, public organization structure is decentralized public organization. This decentralized organization is designated by the basic characteristics like “streamlining agency processes”, “disaggregation of large bureaucratic structures into quasi-autonomous agencies”, and “reduce size of government”. It means that the government organization system has characteristics as government organization with the agencies that are made as compact as possible, as government organization with agencies that are created semi-autonomous, and as government organization with agencies that the organization size is diminished. Moreover, the organizational structure is designated by the basis of establishment of organizational units in functions that come from the prominence of markets, with the slight size and formation of organizational units, horizontal coordinative pattern among organizational units, and networking-structural design with the markets. In the New Public Service paradigm collaborative structure is formed. This structure is mainly designated by leadership shared internally and externally. This collaborative structure is the alternative form of decentralized structure. According to Osborne and Gabler, the decentralized structure is a government organization that is slight and efficient resulted from an adjustment toward the changes in socio-economic environment that lead to the integration of free market and global capitalism. Whereas, collaborative structure defined by Denhardt and Denhardt is a flexible government organization as the consequences of the close relationship between government and organizations outside of government to address the



needs of public services for citizens. This collaborative organization structure is designated based on the establishment of organizational units in functions from the results of stakeholders' dialog regarding the needs of public services for citizens, the flexible size and formation of government organization units (the more urgent the issues on public services, the greater the organizational structure accomodating capacity), the multi-lateral pattern of coordination among organizational units, and networking-structural design with the stakeholders in managing public services issues.

The other phenomenon displays that government organization resulted from public bureaucracy reform is oriented more to the collaboration with citizens in order to solve problem simultaneously. Ansell and Gash (2007) define that the concept of collaborative governance is a governing arrangement where one or more public agencies directly engage non-state stakeholders in a collective decision making process that is formal, consensus oriented, and deliberative and that aims to make or implement public policy or manage public programs or assets. Ansell and Gash (2007) explain that, in the context of decision-making and the implementation, collaborative governance has emerged and superseded the private government models (adversarial and managerial modes). In the models of the recent government, stakeholders from either government agency of citizens work together in a forum oriented to consensus. Ansell and Gash review a literature related to collaborative governance with the aim at elaborating the model contingency of collaborative governance. They also identify the variables that affect to the success of organizational performance of collaborative governance.

What does organizational performance mean? The literatures regarding the conceptualization and measurement of organizational performance in public sector were written by experts (Ammons 2001; Carter, Day, and Klein 1992, in Boyne 2002). Reviewing the literatures, Boyne (2002) identified "headline" of dimension of service performance: quantity of outputs (e.g., the number of surgeries performed in hospitals, hours of teaching delivered in schools, the number of houses built), quality of outputs (e.g., speed and reliability of service, courtesy of staff), efficiency (financial ratio of outputs and inputs), equity (fairness of the distribution of service costs and benefits between different groups), outcomes (e.g., percentage of pupils passing exams, percentage of hospital patients treated successfully), value for money (cost per unit of outcome), consumer satisfaction (which may be a proxy for some or all of the above, depending on the questions posed to service users). According to Zeithaml, Parasuraman & Berry (1990), there are 10 benchmarks of services, namely: tangibles, reliability, responsiveness, competence, courtesy, credibility, assurance, access, communication, and understanding.

Variables in this research are organizational structure and public service satisfaction. The variable of organizational structure comprises aspects of unit grouping, size/number of positions/units/cub-units, job specialization (basic division of labour), behaviour formalization, training and indoctrination, action planning and performance control, liaison device, vertical decentralization (decision making power system is delegated down to the chain of line authority), and horizontal decentralization (decision making power system flows informally outside this chain of line author-

ity). The variable of public service satisfaction consists of aspects of tangibles, courtesy, reliability credibility, competence, communication, responsiveness, understanding, access, and assurance. The hypothesis in this study is the positive and significant relationship between organizational structure and public service satisfaction exists.

