DOES REMUNERATION IMPROVE INDONESIA’S CIVIL SERVICE PERFORMANCE?

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Abstract

There is a public anecdote that Indonesia’s Civil Service has low performance and also tends to abuse their power for their own benefit. This condition arose by bloat organization, low paid-salary system and un-professional its management. Though Indonesians agree that civil service should be reformed, unfortunately it was not executed comprehensively. Remuneration tried to replace a rigid Indonesia’s civil service payment system adopted on selected ministry choosing as a first step of civil service reformation in Indonesia recently. Salary adjustment viewed as a vital element which can improve civil service performance and also prevent government’s employee rent seeking from their work. However, remuneration it is only a small part of bureaucracy reform, salary increase was not the only way the bureaucracy reform could improve civil servants productivity and the government’s performance. The more important elements are to reform organization structure, business processes and human resources management. Salary adjustment was important as rewards for civil servants but not the key for the success of a comprehensive bureaucracy reform.

Keywords: Civil Service Reform, Organization, Performance, Remuneration

1. INTRODUCTION

This paper is analyzing existing Indonesia’s Civil Service performance post big bang reformation in year 2000. It endeavors to determine the cause factors and the system which should be adopted to pursue performance improvement in Indonesia’s civil service. Since the fall of new order-regime, the country has prioritized democratization, macroeconomic stability and growth. Indonesia has been dramatically transformed since then, from being a community in which an authoritarian regime severely constrained political expression and organization, in little over a year Indonesia became a vigorous multiparty democracy with a vibrant media and civic life. After fall of authoritarian administration in 2000, Indonesia emerged as "democratic tiger" that explained on how Indonesia move several steps to democratize their government. Elections become public routine agenda, at both the national and local level, embedding both choice and stirrings of direct accountability to their people for the first time. Not only brought new fresh air on politics but Indonesia also succeeded to exit from economic crisis in mid June 1997.
Almost ten years after, Indonesia is enjoying its sixth straight year of economic expansion with growth in 2007 slated to reach 6.3 per cent, slightly above the average for the Association of South East Asian Nations six - Malaysia, Thailand, Philippines, Vietnam, Singapore and Indonesia. Those evidences indicate Indonesia is indeed moving along a steady reform path.

However, the success on politics and economics is not followed by public administration reform especially on civil service reform though bureaucrat is believed as government machines. Though civil service reform already sounded, but has been forgotten amid reforms in other sectors. In the new democratic Indonesia, where government institutions are expected to be professional, ruled by law and delivered adequate services, reforming civil service is a must. Increasingly professionalism aimed at improving performance within all kinds of public functions from service delivery to policy making. During the robust economic growth of 7 percent per annum in the three decades before the Asian financial crisis in the late 1990s, or even on new democratization era, Indonesia did not reform its civil service fully. Though bureaucracy can be illustrated as a moving wheel that is able to empower all resources possessed by a government to achieve the certain goals, targets or missions which are intended to be accomplished by a nation, that is to prosper its people. The involvement of bureaucracy in supporting the success of government is heavily depends on the characteristic of its civil service, but unfortunately it’s still left behind. An important agenda for countries undergoing rapid change is creating an effective and accountable bureaucracy. Indonesia need civil service which responsible to their work and give the best effort to deliver public services, because it is a vital agency of routine government activities. Many developing states have poor government performance or labeled as weak country mainly caused by failure to control their civil servants and obligate them to enforce the will of the state (Fukuyama, 2004).

2. PROBLEMS AND ISSUES IN INDONESIA’S CIVIL SERVICE

Like any government bureaucracy in other parts of the world, The Indonesia’s Civil Service is not without its own share of issues and problems. Its effectiveness as an institution is impeded by a numbers and factors. Bulky organization, under perform personnel, abuse its power for private benefit, bribery and corruption continues to be its number one nemesis. Stories about exploitation and misuse of public funds for personnel gains by government functionaries are frequent staple in the news. Detailed requirements for uniform organizational structures and staff establishments create inadequate staffing, fragmentation, unusually large spans of control and organizational set-ups that are not fit for purpose. An outdated grading structure and an unclear pay and allowance system do not support performance orientation. Pay levels are not harmonized across the public sector as some processes for determination of pay are ad hoc.

