

Conflict of Interest Analysis in Internal Teams of Public

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ABSTRACT

Public sector organizations have a vital role in the state structure, with a main focus on community services. Through a qualitative descriptive analysis approach, this research aims to explore the conditions of internal teams in public organizations related to the phenomenon of conflicts of interest. The findings show that conflicts of interest are still a common problem within internal teams of public organizations. Even more worrying, this phenomenon has become an open secret and is even accepted as the norm by colleagues. If not handled firmly, this situation has the potential to develop into detrimental practices of corruption, collusion, and nepotism. Therefore, strong steps are needed to strengthen ethical principles and enforce rules relating to unethical behavior.

Keywords: *Conflict of interest; Public sector organizations.*

INTRODUCTION

The public sector can be understood as everything related to the public interest and the provision of goods and services to the public which are paid for through taxes or other state revenues regulated by law (Mahsun, 2009). Public sector organizations are organizations that are oriented toward the public interest. Because of its orientation towards the public interest, this organization is usually not oriented towards profit as its ultimate goal. However, as an organization, the management process continues to run in public sector organizations.

Public sector organizations are organizations that play an important role in a country. This is because public sector organizations play a major role in dealing with various problems experienced by people in the country. For example, when natural disasters occur, public sector organizations are responsible for ensuring the availability of food and medicine. Apart from that, public sector organizations also play a role in maintaining the country's infrastructure, maintaining economic stability, and providing access to education.

Service to the community is the main focus of public sector organizations. Almost all sectors of public services are fully operated, controlled, and run by the government. In this sector, the government owns most of the assets and provides almost all of the services.

To provide good services, public sector organizations must be objective. However, as an organization that offers services, conflicts of interest often occur in this type of organization.

A conflict of interest is a situation where a state administrator has or is reasonably suspected of having a personal interest in any use of authority that can influence the quality of his decisions and/or actions. These interests originate from personal, family, class, or group interests which then pressure or reduce ideas built on professional reasoning so that decisions taken deviate from professional originality and have implications for state administration.

The type of conflict of interest that often occurs, for example, is policies that take sides due to close relationships. Apart from that, granting discriminatory permits is also

another form of conflict of interest. Not only that, the appointment of employees based on close relationships remuneration employee recommendations, or influence from government officials is also an open secret, a form of conflict of interest that often occurs. The existence of conflicts of interest in public sector organizations can potentially harm society because there are elements of collusion and violations of information disclosure so that public services do not run effectively and efficiently.

Conflicts of interest can occur due to abuse of authority, namely by making decisions or actions that are not by the objectives or exceed the limits of authority granted by statutory regulations. Position traps, affiliated relationships, acts of gratification, weaknesses in organizational systems, and personal interests are other reasons why conflicts of interest can occur. Based on these problems, this research aims to analyze the forms of conflicts of interest that occur in public sector organizations. By using qualitative methods, it is hoped that the results of this research can become material for evaluation and consideration for public sector organizations to become better organizations in protecting the community.

LITERATURE REVIEW

Public Sector Organizations

Public sector organizations play a crucial role in society, providing essential services and implementing policies that impact citizens' lives. Several studies have delved into various aspects of public sector management, shedding light on performance management practices, organizational learning, knowledge management, and the impact of different management control systems.

Verbeeten (2008) discusses the evolution of performance management practices in public sector organizations, highlighting a shift towards output controls from traditional action controls. This change reflects a broader trend in public sector management towards emphasizing outcomes and results, as seen in the principles of New Public Management (NPM) (Verbeeten & Speklé, 2015). The adoption of results-oriented cultures, performance management based on targets, and decentralization of decision-making are key strategies advocated for enhancing public sector performance.

Elbashir et al. (2021) focus on leveraging business intelligence systems to improve management control and business process performance in the public sector. They emphasize the importance of integrating business intelligence systems into management control frameworks to enhance decision-making and operational efficiency within public organizations. Furthermore, Thiel & Leeuw (2002) discuss the Performance Paradox in the public sector, where the emphasis on measuring outputs and outcomes, a core tenet of NPM, aims to enhance policy implementation efficiency. However, this approach may lead to unintended consequences, as highlighted by the literature on public sector management.

Additionally, Bracci et al. (2017) emphasize the importance of aligning performance management system development with the internal and external environment of public sector organizations. This alignment is crucial for ensuring that performance measurement systems effectively support organizational goals and objectives.

According to Robbins in Fahmi (2015), public sector organizations are social entities that are managed consciously, with boundaries that can be identified, and carried out continuously to achieve shared goals that have been previously created. Meanwhile, according to Fahmi (2015), a public sector organization can be defined as a place that can carry out many roles that were established to realize the wishes of all parties.

