

THE PORTRAIT OF EXECUTIVE-LEGISLATIVE AGENCY RELATIONSHIP IN INDONESIA'S THREE ERA A CRITICAL ETHNOGRAPHIC STUDY

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Abstract: *This study aims to criticize the executive-legislative agency relationship that has grouped the association between public sector accounting with agency relationship model into surveillance system, budget manipulation and information asymmetry between executive and legislative. To criticize the agency relationship concept, the author used critical ethnographic methodology which is a method that aims to explore the hidden factors such as how power and hegemony affect a society, as well as attempt to unveil the hidden agendas behind a reality. The rise of a strong legislature [DPRD] caused many problems. Because DPRD became the new oligarchy that is corrupt, low capacity, irresponsible and insensitive to the people aspirations and prioritize their own interests. DPRD, said the public, was not seen as a devotion and a commitment to fight, but rather like a job to earn a living and position. As a result, the people were disappointed and do not believe the DPRD. The study found that the absence of integrity causes a shift from a culture of immaterial prosperity towards the enrichment of man over material needs. So far, personal desire has taken a prominent place as the means to provide food for human life, and as a logical mechanism that shaped everything into the agenda of wealth, luxury and power for a few elite. This means that the thought of a more humane and more comprehensive agency relationship must be raised.*

Keywords: *principal-agent, accounting, budgeting, executive, legislative*

1. BACKGROUND

Agency relationship model has attracted experts over the past decades. They further examine this model from various perspectives of science, such as social sciences, politics, economics, psychology and lately in the science of accounting. For example, a study conducted by Smith and Bertozzi (1998), with a political and accounting perspective, examines the interaction of disharmonious relationship between the actors of public budgets. They found that the disharmony between the principal and the agent had an impact on the budget. Meanwhile, Carr and Brower (2000), from an organizational perspective, finds that the opportunistic behavior (principal and agent) described in governmental organizations are more diverse and complex, when compared with the conventional model of principal-agent. In addition,

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Waterman and Meier (1998) from the perspective of political economy criticize the assumptions on which the problem of the conventional model of agency relationships was based, i.e. conflict of interest and information asymmetry. They develop problem assumptions within a broader theoretical framework, i.e. from the standpoint of politics, bureaucracy and budget. Meanwhile, other researchers like Mitnick (1973), Thompson and Jones (1986), McCubbins et al. (1987), Christensen (1992), Fozzard (2001), Lupia (2001), and Shapiro (2005) view the agency relationship model as an alternative for control system analysis in formulating and executing the budget.

When talking about the concept of agency relationships in government sector, the issue is not as simple as the concept of conventional agency. As disclosed by Moe (2001), that the agency relationship in the government sector cannot be approached entirely with conventional agency approaches, because of several considerations. This is because the daily activities of the organization is always related to the delegation of authority and a chain of principal-agent relationships, start from the society to the legislature, the legislative to the top level executives, top level executives to the medium and the lowest level executives, where executives at this level to provide services directly to the public, such as on a local scale, providing health care, education and a variety of other services related to society, all delegated to lower levels. Therefore, the agency relationship in the organization of government becomes an important concept.

This study aims to criticize the executive-legislative agency relationship in the budget process in terms of three-era law changes which have a large impact on the pattern of the principal-agent relationship in Indonesia. Some researchers also have grouped the association of agency relationship model with public sector accounting into the surveillance system, budget manipulation, and information asymmetry between executive and legislative.

2. METHODOLOGY

The author was interested in writing this article to criticize the phenomenon of agency relationships from the critical accounting perspective. To criticize the agency relationship concept, the author used critical ethnographic methodology which is a method that aims to explore the hidden factors such as how power and hegemony affect a society, as well as attempt to unveil the hidden agendas behind a reality. Anthropologists argue that ethnography is not just a piece of writing, but must also abide to "scientific" rules. If the "plot" and the structure are the standard principles of writing a novel, objectivity and empirical justification are the backbone that determines whether an article can be categorized as "ethnographic."

