Azwar Anas and Innovation in Local Government: A Phronesis Leadership Study

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Abstract

Phronesis leadership is the extraction of Aristotle's philosophy which involves judgment from the individual leader in determining the good value of reality. This article aims to analyze leadership practice in developing countries, qualitatively using 6 criteria of Nonaka's et al (2018) frameworks. The purpose of this article is to find out how Azwar Anas's phronesis leadership in Banyuwangi, Indonesia, can produce service innovations such as the "Lahir Procot Pulang Bawa Akta" program and Banyuwangi Ethno Carnival (BEC) and observe the dynamic process that arises. The results of this study indicate that Azwar Anas succeeded in expressing 'common good' by understanding reality and using his political abilities to influence the organization and its population, creating 'Ba', and articulating the desirable future.

Introduction

While leadership skill is considered to be matter in improving the performance of public sector organizations (Andrews & Boyne, 2010), but the debate is still underdeveloped compared to business administration studies (Orazi, Turrini, & Valotti, 2013). Innovation in public services are also more urgent than ever before but gain little in the way of rigorous research on the political dynamics of bringing about public service innovation (Hambleton & Howard, 2013). This article contributes to which enrich the leadership theory by providing actual practice of how innovation could occur in the public sectors especially in a developing country.

The purpose of the article is to analyze how practical wisdom (phronesis) in the local government could produce innovation using six criteria of wise leadership provided by Nonaka, Nishihara, and Kawada (2018). Azwar Anas was considered to be one of the most recognizable leaders in Indonesia who well known for his innovation in the public sector. His leadership gains much attention after the launch of the Banyuwangi Ethno Carnival and Lahir Procot Bawa Akta Program to get several rewards from the national level to the
international level. Thus, it is important to understand the dynamic process behind these innovations.

The article organized as follows: First, we discuss leadership in part on innovation in public organizations. The second part will highlight several important information about the subject of the article, Azwar Anas. The third part will present the methodology of the article, The fourth part will be discussion and finding. The last part will be closed by a conclusion.

**Conceptual Framework**

Leadership is broadly defined as a process of influencing (Gespersz, 2007). Leadership can also be defined as an action rather than a position, as Mc Gannon suggested in Adair (2006) “leadership is action, not position”. Yulk defines leadership as processes to influence the interpretation of an event to followers, target choices for groups or organizations, organizing to achieve goals, motivation, cooperation, and obtaining support from people outside the group (Yulk, 1998). Many scholars have researched the leadership literature which includes transformational, authentic, spiritual, and strategic leadership.

Burns classifies leadership into two types: transactional leadership and transformational leadership (1978, within Elenkov, Judge, & Wright, 2005). The two leadership styles differ in their relation to the process by which leaders motivate subordinates as well as in the types of goals set. Kuhnert and Lewis (1987) explain it in simpler language, that transactional leaders practice exchanges with workers depending on their performance, and transformational leaders make an impact on staff and modify their goals. Kim and Yoon (2015) mentioned that transactional leadership is still important to accelerate cultural change in organizations. On the other hand, transformational leadership styles, and styles that are more dedicated to motivating employees, taking risks and including others in decision making are also considered important by public personnel (Ricard, Klijn, Lewis, & Ysa, 2017).

Another scholar has study authentic leadership. Authentic leadership is a pattern of leader behavior that draws upon and promotes both positive psychological capacities and a positive ethical climate, to foster greater self-awareness, an internalized moral perspective, balanced processing of information, and relational transparency on the part of leaders working with followers, fostering positive self-development (Walumbwa, Avolio, Gardner,
According to Whitehead (2009), an authentic leader is one who: (1) is self-aware, humble, always seeking improvement, aware of those being led and looks out for the welfare of others; (2) fosters high degrees of trust by building an ethical and moral framework; and (3) is committed to organizational success within the construct of social values.

Another paradigm lays in the spiritual aspect of the leadership. Fry (2005) defines spiritual leadership as comprising the values, attitudes, and behaviors that are integral to an endeavor of intrinsically motivating self and others to enhance experiences of spiritual survival through calling and membership. Gotsis and Grimani (2017) argue that spiritual leaders draw on spiritual values to display inclusive behaviors and promote inclusive practices that mediate the positive relationship between spiritual leadership and inclusive climates. A spiritual leader is expected to cultivate follower’s capabilities, allow workplace integration of identity groups, as well as harmonize multiple, intersecting and stigmatized identities, no more considered an impediment to personal fulfillment and career advancement.

