

Decision-Making by Individuals in Conflict of Interest: A Case Study of a Civil Servant who Doubles as the Owner of a Private Sectors in Yogyakarta

Danang Puji Atmojo, Haruka Aoki
Universitas Gadjah Mada
e-mail: danangpujiatmojo@mail.ugm.ac.id

Abstract

This study aims to analyze the conflict of interest experienced by individual employees of government agencies in the Special Region of Yogyakarta who are active in private art institutions. The theoretical framework used in the research includes the concept of conflict of interest and decision-making theory. The research method used is an interpretative phenomenological approach that focuses on describing and interpreting the direct subjective experiences of individuals related to the phenomenon of conflict of interest. Data were obtained through direct interviews with the interviewees, who are former civil servants in a Yogyakarta government agency and owners of private cultural studios. The results show that the Special Fund allocated has had a significant impact on the development of arts and culture in Yogyakarta, but has also resulted in conflict of interest issues among individuals who play multiple roles. The conclusions of the study highlight the importance of clear legal regulations related to conflict of interest as well as the need for a deeper understanding of ethics and public duty for individuals who play a role in both sectors.

Keywords :

Decision-Making, Conflict of Interest, Civil Servant, Dana Istimewa, Yogyakarta

INTRODUCTION

This study aims to examine the conflict of interest experienced by an employee of one of the government agencies in the Special Region of Yogyakarta (DIY) who plays an active role in a private art institution. Most previous studies on conflicts of interest have focused on legal aspects, aspects of medical ethics, and administrative conflict resolution strategies, so there rarely are studies that analyze the political

phenomenon descriptively. For example, Nikolov (2013) describes legal regulations in Europe to prevent conflicts of interest, by calling for administrative sanctions on ethical violations so that administrative control is maintained. Then, Olson et al (2014) explained the ethical dilemmas experienced by medical personnel in the era of medical innovation that due to the financial doctor-patient relationship can lead to bias in the treatment process.

In addition, the Organization for Economic Co-operation and Development (OECD), one of the major international organizations, published the results of their survey on conflict of interest resolution methods in detail in the form of a toolkit (Whitton, 2005). Thus, there is a research gap in the interpretive phenomenology of conflict of interest. This research intends to examine the conflict of interest that occurs by individual state apparatus in the government agency of Yogyakarta Special Region from the cultural agency having its private cultural institution. Seeing this situation, the author hypothesizes that there is a conflict of interest in one of the DIY institutions because some of the employees there have a dual position, namely a position in the public sector as a civil servant and a position in the private sector as a member or owner of a private cultural institution.

In Yogyakarta, there is a significant development in the field of culture and traditional arts influenced by the Ngayogyakarta Hadiningrat sultanate, so it is known as the city of culture. Many cultural events and sultanate events organized by the DIY Cultural Office and DIY Tourism Office present private cultural and artistic institutions such as dance studios and so on. Therefore, the relationship between the Culture Office and private cultural institutions is getting closer and needs each other, there are even cases of active members of cultural institutions entering the Culture Office, or permanent employees of the Culture Office becoming owners of private cultural institutions. We interviewed one of the *sanggar* owners, who was also a

civil servant at the Yogyakarta Culture Office in the cultural sector, to find out about his work and activities in government agencies and private art institutions, as well as the interests he has in his respective fields.

Conflict of interest in this study is when the personal interests of a state apparatus unreasonably influence their public duties. When this happens, the public does not get the best public policy outcomes (Rolando, 2022). Therefore, ideally, state and private institutions need to keep their distance from each other. This is stipulated in the Civil Servant Code of Ethics which is regulated in Government Regulation (PP) No. 42 of 2004. According to the PP, civil servant ethics towards themselves include “avoiding conflicts of personal, group or group interests” (article 11), and civil servant “who violates the code of ethics is subject to moral sanctions” (article 15) (Pemerintah Indonesia, 2004). This article can be interpreted that if a civil servant influences their public duties for personal, group, or group interests, it is potentially considered a violation of the civil servant code of ethics.