Analysis of the plot on the executive-legislative relations conducted in three age changes in legislation that took effect in the budget process. The third era is

the plot of the new order (Law No. 5 of 1974), a period of reform (Law No. 22 of 1999), and the plot of the latter is the period after the euphoria of the reform (Law No. 32 2004).

The principle of realism in writing is achieved through the separation between reality depiction of figures and the reality of nature and the role of writers whose job are only to represent reality in a narrative. At the height of the movement of modernism, there was no critical awareness that the selection of an aspect of reality that would be highlighted in the narrative is actually a function or the subjectivity of the author. Therefore, realism approach is suitable for writing classic ethnographies because realism ethnography was deemed successful in "isolating" the author subjectivity.

3. RESEARCH DISCUSSION

Agency Relationship In The New Order Era (Soeharto Era): Executive "Prodigal Son" With Authority

So far the word "mystery" is most appropriate to express the local government agency relationship in the new order era. In this era, agency relationship is filled with conflicts of interest, secrecy and confidentiality, known only by the budget executor, namely the executives. However, it is very naive for an agency relationship that raises a variety of questions to only be disclosed to the extent of its surface, without exploring further to the root of the problem. I think that diving into the source of the problem is very important. This can be done by observing the behavior of actors when interacting in the budget process, through interviews with the actors of the time or from various scattered literature discussing about this issue. The others thing that can be done is understanding the way of thinking or being part of the executor of budget (both executive and legislative). Furthermore, it can also be done by gathering information of society interpretation regarding the executive-legislative agency relationship at that time. As expressed by Gillham (2004, 10) that qualitative research will find a variety of evidence about what people say, what they do and how people perceive an act or phenomenon. Further, he argued that the whole of such evidence can be the basis for researchers to explain the behavior of agency relationship in accordance with the understanding of the actor.

In order to explore the fact of the new order era agency relationship, useful data that support the study are analyzed with a holistic approach. As proposed by Hammersley and Atkinson (1983, 10-11) that researchers can use different styles in analyzing the data obtained. Therefore, I use evidence (event-by-event) that are assembled into a scientific story to reveal the agency relationship in the context of the budget in local governance.

The understanding above shows that budget management in the new order era is like a "black box" that is only known by the executive alone. As said by

Kade Sulastri, a member of the legislature, that "at the time the budget allocation is only known by bureaucrats, while the public and legislature are completely blind of the budget". Budget "black box" was an executive "game room" in which because of the high self-interest, they tend to put the burden on the people. The game was played beautifully, like a game of Dutch football which is beautiful and interesting to watch, so that the budget appears to side with the people, but in fact the budget is a pseudo-reality (Wildavsky and Caiden, 2004).

This study describes the executives like a prodigal son who marginalize the legislature. During the new order era all the power over the budget are in the hands of the executive (the regent/ mayor/ governor) which was the extension of the hand of the central government (the president). In order to do this, all the legislation is directed in such a way, in which there is no room for other stakeholders to speak.

In the new order era, there are no agency equality either socially, legally or culturally. This inequality manifested especially in the political and economic life of the citizens of Indonesia. Although Indonesia recognizes itself as a democracy, the Western world and a number of other countries classifies Indonesia as a country with a totalitarian rule, the same with countries in Latin America which are also controlled by the military (Piliang, 2005). The main principle of democracy, namely equal degrees of individuality and freedom, and rule by the people's approval, did not materialize during the new order government. During the time of the new order, what happened was the government was ruled by the military, the patron or father, and the cronies of the president. They see the shade of Indonesian culture of the new order era as a feudalistic, authoritarian-militaristic and paternalistic culture supported by the cronyism economic system.