Corruption related to recruitment and promotion is said to be significant in the Indonesian civil service. Positions and promotions are traded.
‘Fit and proper tests’ executed behind closed doors tend to become bargaining sessions rather than tests of suitability. The practice of selling and buying positions multiplies corruption, since investments to gain positions need to be recovered. This devastating practice should be an early and particularly important target in a civil service reform. Red tape is also a grievous affliction of Indonesia’s Civil Service. Government transactions go through innumerable layers and processes before concrete result can be had. The rigid procedures which need more table and more employees to put their signature on permission letter forced applicant to pay more to make it faster. Corruption has been the bane of Indonesia’s political transition. Until 2009 Transparency International in its annual Corruption Perceptions Index ranked Indonesia as one of the most corrupt countries in the world, at 147th out of 159 countries surveyed. Corruption is so deeply entrenched in politics and the bureaucracy that public office is rarely separated from the personal interests of officeholders. One of the major challenges in effectively combating corruption is poor government transparency.

In addition to graft and corruption, the high vulnerability or susceptibility of the Indonesia civil service is inefficient organization is another serious cause of concern. Concededly, many government organizations regard size become huge organization beyond its needed. The labels of ‘Low Performance Corp’ for Indonesia’s Civil Service becomes a public anecdote that reflects how they work under perform. Another mark as ‘Battalion 702’ to describe that they enter at the office at 7am, work for nothing/zero and go back home at 2 pm is already stamped for them. Other critical issue for Indonesia civil service is that its organization structure, most of it has bulky structure and the total number of government employee also big. Leading to the application of what in organization and management theory is referred to as the Parkinson Law. This theory states that a man always has a need to be regarded as being important by his environment. The symbol of his importance is the total number of his subordinates in the organizational structure. Thus unconsciously, every person in the organization wants to show how important he is by appointing subordinates. The greater the total number of his subordinates, the more important is his position in community. In accordance with this theory, every organization has a tendency to continue to balloon regardless of its actual needs (Gie, 2003).

Rigid and detailed human resource management policies (including for recruitment and selection, promotion, rotation and training) do not support professionalism, improved performance and undermine capacity building and sustainability of sector reforms (World Bank, 2008).

All parts of the bureaucracy have a very rigid organizational structure in which the number of positions at each level in the hierarchy is fixed by design, rather than by reference to the volume of work required to be carried out at that level. There is no clear job description except for functionaries group such as doctor, teacher or librarian, which means there is little matching of professional skills and qualifications to the tasks to be carried out. It is not surprisingly if Law-graduate Civil Service can be post as a middle level at construction and public works or mechanical engineers work at social welfare agency. Therefore many officials work for which they are not properly trained.
This phenomena certainly decrease the civil service performance because they won’t be able to do their job well but this system make their valuable skills will be wasted. Human resource development for civil servants starts with their recruitment and continues until they leave government service. Recruiters should undertake job and requirement analyses before undertaking recruitment activities. Furthermore, to allow the civil service to select the best candidates, the recruitment process should be fair and open.

Other problem that stamped on Indonesia’ Civil Service is about salary. There has long been a general perception that Indonesia’s civil service was underpaid. Indonesia has long been characterized as having a "low-pay civil service," which is in turn used to explain corruption at various levels of government. Studies undertaken by the World Bank and others since the early 1980s often record the perception of civil servants that they do not receive a “living wage.” In part this perception may have been fed by the convoluted pay system as described; in part the problem of underpayment seems to have been real at least for some periods in the past. Low salaries have led many civil servants to give mediocre public services while some others abuse their authority and are corrupt. Considering civil servants’ real income will only increase slightly, it is very unlikely that this policy will promote work motivation. Besides, the salary structure is still based on rank. Such a structure provides no incentive to improve productivity, as civil servants' ranks have nothing to do with performance. Low wages have been partly to blame for the widespread corruption in Indonesia's bureaucracy and law enforcement institutions, in addition to their low productivity and poor professionalism. Abuse of public office for private gain remains endemic. There is no longer a systemic authoritarian blockage to reform at the top, as in the past, but corrupt relationships between powerful private actors and government bureaucrats.

