

# Proceedings of 1st GAMA

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# TRUSTEESHIP GOVERNANCE AND SUSTAINABILITY FISCAL<sup>1</sup>

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## <sup>2</sup> ABSTRACT

The purpose of this study was to examine how the strategy of regional heads Suyoto create trusteeship governance and sustainability governance structure. Good government, based on trusteeship governance according to Suyoto based Islamic spirit. Human values are beautiful in Islam. Suyoto leadership is based on the hadith. 'Auf Ibn Malik, "The best leader is the one who loves and be loved by the people, who prays and be prayed. The worst leader is the one who hates and be hated, who curses and be cursed by the people." Bojonegoro District governs its government based on trusteeship (Suryaningsum, et al 2016).

Research built with active interviews and in-depth interviews. Suyoto very open and inviting researchers to follow the activities of the local government on Friday in Bojonegoro. Research carried out for one year. Research has been carried out from January to December, 2015. This research-based case study method. Researchers chose Bojonegoro because it is able to overcome the deficit of local budgets. Bojonegoro district governs selected by a successful development (Suryaningsum, et al 2015a).

The research results are Suyoto has a strategy to build on the trust and affection for the people. Suyoto make sustainability order to focus on economic development, sustainable fiscal policy, the environment, human development and social capital, and the government is smart, nice and clean - smart, good and clean governance. The pillars were able to cope with financial difficulties, the budget deficit in 2008. In 2008, the first year was Suyoto leadership, the deficit occurred. The deficit occurred because several major projects of the former government to be financed by debt. Suyoto policy at the beginning of leadership is to manage finances very closely. At the beginning of the year, focusing on the debt until 2012. The scale of spending priorities very tightened. Delaying the construction of infrastructure that is not directly related to the improvement of public welfare or not so urgent, such as the rehabilitation of the buildings of governance etc. Development policy then in 4 (four) things: education, health, infrastructure roads and community empowerment.

**Keyword: Bojonegoro, deficit, fiscal policy, trusteeship governance, sustainability fiscal**

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<sup>1</sup> This paper is part of research results PUPPT 2015-2016, Kemenristek DIKTIRI., about good government governance and poverty alleviation.

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## Introduction

At the first time Suyoto served as Bojonegoro Regent, he realized that the level of citizens' reliance toward the previous government was low, because of there were some problems in the bureaucracy. Since then, Suyoto tried to do a significant change of governance/bureaucracy, to reach a better government with the hope that the citizens could respect and support them again.

Financial deficit that happened in 2008 was because the government should pay the debt of the previous government to run the big project. In Suyoto's early period, the focus was to pay the debt, and it finally paid at 2012. The priority scale of cost was really tightened. Suyoto's government tried to postpone infrastructure development that was not really related to the citizens' richness or non-insistent, such as the rehabilitation of government's building, and others. There were 4 important development policies: education, health, road infrastructure and citizens empowerment.

The purpose of this study was to examine how the strategy of regional heads Suyoto create trusteeship governance and sustainability governance structure. Good government, based on trusteeship governance according to Suyoto based Islamic spirit. Human values are beautiful in Islam. Suyoto leadership is based on the hadith. 'Auf Ibn Malik, "The best leader is the one who loves and be loved by the people, who prays and be prayed. The worst leader is the one who hates and be hated, who curses and be cursed by the people." Bojonegoro District governs its government based on trusteeship (Suryaningsum, et al 2016).

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Reference to Suryaningsum, et al., 2016a state of generally, governance has similar basic rule and legislation as standard regulations in governing. However, the leader in each region has his own way to govern and apply the rule also legislation. He has certain innovation and creativity in applying the regulation that has already exist. The certain innovation and creativity also be adjusted to the people's characteristics in each region, so that the leader can be accepted by the people and the program that has been planned

can be done well together with the support of the citizens. The interesting phenomenon today is how the region leader success to bring the citizens to be wealth and independent. The governing model that is applied in Bojonegoro is based on trusteeship. It is also interesting to deal with the leader's way to involve all of the people directly into each governance activity. In this writing, the regent that will be discussed is Suyoto, Bojonegoro Regent. (Suryaningsum, et al. 2015a), Suyoto, the regent of Bojonegoro is one of good regional leaders in Indonesia. He was able to implement a democratic system in Bojonegoro as an effort to succeed good government governance. The innovation of Suyoto has succeeded to rebuild Bojonegoro to be as good as today. The central government of Indonesia also appreciate Suyoto's competency in applying good governance principles (Suryaningsum, et al., 2014a). Here Bojonegoro proves that this region able to grow and transform as a democratic region. Bojonegoro becomes one of some barometers for another region in Indonesia, also in the world. It applies democratic system, with pro-people-policies that always open and transparent (scharmer, 2013)

Trusteeship governance and sustainability fiscal phenomenon is discussed in background of study. The discussion topic of this writing is Suyoto, Bupati Bojonegoro, as one of successful regents, to lead Bojonegoro as wealth and independent region. Organization of the article includes introduction, method, result and discussion, conclusion and future research agenda, reference, and acknowledgment.

