

# Effectiveness of Regional Inflation Control Teams From an Adaptive Governance Perspective: A Comparative Analysis of Regional Inflation Control During the COVID-19 Pandemic in West Java and North Sumatra

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**Abstract** The COVID-19 pandemic has created unexpected inflation dynamics in Indonesia, driving the need for an adaptive governance approach to inflation control, particularly through the role of the Regional Inflation Control Team (TPID). This study aims to analyze the effectiveness of TPID in North Sumatra and West Java Provinces during the pandemic using an adaptive governance perspective. The method used is a qualitative approach to descriptive case studies with data collection techniques through semi-structured interviews with TPID members from various government agencies, state-owned enterprises, and BUMDs. The analysis was conducted based on six indicators, namely three elements of flexible regulation (decision-making process, policy content, and organizational structure) and three barriers to flexible regulation (distribution of authority, distribution of cost-benefit, and distrust). The results show that TPIDs in both provinces implement flexible policy processes and content, but the organizational structure tends to remain the same. Barriers such as unclear cost distribution and potential mistrust also arise, albeit with variation between regions. The conclusion of this study confirms that the principle of adaptive governance is effectively applied in the context of the pandemic, although some structural and coordinating constraints remain challenges. This study recommends strengthening cross-actor coordination and structural reforms in TPID institutions as part of the sustainability strategy to control inflation in the future.

**Keywords:** Adaptive Governance, Comparative Analysis, Inflation, Pandemic.

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## 1. INTRODUCTION

The COVID-19 pandemic increases the unpredictability of inflation dynamics in Indonesia. Based on data from the World Bank (2022), the inflation rate decreased significantly to 1.9 percent in 2020, which is also the initial phase of the pandemic. Furthermore, in 2021, the inflation rate continued declining to 1.6 percent and bounced back in 2022 at 5.51%. Challenges to production activities resulted in weak purchasing power, causing inflation figures to decline at the start of the pandemic. Apart from that, the policy of limiting social mobility is also a factor that weakens purchasing power. Furthermore, when the pandemic began to subside and mobility began to open, it pushed demand to increase, while the production side still had not recovered, causing inflation in 2022 to increase sharply. Inflation that fluctuates highly unpredictably makes the economy and policy making more difficult.

The presence of the COVID-19 pandemic has made economic dynamics more complex and uncertain, which has increased inflation volatility. A study from Olivia et al., (2020) found that the production sector experienced deep pressure due to the pandemic, especially for agriculture and mining, transportation and warehousing, as well as accommodation and restaurants. For Indonesia, this shock to the production side, especially in the manufacturing sector is a big concern. The manufacturing sector contributed 19.88 percent of total GDP in 2020 (Statista, 2021). COVID-19 spreads through human interactions (including economic activity) making fiscal policies, which are generally used to encourage aggregate demand and full employment can actually make the situation worse (Romer & Romer, 2022). This situation causes purchasing power to experience a contraction.

Challenges and contractions in production activities due to weakening purchasing power caused inflation figures to decline at the start of the pandemic. Specifically for Indonesia, based on data from the World Bank (2022), inflation decreased significantly to 1.9 percent in 2020, which was also the initial phase of the pandemic. Furthermore, in 2021, inflation will decline again to 1.6 percent. Various other countries are also experiencing the same trend. Then, various countries in the world, including Indonesia, implemented monetary easing policies. This is accompanied by various fiscal incentive policy instruments and social safety nets. This situation then causes the money supply to increase. A

thing that then led to a spike in inflation. In response to this surge in inflation, various major central banks in the world implemented monetary tightening. This then brought further unpredictability to the world economy.

As explained in the previous paragraph, inflation in this research period was influenced by the COVID-19 pandemic, monetary easing, and expansion of fiscal incentives. These three phenomena are basically within the authority of multiple actors. The central bank, in Indonesia known as Bank Indonesia, is the actor that has authority on the monetary side. Meanwhile, various actors in government, such as the Indonesian Ministry of Finance and regional governments, are actors who have authority on the fiscal side. Control of the COVID-19 pandemic itself is carried out by actors from the central government and regional governments. This situation certainly requires inflation control that does not rely on Bank Indonesia. Of course, this is because monetary policy instruments alone will not be effective in controlling inflation. Apart from that, during the pandemic, public policy delivery has become more difficult. Policy transfer during a pandemic, especially those carried out across jurisdictions, requires institutional synergies, policy opportunities, and effective policy learning processes (Murphy, 2021). Especially when the government needs to combine four functions at once during the pandemic, namely governance, surveillance, cooperation, and social policy (Peralta-Santos et al., 2021).

The importance of coordination to achieve low and stable inflation has led the Government and Bank Indonesia to form an Inflation Monitoring and Control Team known as Tim Pengendali Inflasi (TPI) at the central government level since 2005. Strengthening coordination was then continued by forming an Inflation Control Team at the regional level known as Tim Pengendali Inflasi Daerah (TPID) in 2008. This coordination is carried out through the Inflation Control Team (TPI) forum and the TPID National Working Group known as Pokjanas at the national level and TPID at the regional level.

TPID is a team that was formed specifically to control inflation through collaboration between Bank Indonesia with the regional government, and several related agencies. TPID has a primary objective of controlling and achieving inflation targets in the regions. In achieving the goal of maintaining price stability, the work system carried out by TPID is to monitor prices, supply, and anticipate price spikes. TPID has members from various regional government agencies, Bank Indonesia Representative Offices (KPwBI), Regional Economic Bureau, Regional Work Units (SKPD), and other related government agencies.

