

**“ A MODEL OF PERFORMANCE MEASUREMENTS
ON MANAGEMENT BASIS IN THE LOCAL
GOVERNMENT AGENCIES, SOUTH SULAWESI
PROVINCE, INDONESIA “**

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Abstract

Performance appraisal is a fundamental indicator in public accountability to achieve the good governance principles. Hence, this study aims to analyze the performance measurement that can improve performance on government agencies in South Sulawesi, Indonesia. The study was conducted in qualitative approach.

The research found that non-integrated models of performance measurement in South Sulawesi are inefficient and ineffective. Inefficiency happens because it uses time and cost resources separately, while being ineffective is because both models focuses on each goal instead on performance goals and the process is not supported by the actual management.

Key words: performance-based management, performance measurement, good governance, local government, public agency

I. Introduction

The issue on good governance now has become an instrument of assessment related to good or bad practice of government system. This brings consequences that drive efforts to predicate good governance which has to do with reforming the bureaucracy. The reason for this is because the main instrument to have good governance can only be achieved with the presence of effective bureaucracy. Therefore, reformation on the ineffectiveness of existing bureaucratic system should be. The implementation of good governance means that government bureaucracy must be able to realize the principles of good governance in its activities. The principles meant in this context are transparency, accountability, participatory and fairness.

The consequence of implementation of good governance then shifts the focus or orientation of bureaucratic activity and design which are no longer focusing on administrative procedures, but on management. The change of orientation reinforces the principles of efficiency, effectiveness, and economics and every activity that are oriented to "value for money" so that the value of all activities must be measured, especially when associated with the best comparison between the use of resources with output achieved. Activities measured in the implementation and the results will be more accountable when compared to the absence of measurement system.

So far, the government's performance measurement system shows that there has not been much change. Agency Performance Accountability Report (LAKIP) South Sulawesi provincial government during the last 3 years has been able to meet the standard issued by the Ministry of State Apparatus Empowerment and Bureaucratic Reform. However, it is still at the level of CC (highest score for this is A). This means that a performance

measurement system built in encouraging government agencies in Provincial government of South Sulawesi has not been optimal yet.

Likewise, numbers of studies have been conducted so far with the main objective of assessing the performance of local governments, but the results of these studies reveal that local government has not shown significant performance. Thus, the results of this study provide an illustration that it is still important to conduct research that can provide solutions to local government performance problems that can drive optimal performance. Research conducted by Harsonowati (2013) , for example, measured the performance of local government at Boyolali Regency, Indonesia by analysing the performance of the local government of Boyolali district as seen from the income ratio in local budget. Similarly, Sari (2013) conducted a study using the measurement of Local Government Performance of Sumenep Regency, Indonesia which focused on value for money principle. Meanwhile, Pramono (2011) examined the performance of Local Government of Surakarta, Indonesia in 2010-2011 by analyzing financial ratios.

Another study was conducted by Auditya and Lismawatin (2013) measured the performance of local government with analysis of influence of accountability and transparency of local financial management in Bengkulu provincial government, Indonesia. Sofyani and Akbar (2015) conducted research by analysing the characteristic relationship of local government employees and implementation of performance measurement system based on institutional isomorphism analysis in Yogyakarta, Indonesia. Khikmah (2013) measured the performance of Local Government of Lamongan Regency, Indonesia by examining value for money concept.

Lastly, Parker (1993) has created a model of research reports on the implementation of government performance measurement programs conducted in all states in America.

This model provides a clear description of government performance measurement programs in those states and shows how many states actually run the program effectively.

a. Research Questions.

Through this observation, it is expected that the government is also more focused on establishing and implementing performance measurement programs that really become a priority. In relation to that, the purposes of this study consist of two main aspects. They are as follows ;

1. Firstly, describing the practice of performance measurement used by government agencies of the provincial government of South Sulawesi.
2. Secondly, analysing effectiveness of government agencies in measurement model of organizational performance which was conducted by South Sulawesi provincial government in the frame of performance management-based measurement model.