However, this article argue that wisdom is embedded within transformational, authentic, religious (Tredget, 2010), and strategic leadership, because they carry out cognitive processes based on values (Lambright & Quinn, 2011) in making judgments, as McKenna, Rooney, & Boal (2009) state that wisdom is the key characteristics to leadership.

**Phronesis Leadership**

In carrying out their duties, the organization’s leader will face a situation that is dilemmatic, ambiguous, and shocking, so that it is necessary to take action based on judgment, which is understood as *phronesis* in Aristotle thought, which means practical wisdom (Shotter & Tsoukas, 2014). Rooney, McKenna and Liesch’s (2010) who searched for evidence through literature, discovered five principal elements of wisdom: 1) wisdom is based on reason and observation; 2) incorporate non-rational and subjective elements into the assessment; 3) directed towards authentic human and wholesome results; 4) it is articulating, aesthetic and intrinsically beneficial; and 5) practical wisdom.

The conception of phronesis leadership has roots in the theory of Knowledge-creation (Nonaka & Takeuchi, 2011), by balancing knowledge based on subjective judgment.
(tacit) and knowledge that can be rationally concluded clearly (explicit). Tacit is obtained based on experience by making quietly observations of a phenomenon, while explicit is objective knowledge that can be expressed in words, sentences or numbers. Aristotle also identified episteme, or universally valid scientific knowledge, and techne, or skill-based technical know-how. If episteme is know-why and techne is know-how, phronesis is know-what-should-be-done. Furthermore, conversion between two types of knowledge – tacit and explicit - facilitates the creation of new knowledge, demonstrated through the SECI model in consists of four dimensions (socialization, externalization, combination, and internalization) (Nonaka, Toyama, & Konno, 2000).

To sum up, practical wisdom (Nonaka & Takeuchi, 2011) is tacit knowledge acquired from experience that enables people to make prudent judgments and take actions based on the actual situation, guided by values and morals. Thus, it is an experiential knowledge that enables people to make ethically sound judgments. Phronesis also enables managers to determine what is good in specific times and situations and to undertake the best actions at those times to serve the common good.

In line with this definitions, Shotter dan Tsoukas (2014) argue that phronetic leaders, are people who, in their search for a way out of their difficulties, have developed a refined capacity to intuitively grasp salient features of ambiguous situations and to constitute a “landscape” of possible paths of response, while driven by the pursuit of the notion of the common good. According to Küpers & Statler (2008), phronesis must be seen as an individual-level phenomenon, a trait or ability acquired through long experience. A phenomenological understanding of wisdom requires a systematic expression of “sensing” and ”intention” as consideration.

Driven from SECI model, Nonaka, Nishihara, and Kawada (2018) developed an updated version of six abilities that phronesis leadership should conduct: (1) challenge a good objective; (2) observe reality; (3) create Ba; (4) articulate a narrative; (5) maneuver the objective; and (6) foster phronesis. The first is the ability to set a good goal and make judgments on its degree of goodness. This process required tacit and explicit knowledge. The second ability is to perceive reality as it is, and this allows one to correctly and quickly recognize constantly changing situations, and to sense what lies behind phenomena to envision the future (grasp the essence). The third ability is to create “Ba,” which is the
Japanese word for a place, space, or field. Ba defined as a shared context. A leader with practical wisdom exercises this ability to find, locate, gather, and place appropriate personnel in a timely fashion, and furthermore works to create Ba with empathy and resonance.

The fourth ability is the capacity to articulate the essence behind phenomena and contexts into narratives (communication skill). This is the ability to grasp the essence, conceptualize, and create a narrative by linking micro concepts to the macro context as a convincing vision and narrative for the future. The fifth ability is to exercise political power to achieve an envisioned story. This is the ability to bring people together, spur them into action, to combine and synthesize everyone’s knowledge and efforts, and to pursue goals by choosing and utilizing the power and rhetoric suited to each situation with shrewdness and determination. The sixth ability is being able to promote phronesis in others (distributed) to build an organization that is resilient and responds flexibly and creatively to any situation for its good. These six abilities will be used to analyzed leadership practice throughout the article.

**Leadership And Innovation In Local Government**

Leadership skills truly do matter in improving the performance of public sector capacity (Andrews & Boyne, 2010), and it is highly likely that the optimum leadership style is an integrated one that behaves as transformational, and moderately leveraging transactional relationships with their followers, and preserving integrity and ethics (Orazi, Turrini, & Valotti, 2013).