This research is intended to carry out a comparative analysis of the effectiveness of TPID in controlling inflation during the COVID-19 pandemic. Comparative analysis of TPID is considered important for several reasons. First, drawing conclusions from just one TPID would be too simplistic in a country with regional discrepancies like Indonesia. Indonesia is a country with large geographic and demographic variations. This condition needs to be addressed by analyzing TPID in more than one province comparatively.

Determining the location of the study in this comparative research takes into account several considerations. The first is the representation between Java and the outside Java provinces. This is important so that the analysis in this research can capture whether or not there are differences in TPID effectiveness between Java and outside Java. The second is the inflation weight for each province. This is important so that provinces that have the largest inflation weight can be selected, so that they are more representative in explaining the effectiveness of TPID. Third is the existence of a Metropolitan City. This is important because inflation is more influenced by activities in large urban areas, so the presence of a metropolitan area is an influential factor. Fourth is proximity to the national logistics center. This is important because proximity to the logistics center ensures the smooth and efficient flow of goods, which affects prices. Lastly is the large population. A large population represents the capacity to influence inflation from the demand side.

Based on the 5 criteria previously explained, this research chooses the provinces of North Sumatra (North Sumatra) and West Java (Jabar). North Sumatra is a representation from outside Java while West Java is a representation from Java. In terms of inflation weight, North Sumatra is the province with the largest inflation weight on the island of Sumatra. Based on data from BPS (2021), North Sumatra province contributed 22.9 percent to inflation on the island of Sumatra. Meanwhile, West Java is the second largest contributor to inflation on the island of Java after DKI Jakarta which is the biggest metropolitan in Indonesia. Based on data from BPS (2021), West Java province contributed 30.3 percent of the weight of inflation on the island of Java. DKI Jakarta was not chosen because its characteristics are metropolitan as a whole. Meanwhile, West Java (like North Sumatra) is able to represent more complete characteristics with the presence of both urban and rural areas.

Furthermore, North Sumatra has the Medan metropolitan area with supporting satellite areas, namely Binjai City, Deli Serdang Regency, and Karo Regency. Meanwhile, West Java has metropolitan Bandung and a satellite area connected to DKI Jakarta, namely Bekasi City, Depok City, and Bogor City. North Sumatra is close to the logistics center, namely Batam, and has Kualanamu Airport as an air transportation hub. West Java is close to the logistics center, namely DKI Jakarta, or more specifically the port of Tanjung Priok. In terms of population, according to BPS (2020), North Sumatra has Medan City (2,295,003 people), Binjai City (137,178 people), Deli Serdang Regency (421,997 people), Karo Regency (2,234,320 people). Furthermore, West Java according to BPS (2020) has Bandung City (2,510,103 people), Bekasi City (3,075,690 people), Depok City (2,484,186 people), Bogor City (1,126,927 people).

In general, research related to inflation control policies is carried out using a monetary studies approach (Palley, 2019); (Schwarzer, 2018); (Warjiyo, 2017); (Huang et al., 2009). Apart from that, research related to inflation control policies is also generally carried out using an economic policy approach (Lagarde, 2021); (Zhang, 2012). Meanwhile, this research uses an institutional perspective to examine inflation control in Indonesia during the COVID-19 pandemic. More specifically, this research uses the adaptive governance theory formulated by (Van Buuren et al., 2015). This is because during the COVID-19 pandemic, various efforts to control inflation must be carried out adaptively to various changes driven by the presence of the COVID-19 pandemic.

Coordination in controlling inflation during the pandemic certainly needs to be seen from an appropriate perspective. Adaptive governance offers several advantages for use in the context of research during a pandemic. First, adaptive governance according to (Arnold et al., 2017) is a governance concept that always pays attention to aspects of change that occur constantly and attempts to balance change and stability. This is important considering that a pandemic is a condition characterized by continuous unpredictable change. Second, adaptive governance according to (Cosens et al., 2017) emphasizes how an organization adapts, evolves and undergoes reform through adjustment steps when facing extraordinary situations. As we know, a pandemic is an extraordinary situation and needs to be faced with various adjustments. Third, adaptive governance according to Cleaver & Whaley, (2018) focuses on how organizations form and explain new governance by using available resources when structural changes occur. The COVID-19 pandemic, as we know, has prompted various structural changes that organizations must face. Finally, (Schultz et al., 2015) emphasize that adaptive governance involves a collaborative management process in dealing with large-scale changes. More specifically, Munaretto, Siciliano and Turvani (2014) stated that adaptive governance provides instruments and decision-making methods that are compatible with situations filled with complexity and uncertainty.

More specifically, Van Buuren's (2015) version of adaptive governance theory was chosen because it provides a comprehensive analytical framework. The analytical framework from Van Buuren (2015) formulates two elements in adaptive governance, namely flexible arrangements and barriers to flexible arrangements. Flexible arrangements include aspects related to flexibility. There are 3 aspects to a flexible arrangement, namely flexibility of the decision-making process, flexibility of policy content and flexibility of the organizational structure. Meanwhile, barriers to flexible arrangements include aspects that could become obstacles to flexible arrangements in implementing adaptive governance. There are 3 aspects in barriers to flexible arrangements, namely obscure distribution of authority between actors, unclear distribution of costs and benefits and lack of trust between participants or more simply, distrust.