2. RESEARCH METHOD AND THEORITICAL FRAMEWORK.

2,1, Research Method.

The research was conducted in South Sulawesi Province, Indonesia where the annual performance appraisal practice has been implemented. In 2017, the Ministry of State Apparatus Empowerment and Bureaucratic Reform of Republic of Indonesia published Performance Accountability System of Government Institution (*Sistem Akuntabilitas Kinerja Institusi Pemerintahan* or SAKIP) which stated that performance accountability of provincial government of South Sulawesi has CC score. This score means South Sulawesi Province has weak quality of performance compare to other 33 provinces in Indonesia. Therefore, this study was conducted in South Sulawesi province based on this case in order to examine in what extent the performance assessment method can analyse the real performance of agencies of South Sulawesi governments.

The informants in this study was determined purposively, meaning that those considered to have information or involve either directly or indirectly in the preparation and assessment of government performance from each provincial agency in the government of South Sulawesi Province. Key selected informants are: a) Regional Secretary of South Sulawesi Province; b) Heads of provincial agencies; c) head sections and head of sub-divisions of each provincial agency; and e) Secretary of the Council. There are 28 persons were interviewed.

In this study, data collection techniques used are in-depth interviews and documents. In-depth interviews were conducted to the key informants mentioned above, while documentation techniques were conducted in the form of document collection such as regulations, journals, and research results related to this research. Data analysis is done through data reduction, data presentation, and conclusion / verification.

2.2. Theoretical Framework.

Performance evaluation systems in the literature are an important part of performance management, which includes a series of activities namely performance planning, performance implementation and performance evaluation. In the development of performance concept, the whole activity is further integrated into what is known today as performance management. This is because all three activities in performance measurement, from the planning stage to performance evaluation, are inseparable (Chang, 2011). Furthermore, Chang (2011) states that in the performance management cycle, performance measures play a central role. Performance measures serve as parameters of achievement of predetermined goals. Good performance measurements should be applied both at the planning and evaluation stage.

According to Armstrong and Baron (1998) performance management is a strategic and integrated approach to delivering sustainable success to organization. It is done by improving the performance of the people working in the organisation and by developing team capabilities and individual contributions. Moreover, in the definition of performance management, there are several keywords as follows:

- 1) Strategic, meaning that performance management pays attention to issues faced by the organization for the organization to function effectively in its environment, and with the direction in which the organization intends to achieve long-term goals.
- 2) Being Integrated refers to three concepts of integration. The first is vertical integration among organizational, team and individual objectives. Secondly, Functional integration refers to functional strategies in different parts of the organization. Thirdly, Integration of human resources relates to different aspects of human resources, especially

organizational and human resource development along with rewards for achieving an approach related to human development management.

- 3) Attention to performance improvements to achieve organizational, team and individual effectiveness. Performance is not just about what is achieved but also about how it is achieved. Leaders are involved in giving direction, measuring and controlling, but this shall not be seen as an exclusive gift to leaders but also teams and individuals participating to work together as stakeholders.
- 4) Attention to development, which is perhaps the most important function of performance management. Performance improvements will not be achieved unless there is an effective process regarding sustainable development. This is a major competency of the organization and capabilities of individuals and teams.

Organization and management must put their focus on efforts to dispel employee performance. These efforts can be accomplished when the activities of employees and organizations are integrated into what is called performance-based management. The focuses of performance-based management are; 1) on outputs, outcomes, processes and inputs; 2) on planning; 3) on measurement and review; 4) on ongoing development and improvement; 5) on communication; 6) on stakeholders; 7) on ethics.

The performance shown by the organization is a result of aggregations generated from internal environmental factors of the organization, the external environment and internal factors of the employees themselves. Internal environmental factors of the organization are a supporting factor of the organization where employees work. Organizational external environmental factors can have direct or indirect impact, depending on the type of environmental change that exists.