Agency relationship that took place during the new order era regardless of its amazing physical achievements, was actually nothing more than a mad discourse. As said by Foucault, in madness, man deceives himself. When a madman is demanded by falsehood images (arbitrariness of the image), then he imprisoned himself in a circle of false consciousness. Insanity is the fragmentation of the soul, where desire is taken to the point of blindness. It is this blindness that has guided the construction of the new order regime. Uncontrollable desire accompanied by blindness will lead everyone to Machiavellian. Violence paradigm eventually becomes the paradigm of development. Agency relationship was supported by calculated and precise management, but is not accompanied with a healthy soul (reason). Agency relationship was guided not by wisdom and sincerity, but by uncontrollable desire.

Agency relationship in the new order era was marked by territorial politics or geopolitics, which has created a cultural totalitarianism, namely the culture power that is centered and centralized, creating in them various forms of cultural

uniformity that does not appreciate plurality, differences, and locality. Culture is constructed based on the principle of binary opposition. Within each segment occurs a process of exclusion, alienation, and marginalization of legislative positions. From the above description may be concluded that the logocentric of the new order era was selfishness. That is, the executives (center) are always right.

Then, executive become a super power agency which is entitled to determine all things, both the formulation and determination of the budget allocation, while the legislature did not have space in the process. Legislative position is very weak, and only a rubber stamp for executive decisions. As Ketut Nyusundari (informant), a member of legislature, express that, *"we are just accessories administration, does not have any function. All matters already dealt with the executive"*.

It can be seen that during the new order era, the dialogic climate was not created, what happened was human was only seen as statistical data, as figures, as commodities whom feelings are not considered. This way of thinking is contrary with Mikhail Bakhtin who argued that in the effort of understanding the society and culture (including political culture) is important. The most important effort is to understand human beings as subjects, with all their feelings, and not as a soul less object. Because, as an object what can be obtained is only knowledge (Piliang, 2005, 182). Therefore, in agency relationship the most important thing to understand is the understanding and mutual understanding between agent and principal.

Reform Era Agency Relationship: "Revenge of the History"

Reform in Indonesia which took place in 1998's has raised decentralization and local democracy, which has been restrained by a hierarchical, centralized, feudalistic and authoritarian political structure. Thus, the locus of politics shifted from the center to the locale, from centralization to decentralization, from bureaucratic government to party government, and from executive heavy to legislative heavy (see Usman, 2004; Harris, 2005).

But, as found by this study, the current local democracy (reform) was just a euphoria and not a process of consolidation towards a solid, civilized and trustworthy local democracy (reform). That is, the euphoria of local democracy in the agency relationship of the budget actors was still very problematic, and will remain problematic because the building foundation of the relationship between the budget actors was very fragile.

The reform (reform) was a historical event which is an anticlimax change for the people of Indonesia who are frustrated with the centralized and feudalistic administration of the Soeharto era for three decades (see MacIntyre, 1994; Sidik, 2007). The reform movement initiated in the 1998's by various forces in society at the time, was expected to make big changes in the relationship between agencies in policy making, especially budgeting, which has been misused in the new order,

such as the dominance of executive on the budget process which ignores the legislative role as a part of the government. The movement is also expected to bring a new atmosphere in the agency relationship as a starting point for the establishment of budget policy, which encourages better agency relationship for the role of the budget actors (executive and legislative) in carrying out their functions.

Political injustice in the past, are increasingly felt and cause upheavals in the community who are not satisfied with the new order government. The political context, in the view of Marx is a conflict in the relationship between the political class (ruling class/ruled class). That is, if it is linked to the power system or political domination between social classes, then a dominant class uses their power to control the controlled group. He continued that the ruling class will always protect its economic interests and oppress and exploit the class below them that incidentally has no power, so as to create an imbalance of power between the classes (Sanderson, 2003: 310). One of the imbalances was the injustice role of legislature institutions, which should have been a part of the local government. Thus, the local heads (executives) became the center of the settlement of all government policies, such as budgetary policy, because they have the highest position locally, while the legislative has no role.