Adaptive governance or also known as adaptive governance is a perspective that is suitable for analyzing coordination in conditions full of complexity and uncertainty. Adaptive governance allows for a theoretical framework that can accommodate the need for flexibility and adaptation. Apart from that, adaptive governance is also suitable for analyzing structural and dynamic phenomena such as inflation. Adaptive governance is a theory based on the various dynamics of change that exist in the world. (Craig et al., 2017) identified that there were at least 4 changes behind the birth of adaptive governance. These changes include socio-political changes, ecosystem changes, changes in ecosystem processes, and institutional changes. These various changes influence each other, giving rise to increased complexity and uncertainty. Therefore, governance based on conventional coordination is not effective enough.

Chaffin et al., (2014) define adaptive governance as governance based on coordination mechanisms for resource management regimes in dealing with complexity and uncertainty related to rapid environmental change. This definition clearly emphasizes 3 things. First, adaptive governance is based on coordination of regimes or more specifically, resource management processes and procedures. Of course, the resources in question include various resources ranging from budget, human resources/personnel, information and so on. Second, adaptive governance deals with complexity and uncertainty. The implication is that adaptation becomes a pillar of the coordination processes carried out. Third,

adaptive governance seeks to connect adaptive coordination processes in contexts filled with complexity and uncertainty.

## 2. MATERIALS AND METHODS

### Type and Approach of Research

This study adopts a qualitative approach using a comparative case study method. This approach was selected to provide an in depth comparison of the effectiveness of Regional Inflation Control Teams (TPID) in two provinces—North Sumatra and West Java during the COVID-19 pandemic.

### Research Design

The study employs a descriptive case study design, aiming to portray the adaptive governance practices of TPID through indicators of flexibility and barriers to adaptive arrangements.

### Research Location and Subjects

The research was conducted in North Sumatra and West Java provinces, chosen for their representativeness of regions inside and outside Java Island, significant inflation weight, and the presence of metropolitan cities. Research subjects consist of TPID members, including representatives from Bank Indonesia, local government agencies, State-Owned Enterprises (SOEs), and Regional-Owned Enterprises (ROEs).

### Data Collection Techniques

Data were collected using semi-structured interviews, enabling in-depth exploration of each TPID's experiences, policies, and coordination practices during the pandemic. The interview guide was developed based on indicators from Van Buuren's (2015) adaptive governance theory.

### Data Validity and Reliability

To ensure the credibility and reliability of the findings, triangulation of sources and methods was conducted, along with member checking by key informants. These steps were implemented to ensure that the results are trustworthy, accurate, and contextually grounded in local policy dynamics.

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## 3. Results and Discussion

The table below is a Hybrid Portfolio Matric which summarizes the important points of each comparative indicator in the North Sumatra TPID and West Java TPID:

**Table 1 Comparison between North Sumatra TPID and West Java TPID**

INDIKATOR	TPID SUMUT	TPID JABAR
Policy-making Process	Flexible	Flexible
Policy Content	Flexible & Diversified	Flexible & Centralized
Organizational Structure	Not Flexible	Not Flexible
Distribution of	Clear with some	Clear Distribution of

Responsibility	conditions	Responsibility
Distribution of Cost and Benefit	Problem with refocusing	Problem with refocusing
Distrust	There is Potential for Distrust	There is Potential for Distrust

Source: obtained from primary data

In the first indicator, namely the decision-making process, it can be concluded that both the North Sumatra TPID and West Java TPID run flexibly. The most basic element that is the basis of this flexibility is widespread digitalization in the decision-making process. Both at regular meetings and non-regular additional meetings. In fact, the process of monitoring policy implementation is also digitized. This situation makes the evaluation process to see the dynamics of implementation in the field also more flexible. Of course, this includes determining decisions related to changes that need to be made if policy adjustments need to be made. Second evidence can be seen from the decision format used. For example, in North Sumatra, there are programs that are not rigidly regulated in their implementation to accommodate the dynamics that occur in the field. During the COVID-19 pandemic, dynamics have become much more volatile and difficult to predict. This often requires flexibility in making adjustments according to challenges in the field. Apart from that, in West Java the Governor's Decree format is widely used to simplify the decision-making process.

Then, in the second indicator, namely policy content, it can be concluded that both the North Sumatra TPID and West Java TPID produce flexible policy content. However, the trend in policy content in the North Sumatra TPID and West Java TPID is relatively different. At TPID North Sumatra there is a process of diversifying policy content. Meanwhile, in West Java TPID what is happening is the concentration of policy content. The underlying policy content in the North Sumatra TPID and West Java TPID is flexible based on three reasons.

The first is flexibility in the formulation. In North Sumatra, there is broad flexibility in determining policy content topics. Meanwhile in West Java there is flexibility in choosing the focus of the 4K Work Program which needs to be a priority. In this regard, the 4K program is a reference for the main policy direction of all TPIDs in Indonesia. So you don't get stuck in the overall 4K Program framework. Second is the monitoring mechanism which is carried out digitally. Third is the ease of making various changes and adjustments to suit the dynamics in the field level. The difference is that in North Sumatra the policy content has become diversified because there are many additional policy topics discussed. Meanwhile in West Java, a main policy target has been set as a priority, namely increasing purchasing power.

