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The Role of the Rationality in Social Innovation

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Abstract

This study was conducted to see what happens when there are conditions of the institutional void in a section on government agencies. This research was conducted by a qualitative approach through in depth interviews to research subjects and notes obtained during interview and field observation. As a result, the interest of the government agencies for the implementation of the work in the unit to run properly covered in the interests of employees to obtain a good career and comfort work. In conclusion, government employees are vulnerable to the influence of rules, abstinence and selective indiscretion.

Keywords: Institutional void, rational choice theory.

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Resumen

Este estudio se realizó para ver qué sucede cuando hay condiciones del vacío institucional en una sección sobre agencias gubernamentales. Esta investigación se realizó mediante un enfoque cualitativo a través de entrevistas en profundidad a sujetos de investigación y notas obtenidas durante la entrevista y la observación de campo. Como resultado, el interés de las agencias gubernamentales por la ejecución del trabajo en la unidad para funcionar adecuadamente cubierto en los intereses de los empleados para obtener un buen trabajo de carrera y comodidad. En conclusión, los empleados del gobierno son vulnerables a la influencia de las reglas, la abstinencia y la indiscreción selectiva.

Palabras clave: vacío institucional, teoría de la elección racional.

1. INTRODUCTION

The study of the institutional void has been done by researchers from both inside and outside the country. The subject of this study is quite diverse. Some of them discussed the rule vacuum resulting from the absence of rules. Other studies address the institutional void that arises as a stand-alone condition. Others said the regulatory void arose as a political influence that accompanied it. These studies provide a variety of ways to address this void issue. But most of these studies are dominated in studies on a macro-scale, in terms of conditions affecting society as a whole. While the study of the institutional void micro, - in the sense of the institutional void that occurs in private organizations and in government agencies - is still very rarely done.

Therefore this study attempts to assess the institutional void of human resource development with rational choice based formulated by Coleman. The basic concept of this theory is that individuals in acting rationally are influenced by values and preferences. In addition to describing his rational actors, Coleman adopted the concept of economics. That is an individual who has an economic purpose, which always maximizing profit in every case (maximizing utility).

2. INSTITUTIONAL VOID

Khanna et al. (2005) define an institutional void in the absence of certain types of rules, regulatory systems, and contract control mechanisms in emerging markets. Mair and Marti (2008) argue that the meaning of an institutional void is the absence or weakness of the institutional arrangements that support the market or even fail to fulfil the expected role of them. Meanwhile, Sondershaus and Moss (2014) explained that does not mean a condition where the institution does not exist, but the definition of the institutional void is the institutional arrangement proved unfit to solve the problem effectively. Chakrabarty and Bass (2013) add insight into the institutional void from a different point of view. They define as an intermediary function gap in a country. Further Chakrabarty and Bass (2013) add that community behavior and social norms may contribute to the existence of such institutional void, such as gender inequality (Hajer, 2003; Kvet & Matiasko, 2018; Zarifraftar, =2018).

The description of the definition of the institutional void as mentioned above gives us an understanding that there is no single agreement about the terminology. Each scientist gives a different definition according to his or her own scientific background. But there seems to be an interesting element of continuity that is a condition of inequality over the institutional function between what is supposed and reality. In addition, existing rules are often biased with various interpretations and loopholes that may be misused by individuals seeking personal gain. Short (2013), argues that there are three kinds of causes for the absence of regulation. That is the absence of rules caused by the void of knowledge, political vaccination, and the institutional void.

3. COLEMAN’S RATIONAL CHOICE THEORY

Coleman's Rational Choice Theory is thoroughly outlined in a book: Foundation of Social Theory written by James S. Coleman in 1994. Surprisingly, on the cover of the book - Coleman writes: To Robert K. Merton, my Teacher. As we know Merton is a social science scientist famous for his book Social Theory and Social Structure. The book discusses behavioral aberrations caused by different types of social adaptation. Merton and George Homan were the main disciples of Talcott Parsons. Parson is a scientist who spawned the theory of Structural Functionalism. That is the theory that views the behavior and conditions in the social system is influenced by a balanced functional relationship between the components in the system. Parson spent several years in his life in Heidelberg, Germany. The city where Max Weber works until he dies. Although he never met Weber, Max Weber's ideas inspired his works in the future. The two disciples of Parsons, Merton and Homans are the principal challenges of the theory formulated by Parsons. Homans formulated the idea of reductionist behaviorism, a thought entirely different from Parsons' thought. While Merton discussed the reshaping of Parson's functional theory, but with a different point of view.