The process of transition from the central government system towards a system of local autonomy or centralized system towards a decentralized system, has led to a historical discontinuity (discontinuity) against the realities of the past history, especially the history of the new order. This picture of discontinuity was described by Stephen Toulmin through various cultural metaphors. In his book titled *Cosmopolis the Hidden Agenda of Modernity*, he describes the discontinuities that occur in the various systems of modern nations, of what he calls the "Leviathan" system towards the so-called "liliputian" system. Leviathan is a metaphor used by Thomas Hobbes (1651), one of the sociologists who thought about the origins and intricacies of the public, to explain a system of modern state built by a power system that cannot be divided. That is, the power is in one hand and concentrated in the power center. This kind of power authority was described by Hobbes as a monster that powers' cannot be blocked, namely the Leviathan. This condition requires a centralized power, which always maintains a social stability and stable institution (Brennan and Buchanan, 1980; and Buchanan et al., 1980).

Meanwhile, the liliputian is a power system that is fragmented, divided, and no longer centered on an authority that cannot be blocked. Power sharing is possible as understood by Rousseau, so it requires various institutions which have their respective authority. Meanwhile, Michel Foucault in *Power and Knowledge*, describes this divided liliputian power in a different way, that power is everywhere. That is, it is very possible for a spreaded and distributed segmentation of power. The transition from the Leviathan political model towards this liliputian model also

corresponds to the transition described by JF Lyotard in postmodern society, namely the transition from the so-called grand narratives toward what he calls a small narrative (Piliang, 2005: 352).

Reform led to restore legislative function in the budget policy, as mentioned by Wehner (2003, 4) that, "... *legislatives are being brought back from the sidelines of budget policymaking ...*". That is, the reform has been to provide flexibility to the legislature (DPRD) to supervise the executive. Thus, the executive can be prevented not to exceed the limits of authority or attempt to accumulate the power. Unfortunately, in this context, the legislature became over acting in conducting surveillance, while the executive is not equipped with a set of provisions to prevent abuse of authority and legislative power.

Therefore, it can be said that the reform of Indonesia that drain decentralization in the context of economic transition, democracy and politics have uncovered a new problem. Budget policy decisions that had to do unilaterally by the executive, swung to the legislative side. Unfortunately after the reform, the budget ratification and execution relatively difficult to do, because they must go through hard negotiations with the legislature (DPRD) as a bearer of the people's aspirations. The spirit of reform has given such great authority to the legislature, such as the right to determine the regional head, right evaluations of regional heads in the sense of responsibility which is to accept or reject the report, and the right to dismiss the head of the region (Mahfud, 2000: 7). Associated with such authority appears some cases in the area over the exercise of power by legislative or retaliation on the past history experienced by the legislature. Legislature, which over power, dominated the government through the power of bears, for example, to dismiss the head of the area for no apparent reason, or does not accept the responsibility report of regional head because of dissent. Conditions in this era of reform lead to raise unequal relationships between the legislative powers and the executive who are controlled.

Thus, the reforms undertaken by the government of BJ Habibie has created ample opportunity for power-sharing (*gezagverhouding*), especially with regard to executive and legislative power in the context of the budget. However, the relationship is interpreted differently by the legislature and made the event for revenge of past history.

"Tau Sama Tau" (Collusion): Agency Relationship Portrait In The Post-Reform Euphoria Era

During the first year of the implementation of local autonomy policy, various problems were encountered. Most authorities consider that these problems arised because of the weakness of Law (UU) No. 22, 1999, while others believe that the problems arised because this law has imposed too much power to the legislature (Harris, 2005: 103).