According to Armstrong and Baron (1998), organizational performance is influenced by several factors. First, personal factors that consist of individual skills, competence, motivation, and commitment. Second, leadership factors which are the quality of encouragement, guidance and support from leaders. Third, team factors that include the quality of support provided by colleagues. Fourth, system factors that include work systems and facilities provided by the organization. Fifth, contextual (situational) factors, which include pressure and changes in the internal and external environment. Meanwhile, Gilley et.al (1999) conclude that organization fails in achieving certain performance due to failure in: (a) focusing on the needs of stakeholders and linking organizational performance to its strategic goals and objectives; (b) identifying performance details; (c) reducing the errors of leadership practice; (d) managing performance; (e) encouraging employees to participate; and (f) focusing on long-term outcomes (Gilley and Maycunich, in Armstrong and Angela Baron 1998).

Many people now feel the importance of a performance measurement system that fits the conditions of public sector organizations. This is because the characteristics of organizations in the public sector cannot be equated with the business sector whose interest is more on the emphasis of financial profit. Organizations in the public sector are more oriented towards the quality of services for the public/citizens without having to put too much emphasis on financing aspects, so the determination of the performance measure indicators should be able to represent the function of the public-sector organization. Therefore, in this sense, indicators to measure the performance of organizations in the public sector are no longer relevant if they are only based on the perspective of efficiency, effectiveness and economy. Along with the increasing demands for good governance, government organizations are required not only to run organizations more efficiently,

effectively and economically, but also to be accountable for the use and management of public resources to the citizens or stakeholders. In relation to that then the need for performance measurement system that is able to answer the demands for good governance becomes very important.

An understanding of the importance of performance measurement for an organization is not adequate because performance is not an independent variable. Performance should be designed and viewed as an integral part of the organisation's internal business processes. This means that performance should be a process of management activity in every organisation. Fowler¹¹ states that *“Performance management is about managing the organization. It is a natural process of management, not a system or technique”*. Similarly, performance management is not only related to management within the business context (internal and external environment). Performance management will have an impact on how organisations are developed, what to do and how organisations operate.

The dimension of work is the quality of a work or activities that occur in the conducive workplace. Job dimension provides a tool for describing the overall scope of activities in workplace. While responsibilities and obligations of a certain position provide a description of the depersonalization of a job, the dimension of work allows the descriptive process to take a situational and personalized route. Henderson (1984) further states that work can take one or more of three forms namely responsibility or duty, behaviour and nature.

Performance dimension is an element of work that demonstrates performance. To measure performance, performance dimensions are developed into performance indicators. Furthermore, performance indicators are used to develop performance evaluation

instruments to measure employee's performance. Development of performance can be done by grouping into three types; work output, work behaviour and personal nature associated with the job. Work is the output in the form of goods and services where its quantity and quality can be calculated and measured. Working behaviour when in the workplace is shaped by personal behaviour and work behaviour. While the personal nature that has to do with the job is the personal nature of employees who are required in carrying out their work. The personal nature assessed in the performance evaluation is merely the personal nature that has to do with the work.