Salaries for Indonesian civil servants are determined by the level of responsibility, the type of job, and the cost of living. The salary system for government employee is classified as a combination scale system. Under a single scale system, employees at the same rank receive the same salary regardless of the type of job and the level of responsibility. Under a double scale system, salaries are determined based on employees’ level of responsibility and type of job. Current salary structures are complex. On top of the basic salary, there are all kinds of allowances both monetary and in kind typically tied to rank or position. Though salaries are small, most civil servants receive stipends and perks. But stipends are sometimes not equally distributed. This system viewed to minister of finance is un-fairly distribution payment system among civil service itself. Moreover the salary structure and systems of promotions do not appear to be linked to merit and abilities. Every four years one's rank will automatically move up one step, regardless his or her performance. Such a practice has discouraged work motivation. Why should civil servants work hard if colleagues who do not perform also get the same salaries? (Mokhsen, 2005).

The low salaries tend to encourage wrongdoing and illegal activities, such as accepting bribes and asking for compensation for services provided (Tjiptoherijanto, 2005). A major component of this model is high salaries for civil servants, the logic being that when those in government services are paid
low wages, the best talent will leave for ‘greener pastures’, while those that remain will be tempted to use their positions for their own financial gain whenever the opportunity presents itself. This is partly an outcome of the unattractive salary system. To attract effective, efficient, and uncorrupt government employees, they need to be provided with appropriate salaries and benefits. Appropriate compensation will not only have an impact on staff turnover and on employees’ productivity and quality of work, but will also reduce tendencies for civil servants to engage in corrupt practices.

Though in year 2007, government changed the civil service’s salary but take home pay was not changed at all. Indonesia’s Civil Service is paid according to rank, seniority, and position. The pay scales according to rank include several elements: a base wage, a family allowance, a children’s allowance, a food allowance, and some other incidental allowances. Since the crisis, pay increases have also been given in the form of an allowance, not in the form of an increased base wage. In addition to the base wage and allowances, many positions either have a functional allowance, or a structural allowance. These allowances can for some positions be significantly larger than the other pay elements. Under the current system, monthly salaries are calculated based on a civil service’s rank and years of service. Rank is defined based on education and years of service. This means that the salary level is very much affected by years of service (seniority). Surprisingly, performance does not have a direct impact on rank and salary. Every four years one’s rank will automatically move up one step, regardless his or her performance. Such a practice has discouraged work motivation. However, civil servants will receive honoraria from many different projects. This system forced bureaucrat to change their regular activity basis as project considering honoraria which will be paid out of basic salary. From honoraria the Indonesia’s Civil Service will earn more rather their basic salary.

Decentralization contributes to the rampant corruption among civil service in Indonesia. A far-reaching process of decentralization, implemented after 1999, has transformed the country into a political mosaic in which pockets of more accountable and effective governance coexist with regions in which corruption and abuse of power are virtually unchecked. Decentralization has increased the scope for new regional players to intervene in economic decision making and extract corrupt payments. Corruption post decentralization is quite different. Instead of being centralized, power and authority are now distributed among local governments. Power not only located at national but more diffuse and local government became important player. Centralized corruption – one-stop shopping – is also gone, replaced by a more fragmented bribe collection system. Today many players, from central ministry and other government officials, through legislative members at the national and local levels, to local officials, soldiers, and police officers, are demanding bribes. Their failure to coordinate their bribe-taking behavior likely result in a higher total level of bribes, this is why corruption became endemic. The number of bribe-takers has increased to such an extent that it is now more detrimental to economic efficiency than in the new order-era (Kuncoro, 2008).
3. CIVIL SERVICE REFORM