However, in reality, there is an interesting phenomenon that some employees in the DIY Culture Office play an active role and even become owners of cultural studios. In this situation, individuals are required to behave professionally by the civil servant code of ethics while fulfilling their duties and roles in their cultural studio. However, in the implementation of these dual roles, they have the potential to find loopholes or

gray zones to take advantage of their position as individuals who have relationships with state institutions and private institutions. This phenomenon can be studied from the perspective of political behavior, where individuals behave with two aspects, namely part of state institutions and private institutions. Therefore, we want to know how individuals behave in addressing their conflicts of interest as state administrators as well as actors of cultural institutions in the Special Region of Yogyakarta.

THEORY

This research analyzes the phenomenon of individual conflicts of interest as state administrators and owners of private cultural institutions in Yogyakarta, using the concept of conflict of interest and decision-making theory.

COI (Conflict of Interest)

A conflict of interest is when a public servant's private interests improperly influence their public duties. The structure of conflict of interest has two elements, namely (1) obligations and demands based on trust in the profession to prioritize the interests of service recipients (the public) over personal interests, and (2) opportunities for individuals to behave contrary to these obligations. A conflict of interest occurs if the opportunity is attractive enough to do so. Conflicts of interest can occur in various contexts, not only for high-ranking officials but for ordinary employees as well. Conflicts of interest have three stages or classifications, namely: (1)

the “actual” stage where there is already a conflict between public demands and personal interests, (2) the “perceived” stage where personal interests affect public performance, (3) the “potential” stage where personal interests have the potential to cause a conflict of interest. The individual concerned needs to control the “potential” situation so that the “actual” situation does not occur. To overcome the conflict of interest, two main solutions are suggested: government control and social control (Rolando, 2022).

According to Hellingar's findings, bounded rationality and cognitive biases can affect the behavior of individuals facing conflict of interest situations psychologically. By way of rationalization, people's views on suspicious behavior can be changed to be better accepted. Then, with individuals behaving with innocence (invulnerability), people around them can assume a lower level of conflict of interest (Hellingar, 2021).

Decision-making Theory

Decision-making theory provides a general framework for studying appropriate and effective political decision-making. The decision-making process involves various aspects, such as the object of decision-making (who makes the decision), the amount of information possessed, how to process information, and others. With this theory, we can introspect the decision-making behavior of both ordinary citizens and political elites (Lau & Redlawsk, 2023). First, political decision-making can be divided into two domains, namely insti-

tutional/organizational and individual. How political institutions, including the legislature, executive, judiciary, and bureaucracy, make decisions is more based on institutional norms and procedures. Meanwhile, the second realm is how individuals, including political figures and ordinary citizens, make decisions more dependent on individual psychology such as their values. Decision-making theory focuses on individual decision-making processes based on individual psychology, but on the other hand institutional decisions and individual decisions influence each other (Lau & Redlawsk, 2023).

According to some decision-making researchers, decision-making is closely related to the information that individuals have. Individuals process information to make the best decision using two systems, namely impulsive system 1 and logical system 2. System 1 works unconsciously, automatically, quickly, concretely, contextually, nonverbally, and with little effort. System 2 works consciously, rationally, controlled, explicitly, verbally, and with great effort. Rational Choice Theory, which is often used to analyze decision-making, assumes that system 2 works more strongly than system 1. Individuals can choose the most appropriate alternative as a result of logical and rational consideration based on complete information. However, in reality, individuals often do not have complete information and also use instinct to make decisions (Lau & Redlawsk, 2023).

Decision-making has two approaches, namely Rational Choice and Behavioral Decision Theory. Rational Choice uses (logical) systems to process information and assumes that all individuals are capable and motivated to be fully informed when making decisions. However, this assumption is not entirely realistic. To address this gap, Behavioral Decision theory is proposed. Individuals who make decisions do not have the time and motivation to find out all the information related to the matters they want to decide, so they simplify the information search process. In addition, Behavioral Decision theory focuses more on precognitive systems. The two theories can finally be compromised as Ecological Rationality Theory, a fast and frugal rational choice. In this theory, individuals try to make the best decision with the best possible conditions and limited information. Decisions taken with Ecological Rationality theory are potentially not the best decision of all alternatives, but a relatively good choice. In this way, individuals can save time and effort to make decisions (Lau & Redlawsk, 2023).