Next, in the third indicator, there is uniformity in the findings between the North Sumatra TPID and West Java TPID. In both the North Sumatra TPID and West Java TPID there is no increasing in flexibility in terms of organizational structure during the COVID-19 pandemic. There is no any significant adjustments regarding organizational forms or formats. Apart from that, there were no additions or reductions in units, divisions or special teams during the COVID-19 pandemic. The steps taken are to expand the involvement of agencies related to tackling inflation during the COVID-19 pandemic at TPID meetings. Apart from that, the instruments that carry out more cross-agency coordination and synchronization of policies during the COVID-19 pandemic are special task forces and task forces in each province.

Furthermore, in the fourth indicator, namely the distribution of authority, there were quite significant differences between the dynamics in the North Sumatra TPID and the West Java TPID. At the North Sumatra TPID, the process of distributing authority encountered various obstacles. This stems from the expansion of policy topics in the decision-making or policy formulation process. This expansion of policy topics encourages diversification of policy content. This leads to the existence of various additional policies that contain additional tasks for certain agencies within the TPID. It is not uncommon for these additional tasks to be outside the main duties and functions of the agency concerned.

Apart from that, there were also significant budget cuts which made the budget available to implement policies more limited. This then led to challenge in bulding shared vision and obstacles to coordination and policy

synchronization during the COVID-19 pandemic in North Sumatra. Meanwhile, conditions in West Java are relatively better because of the focus of policy on a priority target, namely increasing people's purchasing power. Apart from that, the active involvement of the task force in synchronizing policies and digitizing monitoring as well as pivoting policy priorities encourages the distribution of authority to run more smoothly.

Furthermore, in the fifth indicator, namely the distribution of costs and benefits, relatively similar phenomena were found in the North Sumatra TPID and West Java TPID. On the one hand, there is a fiscal paradox. What this means is that revenues in the APBN and APBD have decreased significantly while the need for financing policies to deal with the COVID-19 pandemic has increased significantly. In response to this fiscal paradox, budget refocusing occurred. The situation then becomes less favorable for inflation control budgeting. The priority of refocusing is to provide an adequate budget for dealing with COVID-19. The situation then faced by the North Sumatra TPID and West Java TPID was facing budget limitations on the one hand while on the other hand there were various additional policies that needed to be implemented.

Finally, related to the sixth indicator, namely distrust, there was a lot of potential for distrust in both the North Sumatra TPID and West Java TPID. Potentials encountered at the North Sumatra TPID include a widespread feeling that there is a lack of strong shared vision, obstacles to coordinating policy implementation, doubts about the quality of data, lack of strong commitment to policy implementation and poor cross-institutional coordination. These potential distrusts can be said to surround various policy processes in the North Sumatra TPID. For example, a lack of vision can hinder the policy formulation process. Meanwhile, obstacles to policy coordination and cross-institutional coordination can disrupt policy implementation. Doubts in the data can disrupt the policy monitoring and evaluation process.

### **Policy-making Process**

During the COVID-19 pandemic, as explained in Chapter 4 regarding the North Sumatra TPID and Chapter 5 regarding the West Java TPID, there were similarities and differences regarding the decision-making process. There are at least two similarities regarding decision-making methods in the North Sumatra TPID and West Java TPID. The first is digitalization in the decision-making process. Digitalization is the backbone of various activities related to decision making. Primarily related to the arrangement of decision-making meetings and coordination processes which resulted in various policy changes and adjustments during the COVID-19 pandemic.

On the one hand, digitalization is considered as an instrument that can simplify the coordination and decision-making process. This is of course related to the lack of need for face-to-face interaction between the parties involved in the decision-making process. Apart from that, there is no need to travel from one place to the meeting location because physically the parties involved only need to stay in one place and be able to take part in many online coordination meetings. Furthermore, the transition process from one meeting to another can be done more quickly. On the other hand, there are challenges in carrying out the digitalization process smoothly. This is related to the readiness of facilities & infrastructure as well as the readiness of Human Resources (HR). In general, to be able to carry out the digitalization process requires the readiness of facilities and infrastructure. The existence of the COVID-19 pandemic is a determinant that encourages transformation and accelerated adaptation of digitalization facilities and infrastructure. Meanwhile, with regard to HR readiness, there is an inequality in HR readiness. Primarily influenced by various factors related to literacy and the ability to use digital technology. These things were found in both the North Sumatra TPID and West Java TPID.

The second similarity is related to the use of high-level leadership instruments to encourage a more optimal decision-making process. What this means is that the decision-making process becomes more intensive involving high-level government leaders. This is done to encourage compliance and ensure smooth implementation of new policies which are the result of changes or adjustments to public policies that were in effect before the COVID-19 pandemic. This is quite reasonable considering that the hierarchy of power is a vital instrument in the government system. Hierarchy of power is also an important determinant of encouraging compliance at lower levels of government. Of course, this is also related to ensuring a smoother policy implementation process.

Interestingly, there are differences in the approach to using this high-level leadership forum as an instrument in the North Sumatra TPID and West Java TPID. At TPID North Sumatra, the approach used is to encourage more intense involvement of government leaders in decision-making meetings. Mainly the Governor of North Sumatra and various leaders of government units under him. Intense involvement from government leaders is considered capable of

increasing understanding, understanding and concern from government leaders. This is considered important to get full support from government leaders. This is then considered to be positively correlated with commitment to implementing the policies that have been decided.