## METHODOLOGY

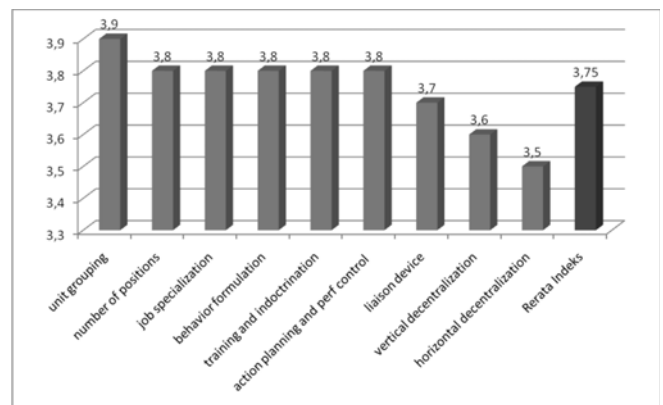
This study examined the implementation of the policy of new organization structure in department of licensing of Yogyakarta, public service satisfaction, and the relationship between organizational structure and the public service satisfaction. This research employed qualitative approach, and the data were collected through survey. The survey was conducted by distributing questionnaires to respondents who were permitted by Licensing Department of Yogyakarta. Since the populations were homogenous, the sampling technique in this research was simple random sampling, in which respondents were taken randomly when they were proposing licensing at the office during research conducted. The respondents of this study are 100 out of 160 people (Sugiyono, 2007). Descriptive statistic was employed to display the scoring of respondents toward the implementation of the policy of new organization structure and toward the quality of the agency services. Since the data of both variables are interval and the data sources are the same, the correlative technique of product-moment was employed to look for the relationship and to prove the hypothesis of the relationship between two variables.

## FINDINGS AND DISCUSSION

The findings of this research dealing with the

implementation of the organizational structure and the new characteristics according to the marking of citizens who received public service from licensing department of Yogyakarta can be discerned in the following chart.

FIGURE 1. INDEX OF THE IMPLEMENTATION OF THE NEW ORGANIZATION STRUCTURE OF LICENSING DEPARTMENT OF YOGYAKARTA



Source: Adapted from Primary Data, 2012

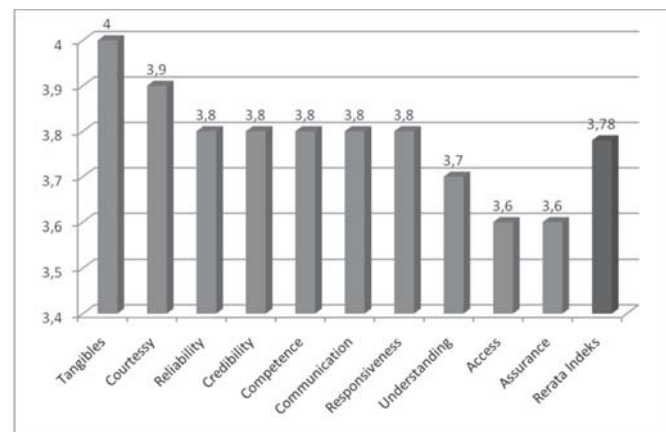
The aspect of unit grouping gets index value of 3.9. Indicators of this aspect consist of organization lockets/units or sub-units created as the needs of citizens to facilitate them in getting services, to ease them in obtaining goods/services, and to simplify them in gaining the service benefits. The aspect of size/the number of positions/units/sub-units is accounted for index value of 3.8. The indicators of this aspect comprise: (a) when the citizens proposed the licensing, they pass through a few organizational units/sub-units horizontally (unit size is flat), (b) the citizens could accomplish the licensing only in units/sub-units (unit size is flat), (c) they could get licensing rapidly since the hierarchy from the agency vertically is narrow (span of control is narrow), and (d) they could get licensing service that could be just decided by the head of the licensing department of Yogyakarta without having to be re-decided by the higher leaders of the

licensing department of Yogyakarta (span of control is narrow). The aspect of job specialization (basic division of labour) is accounted for index value of 3.8. The indicators of this aspect encompass: in bottom organization lockets/units or sub-units u(operating core) the jobs do not pile up, the leader in middle line could organize the work process correctly and rapidly, the leader in the high level (strategic apex) could make decisions appropriately and swiftly, techno-structure could make work systems and procedures properly, and support staff can support the other parts of organization. The aspect of behaviour formalization gets index value of 3.8. The indicators of this aspect are that the servants have skills and knowledge that standardized so that they could accomplish their job correctly, accurately, and rapidly. The aspect of action planning and performance control is accounted for index value of 3.8. The indicators of this aspect comprise: the servants apply planning and control system so that they can undertake their job properly and they also have standardized outputs so that the targets can be achieved. The aspects of liaison device is accounting for index value of 3.7. The indicators of this aspect are that units of the institution are connected each other (connections across units). The aspect of vertical decentralization (decision making power system is delegated down to the chain of line authority) gets index value of 3.6. The indicators of this aspect are that in the agencies the subordinates are entrusted with the authority by their superiors to make decision or solve problem by themselves in the scope of their job (delegation to line managers). The aspect of horizontal decentralization (decision making power system flows informally outside this chain of line authority) is accounting for index value of 3.5. The

indicators of this aspect are in the agencies that each employee in an organizational unit has authority to decide/solve problems in the scope of their job (power of sharing by non-managers).

Meanwhile, the finding of empirical data of this research regarding public service satisfaction based on the grading of citizens who received public service from the agency Yogyakarta can be discerned in the following chart.