3. RESULT AND DISCUSSION.

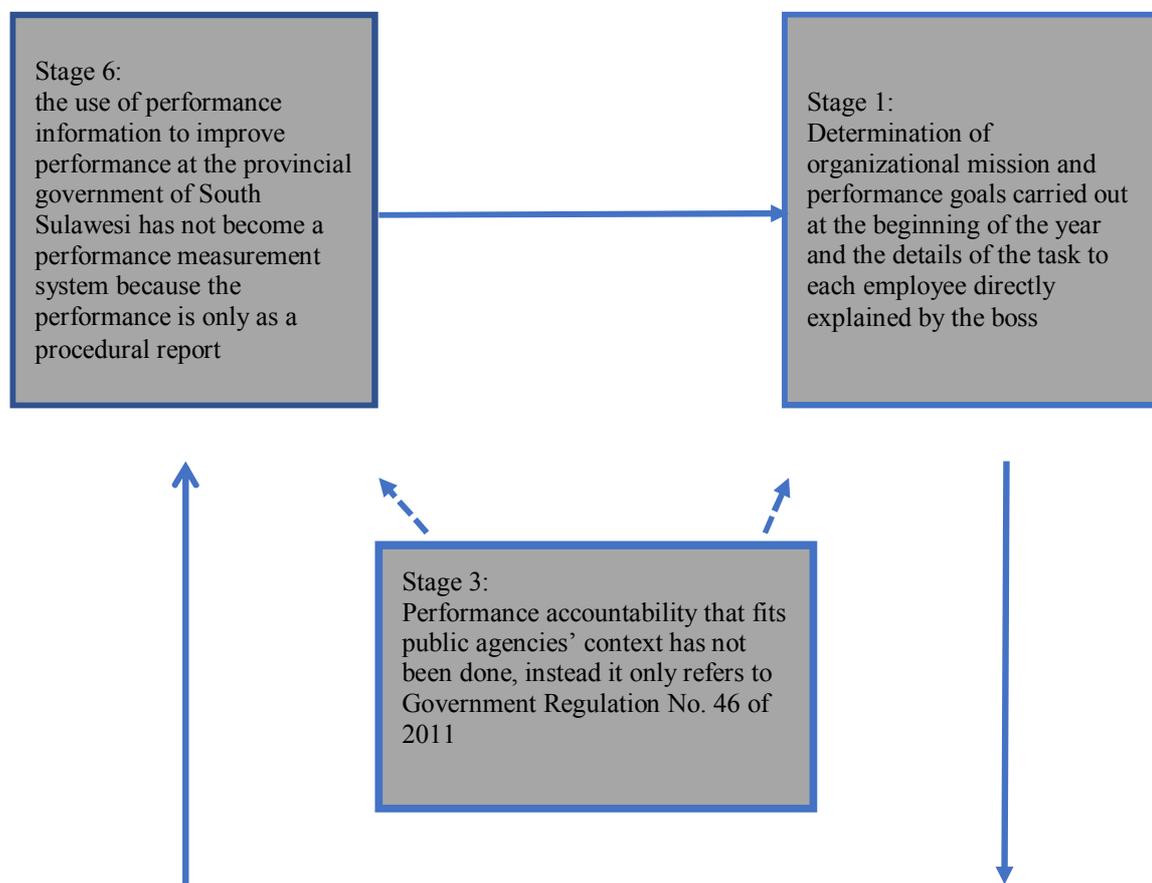
The aims of this research are to answer how the application of performance measurement model in public agencies of South Sulawesi provincial government, how the empirical model of performance measurement at public agencies South Sulawesi provincial government if analysed in perspective of performance-based management, and what is recommended model of measurement for work units' performance that relevant with the real need at provincial government of South Sulawesi.