## Research Method

Research conducted by the case study method. Observation, library research, and in-depth interviews conducted for one year, January to December 2015. Bojonegoro district governs selected by a successful development (Suryaningsum, at al 2015). This research aims to answer the research question: how the implementation of trusteeship governance and sustainability fiscal, sustainable fiscal policy, and transformative leadership.

## Result And Discussion

### A. Sustainable Fiscal Policy

It can be presupposed that the future of Bojonegoro will have good income from share profit of oil and gas and also participating interest business. However, Bojonegoro also has some problem, they are:

**Fluctuation problem** as it influences Bojonegoro's income. There is uncertainty in the business of oil and gas. This uncertainty is influenced by three main issues (unstable international price of oil and gas, unstable lifting, central politics situation).

With these all of uncertainties, Bojonegoro should be wise in estimating financial policy.

**Financial estimation problem.** The government of Bojonegoro should be effective and efficient in allocating its financial, to support sustainable development. In anticipating this problem, Bojonegoro applies:

Cost allocation focus on basic thing: the development of human resources, relevant infrastructure development to support economy.

Develop sustainably fiscal ability, by keeping the remnant of income high as money box and investing finance stock. In 2008 the government of Bojonegoro responsible for 350 milliard debt with its APBD about 900 milliard, and because of this Bojonegoro owed 111 milliard in Bank Jatim. In 2012 the significant alteration happened, that Bojonegoro paid all of its hutang and became the 4<sup>th</sup> biggest investor. In Bank UMKM Jatim Bojonegoro, the government of Bojonegoro has already estimated to deposit 100 milliard each year to be the 2<sup>nd</sup> biggest investor after province government. For Bank Pemberdayaan Rakyat (BPR) Bojonegoro estimated 400 milliard until 2016. **The investment in banking is hoped to support Bojonegoro trading.**

**Perpetually funding,** to anticipate the financial problems that will probably happen. In 2015 the pure APBD is fixed in 50%, and the other 50% is used in this perpetually funding.

**There are two sources of perpetually funding, the first is 100% PI advantage and the second is DBH.** Ideally, Bojonegoro should have about 20-24 billion.

To do and achieve the aim of some pillars above, is needed a strong, smart, clean and proactive government, to face the dynamic of society, entrepreneur and politic. In democratic system, the strength of entrepreneur and society are really needed, however the most important thing is good bureaucracy to serve them well. Certain policies and programs which have been done are always improved and upgraded, such as improving stakeholders quality, transparenching the system and implementing information technology (IT) so that everything will be transparent, effective and efficient. Bojonegoro has online complaint line (LAPOR).

### **B. The Pillar of Transformative Leadership**

Transformative leadership is leadership that does movement, maintain the changes sustainably. To do and achieve the aim of 6 pillars of sustainable development and 6 transformative elements, cannot be done by only focus on status quo government 19

orientation, kemapanan and harmony. These bases/principles should be maintained by applying harmonic and dynamic approach. In term of reaching transformational leadership, a government should be fully supported by other aspects such as political parties, mass organizations and civil organizations. A good harmonization of them might be valued as and a source of a qualified government. The task of government is as a facilitator in the process of citizens and government communication. Government stakeholders, especially they who are in the position of DPRD, the chosen people, have to be responsive and reactive in this transformational leadership.

### C. Good Government, Based on Trusteeship Governance According to Suyoto

Suryaningsum, et al. (2016c), Suyoto, the regent of Bojonegoro is one of good regional leaders in Indonesia. He was able to implement a democratic system in Bojonegoro as an effort to good government governance succeed. Auf Ibn Malik: I heard Rasulullah SAW stated:

أَرَأَيْتُمْ كَيْفَ يَوْمَهُمْ يُجْتَنَبُونَ، لِمَتَلَصُّوْا مِهْلَعَتَهُمْ كَيْلَعَتَهُمْ بِرِشَارٍ أَلَمْ كَيْتَمُّكُمْ كُنُوزُكُمْ مَهْنُؤُكُمْ ضَعْفُكُمْ  
تَو، مَكْنُؤُكُمْ عَلِيَّوْكُمْ تَعْلَبُكُمْ

“The best leader is the one who loves and be loved by the people, who prays and be prayed. The worst leader is the one who hates and be hated, who curses and be cursed by the people.”