While leadership study tends to emerge in the 1960s, leadership study in the public sector was not gain much attention from many scholars until the 1990s, when Larry Terry publish *Leadership of Public Bureaucracies: The Administrator as Conservator* in 1995 (Wart, 2003). Thus, public sector leadership is emerging as a distinctive and autonomous domain in public administration/public management studies, although the debate is still underdeveloped compared to business administration studies (Orazi, Turrini, & Valotti, 2013).

Orazi, Turrini, and Valotti (2013) who sought through literature find different specific aspects between the public and private sector leadership. 1) Public sector tend to
have more complex and ambiguous goals than private sectors, 2) Public sector are more judge to moral rules, 3) work satisfaction remains low in the public sector (Wart, 2003) but recent literature by Lindorff (2009) has found that aggregate satisfaction levels are actually similar, 4) money are less motivating than private, 5) stakeholders can exercise greater control over public sector leaders than over their private sector, and 6) while private leaders are motivated by power, public sector leaders are motivated by achievement (Andersen, 2010).

Many leadership theories emerged from the public sector, including phronesis leadership. Ding, Choi, & Aoyama (2018) conduct research at Chinese innovation firm, find that wise leadership has positive effects on organizational innovation performance (Popadiuk & Choo, 2006), and knowledge management (KM) also has mediating effect between wise leadership and innovation performance (Chen & Huang, 2009). As Nonaka and Toyama (2007) comprehensively considering phronetic leadership has an advantage ability to synthesizing knowledge and assets for decision-making (Darroch, 2005). Darroch (2005) also presents empirical evidence that a firm with a knowledge management capability will use resources more efficiently and so will be more innovative and perform better.

Demircioglu & Audretsch (2018) who study innovation at Australian public personnel, find that innovative behavior and cooperation, along with collaborating with important external sources and the ability to work in a complex environment, are positively associated with complex innovations in the public sector, suggesting that the influences on complex innovations span the individual, workgroup, and external environment levels. However, an organization’s leadership quality and innovation climate do not have any statistical effect on complex innovations. However, Elenkov and Manev (2005) find that the socio-cultural context directly influences leadership and moderates its relationship with organizational innovation.

Method

This study uses secondary qualitative data because participant observation was not possible. Personal and life documents include documents, electronic sources, and interview archives had been used to gain greater insight into people’s way of life and to help us understand their behavior. The source and the material tend to be highly valid.
Azwar Anas is the current leader of the Banyuwangi regency. Anas was born and raised in Banyuwangi on August 6, 1973, a graduate of the master’s degree literature program from the faculty of social and political sciences at the University of Indonesia. His political career began when he joined the Religion Based Political-Party (PKB) and ran for the national legislature in 1999 but failed. In 2001 Azwar assumed the position of deputy party secretary at the national level (Viva.co.id). He ran again as a member of the national legislature in 2004 and was elected to represent the electoral area 3 in East Java, including Banyuwangi, Bondowoso, and Situbondo, and gain 135,377 votes. After occupying the national legislature from 2004 until 2009, Azwar ran for the next general election but was not elected. Then he decided to return to Banyuwangi and take part in the general election as a candidate for the Bupati (leader of rural and sub-urban areas equivalent to the mayor) and was elected to serve the community from 2010 to 2015. In the next election for the leadership of 2016 to 2021, Azwar was re-elected as Banyuwangi Regent with 86% of votes.

Banyuwangi Regency, where Anas is in charge, is located in the easternmost part of the island of Java and is the largest district on the island of Java with its territory covering 5,782.50 km² or 578,250 Ha. On the coast of the Banyuwangi Regency, there is the Ketapang Port, which is the main link between the island of Java and the island of Bali (Gilimanuk Port). Banyuwangi was formerly known as a city of "santet" (a black magic practice) because of a certain incident, but now Banyuwangi has several new nicknames that are more famous, for example, The Sunrise of Java because it is the first area exposed to sunlight on the island of Java. Another nickname is the city of Gandrung which is a traditional dance and became the mascot of Banyuwangi.

Banyuwangi has a government budget of 3.1 trillion in 2019 to serve a population of 1,735,845 people. The budget is large compared to regions that border directly with Banyuwangi such as Situbondo, Bondowoso, and Jember. The majority of Banyuwangi residents work in agriculture, animal husbandry, or fisheries with a percentage of 19% of the total population. Human Development Index in Banyuwangi was scored 64.54 in 2010 and increase to 70.06 in 2018.
In the first period of his leadership, Azwar has launched various programs in tourism such as the inauguration of Blimbingsari Airport, free education, holding Banyuwangi Ethno Carnival cultural events, Banyuwangi Jazz Festival, Tour de Ijen, and Banyuwangi Festival, as well as Banyuwangi tourism planning with the concept of eco-tourism, and have already considered successful by getting various national scale awards.