Decision strategies can be divided by the four types of decision strategies depicted in Table 1. Decision strategies are clarified by the volume of information and the comparability of information. Both the rational choice and ecological rationality theories described above compare alternatives equally, but differ in the volume of information. Meanwhile, if the information is lacking and the consideration process is also unbalanced, the process is Behavioral

Decision Theory. Models in which consideration is not balanced even though there is a lot of information are categorized as “confirmatory decision-making” (Lau & Redlawsk, 2023).

Table 1:
A Typology: Four Kinds of Decision Strategies

		Comparability of Search	
		Balanced	Imbalanced
Depth of Information Search	Deep	Model 1 Rational Choice <i>Dispassionate decision making</i>	Model 2 Affect-driven motivated reasoning and cognitive consistency <i>Confirmatory decision making</i>
	Shallow	Model 3 Ecological Rationality <i>Fast & Frugal decision making</i>	Model 4 Bounded rationality, cognitive shortcuts, and heuristics <i>Intuitive decision making</i>

Source: Lau & Redlawsk, 2023.

All decision-making processes must be analyzed with the above decision-making framework (Frechette et al, 2020).

RESEARCH METHODS

This research utilizes the phenomenological research method. This method focuses on the direct description and interpretation of individual subjective experiences related to a phenomenon. By using this method, the author can analyze human uniqueness and subjective experience (Hasbian-syah, 2008). Using an interpretative phenomenological approach. The interpretative phenomenology approach is a qualitative research approach that focuses on the subjective meaning of objective reality in the consciousness of people who live their daily life activities.

This approach focuses on understanding the existence or being of individuals or phenomena, in contrast to other qualitative

methods based on the constructivist paradigm. In interpretative phenomenological research, researchers seek to understand and explore how the meaning, form, and state of the research object horizontally. Researchers feel the phenomenon from the same perspective as the object of research. Interpretative phenomenological studies aim to explore the lived experience of a phenomenon, which represents an individual level of analysis with the understanding that the social context is embedded in individual existence. By following the interpretative phenomenology methodology, researchers can have clear goals and questions and can get an interpretation of the data from the interviews (Frechette et al, 2020).

We interviewed a retired civil servant in Yogyakarta who is also a dance studio owner. For security and privacy reasons, we kept all information about the interviewee's data confidential. The interview process was conducted twice, each time for 2-3 hours. We also spent a full day following and observing her daily activities to find out more details and validate her data. In addition, we also cross-checked the interview data with data from online news sources via the internet.

RESULTS AND DISCUSSION

Dana Istimewa and Cultural Development in Yogyakarta

Due to its geographical location in the south of Java, Yogyakarta's economy has not developed as strongly as those along Java's Pantura route. Based on data from

the Central Statistics Agency (BPS), the economy of the Special Region of Yogyakarta (DIY) has a Gross Regional Domestic Product (GRDP) at Current Prices (ADHB) of IDR 149.37 trillion throughout 2021. This amount is only about 5% of DKI Jakarta's GRDP, making DIY the province with the smallest economy on the island of Java (Kusnandar, 2022).

Before the passing of the Yogyakarta Privileges Law (*UUK Yogyakarta*) in 2013, the budget for culture was very limited. For example, our interviewee informed us that a Sendra Tari festival between regencies and cities had previously been held with limited funding. A Sendra Tari festival involving four communities in one city only cost 8 million rupiah. In most cases at that time, with the non-profit status of dance studios, usually the operational costs and wages of dance teachers were financed through fees charged to parents or members of the studio so that funding became the main source to finance the studio's operational sustainability. Occasional job opportunities to dance in certain events are often used by individual members of the studio to make ends meet. However, it is sometimes incidental and not consistent periodically.