In the absence of reform initiatives at the whole of government level, a number of central government agencies and regional governments have in recent years initiated civil service reforms within or alongside the existing regulatory framework. These reforms have been undertaken with strong ownership by dedicated leaders. Reforms designed and implemented at the level of individual institutions and regional governments can solve a problem but only on a temporary or ad hoc basis as they cannot address the roots of that problem. In recent years, governments have become aware that they need to link civil servants’ salaries to those paid in the private sector if they are to attract and retain the talent necessary to improve and sustain public sector performance. Remuneration system Indonesia’s make salary structure is moving toward; attend to attract the best graduates from well-known and high-quality universities to be keen to become government employees.

Regardless public perception or even political elite’s critics, several question address for this matters: ‘Does the Indonesia’s Civil Service is that bad as those mark?’ ‘If low salary is a main cause of Indonesia civil service’s performance, Does it will improve if along with increase their salary?’

Many in Indonesia seem to agree to the need for civil service reform. But a consensus on what a civil service reform would imply does not exist. Time has now come for the government to take up the challenge of reforming Indonesia’s bureaucracy. It is the government’s duty to ensure it has the capacity to deal with a competitive global economy and create a professional bureaucracy based on duty and responsibility. Building a professional civil servant is an integral part of maintaining national unity. Civil service reform is developing the capacity of the civil service to fulfill its mandate, defined to include issues of recruitment and promotion, pay; number of employee, performance appraisal and related matters still constitutes the main part of national programs for public administration reform. Civil service reform has historically focused on the need to contain the costs of public sector employment through retrenchment and restructuring, but has broaden towards focusing on the longer term goal of creating a government workforce of the right size, with the appropriate mix of skills, and the right motivation, professional ethos, client focus and accountability (UNDP, 2003). Human resource development for civil servants starts with their recruitment and continues until they leave government service. Recruiters should undertake job and requirement analyses before undertaking recruitment activities. Furthermore, to allow the civil service to select the best candidates, the recruitment process should be fair and open.

To expect the civil servants to play such a role, their function, career, remuneration and even pension schemes need to be thoroughly reformed civil service reform is not a new agenda indeed, but has verily been forgotten amid reforms in other sectors following the fall of the new order government. In fact, civil service reform has been attempted several times since its era, but its implementation has been hit-and-miss. Even during the vast economic growth of 7 percent per annum in the three decades before the Asian financial crisis in the late 1990s, Indonesia did not feel the need to reform its civil service. To be
successful, civil service reform will require clear and communicated strategies and strong and committed leadership. Especially for patriarchy state like Indonesia which put top leader is a patron to be followed. Leader’s good will can make civil service reformation implement simpler. The first precondition has to do with the central leadership and the political backing of the reforms. Experiences from other countries show that change does not occur unless there are strong pressures from above rather than outsider. Therefore changes should be facilitated by well-composed reform teams, thorough preparations, enforced accountability, increased transparency, well sequenced and resourced implementation and by setting up model organizations providing good examples to others.

4. REMUNERATION VERSUS PERFORMANCE

Based on country’s budget, it is a dilemma whether or not to raise the salary of civil servants. In the fiscal year of 2005, approximately 35 trillion rupiahs has been allocated from the state budget for salaries and allowances of central civil servants, police officers, military personnel and pensioners. In addition, approximately 40 trillion rupiahs has been set aside by regional governments for regional civil servants. This means that 75 trillion rupiahs is needed annually to pay salaries and allowances of civil servants (Mokhsen, 2005). In ongoing reformation civil service reform, the government had already raised civil servant salaries by 21 percent to a total of 161.7 trillion rupiahs ($17.14 billion) to make officials have a better wage. Considering the current state of the economy, it is highly unlikely that the government can provide such a large amount of money from the state budget, unless the number of civil servants is drastically reduced. Suppose that the government could afford to pay the salaries of civil servants based on market value, there would be no guarantee that this would promote civil servants’ performance, for low pay is not the only reason for low work motivation. Ineffective design of the salary structure and scale has also significantly contributed to low performance.