Azwar regarded as one of the "regional leaders" who were successful in leading and receiving various acknowledgments, one of which was an award for exemplary leader award by Tempo Magazine (2017), and the Satya Lencana Karyabhakti Praja Nugraha award for its good governance performance (Tribun Bali, 2017). In his first period, until 2016, his leadership succeeded in getting 72 national and international awards (Tribun Surabaya, 2016). The main problem in Indonesia is that innovation success is usually inherent in the leader, who when he is not in the office, there is a possibility that the achievements and innovations that have prevailed will stop (Pramusinto & Purwanto, 2018). For these reasons, it is important to see how such leadership is successfully carried out and how it can produce changes that serve as valuable lessons to other leaders.

The birth of Innovation: What Is Good And What Is The Essence

Shotter and Tsoukas (2014) have argued that making phronetic judgments requires deliberative imagination: emotionally responsive attunement to the situation at hand; focusing on concrete particulars in such a way as to see each one of them as a “something” within a larger whole; bringing forth experience to the present context. The dichotomy between fact and values should be abandoned due to its lack of realism. The leader needs to see the decision as a whole to get a more comprehensive understanding of reality (Melé, 2010).

Culture becomes an important value for Azwar Anas. He often cites as an example of how developed countries in Asia such as Japan, China, and Korea preserving their respective cultures (Merdeka.com, 2018). He believes that to become a developed country, the first thing to do is preserving the culture. This thought was obtained by Anas by researching the actual condition in other countries. Also, he tried to emerge his cultural value as a new identity from Banyuwangi. "For Banyuwangi, culture and tradition are not in the past, but preserved in the future," he said in the opening speech of the Angklung Paglak
Festival which was held in the field in front of Banyuwangi Airport on Saturday (4 / Aug / 2018). Realizing the potential of his culture, Anas manages to propose it into a tourism platform. These ideas embed within the Banyuwangi Ethno Carnival (BEC) annual agenda, which was held for the first time in 2011. This event is a form of tourism innovation that has received a variety of recognition and appreciation.

Another innovation is the “lahir procot bawa akta” program. The term " lahir procot bawa akta " can be translated as Lahir, which means the person who is giving birth, while Procot itself come from Javanese terminology, which means to come out from within. So, it can be interpreted as “a newborn baby is immediately made a birth certificate on that particular same day” (Liputan6.com, 2014). This program was born from the past of Abdullah Azwar Anas because many children in Banyuwangi did not have a birth certificate after the child was born. While a birth certificate is a basic document that will be the basis for obtaining rights as citizens. This can be understood in the conception of phronesis as the ability of the leaders to judge and create good goals.

Innovation is the process of ideas (Lewis, Ricard, & Klijn, 2017), results, and products of efforts to develop and introduce new and better ways of doing things (Hughes, Lee, Tian, Newman, & Legood, 2018). “Lahir procot bawa akta” program changes the procedure for birth certificate services that were previously complicated, to be easy, sure, fast and also free (JIPJATIM, 2016). Before this program is available, the community that takes care of a birth certificate must first take a Family Card (usually 2 weeks). Then take care of the birth certificate at the Department of Population and Civil Registration with one month of service. Now, birth certificate services are served by health facilities where babies are born or sub-districts, so people do not need to come to the Department of Population and Civil Registration. Parents only need to prepare a copy of their identity card, a copy of legal proof of marriage, and on that day also get an update to their population data. Using ICT, the applicant must be verified by the operator of the health facility to get the data uploaded into the online system (http://akta.banyuwangikab.go.id). In 2016, it reached 70.88% in the implementations according to the Department of Population and Civil Registration of Banyuwangi Regency (2018).

These two innovation is concerned with creating products and services that have economic value in markets (Popadiuk & Choo, 2006). Within BEC, it lays potential economic
activity that desired to increase Banyuwangi citizen’s income throughout tourism activity. In line with this assumption, the “lahir procot bawa akta” program wants to solve specific problems that predicted to be social constraints in the future. Knowledge creation, indeed, is a process of internalization of tacit and explicit knowledge to understand the problem and to define what is good, and than externalization it.