The description gives us an insight into how James S. Coleman's line of thought, how he was so obsessed with Parson's work, that he finally formulated a rational choice theory that was supplementary - if not to call it criticism -to Parsons, structural functionalism. Or can we say Coleman got a bit more influence on Max Weber, Talcott Parsons and Robert K. Merton? The main idea of Parsons thought is that there is a balance in the social system in its structure and function. The change of a component in a social system will influence the change of other parts, so that a social system can be analogy as an organism in which the social structure as a member of its body. In fact, Coleman's thought can be said to adopt Parsons' idea of the idea of equilibrium and interplay between parts of the social structure.

This theory is a theory of action. This means that this theory provides an explanation of social behavior, how the system is formed, what effects and the various interactions in it. Coleman has two approaches to explain his thoughts in this book. First, he argues that propositions will emerge at the system level. Therefore Coleman feels the need to bring up some system behavior that is the action of several actors who affect each other in the system. The interaction will arise from the cause of resource scarcity, or source - the term in this book. Perpetrators do not control all the resources they want but are controlled by other actors in the system. Second - to explain a social phenomenon - Coleman makes an understanding of how individual behavior can have an effect on a social system. This theory has the assumption that individual behaviors play a role in influencing the social system that is around it.

According to Coleman, there are three obligations of a theory that can be called a social theory. That theory can explain how the relationship of micro to macro, macro to micro, and individual action itself. Coleman judges Talcott Parson as failing in his attempt to build a theory of action and switch to creating a simple theory of functionalism (Coleman, 1986). The theory of structural functionalism Talcott Parsons views social phenomena as a deviation from a socially balanced system. This theory does not recognize social institutions and there is no evaluation of social function so that it will never come down to the individual level. Coleman considers the main problem in sociology is how to explain an individual purposive action move into the social system (Coleman, 1990; Mahdavi Panah & Ghaderi, 2018).

Then this is what Coleman means as a micro-macro problem. By answering this problem, the problems in social science will be solved. Put an example in the field of law, if a legal entity - or a corporate actor - commits an offense, then who is responsible? Then a theory of action is needed. The intended individual action is purposive action (aiming). Purposive actions are also controlled by obstacles within the system. So how the obstacles in the system determine the type of action taken is the second reason for the importance of theory in the social sciences. The condition of the system that leads the individual in taking action is what became known as a macro-micro problem.

Figure 1: Relationship of the macro level: methodological holism

So the form of the relationship formed as a change in social system behavior is as mentioned above. It is also a form of relationship expressed by Weber and Parson. But both - according to Coleman - do not provide convincing proof because of the lack of data found in the community. That is, Weber must provide at least two proofs of the relationship between a society that adheres to the protestant doctrine of the capitalist economic system and a disobedient society. Data about the linear social phenomenon is very rare in society. So Coleman proved in another way, which is, making propositions at the individual level. So the proposition begins and ends at the macro level but one of them goes to the individual level as a means of proof.

