



How the Indonesian Ministry of Finance Handles Government Debt Issue

Soni Sutejo; Mahendra Wijaya; Ign. Agung Satyawan

Faculty of Social and Political Science, Sebelas Maret University, Surakarta, Indonesia

<http://dx.doi.org/10.18415/ijmmu.v8i1.2361>

Abstract

An organization cannot be separated from its interactions with stakeholders. In these interactions, there are often different views and perspectives of each party. This gap is often referred to as an issue. Issues facing an organization should be properly managed through an issue management. One of the issues facing the Ministry of Finance is the issue of Indonesian government debt. This issue developed through the mass media. This issue has the potential to damage the reputation and public trust in the Ministry of Finance. This study examines how the Ministry of Finance deals with the issue of Indonesian government debt. This study uses a qualitative method with a case study approach to gain an understanding of the issue management undertaken. The research data was collected from observations and in-depth interviews with several sources. The results show that the Ministry of Finance has succeeded in dealing with government debt issues through the application of standard operating procedure (SOP) for handling negative news which is an adaptation of the issue management model.

Keywords: *Issue; Debt Issue; Issue Management; News*

Introduction

Indonesia is one of the developing countries in Southeast Asia. Since this country was founded, the government has relied on debt to balance the deficit between state income and expenditure. Until the end of 2019, Indonesian government debt reached IDR 4,779 trillion. This debt issue is always heavily discussed by the public and in the mass media. Several topics of discussion regarding Indonesian government debt in the media include 1) Indonesia's debt in an emergency 2) Indonesia is bankrupt 3) the government is selling assets to pay debts 4) the government has failed to manage its debt.

This condition was exacerbated by the hot political conditions in Indonesia at that time. 2019 is the year of Indonesia's presidential election. This situation was exploited by the government's political opponents to tarnish the government's reputation through the issue of government debt. This phenomenon can be seen from the emergence of statements by political figures who are at odds with the Government. These political figures use this issue not only to attack the government, but also to target individuals such as Indonesian President Joko Widodo and Sri Mulyani as Minister of Finance. Efforts to lead public opinion were also carried out by disseminating news that contained disinformation and hoaxes related to debt. So it is not surprising that there is a public opinion that this debt is dangerous for the country's

economy, while the government considers this debt as a driver of economic development. This difference in viewpoint has generated negative coverage that has the potential to damage the reputation of the government, especially the Ministry of Finance. This study discusses how the Ministry of Finance deals with negative news about Indonesian government debt from the perspective of issue management theory.

Research Methods

This research is a qualitative research using research methods: literature study, observation, and in-depth interviews with public relations of the Ministry of Finance. The data used in this research are related regulations, news statistical documents, communication strategy documents, and interview transcripts. Furthermore, the validity test was carried out by triangulation of sources and methods. The results of the validation test are then analyzed based on the theory used.

Results and Discussion

Every organization cannot separate itself from interactions with its stakeholders, both internal and external. In these interactions, different perspectives, expectations and reality are often encountered, which cause problems between the organization and its stakeholders. Some experts cite this condition as an issue. Howard Chase and Bary Jones (in Chase, 1984) described issues as questions precipitated by changes in the environment that are waiting for decisions. Meanwhile Crable and Vibbert (1986) defined an issue as "a point or question to be disputed and decided" and similarly stated that a public issue occurs "when a problem becomes focused on a particular question that calls for dispute and some sort of resolution.

In subsequent developments, Regester and Larkin provided a more complete and detailed definition of the issue compared to the definitions presented by Howard Chase and Crable and Vibbert. Regester and Larkin (2002) convey "a condition or event, either internal or external to the organization, that if it continues will have a significant effect on the functioning or performance of the organization or on its future interests". An issue can be defined simply as "the gap between stakeholder expectations and corporate practice" (Regester & Larkin 2008, p. 323).

Issues are important things that need to be managed and handled properly. Improper handling of issues will cause problems for the organization. Some of the problems that can arise from improper handling of issues include damage to the reputation of the organization, loss of public trust, or, at worst, it can cause an organizational crisis.

Starting from this condition, what is often called issue management emerged. The first person to develop issue management was W. Howard Chase in "Corporate Public Issues and Their Management" Volume 1 No. 1. Newsletter. Together with his colleague, Barry Jones, Chase defines "Issue Management" as 'a tool that can be used by companies to identify, analyze, and manage issues that come to the surface, and react to these issues before they are known to the public at large. (Regester & Larkin, 2002: 38).

During its development, a series of new definitions of issue management emerged, including those proposed by Baskin and Aronof (1992) which stated that issue management includes the process of identifying major issues that are in conflict with the company or organization, including how to respond to these issues. Tucker and Broom (1993) stated that the purpose of issue management is to assist the company or organization in maintaining and maintaining the market, reducing risk, creating opportunities and managing the image of the company or organization. The process is carried out by anticipating, researching, and prioritizing issues; assess the impact of the issue on the company or organization;

recommend policies and strategies to minimize the impact of the issue; strategy implementation; evaluate the program that has been done.

From the definitions presented by the experts, an issue management model is then compiled. The issue management model which is quite popular until recently was developed by Chase, Jones, and Crane. This issue management model consists of 5 stages: 1) Issue identification, 2) Issue analysis, 3) Choice of issue change strategy, 4) Issue programming, and 5) Evaluation. These five stages are a series of sequential processes of issue management. At the issue identification stage, the organization identifies all potential issues that may occur with all stakeholders. In the issue analysis stage, an in-depth study of the issue is carried out and an issue priority scale is determined. Issues that are considered the most important are chosen to be the main issues that are prioritized in handling. The issue change strategy selection stage is the stage for determining the organization's response to the issue. Several types of organizational responses include: ignore, reactive, participatory, initiate. The next stage is issue programming. This stage includes the implementation of the responses that have been selected in the previous stage. Meanwhile, the final stage is evaluation. At this stage a measurement is made of how effectively the issue can be handled.