FIGURE 2. INDEX OF PUBLIC SERVICE SATISFACTION



Source: Adapted from Primer Data, 2012

The aspect of tangibles is accounted for index value of 4. The indicators of this aspect comprise the physical environment that is clean and comfortable, the institutional facilities and infrastructures that is neat and orderly, the institutional rooms that quite appropriate to carry out the service activities, the proper waiting room, the adequate facilities, the complete tools, various goods/services, the clear board clerk/counter, the notice board that is easy to be read, and the tools of complain or feedback. The aspect of courtesy gets index value of 3.9. The indicators of this aspect encompass the employees of the institution who are polite, kind, respectful, and responsible. The aspect of reliability is accounted for index

value of 3.8. The indicators of this aspect consist of the simple requirements of the registration, the easy and straightforward procedures and mechanisms, the adequate number of employees, the documents accurately checked, reviewed, and managed by the employees. The aspect of credibility gets index value of 3.8. The indicators of this aspect comprise that the institution is well known as giving good public services, treating people fairly (without discriminating class or status), having a trustworthy service system, having satisfied result, and serving the citizens well when coming back. The aspect of competence is accounted for index value of 3.8. The indicators of this aspect encompass that citizens' documents are safe, get assurance in services, obtain discipline of employees, get guaranty that the services do not have negative risks. Aspect of communication is accounted for index value of 3.8. The indicators of this aspect include in employees at the information who are kind, responsive in giving information correctly, polite in speaking, clearly in giving explanation, and easy in having dialog. The aspect of responsive gains the index value of 3.8. The indicators of this aspect comprise that the institutional employees help citizens to solve problems and to fulfil their needs. The aspect of understanding is accounted for index value of 3.8. The indicators of this aspect are that the employees pay attention to the citizens, empathize or understand that the citizens have limited conditions, care about them, feel their shortages, respect their dignity, become patient toward their "fussiness", provide time to serve their questions, and treat them humanely. Aspect of access obtains the index value of 3.6. the indicators of this aspect encompass the cheap service charge, no formal fee (extortion), and being

able to be paid easily. The aspect of assurance is accounted for the index value of 3.6. The indicators of this aspect include in giving the safety assurance of documents, giving assurance that the employees are discipline, and giving assurance that the citizens do not need to worry.

The relationship between the implementation of the new organization structure and public service satisfaction is indicated in the following table.

Correlations			
		Struture	Satisfaction
Structure	Pearson Correlation	1	.669**
	Sig. (2-tailed)		.000
	N	100	100
Satisfaction	Pearson Correlation	.669**	1
	Sig. (2-tailed)	.000	
	N	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The data shows that the positive correlation between the implementation of the new organization structure and public service satisfaction is 0.669. It indicates that the grater the implementation, the higher the public service satisfaction. Besides, the data displays that the coefficient of the correlation is significant. It means that the data and coefficient gained in the samples could be generalized in the population where the samples are taken. The data could reflect the condition of population as well.

## CONCLUSION AND RECOMMENDATION

The theoretical implication of this survey is the refusal toward assumptions that variables of organizational organization affect variables of public

service. Boyne (2003), in his critical study toward empirical researches on the determinants of public service performance – resources, regulation, markets, organization, and management, concluded that there are only two variables which consistently impact the performance, namely resources and management. In the contrary, the findings of this study support the study of D'Aunno, Hooijberg, and Munson (1991, in Boyne 2003) examining the relationship between organizational structure, with sub-variable of organizational size (the number of hospital beds), and service performance, with sub-variable of consumer satisfaction in 35 state-owned university hospital in the U.S. even though this study has different context from their research.

This research also finds the phenomena of the changes of public organization, namely from the characteristics of bureaucratic organization to the characteristics of post-bureaucratic organization. According to Denhardt and Denhardt (2003), in this era government should leave the bureaucratic organization, characterized by top-down authority, hierarchical organization (control from the top of the organization), and closed system (thus citizen involvement is limited), designated by “streamlining agency processes”, “disaggregation of large bureaucratic structures into quasi-autonomous agencies”, and “reduce size of government”. They recommend that government should choose the models of collaborative organization characterized by leadership shared internally and externally. Hence, this study finds that a few changes of the characteristics of organization have existed.

The practical implication of this study is the recommendation to the officials of the licensing department of the city. It is suggested that the

implementation of the policies of the new organization structure should be enhanced to the characteristics of collaborative organization structure oriented to the needs of citizens in order to have implication in fostering the quality of public services.

The limitation of this study is the limited samples and respondents so that it would be hard to generalize the findings. It is recommended for researchers that it is better to follow up the results of this study, particularly to expound deeper why the implementation of aspects of horizontal and vertical decentralization is lower than the other aspects. Moreover, it would be better to investigate further to explain why the department has access and safety assurance to the public that is relatively lower than the other aspects.

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