On the other hand, in West Java TPID, the approach used is slightly different. There are two approaches used regarding the involvement of government leaders in the decision-making process. The first is the use of a formal-legal instrument format in the form of a Governor's Decree to legalize policy adjustments and changes during the COVID-19 pandemic. This format was chosen because it can legally and formally have a pressing factor in creating compliance in implementing the policies that have been decided. Apart from that, the Governor's Decree format can also reduce policy-making procedures to become simpler. For example, because it is no longer necessary to go through a process at the Regional House of Representative (DPRD) which can make the decision-making process take longer. The second approach is to involve the Governor of West Java directly if there are obstacles in implementing the policies that have been decided. This is considered to make the process of solving problems related to the implementation of policies that have been decided more effective.

Meanwhile, there are differences in the emphasis of change that is the focus of the decision-making process at the North Sumatra TPID and West Java TPID during the COVID-19 pandemic. At the North Sumatra TPID, the most prominent change in the decision-making process is related to the expansion of the topics that are the focus of discussion in the decision-making process at the North Sumatra TPID. For example, the presence of topics such as overcoming the health crisis, balancing responses in the policy sector with responses in the economic sector regarding the COVID-19 pandemic and implementing inter-regional cooperation to ensure equitable economic resilience in North Sumatra during the COVID-19 pandemic. This expansion has more or less contributed to institutional elements within the North Sumatra TPID receiving additional tasks, some of which are outside their main duties and functions.

On the other hand, at the West Java TPID, the emphasis that was focused on the decision-making process during the COVID-19 pandemic was related to a policy formulation approach based on efficiency and effectiveness. What this means is that the decision-making process must be carried out in a budget efficient way. Then, the resulting policy must also be budget efficient in the implementation process. Apart from that, policies must also be effective in achieving targets amidst budget constraints. This is intended as a strategy to continue to perform well during the COVID-19 pandemic where there has been a lot of budget refocusing. The existence of refocusing has indeed resulted in a significant reduction in flexibility in policy formulation because the availability of the budget as an important source of input for policy formulation has also become limited.

### **Policy Content**

Regarding policy content in the North Sumatra TPID and West Java TPID during the COVID-19 pandemic, there were relatively different dynamics. Both the North Sumatra TPID and West Java TPID experienced changes in policy content, but the processes behind the changes and the focus of the changes that occurred were different. The first is related to differences in the direction of policy content in the North Sumatra TPID and West Java TPID during the COVID-19 pandemic. On the one hand, there is a tendency to expand policy topics in the North Sumatra TPID. On the other hand, there is a tendency to focus policy content on a priority target in the West Java TPID. These differences in tendencies then resulted in differences in the focus of policy content in both the North Sumatra TPID and West Java TPID.

In more detail, the diversification of policy content in the North Sumatra TPID was motivated by the expansion of topics that were discussed in decision-making processes carried out during the COVID-19 pandemic. For example, there are 3 policy topics that received serious attention during the COVID-19 pandemic at the North Sumatra TPID. The first is the topic of health. Primarily this topic relates to how the North Sumatra TPID can actively and pro-actively contribute to handling the health crisis that occurred due to the COVID-19 pandemic. For example, by participating in the success of the mask wearing campaign. The second topic is regarding economic recovery. Of course, this topic is broader than the topic that is conventionally the domain of TPID, namely inflation stability. This topic is related to many things, for example related to how to save MSMEs affected during the COVID-19 pandemic. The third topic is the social safety net. During the COVID-19 pandemic, the social safety net became a vital and strategic policy instrument to overcome the negative impact of the COVID-19 pandemic on households.

Meanwhile, in TPID West Java, the trend is to focus policy content on a priority target. The focus of this policy is directed at the target of strengthening purchasing power. This was done because purchasing power during the

COVID-19 pandemic experienced significant pressure. Mainly caused by several things. The first is due to a slowdown in economic activity which causes the production process of goods and services to decline. Situations that cause various employment shocks ranging from layoffs to workers being laid off temporarily. This then causes household income to decline. The impact of course is a decrease in purchasing power. Then it was also caused by large-scale social restrictions implemented by the government to limit the transmission of the COVID-19 virus. A situation that has contributed to stopping economic activity that relies on mobility. This background then made the West Java TPID choose to make restoring purchasing power the focus of policy content targets during the COVID-19 pandemic.

There are different tendencies, namely expanding policy content topics in the North Sumatra TPID and focusing on policy content targets in the West Java TPID, resulting in a different composition of policy content output. The policy content in the North Sumatra TPID is directed at on the one hand encouraging handling of the health crisis. Then on the other hand, maintaining economic stability. One of the policy contents that is focused on is encouraging equal distribution of economic resilience in all regions of North Sumatra. This is motivated by differences in economic resilience between cities and districts in North Sumatra. Therefore, Inter-Regional Cooperation (KAD) is the main policy content. This is done to encourage an active process from regions with high economic resilience to strengthen regions with low economic resilience. For example, through facilitating commodity supplies.

Furthermore, in West Java the policy content produced is policy content aimed at encouraging people's purchasing power. For example, through expanding and improving social assistance policy instruments. Both in the form of cash transfers and non-cash transfers. Apart from that, various other methods are also used. For example, by facilitating and accelerating the digitization of buying and selling transactions through collaboration with e-commerce platforms and encouraging the revitalization of the e-commerce platform owned by the West Java Government, namely Priyangan.