1. The organization's resources are derived from grants or donations from donors who do not expect a reciprocal or economic benefit proportional to the amount given.

2. The goods or services produced are not intended to collect profits. If an entity profits from goods or services acquired, the funds are used for the public benefit.
3. Nonprofits do not have ownership. That is, the organization cannot be sold or transferred ownership to another party.

According to Nordiawan (2009), the characteristics of public sector organizations that differentiate them from private organizations are as follows:

1. Does not have a goal of seeking financial gain.
2. Ownership is collective by the public.
3. Cannot be traded.
4. Decisions related to operational policies are based on consensus.

Conflict of Interest

A conflict of interest is a situation or condition where an official or employee has or is reasonably suspected of having a personal interest in any use of authority in their position or position so that it can affect the quality of their decisions and/or actions (Permenperin No. 18 of 2015). Conflicts of interest can be motivated by relationships with relatives and family, personal and/or business interests, relationships with representatives of the parties involved, relationships with other parties that are prohibited by statutory provisions, and relationships with parties who work and receive salaries from parties. those involved, the relationship with the party providing recommendations to the parties involved. Based on Law Number 31 of 1999 in conjunction with Law Number 20 of 2001. There are 30 criminal acts of corruption which are categorized into 7 types. State financial losses, bribery, extortion, embezzlement in office, fraud, conflicts of interest in the procurement of goods and services, and gratification.

Conflicts of interest involve Corruption, Collusion, and Nepotism (KKN) activities. The triad, Corruption, Collusion, and Nepotism, which was originally a general term ("public term") or perhaps a scientific or academic term ("scientific term"), later developed into a juridical term ("legal term") (Hadisuprpto, 2000). Corruption is an act that places personal interests above the common interest. Corruption concerns the misuse of policy instruments such as tariffs, taxes, credit, irrigation systems, housing policies, law enforcement, regulations related to legal security, contract implementation, taking out loans, and so on (Danil, 2021). Collusion comes from the term "Collusion" which according to the English dictionary, John M Echols & Hassan Sadily means, conspiracy. Meanwhile nepotism, in English "Nepotism" according to the same dictionary means, giving priority to one's relatives, especially in giving positions. Nepotism leads to giving priority, both in positions and projects, to relatives in a way that is not "fair", ignoring consideration of the quality and abilities of the person receiving the position or project recipient, and is carried out through an unhealthy competition process (Hadisuprpto, 2000).

KKN is a product of crippled and inhuman socio-political and economic relations. The relationship that is developed is a relationship that is discriminatory, alienative, not open, and insults humanity. Power is considered a privilege for certain (small) groups, and is closed and places all other groups as objects that do not have access to participate. Every closed form of power (whether political, social, or economic) will create its laws to serve the exclusive

interests of the ruler. This kind of closed power is fertile ground that can produce truly abundant KKN harvests (Sumartana, 1999).

Forms of conflict of interest based on the Regulation of the Secretary General of the Constitutional Court of the Republic of Indonesia Number 18 of 2015 include:

- a) Receiving gratuities or giving/receiving gifts for a decision/position;
- b) Use of position/agency assets for personal/group interests;
- c) Use of position information for personal/group interests;
- d) Providing special access to certain parties;
- e) Supervision processes that do not follow procedures due to the influence and expectations of the party being supervised;
- f) Abuse of position; And
- g) Determine the amount of salary and/or remuneration yourself.

The sources of conflict of interest based on the Regulation of the Secretary General of the Constitutional Court of the Republic of Indonesia Number 18 of 2015 include:

- a) Abuse of authority, namely an employee makes decisions or actions that are not by the objectives or exceed the limits of authority granted by statutory regulations;
- b) Concurrent position, namely an employee holding two or more public positions so that he cannot carry out his position professionally, independently, and accountably;
- c) Affiliate relationships (personal, class), namely blood relationships, marriage relationships, or friendship relationships that can influence decisions;
- d) Gratification, namely giving in a broad sense including giving money, goods, rebates, commissions, interest-free loans, travel tickets, lodging facilities, tourist trips, free medical treatment, and other facilities; And
- e) Weaknesses of the organizational system, namely conditions that become obstacles to achieving the objectives of implementing employee authority due to the existing organizational structure and culture.

METHOD

This research uses two types of data, namely primary data and secondary data. Primary data is data collected directly from the individuals studied (Sugiyono, 2010). Primary data was obtained through interviews with the Internal Team of Public Sector Organizations. The interview questions were stated in a questionnaire which was then distributed to research subjects. Meanwhile, secondary data is obtained through research on library materials by collecting data contained in statutory regulations, books, and articles that are related to the problem to be studied. According to Sekaran & Bougie (2016), secondary data sources come from company records or documentation, government publications, industry analysis by the media, internet pages, and the like. Secondary data in this research is used as support material in the process of discussing research results.