Then since the enactment of the Specialty Law in 2013, there has been a significant transformation and appreciation of the arts-including dance. Previously, this sector was considered trivial and relied entirely on the APBD which was considered insufficient without additional sources of funding allocation. This is because for the

artists dance in particular the development of tourism in Yogyakarta previously only focused on nature and culinary tourism. But for them, efforts to maintain and develop cultural heritage through various educational and teaching activities, such as including cultural elements in the education curriculum and through competitions that promote local cultural identity are also an important part of keeping cultural tourism in Yogyakarta alive.

With the Privileges Law, the arts are now taken more seriously and given more attention. This can be seen from the amount of funding received by the Special Region of Yogyakarta, which has now increased significantly compared to 2013 (Pandangan Jogja, 2023). For the Yogyakarta region, where local revenues are limited due to a lack of industry and economic resources (Sedayu, 2023), the positive impact of the law is starting to be felt, for arts actors it provides a significant boost to the development of arts and culture in the region. Especially in existing educational institutions and cultural institutions. They assume that nurturing the next generation in the field of culture not only includes the transfer of knowledge and skills but also involves encouraging love and concern for cultural heritage. This illustrates the importance of not only educating technically but also developing a sense of sensitivity to deeper cultural values. After all, the adoption of culture in the education sector not only acts as a complementary vehicle in the formation of student character but also as a crucial instrument in supporting

educational inclusiveness (SMP Negeri 15 Yogyakarta, 2023).

Involvement in cultural preservation and development requires a wide range of ties. While culture is taught and preserved in formal institutions such as schools and agencies, efforts to promote cultural sustainability also involve relationships at the informal level such as community-owned studios. The presence of arts and culture is an essential pillar in all social activities, and communities often need guidance and support in this sector. That's why the drive and motivation to support and delve deeper into the richness of culture has strengthened over time. Nurturing the next generation in the field of culture not only involves the transfer of knowledge and skills but also involves encouraging love and care for cultural heritage. This illustrates the importance of not only educating technically but also developing a deeper sense of cultural values.

The activities organized in dance studios are mostly similar to those in other studios, including dance performances and puppetry performances. The membership of the studio is also dynamic, where students often enter and leave in turn, making the atmosphere of the studio more flexible and not rigid like a formal education system that has a fixed level and curriculum. The main activities in the studio include rehearsals and performances. It is so fluid that in certain conditions, if there is a member who cannot dance in a certain event, usually a member from another studio will replace him. In addition, other

students of the studio also often participate in dance and other activities. They usually also receive calls to fill events outside Yogyakarta and even abroad.

Arts and cultural activities have received stronger support since the Special Fund. The fund can also be used to organize productive activities such as workshops and others. Subsidies for art studios have increased significantly, as seen in the increase in honorariums for dancers, drummers, and artists involved in performances. Honorariums that previously only amounted to hundreds of thousands of rupiah can now reach up to one million rupiah, showing a significant increase in the support provided. This has had a clear positive impact on the development of arts and cultural activities in the community.

The special funds (*dana istimewa*) allocated are not merely to increase the number of *sanggar*, but rather to provide financial support to maintain the survival of these *sanggar*. With this financial support, these *sanggar* can continue to be active in organizing their art activities. The activities run by the *sanggar*, especially in terms of performing arts, allow the *sanggar* to continue to grow, produce new works, and provide opportunities for artists to perform on stage with an honorarium. With the existence of the Special Fund, art studios have the opportunity to grow and flourish, although at first, they may experience difficulties in finding funding sources.

Intuitive Decision-making: Dance in the Vortex of Conflict of Interest

Although our informant was not involved in training the *sanggar* members, her role was more related to production and management, including in organizing the overall activities and operations of the *sanggar*. During his period of working for the Department of Culture, he also actively carried out responsibilities in the management of this *sanggar*, integrating administrative and operational tasks to ensure the smoothness and efficiency of the various activities carried out in the *sanggar*. A clear moment when a potential conflict of interest surfaced due to the intersection of positions and positions occurred when the *sanggar* was first formed in 2008. According to him, the existing ecosystem provides equal opportunities for individuals or art activists to establish their own art infrastructure and play an active role in the structure of the art organization. In the context of openness, the participation and interest of individuals to participate as members and take part in training sessions within the *sanggar* environment is accepted inclusively and openly.