Indeed, strengthening the role of the legislature in the budget, or often referred to as “budgeting legislative” intends to increase the role of the legislature in the public budget, even some experts argue that according to the theory, the greater the power of “budgeting legislative” will further promote transparency, be held accountable, increase integrity of public financial management and participate in the system of “checks and balances” (see, Krafchick and Wehner, 1998; Wehner, 2007). But the budgeting legislative phenomenon, according to Santiso (2005, 5) in some Latin American countries showed an ongoing controversy. According to him, there is a risk, because effectively “budgeting legislative” requires the capacity to perform the function of the budget effectively, efficiently and responsibly, and also need a supportive environment.

Therefore, “only about 4 years later the central government and parliament (DPR) amended Law No. 22, 1999 and replaced it with Law No. 32, 2004”, the main reason behind the amendment of Law No. 22, 1999, in general, is that the law is no longer suitable with the development of public financial management systems and local autonomy. The question that may arise is whether the decision to revise Law No. 22, 1999 is the right solution to overcome the problems that arise in from the agency relationship within the framework of the budget process? Does the revision of Law No. 22, 1999, solves the issues of implementing powers to satisfy self-interest?

In Law No. 32, 2004, the relationship between the executive and the legislature (DPRD) is equivalent and are cooperative partners. Equivalent positions which means that government agencies have the same position and equal, in the sense that they are not mutually powerful over each other. This is reflected in local policy-making, the so-called local regulations. Cooperative relations, means that the executive and legislative are co-workers in local policy making to implement local autonomy according to their own function, so that they can build a relationship of mutual support and not contradictory or competing in carrying out their respective duties. As said by Santiso (2005, 5) that budget in the government reflects a balance between the actors, namely the executive and legislative. Achieving and maintaining a balance is a challenge. It requires understanding of the political economy of executive-legislative relationship in different levels of the budgeting process, just as institutional arrangements also shaped the interaction.

In this relationship pattern (equal power), the local regulations concept initiative that are made together can derive from the legislative or executive. In terms of local regulations relating to the budget, would then be negotiated jointly between the executive and the legislative that includes the local budget as a whole, in which the concept would be created by the executive while the legislative budget concept would be prepared by the legislative. Some experts argue that the new form (equal power) of relationship between these institutions have a significant influence on the public budget (Haggard and McCubbins, 2001; Morgenstern and Nacif, 2002; Mainwaring and Welna, 2003).

However, does this new form of relationship (Act No. 32 of 2004) sufficient to ensure a harmonious relationship between the executive and the legislature in a way that promotes the interests of the people above personal interests? Given the argument from Wildavsky (1992) that the budget is used to emphasize the dynamic and varied interactions between the executive and the legislature in the budget process. Such interactions include the process and structure of public budgets, as well as institutions, individuals, desires and incentives that will determine the outcome of the budget. The budget is a very important instrument in public policy, and is a critical arena as a site of political bargaining between the executive and the legislature. This is called the budget political process. In this case, besides as a political bargaining chip, the budget is also the playing field for those involved in the budget process. I think budgeting as not only a mechanical activity, rational process in allocating resources and monitoring the performance, but a political instrument for the welfare of the people. So the budget is a quasi-rational process, rich with interpersonal exchanges. For example to get what they consider fair, or what they want and desire in the budget, they need to compete with each other. The same thing was stated by Collins et al. (1999, 246) that because of the scarcity of resources (budget), they (executive and legislative) must use certain tactics to get the budget they wanted, these tactics are games.

This phenomenon appears in Jembrana as stated by Sudantra (informant), Head of the Industry Department, that "to push the interests of the executive, then we have to accommodate the interests of the legislature, and vice versa". This is dangerous for Usman (2004, 239), because, the bargaining between the legislature and the executive on the funding allocations for each party in the budgeting process, causes the funds allocated for the two institutions to be excessive, which in turn is not reasonable.

The above description indicate that the "equal power" situation between the executive and legislature created a game (win-win solution) that accommodates both interests in the budgeting process. In general, this condition is supported by some opinions like Huizinga in Collins et al. (1999), which suggests that human activities are mostly a game, or an organized activity involving multiple specific rules and purposes. This game also occurred in the budgeting process of the United States legislative structure (Wildavsky, 1992), and in a business context (Collins et al., 1987). In this structure we can see that people use the budget game to get whatever they want in the budget. Collins *et al.* (1987) adds that budget game can be done by a group together in different "budgeting game repertoires".