This research uses a qualitative descriptive research design. Qualitative methods are social research steps to obtain descriptive data in the form of words and images (Moleong, 2007). According to Sukmadinata (2011), qualitative descriptive research is aimed at

describing and illustrating existing phenomena, both natural and human-engineered, which pays more attention to characteristics, quality, and interrelationships between activities. The selection of a qualitative research approach is carried out based on the specifications of the research subject and to obtain in-depth information that covers social reality. Qualitative research is a research procedure that produces descriptive data in the form of written or spoken words, from people and observed behavior (Nasution, 1996). In this research, efforts were made to collect as much descriptive data as possible which will be expressed in the form of reports and descriptions.

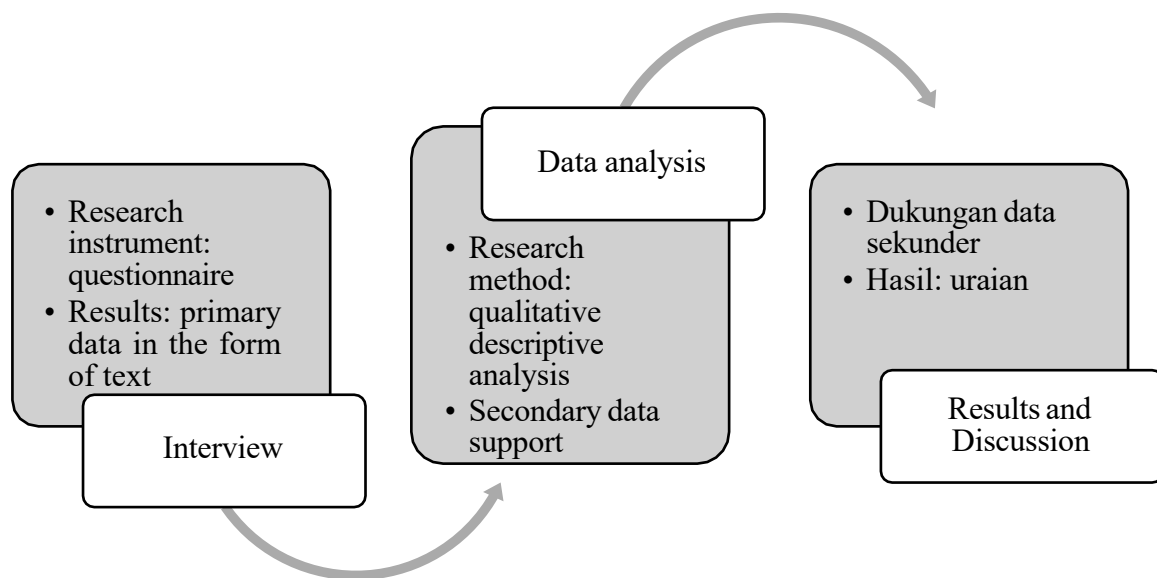
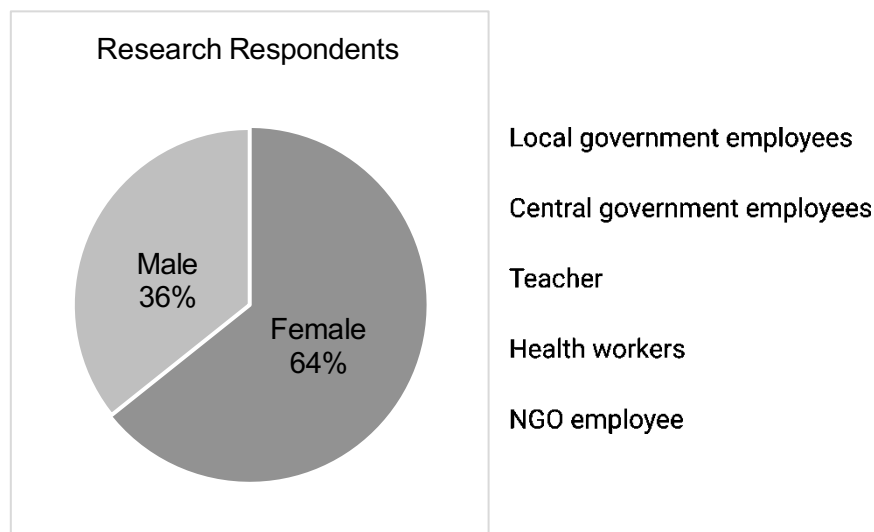


Figure 1. Research design

RESULT AND DISCUSSION

Through written interviews, 28 respondents were obtained who were willing to fill out the research questionnaire. A total of 18 respondents were women and the remaining 10 were men.