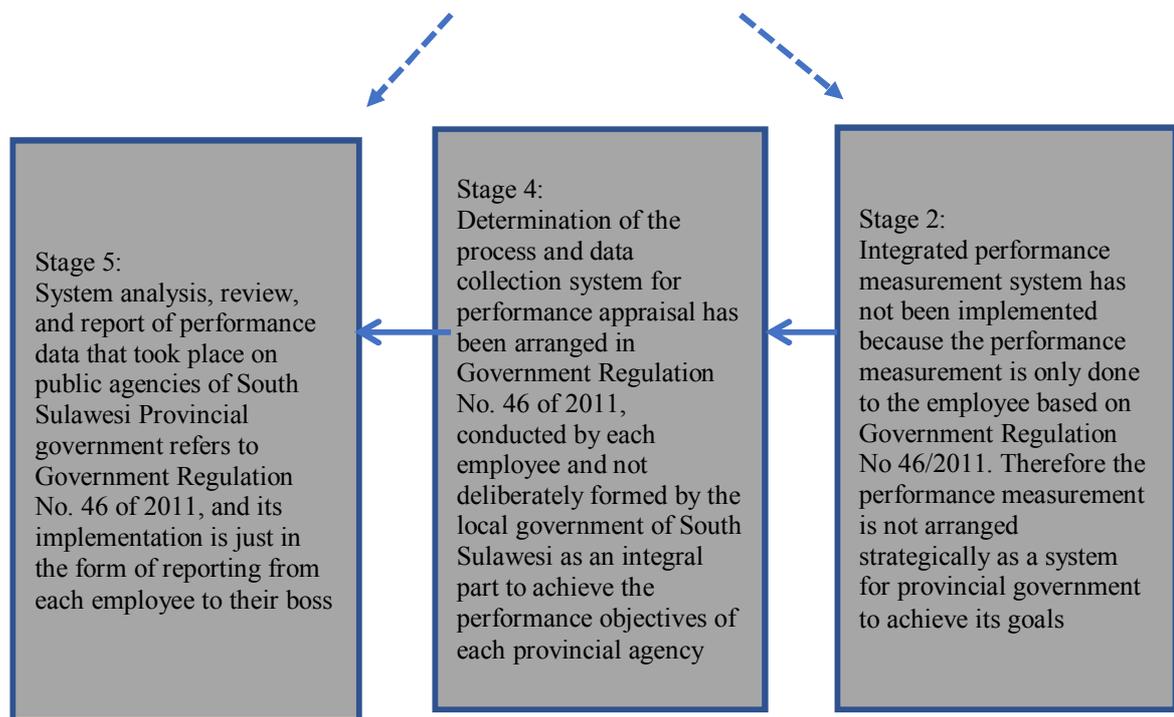
There are two performance measurement models used by public agencies in provincial government of South Sulawesi. The first is measurement of organizational performance that emphasises the performance accountability achieved by each provincial agency and accumulates on the performance of the provincial government of South Sulawesi. This measurement model is an obligation issued by the Instructions of the President of the Republic of Indonesia Number 7 of 1999¹³ which aims to be an instrument for the central government in assessing the accountability of local government performance associated with the annual program in each provincial agency. The basis for the assessment criteria is based on the annual work plan of each provincial agency, which is also manifestation of the Strategic Plan of each provincial agency. Second is a performance measurement model that specifically assesses employees' performance. This measurement model is also a mandate from the central government as stipulated in Government Regulation No. 46 of 2011¹⁴. This measurement model is based on the performance achieved by each employee through performance indicators and work behaviour. Both models of performance measurement mentioned previously in practice run individually, where it should be an integrated one.

Based on performance-based management concept, there are still lots of aspects and stages that have to be improved in performance measurement model used by work units in

provincial government of South Sulawesi. As mentioned before, performance measurement model applied by provincial agencies is a combination between performance measurement model at organisational level (LAKIP) and a model for measuring performance of individual civil servant. Both performance measurement models have different rules and ways of assessing performance. One is organization-based using the size of the program input and output models. The other one is the individual-based models with target work models and work behaviours. In the perspective of a performance-based management model, these non-integrated models of performance measurement are inefficient and ineffective. Inefficiency happens because it uses time and cost resources separately. While, the other is being ineffective because both models focuses on each goal instead on performance goals and the process is not supported by the actual management mechanism.

Picture 4.2. Empirical model of performance measurement on public agencies of South Sulawesi government





Source: the model is adapted from Artley et.al (2001)

4. CONCLUSION AND SUGGESTIONS.

4.1. Conclusion.

Implementation of existing performance appraisal system in South Sulawesi Provincial Government uses two models that is model of performance measurement for government organization and performance measurement to measure individual performance (civil servant). Performance measurement model applied at organisational level emphasises on accountability of performance of regional apparatus unit that is based on work program in the current year. It aims to examine whether the performance complies with the work programs. On the other hand, the performance measurement model applied to examine civil servants' performance emphasises the individual performance of an employee in terms of the performance plan prepared at the beginning of the year and its achievements at the end of the year.