Furthermore, Collins *et al.* (1987, 31) defines the budget game as a routine behavior by agents to face the pressure that occurs in the process of budget negotiations. Simply put, the game is a tactic used to satisfy one's desires. The phenomenon of the negotiations, further, stated by Mastenbroek (1989, 3) that,

Many organisational problems have negotiating aspects. An organisation is composed of interdependent units each of which has interests of its own. Every important decision in organisations involves some degree of contention between the parties involved. Strategy formulation, cutbacks, the allocation of resources, budgets, authority, important projects ... all of these are issues in which negotiating plays a role.

In government, this issue has become more complex because of the presence of the various interest groups that continuously affect (or lobby) the organization's financial management process. Regulations and procedures, including financial non-financial control and, which results from negotiations, at any time can change and is not eternal as imagined. In this case, negotiations in the social structure will always happen continuously and does not stop, even though there are already an outcome such as rules and procedure. Rules will also remain an object of negotiation, because both the executive and the legislature can interpret the rules in different contexts over time.

In this context, some researchers have theorized in relation to the interaction in such complex environments (Rahaman and Lawrence, 2001). For example, Dahl considered "coalition, hierarchy, and a bargain" as an alternative model to describe interactions in governmental organizations and the interaction between the government organization with its external constituents. It is similar to the opinion of Zartman who chose the term "coalition, judication, and negotiation". Meanwhile, the latest view from Stephenson and Pops maintains an alternative model in understanding the interaction of government organizations including the "coalition, judication, rational planning, and negotiation" (Rahaman and Lawrence, 2001).

Thus, negotiations provide the most convincing models of explanation of the interaction of government organizations for two main reasons. First, "coalition" and "judication" as described by Dahl, Zartman, and Stephenson and Pops is a model to deal with situations of conflict (conditions that have emerged and developed) and to prevent a deadlock, or explain the interaction in governmental organizations. Second, they argue that the debate of power could lead to a long term stalemate in governmental organizations if "values, interests and resources" are not negotiated continuously (Rahaman and Lawrence, 2001). Thus, it is clear that in a situation of equal power, chances of budgeting games where political bargaining (negotiation) in the budget becomes bigger in the everyday agency relationship between the legislative and the executive, which has consequences on transaction costs between the two institutions. As expressed by Williamson (1988, 35) that,

Transaction costs are the costs of negotiating, monitoring and enforcing agreements. They include the information and decision making costs that actors incur when searching for feasible options, bargaining over alternatives, and monitoring implementation of collective decisions. Such activities are at the heart of public

budgeting. Transaction costs also include the 'mal adaption' costs that parties incur when contracts break down as well as the haggling costs associated with conflict resolution.

So the longer the negotiations, then the transaction costs will be greater especially when a budget deadlock occurs such as in Brazil and Mexico. This is consistent with the transaction cost theory view that actor has bounded rationality (meaning tend to be rational, but within certain limits) and opportunistic (meaning seeking its own advantage by false pretenses) (Alston and Mueller, 2005).

In economics, transaction cost accepts the concept that the decision maker has bounded rationality. Opportunistic actors will deceive other players, betraying their commitment, and manipulate the rules of the game, if they can get away from it (Williamson, 1988). Transaction cost theory would maintain the actors "defect from the letter" and "spirit of agreement" when in accordance with their wishes, which in long-term contracts are often not met. Therefore, it is imperative for organizations, especially for the budget actors to not only focus on economic costs, but also to ensure the effective performance of the contract (Williamson, 1988).