In dealing with debt issues, the Ministry of Finance of the Republic of Indonesia has established a procedure similar to issue management. This procedure is called the Standard Operating Procedure (SOP) for Handling Negative News at the Ministry of Finance. The SOP is stated in the Decree of the Minister of Finance (KMK) Number 902 / KMK.01 / 2018. Based on the results of interviews with the public relations unit at the Ministry of Finance, this procedure is an effort of the Ministry of Finance in dealing with issues, especially those identified in mass media reports. The steps implemented in the procedure are identical to the existing issue management models. The stages in the SOP are: 1) media monitoring 2) Media analysis 3) Data and Information Collection 4) Communication Strategy Formulation 5) Evaluation.

Media monitoring includes activities to gather news on topics surrounding the Ministry of Finance's duties that have previously been assigned with certain keywords. This stage is carried out with the help of a web-based application called SIMONITA (News Monitoring Application System). Furthermore, the news that has been successfully captured will then enter the media analysis stage to determine the tone of the news. News tone categories are divided into positive, neutral, and negative. The tone and amount of news will be used as the basis for determining the scale of priority issues. Topics that are widely reported in a negative tone will be prioritized to be addressed. Furthermore, at the data and information collection stage, all information and data that is useful for formulating a communication strategy are collected. At the communication strategy stage, the target audience, key messages, and communication channels are determined. And finally, at the evaluation stage, a comparison between before and after treatment will be carried out.

Based on data obtained by the author from the Ministry of Finance's public relations, the topic of Indonesian government debt is one of the highest priority issues in the Ministry of Finance in 2018. The coverage of Indonesian government debt in 2018 based on the SIMONITA application is 1,104 reports. On average, there are about 92 reports per month. From the total of 1,104 news reports, 657 news items (59.51%) had a neutral tone, 284 news items (25.72%) had positive tones, and 163 news (14.76%) had negative tones. From these statistical data, the Ministry of Finance has determined that the issue of Indonesian government debt is a priority issue to be addressed in 2019. In addition to the statistical considerations, several things that encourage the Ministry of Finance to make Indonesian government debt a priority issue, namely: 1) has the potential to threaten the reputation of the organization 2) can reduce the level of public trust 3) triggers hoaxes 4) contains political interests 4) the need for clarification by presenting data.

After data and information on government debt have been collected, the next step is to develop a communication strategy. The target audience for this communication strategy are 1) the general public 2) the media 3) economic observers 4) political opponents. In addition, key messages / narratives are also prepared, including regarding: 1) Indonesia's debt ratio is safe 2) debt is used for infrastructure development 3) debt is managed properly 4) debt is an economic lever. The communication channels used by the Ministry of Finance include: 1) website 2) social media (twitter, facebook, instagram, youtube) 3) press conferences 4) TV talk shows 5) offline events (seminars). Several other things that appear in the Ministry of Finance's communication strategy in dealing with the issue of Indonesian government debt are: 1) prioritizing data and facts 2) using the Key Opinion Leader (KOL) strategy 3) avoiding being reactive 4) being open with the media.

In the evaluation stage, measurement of the results from the previous steps is carried out. One of them is the measurement of news trends regarding Indonesian government debt in 2019. Based on the results of media monitoring, the coverage of Indonesian government debt in 2019 was 889. The composition of the tone of the news was: 489 news (55%) had a neutral tone, 338 news (38%) have a positive tone, and 62 news (7%) have a negative tone. From this data, it can be seen that there has been a decrease in the number of reports from 1,104 in 2018 to 889 in 2019, a decrease of 19.47%. The percentage of negative tones to total news also decreased from 14.76% in 2018 to 7% in 2019.

Conclusion

Based on the discussion above, several conclusions can be drawn: 1) The Ministry of Finance already has an issue management model that is identical to the model developed by Chase, Jones, and Crane. 2) The Ministry of Finance in general has succeeded in dealing with the issue of Indonesian Government Debt. 3) The Ministry of Finance has quite a variety of communication channels 4) The selection of responses in the Ministry of Finance's communication strategy is appropriate.

References

- Baskin, O. W., & Aronoff, C. E. (1992). *Public Relations: The Profession and the Practice*. New York: McGraw-Hill Higher Education.
- Chase, W. H. (1984). *Issue Management: Origins of the Future*. Stamford: Issue Action Publications, Inc.
- Crable, R. E., & Vibbert, S. L. (1986). *Public Relations as Communication Management*. Edina, MN: Bellwether Press a division of Burgess International Group, Inc.
- Regester, M., & Larkin, J. (2002). *Risk Issues and Crisis Management: A Casebook of Best Practice* (2nd ed.). London: Kogan Page Limited.
- Regester, M., & Larkin, J. (2008). *Risk Issues and Crisis Management in Public Relations: A Casebook of best practice*. London: Kogan Page.
- Tucker, K., & Broom, G. M. (1993). *Managing Issues Acts as Bridge to Strategic Planning*. *Public Relations Journal*, 49.

Copyrights

Copyright for this article is retained by the author(s), with first publication rights granted to the journal.

This is an open-access article distributed under the terms and conditions of the Creative Commons Attribution license (<http://creativecommons.org/licenses/by/4.0/>).