Salaries for Indonesian civil servants are determined by the level of responsibility, the type of job, and the cost of living. The salary system for government employees is is classified as a combination scale system, because it combines the single scale system and the double scale system. Under a single scale system, employees at the same rank receive the same salary regardless of the type of job and the level of responsibility. Under a double scale system, salaries are determined based on employees’ level of responsibility and type of job. Job performance is not generally taken into account. Under the combination scale system, some civil servants might have significantly higher salaries than their colleagues at the same rank (Tjiptoherijanto, 2005).

Furthermore Ministry of Finance proposed the remarkable remuneration system which believed will reduce corruption among civil service especially among finance department. Choosing finance department
was not without take deep consideration indeed, civil services here have good money temptation. Therefore, national legislative member approved to pick remuneration model to pay civil service. This model try to simplify the previous system which provide low basic salary but give opportunity to make take home pay high by many allowances and perks. The remuneration program has been launched in an effort to make the bureaucracy efficient and clean from corruption. With remuneration program, officials received increased payments. Increasing the pay and allowance structure to make the ministry the source of envy from staff in other ministries. The minister believed that increasing pay and allowance structures will help lessening if not eradicate corrupt practices in directorates such as taxation.

This system proposes by Minister of Finance implemented on its organization since 2004. The Finance Ministry has been used as a place for the implementation of a remuneration pilot project in an effort to increase efficiency in government agencies. The salary level of most civil servants at the ministry was relatively low and therefore the remuneration system had been reviewed because the wage level was no longer proportional with civil servants work load, authority, responsibility and risks. A number of ministries and government agencies had begun reforming administrations and the bureaucracy system but most have made the salary and allowance adjustment on top of other elements in the bureaucracy reformation. To implement the policy, the House had approved a significant budget increase to raise payments for officials in order to prevent them from committing corruption. Under the initial plan, the House had approved remunerations for the finance ministry for the 2004-2009 periods, and if it proved successful the policy would also be implemented at other ministries and government institutions/agencies. For this scheme, the government provided a budget of about 4.176 trillion rupiahs per annum for the finance ministry. The remuneration system should be reformed and the increase in civil service’s salaries is an answer to establishing good governance, particularly in civil service reform. The Indonesian national budget for a civil service’s salary must be improved. A higher standard of living will influence the productivity and quality of public services (2005: 5-6). The idea is that with remunerations or bonuses, officials would work more efficiently and not take bribes or corrupt state money. Though the proposed was not approved easily there are questions on how high a salary is needed to curb the temptation of a bribe? Who has the right to determine this salary level?

Moreover, in fact, the remuneration system reform in Indonesia doesn’t influence the efficiency and excellence of public services. Indonesia still has high numbers of corruption cases, bad public services, and the complexity of government in the department that has had the remuneration reform, such as the Ministry of finance. Moreover the case of the disgraced taxation official Gayus Tambunan¹ that remuneration is not only part of the

¹ Gayus Tambunan was former low ranking tax collector officer who only have a salary US$ 320 a month’s, probably would become the world record richest government officer low ranking officer. He is suspect to corrupt worth of 25 billion rupiahs (US$ 2.5 million). Based Police spokesman, the total value of the seizure could be as much as 74 billion rupiahs. (US$ 7. 4 million), consists of foreign currency, jewelry and bank securities.
solution. Increasing pay and allowances cannot solve the outdated and systemic problems in Indonesia’s bureaucracy. Overall, a good salary doesn’t have any relation with the quality of public services; it’s only the government’s responsibility for increasing the civil servant living standard, but not the cause of good governance. Broader reform is needed.

5. CONCLUSION

To promote civil servants’ performance, the government should introduce a more systemic and comprehensive civil service reform. The civil service reform strategy should include changes to the incentive system, size of the civil service, recruitment, performance management, remuneration, and probity” (World Bank, 2001). Government functions should be redefined and its structure should be made more rational and mission-driven. Unnecessary positions should be cut. Recruitment of new civil servants should be based on real needs. All civil servants should be appointed to positions rather than to ranks. They should have clear job descriptions so that their performance can be measured objectively and they can be held accountable for their actions. Recruitment and promotion should be based on merit and the process should be made transparent.