The empowerment model of performance measurement system in provincial agencies of South Sulawesi provincial government is a measurement system designed by the central government and it imposed to be implemented. While the measurement model that measures employees' performance is an instrument used by the local government to assess the performance of its employees, but in practice it does not have a significant impact on the improvement of organisational performance in provincial agencies of South Sulawesi government.

In order to make organisational performance measurement model to be more effectively and efficiently, the performance measurement model of government institution, called LAKIP, and performance measurement model of civil servant should be integrated. Both the performance measurement model and the performance assessment of civil

servants have performance goals, derived from the vision, mission and performance targets to be achieved during every year.

Performance measurements are prepared using the same main performance indicators that are linked to each other, especially in terms of responsibilities both in terms of organizational level and level of position in each organizational unit. Data collection system related to performance appraisal must be designed to work objectively. Analysis, review and display of the data in the form of performance reports should be standardised and should be integrated into systems of information and communication technology. Performance results and achievement should become the basis for each provincial agencies in improving the performance of organisation for the next term. Furthermore, it has to serve as a basis for organisational improvement policy and human resource competency in government agency in South Sulawesi.

4.2 SUGGESTIONS.

Having discussed the lack of performance measurement model used by public agencies in the provincial government of South Sulawesi, we propose some recommendations for measurement model that is relevant to the real need of public agencies organisation and South Sulawesi provincial government by taking the following steps:

Stage 1: The provincial government of South Sulawesi should immediately formulate policies in the form of local government regulations, where the substance of the policy is to integrate the two performance measurement models that have been used so far (the Accountability Report of Government Institution Performance with Performance Measurement System of Civil Servants). The program that comes from the Strategic Plan

of each provincial agency is further described to be the main performance indicator in every level of organisation and every level of position. Performance measurement should be the routine of every management activity in each provincial agency. This means that every activity of the derivatives of any predetermined performance objectives is always carried out within the framework of activities and management principles.

Stage 2: Integrated performance measurement system should be formulated and implemented. The Organization and Administration Section as well as the Regional Personnel Board of South Sulawesi province should collaborate to formulate a performance-based management system that engages all stakeholders or representatives of each provincial agency. It is important to emphasise the purpose or vision of a performance measurement system in order to have a shared vision and understanding of the use of performance-based management models. In addition, it is also important to formulate the cycle and method of determining the main working indicators in each level and personnel in provincial agency.

Stage 3: Performance accountability should be clearly defined. Who is responsible for performance measurement and results? Persons and institutions who are accountable to the environment (stakeholder) must be clear so that the link between what is done and achieved by the organization can always be accountable.

Stage 4: The process of data collection system for performance appraisal should be determined. The mechanisms and methods of data collection are not based and assigned to each employee, but are based on a mechanism that capable of ensuring objectivity and unbiased assessment. Who is responsible for assessing people and units?

Stage 5: Process or system for analysing, reviewing, and reporting performance data should be arranged. Stages of analysing, reviewing and compiling performance reports are

prepared with the help of an integrated system that is objective. To maintain objectivity, the process can be integrated into information technology-based systems.

Stage 6: The process or system for using performance information to drive performance improvements should be applied. It should be mandatory for every individual and unit in each provincial agency to commit to the performance report results as a reference in formulating policies and actions to improve performance. These improvements are achieved through various policies in recruitment, staff placement, personnel competency improvement as well as providing a system of compensation and rewards to employees. This includes infrastructure support for any effort that is perceived to be capable of supporting improvements of any individual performance. The usage of information system will be more efficient and effective when using technology.

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