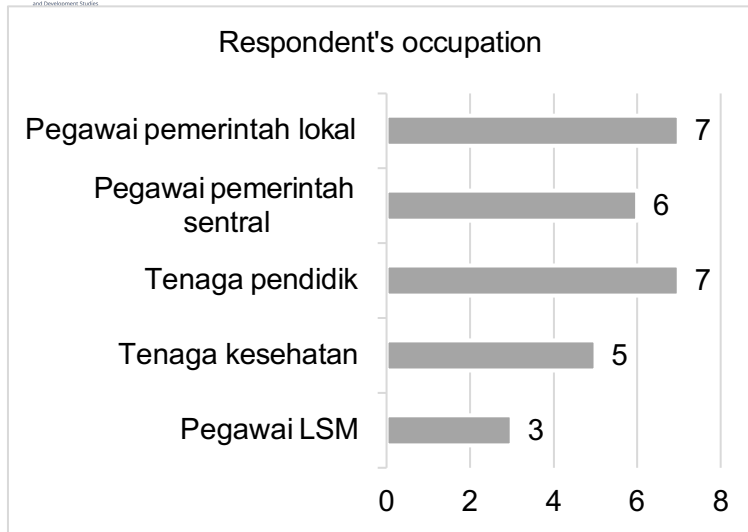


Figure 2. Respondent Description

Three respondents are employees of Non-Governmental Organizations (NGOs), five respondents are health workers, seven respondents are teaching staff, the remaining six are central government employees, and the remaining seven are local government employees. This research is a qualitative descriptive study that aims to analyze and find out the conditions of conflicts of interest in internal teams of public organizations. To achieve this goal, researchers conducted interviews with participants. Participants in this research were employees of public sector organizations in Indonesia

Based on the research results, it was found that all respondents knew the meaning of conflict of interest. Apart from that, they also know that actions that contain elements of conflict of interest are bad actions to carry out within public organizations. Meanwhile, through further interviews, it was discovered that the majority of participants were aware of actions/had encountered actions containing elements of conflict of interest occurring in their surroundings (80% of respondents) while the rest did not.

One of the things that often bridges these conflicts of interest, among others, is the existence of sibling or relative relationships between internal teams. Respondents said that the forms of conflict of interest that occur in internal teams of public organizations include determining authority that is more profitable for some parties, forming small teams that are not evenly distributed, using state-owned goods/facilities for personal/group interests, and assigning unfair burdens.

All respondents agreed that actions that contain a conflict of interest are actions that are detrimental both to the organization's internal team and to the organization itself. However, the practice of misusing authority due to conflicts of interest is difficult to avoid in internal teams in public organizations. However, some respondents said that this action had no direct impact on them. They feel that they can still work optimally with the current situation.

Every official and employee has a role and responsibility in making decisions according to their field and level, each official and employee must have an honest attitude, be full of dedication, prioritize public interests above personal or group interests, and avoid conflicts of interest, as well as acts of corruption, collusion, nepotism (KKN). Public organizations must

be more assertive in responding to issues of conflict of interest. Regarding this, the participants said that so far their organizations had implemented SOPs to prevent conflicts of interest. The company also tries to place employees according to their competencies to somewhat minimize the impact of conflicts of interest.

Based on research conducted by Arisandi (2016), it was found that the practice of conflicts of interest in political organizations is still often found and has even become an open secret. One form of this is that at the same time, a man becomes regent in one area, while his wife becomes regent in another area. There is also a regent who has served two terms then is replaced by his wife and continues to be replaced by his biological son.

The potential for conflicts of interest in the implementation of the duties and functions of state administrators must be handled appropriately by the statutory provisions regulated in Law Number 25 of 2009 concerning Public Services and also the principles of internal control regulated in Government Regulation Number 60 of 2008 concerning Government Internal Control System.

CONCLUSION

A conflict of interest is a motive for an action that has a negative side. Actions that have a conflict of interest will lead to acts of Corruption, Collusion, and Nepotism (KKN). In internal teams of public organizations, these actions are still commonly found and have even become an open secret. As a public service provider, the internal team of a public organization should be able to act fairly in providing services to the community.

The effort to avoid conflict of interest situations is by not participating in decision-making processes that have potential conflicts of interest. Officials and employees are not permitted to use their positions to give special treatment to anyone, whether for personal, group, or group interests, such as receiving, giving, or promising gifts and entertainment in any form related to their position, officials, and employees, either directly or indirectly. directly participate in collusion with other parties in the implementation of the procurement of goods or services. And state officials are prohibited from being discriminatory or unfair in serving and making decisions.

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