Another strategy carried out by the West Java TPID is pivoting public policy. This is done by maximizing economic sectors that continue to grow during the COVID-19 pandemic as a basis for maintaining economic conditions in West Java. Two sectors that continued to grow during the COVID-19 pandemic in West Java were agriculture and communications. These two sectors then became the foundation for encouraging West Java's economic growth to remain stable. Of course, this is done through various policy content that can provide incentives to these two sectors. For example, through the Millennial Farmer Program which is aimed at encouraging increased agricultural productivity through more youth involvement in the agricultural sector.

Finally, the trend of expanding policy content in North Sumatra and focusing policy content in West Java can also be seen from the approach to implementing the 4K program. In normal situations, 4K which contains 4 main policy directions is generally carried out synergistically to achieve maximum policy performance and policy targets. TPID North Sumatra continues to continue this by trying to implement 4K comprehensively. However, in West Java TPID the opposite steps were taken. West Java TPID prefers that 4K implementation be carried out based on a priority scale. This priority scale determination is carried out by taking into account conditions in the field level related to the level of urgency of the policy challenges being faced. Therefore, 4K elements that are considered to have high urgency to focus on will be implemented.

### **Organizational Structure**

Regarding the organizational structure during the COVID-19 pandemic, TPID North Sumatra and TPID West Java did not experience different dynamics. In terms of organizational structure, both the North Sumatra TPID and the West Java TPID have not experienced any changes or adjustments to the formal institutional structure. In that sense, the organizational structure still refers to regulation of the Minister of Home Affairs and Governor's Decree related to TPID. This step was taken because there was no urgency to make changes to the TPID organizational structure during the COVID-19 pandemic. Especially considering that changes to organizational structure take time to implement. Both at the implementation level related to regulatory synchronization and related to institutional and apparatus synchronization. Regulatory synchronization, for example, is related to adjusting rules at the institutional, administrative and technical levels in the government units that will be involved. Synchronization of institutions and apparatus, for example, is related to the arrangement of institutional units and human resources for apparatus that will be assigned by regional government units to the North Sumatra TPID and West Java TPID.

However, even though there have been no changes to the formal organizational structure at TPID North Sumatra and TPID West Java, this does not mean that there have been no changes at all regarding how TPID as an organization



operates during the COVID-19 pandemic. The first adjustment is related to expanding the involvement of government and non-government institutions in the decision-making and policy coordination processes carried out by the North Sumatra TPID and West Java TPID. For example, by involving the Health Services from the North Sumatra and West Java Provincial Governments in meetings at TPID. Apart from that, various other government units were also involved, for example from BUMD and the private sector. The BUMD institutions involved include PT Dhirga Surya, PD. Aneka Industry and Services North Sumatra, as well as PT. North Sumatra Plantation. Meanwhile, from the private sector, for example, several e-commerce platforms have been invited to collaborate in efforts to accelerate the digitalization of trade transactions during the COVID-19 pandemic.

The next adjustment step taken was through intense coordination with the task force formed during the COVID-19 pandemic. Good for task forces carrying out tasks in the government, economic and health sectors. The existence of this task force or special task force is the main instrument for institutional innovation during the COVID-19 pandemic. This is also the main reason for not carrying out formal organizational changes in the North Sumatra and West Java TPIDs. The organizational format of task forces and task forces allows for high flexibility. Both for flexibility related to policy formulation, policy implementation, coordination across sectors and government actors, as well as resolution and synchronization of policies as well as acceleration and facilitation of policy changes during the COVID-19 pandemic.

### **Barriers to Flexible Arrangement**

The division of authority in the North Sumatra TPID and West Java TPID during the COVID-19 pandemic gave rise to relatively different dynamics and realities. However, before discussing these differences, there is a similarity regarding the distribution of authority. The similarity is that in the North Sumatra TPID and West Java TPID the process of dividing authority is also carried out through a digitalization process. In other words, through various online coordination meetings and forums, the process of dividing authority is also carried out. The difference from the pre-pandemic period which relied on offline meetings is that during the COVID-19 pandemic, through online meetings, government leaders could be more intensely involved. Digitalization facilitates the presence of government leaders. This makes the process of dividing authority more effective because of the more intense involvement of government leaders. A situation that can better guarantee understanding, awareness and commitment to the policies that have been decided.

However, differences in strategy between the North Sumatra TPID and West Java TPID in the approach to the decision-making process and policy content also create differences in the process of responsibility distribution. On the one hand, as explained in the previous section, the North Sumatra TPID chose a strategy to expand policy topics and content. Meanwhile, on the other hand, the West Java TPID chose to focus policy content on a priority target, namely increasing purchasing power. This difference in strategy causes differences in the authority that needs to be exercised by institutional elements within the North Sumatra TPID and West Java TPID.

In more detail, on the one hand, institutional elements in the North Sumatra TPID must face challenges from the wide scope of policy content that needs to be implemented. As a result, there are additional tasks that need to be carried out by organizational elements within the TPID. The challenge is because the additional tasks that exist are often outside the main duties and functions of the institution that will carry them out. In fact, the institutions that will carry out these additional tasks are also experiencing budget cuts due to budget refocusing. The situation then becomes a complicated challenge.