In the viewpoint of our informant, who chose to engage in the private sphere despite already having a stable income from work as a civil servant, there is a personal motivation or drive to pursue activities that fulfill personal expression needs or make a positive contribution to society more broadly. For him, a job and career in the state service is still limited to formalistic workspaces, hence he emphasizes the urge to engage in activities outside the

scope of the service office. This motivation is often accompanied by a sense of love and passion for art and culture, which guides them in making contributions outside the scope of formal control such as in the cultural office. Beyond the administrative and formal routines of the office, the scope of arts and culture in the private sector can span multiple fronts, illustrating personal motivation and interest in creating a significant impact on culture for the public.

According to her, the phenomenon of an individual who is active in a state institution while at the same time owning a cultural institution in his home is a common occurrence in Yogyakarta. However, our informant argued that usually arts performances such as *karawitan* and dances involving several studios, still have quality standards determined by the government, but the determination of these quality standards is also biased because of her position in the agency that determines the standards and the right of a studio to perform at government events. He emphasized that the quality must be maintained, not only because of the official status. The studio must maintain its quality by the set standards. Choosing the right people for the agency is an important step in maintaining its quality.

But the election also tends to be political. This conflict of interest is less of a problem because it is generally not that big (in nominal terms) and many of their friends have the same interests, both with them and with other members. During his tenure

as a state official, increased support from the Special Fund has contributed to an increase in the number of arts and culture enthusiasts. Greater stage intensity and promotion led to an increase in public interest in the arts. This has led to a significant increase in enthusiasts and influenced individuals' decisions to be interested or not in arts and culture based on their level of interest. In its perspective, the fund has a dual purpose, which is to provide education to the community and also to improve the welfare of the community. This can be seen from the positive impact of the Special Fund, which helps to improve the welfare of the community through job creation, thus creating a multiplier effect that radiates in various aspects of daily life. Although, according to him, it is difficult to measure the level of welfare, as there are different perceptions of the level of welfare in Yogyakarta.

In the context of the increase in the number of art studios, according to our informants, the increase in the number of studios did occur quantitatively. However, the assessment of the quality of each *sanggar* is very subjective and depends on individual preferences. Thus, there is no guarantee that the presence of more studios automatically results in better quality. Regarding the element of uniqueness, it is a very relative aspect and open to personal judgment. A large number may not directly guarantee good quality, so each needs to judge the quality according to their personal preferences and standards.

The Absence of Restrictive Instruments

The process of filling a slot in an art event usually involves a selection process or appointment of the party that will perform. This process can be done through various methods, one of which is tendering. However, not all art events are conducted through tenders. For example, for small events that do not involve overseas performers, the selection process is often done internally without a formal tender process. The authority responsible for determining the process of filling the event is usually the event organizer, which can come from the Culture Office, Tourism Office, or other government agencies depending on the type of event and context. For example, if the event is organized by the Culture Office, then the Culture Office will be responsible for the selection or appointment process of the participants or performers in the event. As for smaller or local events, the selection process is usually done internally by the event organizer without going through a formal tender process.

Allowing officials to form or be part of art groups without sanction allows them to participate and partner in local government cultural events without any problems. The government has a pretext to work with people who already have a proven reputation and credibility, so the work process can run more smoothly and efficiently. Choosing to collaborate with individuals who have a clear identity and track record can minimize uncertainty and potential problems in the future. For them, the argument is that it is important to keep the

working circle stable and productive, to achieve the expected results without unnecessary obstacles.

CONCLUSION

The existence of the Yogyakarta Special Fund has signified the development and resilience of dance studios in Yogyakarta. This condition has pushed some employees into two anomalous positions, on the one hand, they stand as state civil servants who have the authority to determine activities together with dance studios, on the other hand, they are owners or part of private dance studios institutions. Indirectly, this situation makes dance performances in Yogyakarta in a vortex of conflict of interest. The situation also gets a lot of forgiveness from individuals who are parties to the conflict of interest, because their arguments assume that it is done by many parties. Thus, in this case, conflict of interest is not a taboo when there are many alignments. In addition, the absence of specific legal regulations governing the tender procurement scheme for dance performers makes this practice still occur.