Preserving The Innovation: Articulate The Essence, Exercising Political Power, And Creating Shared Contex

As Shotter and Tsoukas (2014) mention above, in carrying out their duties, the organization’s leader will face a situation that is dilemmatic, ambiguous, and shocking, so that it is necessary to take action based on judgment. Conducting the BEC program was never be easy for the first time. Anas must face resistance to organizing the festival. BEC received criticism from the local legislature where they argued that holding the festival could disrupt basic services (Merdeka.com, 2018). International Tour de Banyuwangi Ijen (ITdBI) is a tourism event in the form of cross-field bicycle sports activities passing through tourist destination locations in Banyuwangi. ItdBI which is part of the BEC was criticized because it used massively many public personnel to be involved in the preparation of the event. Using his political power, Azwar responded to this criticism by arguing that the involvement of public personnel was necessary, and that was also a form of integrity. On that statement, Anas won praise from the bureaucratic reform ministry. Furthermore, Anas invited all structures in the government to the lowest position, to be involved and collaborate in providing support for the festival. This is was proof, of how Anas's expertise in politics. Küpers and Statler (2008) who used the integral model in their research argue that practical wisdom involves a capacity to integrate and balance various levels, dimensions, and apparent opposites. Wisdom brings together separated processes of logical knowing and reflection, integrating them more comprehensively through enactment.

Another problem occurs in the 2nd edition of the festival. Fashion Carnival, which is also part of the BEC, is a fashion show event that combines traditional and modern culture. this also gets criticism (DetikNews, 2012). The protest came from local artists. They questioned the decision to choose the pink color in Barongan (traditional mask art). According to them, that action changed the essence of Barongan. The masks suppose to look
scary, not sweet. Anas resolved the problem by sending the creative team behind the festival to dialogue with local artists. The meeting agreed to change the color of Barongan to red. The team also put the protester as a judge in the fashion show. With that strategy, the protester turns into a supporter. This was the evidence that not only able to distribute the phronesis, he also capable to communicate the essence of the festivals.

BEC, which was held from 2011 to 2019, this article argues that it has functioned as a shared context and played an important role in providing space for interaction between government, and society. Professor Nonaka in his interview with Kawamura (2016), describes one of the characteristics of ba (shared context in motions) is shared objective, not onlookers (commitment). This was proofed by the support of the people, and by the result of Anas election in the next couple of years from that time. Banyuwangi Festival managed to get a good reception because of its flexibility to accommodate the wishes of the community and invite them to get involved in it.

Azwar Anas believes that the tourism sector will be resulting many positive impacts on society and creates economic growth in the community. As the result indicates that in 2017, the number of domestic tourist arrivals coming to Banyuwangi increased to 4.9 million people and foreign tourists numbered 989,700 people. This number increased from the year 2010 which is 497 thousand domestic tourists and 5,202 foreign tourists (Kabupaten Banyuwangi, 2019). This contributed to the increase in regional income per capita from Rp. 20.8 million / person / year in 2010 to Rp. 41.5 million / person / year in 2017.

The most noticeable impact is the increase in homestays managed by residents who have jumped to 300 in 2017. The homestay managers are now starting to offer traditional attractions such as making hospitality, presenting gandrung dances, traditional food, and trips to agricultural sites (Kompas.com, 2018). Through the festivals, Azwar Anas has managed to change the mindset and perspective of the community to see tourism as a valuable commodity and increase community participation to help promote it. By January 2016, BEC gain international recognition from UNWTO for “UNWTO Awards for Excellence and Innovation in Tourism” in Innovation of Public Policy and Governance category (UNWTO, 2016).
Conclusion and Lesson learned

This article tries to explain how Phronesis Leadership could produce innovation through 6 criteria provided by Nonaka. The results of the study indicate several considerations. First, Phronesis Leadership can be found within the public sector organization. In defining the good goals, the leader considers through what he believes, experiences, and the future that he desired. Second, the leader articulates the future he wants to achieve clarity. It also involves participation from the community in the event and used it as a platform for sharing contexts. Third, the purpose of the innovation is to overcome specific problems, accelerate the service process to be easier and also effective. It represents how he grasped the essence of reality then translating it into actions. Fourth, innovation in the public sector requires more complex handling, and rapid response from leaders, because it involves public scrutiny. An appropriate political power to a particular situation is needed to guarantee the fate of the innovation.

In sum, to produce innovation, leaders must be able to express "common good" by understanding existing realities, articulating the future they want to achieve in clarity, and using their political power to support the innovation, and providing a space for interaction between government and society in efforts to support share context.

The study limits in the unbalance data between the two cases. It is reflected through how the "lahir procot bawa akta" program received little attention in the discussion. Furthermore, general conclusions may be debatable depending on the method used. For future study, the research may concentrate on gaining a better understanding of what considerably importance for public leaders in determining what is good, and what factors influence it, and how he proceeds it.

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Books


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**Journal article**


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Book translation