Meanwhile, in the West Java TPID, the division of authority is running relatively more effectively because there is a policy direction which is a priority target for the West Java TPID, namely increasing purchasing power. Apart from that, it is always ensured that the distribution of responsibility can be carried out down to the lowest level in the community organizational structure, namely the village and community unit. More than that, the instrument that makes the division of authority in the West Java TPID more effective is due to the flexibility of authority which is based on the dynamic development of the situation in the field.

The dynamics of the field situation during the COVID-19 pandemic are indeed filled with increasing changes and fluctuations. Therefore, a policy certainly requires various adaptations in the implementation process. This adaptation of course also requires a process of reviewing the field situation which is carried out simultaneously. This review of the field situation then became the basis for adjusting the division of authority between institutional elements within the West Java TPID. Observations of the situation in the field are the basis for determining policy approaches, policy content and policy implementation schemes. During the COVID-19 pandemic, generally in a particular area,

for example at the provincial level, there will be variations in different field situations. For example, a district is in the dangerous zone category while there are other districts in the medium zone and non-dangerous zone categories.

For the North Sumatra TPID, the challenge in distributing responsibility becomes more complicated because one of the main policies during the COVID-19 pandemic is Inter-Regional Cooperation (KAD). Of course, this requires a division of responsibility that can run effectively and flexibly. Apart from that, considering that this inter-regional cooperation also involves collaboration with other provinces, the challenges become even greater. Another challenge is also related to the need for commitment to ensure compliance in the process of implementing policy content. However, the North Sumatra TPID faces various obstacles related to this, especially considering that there are various additional tasks that need to be carried out by institutional elements within the North Sumatra TPID. There is a lack of enthusiasm for doing additional work. This is because there are institutions that are proactively willing to do additional work. However, on the other hand, there are also institutions that do not have as high a proactive spirit as other institutions. Apart from that, there is no sanction instrument for institutions that do not operate optimally. Finally, there are obstacles related to coordination between institutional leaders and the technical implementation of policies.

Interestingly, in the West Java TPID, there is a step that can actually encourage the division of authority to run more effectively and flexibly in dealing with the dynamics of the situation in the field. This strategic step is to encourage the process of sharing data between government units. Coordination, work synchronization and data sharing are also carried out with various institutions that are related to sectors that are important in handling the COVID-19 pandemic. Data is one of the most influential policy inputs in determining the division of responsibility. Primarily because it relates to the quality of policy content, suitability of policy content, review of policy implementation and is the basis for the policy evaluation process. By processing various data between various government units that are related to the COVID-19 pandemic, a more effective process of dividing responsibility can be carried out.

### **Distribution of Cost and Benefit**

In connection with the distribution of costs during the COVID-19 pandemic at the North Sumatra TPID and West Java TPID, there are similar dynamics that occurred. In both provinces, just like in various other provinces in Indonesia, the budget is refocusing during the COVID-19 pandemic. This is mainly driven by various challenges that have arisen as a result of the COVID-19 pandemic. The most significant impact is of course related to public budgeting. On the one hand, there is a reduction in public income, mainly originating from taxation. This reduction in tax revenue occurred both at the central and regional levels. Of course, this is caused by sluggish economic activity during the COVID-19 pandemic. The economic downturn that is occurring has a big impact because it is related to production, distribution and consumption activities. Meanwhile, on the other hand, there is an increasing need to finance policies related to overcoming the health crisis and economic turmoil due to the COVID-19 pandemic.

In a situation described in the previous paragraph, the most realistic step that can be taken is to refocus the budget. By carrying out refocusing, it is possible to reorganize budget use priorities. Of course, for policies that have high urgency to be implemented during the COVID-19 pandemic, budget increases will be made. An example is the procurement of vaccines and vaccination policies for the community. Apart from that, social assistance programs also experienced additional budgets. In fact, specifically for social assistance programs, various funding schemes are implemented, for example through diverting part of village funds to finance Village Fund Direct Cash Assistance or known as BLT-DD.

However, refocusing also presents challenges for agencies experiencing budget reductions. Mainly because it is not considered an agency with a vital and strategic position in dealing with the COVID-19 pandemic. For example, agencies related to infrastructure development. More specifically, for TPID, there were also budget cuts for market operations programs. In fact, the market operations program is one of the most important instruments in maintaining inflation stability. The reality encountered at the North Sumatra TPID, for example, is that there are inflation control programs in several TPID element institutions. There are programs in these departments related to controlling inflation. However, on the other hand, no funding is budgeted to finance the implementation of these inflation control programs.

More or less the same situation also occurred in West Java TPID. The most prominent step in budget management is re-focusing. OPDs in the economic sector then had to experience huge budget cuts. The budget that generally experiences refocusing is related to infrastructure development. One program that then experienced significant cuts was the market operations program. This reality certainly presents its own challenges in the West Java

TPID's efforts to increase people's purchasing power. Especially considering that people's purchasing power experienced shocks during the COVID-19 pandemic. This is reflected in the tendency of deflation during the COVID-19 pandemic in West Java.