In these last 8 years, Suyoto as the Regent of Bojonegoro has tried to be a leader who governs based on trusteeship. He carries out a big task to rearrange society social system, such as education, healthiness, economy, and others. A leader should be wise in deciding policies. He has to be a good precise man in leading. When a leader makes some mistakes, as the consequence, he will be hated by the people. Logically, it is nor hard to a leader who is loved by his people. However, in the boundary of implementation, it will be that complicated. Since then, Kang Yoto as Bojonegoro Regent always tries to reach the successfulness to be respected by his people. The way that he did is to always hears people’s lamentation then gives best solution, directly or not. Sometimes Suyoto comes to remote places in 430 villages, directly by riding motor trail, or by having communication through information technology, because he is mastering information technology. It is no wonder in two periods of his governance, Suyoto is respected by his people, even more he gets so many praises by them.

Social value that has been applied by Suyoto in governing Bojonegoro becomes inspirational value for Bojonegoro society. The good leader put his seat of emotions consciousness higher than his senses/physicals consciousness. As multidimensional

creature, man has consciousness level, and the highest consciousness level is “seat of emotions consciousness”. The lowest consciousness level is senses/physicals consciousness, because in this consciousness there are the limitation of place and time.

In governing Bojonegoro, Suyoto applies non-collusion, corruption and nepotism system. He is realizing that a bad bureaucracy started from unwise leader in maintaining district’s finance that should be used for the citizens’ richness, but sometimes it is mistakenly used to enrich the individual. Government’s stakeholders are chosen people who have responsibility to be the servant of citizens, so they should be reactive toward their lamentations and willingness. The integrity of Bojonegoro government has been formed through interactive dialogue, accepting proposal, criticism, and lamentation via text message and also social media. These are some ways of Bojonegoro government in applying trusteeship principle, to be accountable, transparent, democratic and equitable. Suyoto’s communication way could figure out the hope, willingness and demand of Bojonegoro citizens (Demand Driven), as the base of programs determining, SKPD activity including its estimation. Hopefully, the estimated plans might be done effectively, efficiently and accurate on its aim. Suyoto also proposes public interests rather than communal or individual interests. He build horizontal communication toward all of his people, believes that the sovereignty is the citizens itself, and the regent and his stakeholders are the servants. Suryaningsum, et al. (2015b), Suyoto is likened to Harun Al Rasyid in Abasiyah era. The people are always welcomed to deliver and express their suggestions even complain on everything to him. Cited from kompasiana.com, “Demokrasi ala Bojonegoro”, Suyoto applied democratic system in Bojonegoro, where the people are free to state their aspiration. He also opens a routine public dialogue in every Friday after finished Friday praying in *pendapa* of his official residence. This dialogue has been started since 2008 as his governing began. Everyone can join, usually about 500 guess come, and the local radio station broadcast this dialogue live (Suryaningsum, et al., 2015c).

The leadership style of Suyoto succeeded to make him recorded into “Leading By Emerging Future” book, by Otto Scharmer (2013). Scharmer stated that social changes in Bojonegoro is caused by economic and democratic development, and represents 4D government role, *direct, dialogic, distribute* and *digital*. Suyoto stated that democratic system today is about the two sides’ communication and Scharmer claimed that Bojonegoro is the best governance role in the world. Scharmer said that democracy in Bojonegoro uses “eco” approach rather than “ego”.

### **Conclusion And Future Research Agenda**

The research results are Suyoto has a strategy to build on the trust and affection for the people. Suyoto make sustainability order to focus on economic development, sustainable fiscal policy, the environment, human development and social capital, and the government is smart, nice and clean - smart, good and clean governance. The pillars were able to cope with financial difficulties, the budget deficit in 2008. In 2008, the first year was Suyoto leadership, the deficit occurred. The deficit occurred because several major projects of the former government to be financed by debt. Suyoto policy at the beginning of leadership is to manage finances very closely. At the beginning of the year, focusing on the debt until 2012. The scale of spending priorities very tightened. Delaying the construction of infrastructure that is not Directly related to the improvement of public welfare or not so urgent, such as the rehabilitation of the buildings of governance etc. Development policy then in 4 (four) things: education, health, infrastructure roads and community empowerment.



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