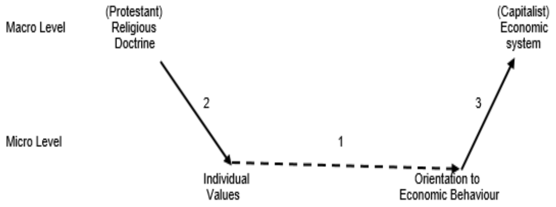

Figure 2: Macro-Micro-Macro: Methodological Individualism

4. MAXIMIZING UTILITY

The first principle in Coleman's Rational Choice Theory is that the rational actor has the maximizing utility. Maximizing Utility is explicitly described by Coleman in the Intermediate Terms concept where people are more familiar with the name Coleman's Boat. As described in the preceding explanation, the characteristic of Coleman's Rational Choice Theory compared to other theories is its ability to translate macro propositions by using intermediate terms. That is the relationship that occurs at the micro level (Figure 2). In the picture, there is a horizontal line that connects individual values to the Orientation to Economic Behavior. This means that on the micro level, an individual will use the values that exist in him with oriented to economic behavior. In a separate discussion, Coleman explained that what is meant by it is the individual orientation on the maximizing utility that is in him.

5. METHODOLOGY

This research is conducted on a unit of government institution where there is cooperation between the government as the owner of authority and the private sector as the owner of facilities and infrastructure. Through certain mechanisms, the government appoints the private sector and the private sector benefits from the rental income of the service users. This unit is engaged in the provision of a stockpile for imported containers that are not maintained by the owner within a certain period of time. Service facilities provided are trucking from the port to the place, handling, security services, and leasing the landfill itself. This unit is located separate from the office of the government agency and occupies a plot of land and buildings provided by private parties. At these locations are provided offices for government and private parties that are relatively close together to facilitate coordination.

This study uses a qualitative approach to case studies on the grounds that the choice of objects studied is more appropriate to the case study approach. Stake (2009) says that a qualitative approach is not a methodological choice but rather as a choice of the object under investigation. Methods of data collection are done by way of documentation and in-depth interviews of government officials and private parties, as well as other parties involved in the cooperation unit. Difficulties in data collection were found when the research subjects of the private sector seemed to be dishonest and pretended at the interview. They are afraid that their statements will be judged negatively by government agencies even though researchers have assured that the interview is confidential. Our way out is by cross-checking the same issues on other research subjects from both government agencies and service users.

6. RESULTS

This research is conducted on the working relationship between government and private agencies working together to carry out government duties and functions. The private sector plays a role to provide the means and infrastructure, and from the provision of this facility, the private sector gets an incentive in the form of rental income. The dilemma that often arises in such a working relationship is the gap due to the difference in orientation. On the one hand, government agencies are oriented towards public services and execution of duties and functions of these agencies, while in private institutions always oriented to profit. The gap occurs because better service delivery is directly proportional to the required cost, which is the obligation of the private sector to provide it.

The study found that under the conditions of the institutional void, social innovation was determined by the rational choice of government employees working in the unit. This rational choice is based on the basic human nature of maximizing utility in the sense of maximizing its usefulness. This nature becomes a kind of filter for various innovations that come from both the government employees themselves, let alone from the private sector. This rational choice then becomes a kind of filter on what is done by the private sector in the cooperation unit. The private sector is always profit-oriented, while the government represented by its employees is oriented towards the service and fulfilment of its tasks and functions. This form of interaction we describe in a graph divided into four quadrants (Indriastuti, 2019).

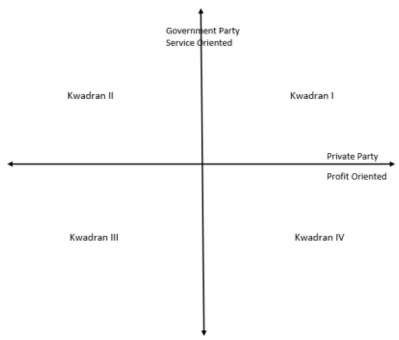

Figure 3: Social Innovation Quadrant

The picture above explains the interaction between the government and private parties in the cooperation unit we are examining. Social innovations are accepted and applied depending on which quadrant lies the innovation.