REFERENCES

- Frechette, J., Bitzas, V., Aubry, M., Kilpatrick, K., & Lavoie-Tremblay, M. (2020). Capturing Lived Experience: Methodological Considerations for Interpretive Phenomenological Inquiry. *International Journal of Qualitative Methods*, 19, 1-12.
- Hasbiansyah, O. (2008). Pendekatan Fenomenologi: Pengantar Praktik Penelitian dalam Ilmu Sosial dan Komunikasi. *Mediator: Jurnal Komunikasi*, 9(1), 163–180.
- Helleringer, G. (2021). Conflict of Interest and Decision Making. In S. G. Hacker, *Theories of Choice: The Social Science and the Law of Decision Making* (pp. 265-282). Oxford: Oxford University Press.
- Nikolov, N. (2013). Conflict of Interest in European Public Law. *Journal of Financial Crime*, 20(4), 406-421.
- Lau, R. R., & Redlawsk, D. P. (2023). Political Decision-Making. In L. Huddy, D. O. Sears, J. S. Levy, & J. Jerit (Eds.), *The Oxford Handbook of Political Psychology* (3rd ed., pp. 150–190). New York: Oxford University Press.
- Rolando, O. (2022). Conflict of Interests in Public Sector. In A. Farazmand, *Global Encyclopedia of Public Administration, Public Policy, and Governance* (pp. 2330–2334). Florida: Springer.
- Olson, S., Berger, A. C., & Beachy, S. H. (Eds.). (2014). *Conflict of Interest and Medical Innovation: Ensuring Integrity While Facilitating Innovation in Medical Research*.

- Workshop Summary*. Washington, DC: National Academies Press.
- Whitton, H. B. (2005). *Managing conflict of interest in the public sector: A toolkit*. Paris: Organisation for Economic Co-operation and Development.
- Website**
- Kusnandar, V. B. (2022, February 6). *Ekonomi DI Yogyakarta Terkecil di Pulau Jawa pada 2021*. From Databoks:
<https://databoks.katadata.co.id/data-publish/2022/02/16/ekonomi-di-yogyakarta-terkecil-di-pulau-jawa-pada-2021>
- Pandangan Jogja. (2023, August 30). *Danais DIY Naik dari Rp 231 Miliar Jadi Rp 1,42 Triliun dalam 10 Tahun*. From Pandangan Jogja:
<https://kumparan.com/pandangan-jogja/danais-diy-naik-dari-rp-231-miliar-jadi-rp-1-42-triliun-dalam-10-tahun-2151bX4hCuh>
- Pemerintah Indonesia. (2004). PP No. 42 Tahun 2004. Jakarta: Pemerintah Pusat. From Database Peraturan JDIH BPK:
<http://peraturan.bpk.go.id/Details/66185/pp-no-42-tahun-2004>
- Sedayu, A. (2023, January 22). *Kemiskinan dan Ketimpangan di Yogyakarta Tinggi, Ekonom Ungkap Penyebabnya*. From Tempo.com:
<https://bisnis.tempo.co/read/1682597/kemiskinan-dan-ketimpangan-di-yogyakarta-tinggi-ekonom-ungkap-penyebabnya>
- SMP Negeri 15 Yogyakarta. (2023, September 7). *SMPN 15 Yogyakarta Selenggarakan Workshop Peningkatan Kinerja Visi dan Misi Sekolah*. From SMP Negeri 15 Yogyakarta:
<https://www.smpn15yk.sch.id/smpn-15-yogyakarta-selenggarakan-workshop-peningkatan-kinerja- visi-dan-misi-sekolah?page&name=smpn-15-yogyakarta-selenggarakan-workshop-peningkatan-kinerja- visi-dan-misi-sekolah>
- Interview**
- Retired Civil Servant (2024, May 14). Yogyakarta City, the Special Region of Yogyakarta