According to Smith and Bertozzi (1998, 327), this factor could hamper the performance of an agent to the principal. For example, in the government, an agent in providing services wants an increase of budgets to expand a new service area, as well as existing ones. Smith and Bertozzi (1998, 327) suggests:

In order to solve or mitigate the problem of non-alignment, inducements are offered to the agent by the principal to act in the principal's best interest. A principal may offer increased management flexibility in exchange for an agreement by the agent not to seek funding increases.

Another thing, which is quite serious in the agency relationship in government is the asymmetry of information in the budgeting process. As revealed by Bendor et al. (1987, 798), "information asymmetry is one of the primary problems that principal-agent theory seeks to resolve". This agenda is important because agents appear to be involved in the provision of services, these agents are the one who know exactly the information to operate the service (such as costs, clients served, and so on), while the principal cannot track their activities because the principal does not engage in the activity service. Agents can use this information gap to gain an advantage (e.g. manipulating the budget) in a principal-agent relationship.

For example, if the cost for conducting an activity is lower than what is thought by the principal, the principal will provide greater funds to the agent to carry out their service activities. Therefore, this information asymmetry caused the agent to get excess funds, and these funds will be used to implement other purposes outside the knowledge of the principal.

The above description shows how dangerous it is if the executive and the legislative cooperate (collusion) in the post reform euphoria era, since this would drive the cost of agency higher (see the facilities requested by the executive and the legislative, such as residential facilities, vehicles, and even subscriptions to newspapers). That is, negotiations leading to collusion between them, in turn would cause the cost to be borne by taxpayers (public) to be much larger. This of course requires a new agency model to resolve and harmonize these unhealthy relationships.

In this case, when the identities of the actors are openly built through imagology manipulation, identity is something unstable, turbulent, and loses its center. Identity become something very fluid, are able to change freely, depending on the flow of passion that drives it without any restrictions. The identity, then, evolves toward a kind of floating identity, ie identity that never rests on the foundation and definite determination (ideology, beliefs). According to Nyoman (informant), a regional eminent politician, said that "the change of an actor identity is very loose, adapts to momentary political interests, so that changes in the political situation can easily change a person's identity. Identities are uncertain and ensnared by the media which are capitalistic". This is what happened to the executive or legislative that keeps changing their identity, in order to safeguard their interests and political gains. This possibility of changes in political identity without borders has created an identity relativity conditions, in the sense that the perception of identity and values that built it is no longer bound by a firm social code, but determined relatively by individual tastes and interests which are temporary, which can be expressed in a vulgar language as a symbol of "*tau sama tau*" (collusion between legislative and executive).

4. CONCLUSION AND RECOMENDATION

Executive-legislative agency relationship in the context of the budget is like a budget management mystery in the new order era, because the agency relationship is dominated by the executive. Legislatives access to the budget policy black box is very limited, or even none at all.

In addition, the new order system in such a way made "as if" there is a democracy that is characterized by the existence of the legislature as a counterweight to the executive. However, since the legislators "security" are in the hands of the region head, causing the legislature to be submissive and obedient to all executive decisions. Therefore, any actions must always be accompanied by sweet words such as "please guide me", as a result the work of the legislative was just as the budget "rubber-stamp", there were no other responsibility. Apparently, that was the most appropriate metaphor to describe the role of legislative institutions of the new order era.

The rise of a strong legislature [DPRD] in turn caused many problems. Because DPRD became the new oligarchy that is corrupt, low capacity, irresponsible and insensitive to the people aspirations and prioritize their own interests. DPRD, said the public, was not seen as a devotion and a commitment to fight, but rather like a job to earn a living and position. As a result, the people were disappointed and do not believe the DPRD. The study found that the absence of integrity causes a shift from a culture of immaterial prosperity towards the enrichment of man over material needs. So far, personal desire has taken a prominent place as the means to provide food for human life, and as a logical mechanism that shaped everything into the agenda of wealth, luxury and power for a few elite. This means that the thought of a more humane and more comprehensive agency relationship must be raised.

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