Salary structure and scale should be redesigned. It should be based on job value. Incentives should also be provided for those who perform well. For this purpose, the government should reintroduce professional job classifications to the civil service and perform job evaluations. The development of professional civil servants should be carried out simultaneously with the strengthening of the capacity of government training institutes. The remuneration system intended as a form of a bureaucracy reform program in government agencies should not stop only because of the case of rogue tax official Gayus Tambunan. The remuneration program has been launched in an effort to make the bureaucracy efficient and clean from corruption. It is unreasonable to ask officials to stick to the high moral ground if their standard of living is not comparable to their social status. However no economy can afford to pay high salaries if the civil service’s organization structure still bloated bureaucracy. Slimming and down-sizing bureaucracy organization should be implemented right away. If Indonesia doesn't substantially reduce the size of the civil service just empty talk to significantly raise their salaries. Salary adjustment was important as rewards for civil servants but not the key for the success of a comprehensive bureaucracy reform. Raising wages would not guarantee a better and more effective bureaucracy. Salary adjustment was important as rewards for civil servants but not the key for the success of a comprehensive bureaucracy reform. The increasing salary should be based on workloads and their performance; state should not pay too much to an employee who does little besides joining flag-raising ceremonies. The remuneration program should be carried out only if the bureaucratic reform program has been successful marked by improvement in the system, supervision and performance, remuneration should be provided only for officials who made achievements and show good performance.
Building a professional civil servant is an integral part of maintaining national unity. To expect the civil servants to play such a role, their function, career, remuneration and even pension schemes need to be thoroughly reformed. In recent years, governments have become aware that they need to link civil servants’ salaries to those paid in the private sector if they are to attract and retain the talent necessary to improve and sustain public sector performance. The development of professional civil servants should be carried out simultaneously with the strengthening of the capacity of government training institutes. Without comprehensive civil service reform, the bureaucracy will remain the same and civil servants will remain self-oriented rather than public service-oriented. To ensure that the reform is effective, need special task force for civil service reform. The first precondition has to do with the central leadership and the political backing of the reforms. The elite should be a good model on how bureaucrat should be done.

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MANAGEMENT INFORMATION SYSTEM AS SUPPORTING ELEMENT OF PUBLIC ORGANIZATION PERFORMANCE

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Abstract

Employees’ or staffs’ performance of a public organization will influence the performance in organization, that will finally affect to the goal achievement of organization that has been decided and agreed together with all members of related organization. There are three factors influence organization performance, they are: individual, psychology and organization factor. Especially for organization factor, which most precisely inside is the application of management information system, so, there are 5 aspects need to be considered: resource, leadership, reward, structure and job design. Overall of those aspects should have a clear Standard Operational Procedure (SOP), in order that is really understandable by each staff and it will be the references in conducting job that becomes his/her responsibility. Besides, in application of management information system which imposed in related organization, it can use tool aid such as the most accurate computer program to ease the information system application. If the application of management information system is right, then staff’s performance and organization will be high and overall will increase public trust to government.

Keywords: Management Information System, Organization Performance, Public Organization

1. INTRODUCTION

Individual performance of an organization staff is a basic performance of an organization. To achieve good performance, a performance should be evaluated whether its supports or obstructs goal achievement determined together. It should be developed, if it supports the performance, otherwise, if it obstructs the performance, it should be corrected and taken an action which is directed to restoration, so that the goal achievement can be realized.

There are many factors that influence individual performance in an organization, among others is management applied in the organization, including management information system forced there.

Nowadays, there are many organization not precisely managed especially in management information system which isn’t appropriate with needs and characteristic of private and public organization.
Public organization is an organization that it’s main duty and function to manage public affairs. Until now, there are still many people who feel unsatisfied with the performance of public organization. This reason becomes the background why the writer interests to analyze this article titling as: “Management Information System in Supporting Public Organization’s Performance”.