In an effort to face the challenges resulting from refocusing which led to budget cuts for inflation control policies, several innovative steps were taken. For example, in the North Sumatra TPID, there are several instruments which are then used as alternative sources of funding in implementing various policies related to controlling inflation. The first alternative source of funding comes from the Regional Parliament (DPRD) members' Basic Thoughts known as Pokir budget. Apart from that, additional budget sources that are a solution are from the central government budget. Another source of additional budget solutions, specific to the program run by the North Sumatra Department of Industry and Trade, comes from the Disaster Management Government Agency, known as BPBD. During the COVID-19 pandemic, BPBD received a lot of additional budget. Meanwhile in West Java TPID, the alternative source of budget that is the focus comes from the APBN. Interestingly, in West Java, civil servants are encouraged to make voluntary contributions from performance allowances as assistance to the community.

### **Distrust**

Regarding distrust, in both the North Sumatra TPID and West Java TPID, various things were found that led to distrust. The first is related to difficulties in building the shared vision between elements within the North Sumatra TPID and the lack of awareness of regional heads regarding the importance of the inflation control program in the West Java TPID. In North Sumatra, due to the expansion of topics and policy content in the decision-making process, a shared understanding about common vision is needed to be able to harmonize and synchronize the various policies that are decided. The main thing is to have a unified vision regarding the goals to be achieved, commitment to the implementation process and completing the agreed policy agendas. However, there are elements within the North Sumatra TPID who feel that the process of developing a shared vision is not running effectively. Meanwhile, in West Java, there are elements within the West Java TPID who feel that there is still low awareness from regional heads regarding the importance of the inflation control program. This low awareness can certainly be a factor that drives the agreed inflation control policies to not operate optimally.

The second potential distrust is related to the perceived lack of availability of data as one of the most important inputs in various policy processes. In North Sumatra, there is skepticism regarding the level of accuracy of commodity data. Of course, data relating to production, supply, reserves and consumption of important commodities in North Sumatra. Meanwhile, in West Java, there is potential for distrust due to the perceived lack of support for the supply of data related to strategic food price monitoring in several regions in West Java. The existence of doubt about the validity, accuracy and adequacy of this data is certainly a potential distrust that needs to be an important note and attention for TPID. Primarily in order to ensure that the process of achieving various policy goals and targets is not disrupted due to the emergence of potential distrust.

The third potential for distrust is related to the commitment to implementing policies at the North Sumatra TPID and the lack of optimal understanding of the West Java TPID members regarding the inflation control program. In the North Sumatra TPID, there are institutional elements within the TPID who feel that there are challenges related to the lack of strong commitment to program implementation, the lack of optimal division of tasks between agencies, and the lack of involvement of BUMD. Meanwhile in the West Java TPID, there are institutional elements within the West Java TPID who feel that there are TPID members who do not have sufficient understanding regarding the inflation control programs that need to be implemented. These potential distrusts can certainly be a factor that disrupts the smooth implementation of policies and disrupts the achievement of policy goals.

The fourth potential distrust is related to poor policy coordination and synchronization in the North Sumatra TPID and West Java TPID. In North Sumatra, the process of coordinating policy implementation from the leadership level to the technical level is considered to have experienced many obstacles. This is also related to the process of equalizing the vision which has not yet been optimal. Apart from that, it is also related to implementation budget limitations. Meanwhile in West Java, there is a situation where good synchronization of work programs for price control programs between related institutions/institutions has not yet been achieved. The potential for distrust regarding non-optimal coordination and synchronization of policies and cross-agency cooperation has also colored the dynamics of policy governance during the COVID-19 pandemic in North Sumatra and West Java.

## CONCLUSIONS

Based on the explanation in the previous paragraphs, two conclusions can be drawn. The first is that adaptive governance in North Sumatra TPID and West Java TPID during the COVID-19 pandemic ran effectively. This is mainly supported by the flexibility of the decision-making process and policy content as well as the distribution of responsibility, distribution of costs and management of potential distrust that runs well. Second, adaptive governance theory in general can provide an adequate theoretical framework for analyzing how organizations deal with external shocks. Of course, note that each organization can take different steps as an adaptation mechanism to the challenges of external turmoil. For example, the steps taken by public sector institutions may be different from private sector institutions. In this research, it appears that the organizational structure at TPID North Sumatra and TPID West Java did not experience increased flexibility during the COVID-19 pandemic.

Then, based on the analysis carried out by comparing pre- and post-COVID-19 pandemic governance, several conclusions can be formulated. First, the decision-making process during the COVID-19 pandemic requires greater flexibility. In addition, the decision-making process requires a more innovative and cross-sectoral approach. Second, policy content during the COVID-19 pandemic has become more flexible. This is primarily driven by the need to abandon policy patterns based on incrementalism. Third, the organizational structure is relatively not experiencing increased demands for flexibility and change during the COVID-19 pandemic. What further colors the dynamics related to organizational structure is the expansion of stakeholder involvement. This is motivated by a policy focus that extends to the health sector. Furthermore, the division of responsibility during the COVID-19 pandemic requires more flexibility. Mainly driven by two things. First, by refocusing the budget. Second, by changes in policy direction which give rise to additional tasks. Then, cost sharing in terms of budget distribution also needs to be more flexible during the COVID-19 pandemic. This is because during the COVID-19 pandemic there was a large-scale refocusing of the budget. The situation then changed the policy structure significantly. Finally, distrust management needs to be strengthened. This is because various potential distrusts which actually existed before the COVID-19 pandemic became increasingly stronger during the COVID-19 pandemic.

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Not applicable.

## CONFLICT OF INTEREST

The authors declare that they have no conflicts of interest.

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