Kwadran	Social Innovation		Remarks
	Government	Private	
I	+	+	Accepted
II	+	-	Accepted
III	-	-	Rejected
IV	-	+	Rejected

Table 1: Social Innovation: Government and Private Relations

This means that as long as the social innovation brings benefits to the government, or from a personal point of view it can be said that if government officials can maximize the utility then social innovation will be accepted. Often government officials approve of innovation after gaining confidence that innovation does not violate its interests or does not reduce its need to maximize utility. The results of interviews indicate that basically the meaning of government employees will maximizing utility in the context of their working life is their interests on income, career development, and work comfort can be met optimally. The priority sequence can be illustrated from the table below:

Maximizing Utility Priority		
Income	Career	Employee
-	8 People	15 People

Table 2: Maximizing Utility Priority

From the table above it is known that there are 15 employees who give higher priority at work convenience compared with career and income. This is understandable because in terms of income - civil servants have clear standards - so they feel quite simply by keeping out of disciplinary punishment which leads to a decrease in their income. In addition, the income for civil servants can hardly be a tool to raise motivation because there is no appropriate instrument to measure the performance of civil servants. Career development becomes the second choice after work convenience. Of the 22 people, there are 8 people who prioritize career development. This is related to opportunities that are still open to young and potential employees.

As for employees approaching retirement age, career development is no longer the driving force for maximizing utility fulfilment. Work convenience becomes the most dominant consideration of fulfilment of maximizing utility of employees. This sense of comfort is usually connoted premises closeness of the location of the office with employee residence. Employees are usually afraid of the threat of mutations out of the city where he and his family reside. Mutations may occur if the employee miscarries the procedure or is deemed incompetent with the job. Therefore, employees will try to reduce the risk of work mistakes as low as possible (Yang et al., 2019; Soo et al., 2019).

Improvement The quality of services can be in the form of facilities, facilities and speed of service procedures, or even on the number of tariffs they impose on service users. Interviews show that employee efforts to encourage entrepreneurs to provide better facilities occupy the highest percentage compared to efforts to improve services from two other sectors.

No	Research Subject	Service Sector (%)		
		Means	Procedur	Cost
1	AAA	60	40	-
2	BBB	50	50	-
3	CCC	70	30	-
4	DDD	60	30	10

5	EEE	60	40	-

Table 3: Maximizing Utility Priority

The research subjects from the table above are employees who occupy structural positions placed in the unit of cooperation with private parties. The reason for taking the subject of the study is their responsibility for the performance underway in the unit. In addition, they have bargaining power against private parties in the unit. Research subjects provide a larger portion to coordinate on improving facilities and infrastructure than the other two sectors. The provision of facilities and infrastructure is usually regulated in the decree as well as in the decree on the appointment of private parties, but only regulates the very basic and not very detailed. This may have triggered a high degree of coordination in this area. Improving the quality of facilities and infrastructure will improve the quality of services. Improving the quality of services is also done by encouraging the private sector to further simplify its service procedures.

This is because the employees of government agencies do not control in detail how the fees worth paying by service users should. Employees of government agencies will usually use the standard cost reference issued by the government to carry out arguments. For example the standard cost of trucking conducted by Organda, Department of Transportation. But not all of the cost components charged by the landfill entrepreneur are governed by the government. For example, the warehouse rental costs and the cost of lift on - lift off (LoLo).

7. DISCUSSION

Several studies on the institutional void (institutional voids) have been dominated in macro-scale studies, in terms of conditions affecting society as a whole. While the institutional void studies in a micro, - in the sense of the institutional void that occurs in private organizations and in government agencies - is still very rarely done. Short Study (2013) provides alternative self-regulation as a control tool of the institutional void condition. Self-regulation is a systematic takeover by the private sector over organizational arrangements traditionally allocated to government regulations covering the setting of quality standards, compliance supervision, and law enforcement. In other words, self-regulation is a set of principles established by a group of professions or business groups and applies only to their internal circles.

The Agostini et al. (2016) studies propose social innovation to address the institutional void challenge. Social innovation is a new form of institutional and organizational, new ways of doing things, new social practices, new mechanisms, new approaches, which deliver real success and progress. Social innovation is done by taking into account the context that occurs and the actors involved in it. Furthermore, through the stages of modification/transformation of social needs, innovative solutions, implementation of social innovation, involving the involvement of actors and stakeholders, and the latter is the result of social innovation which will fill the void of institutional voids.

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