2. REVIEW ON MANAGEMENT INFORMATION SYSTEM IN SUPPORTING PUBLIC ORGANIZATION’S PERFORMANCE

A. PUBLIC ORGANIZATION’S PERFORMANCE

The definition of organization described by Suradinata (1996) is “a place of a group of people who work together that have function and authority to do effort to achieve the determined goal”. While Ambar Teguh and Rosidah (2003) said that: “There are three classifications of organization definition in general, firstly, organization is viewed as a group of people, secondly, organization is viewed as a process of work distribution, and thirdly, organization is viewed as a system”.

Then, public is defined by Frederikson as quoted by Ambar Teguh and Rosidah (2003): ‘There are five point of views from the meaning of public, the first is pluralists’ point of view who say that the first is public is interest group, the second is public optional approach judges that public is a rational option, the third is legislative’s point of view who says that public is representatives, the forth is the point of view of service implementation to mean public is a customer of a service and the last point of view is or the fifth is from the point of view of citizenship, it is meant as citizen”.

According to the above definitions, Nicholas Henry as quoted by Ambar Teguh and Rosidah (2003) wrote that: “public organization is often seen as government’s institution or government’s bureaucracy”.

The writer refers to the definition of organization, public and public organization described by the experts above, it can be concluded that public organization is a place of activity process of a group of people who work together to do each function and duty that have been determined together, in case of this, is to manage the affairs deal with the interest of people or community, from the point of view of executive, legislative and judicial, and they are aware that this organization is a system, whenever one of the sub systems is error, it will influence others and all will be error.

Moreover, Thoha (2003) said that: “governance bureaucracy is often meant as officialdom or the kingdom of officials that the kings are the officials of a modern organization. A certainly clear jurisdiction signs there and they are in a jurisdiction official area. In the jurisdiction one has official duties that clear out the borders of his job authority. The work in hierarchical pattern is as the realization of authority and power level. They earn salary based on their expertise and competency. Moreover, in officialdom, communication process is based on written files. That’s the officialdom that the king is an official. While the goals of providing governance bureaucracy defined by Ripley and Franklin as quoted by Wicaksono (2006) are as followed: “1. To provide a
number of services as the hierarchy of government’s responsibility; 2. To enhance specific economy sector such as agriculture, labor or certain segment of private business; 3. To make regulation on various private activity; 4. To redistribute profits such as income, rights, medical check-up, and so on.

B. CONCEPT OF MANAGEMENT INFORMATION SYSTEM

One of the factors influence the success of an organization in achieving the goal agreed and determined together previously by all members of organization is the application of management in that organization. It is not only forced in private organization that is profit oriented, but also in public organization that is oriented to people’s satisfaction that are managed or served. This management factor including included management information system forced in an organization. In other words, a system is badly needed in a company or government institution, because it supports the performance of a company or government institution in small and big scale. In order that the system in an organization can run well, cooperation is needed among related elements in the system.

The definition of system has been given by some experts, among others are: Tatang (2001) defines that: “to know something is a system or not, it can be known by seeing its characteristics. There are some formulations on the characteristics of a system that basically accomplish one another. Generally, the characteristics of a system are: has purpose, border, open, and arranged from sub system, interrelatedness and interdependent, a whole aggregation, doing transformation activity, control mechanism, and can arrange and adopt it”. It is similar to Santoso (2004) who said that: “A system is a complex totality consisted of various interrelated subsystems, interdependent, interaction and determine each other to form an integrated combination to achieve certain goal and should be calculated in each decision making”.

Furthermore, the definition of information based on Lembaga Administrasi Negara (LAN) or State Administration Institution (1998), is: “news or thing issued and needed by certain party in an activity”. While Suradinata (1996) said that: “information is a collection of component or variable that is organized, interact one another, interdependent and integrated, it cannot be seen as a separated component”.

Information is badly needed in decision making in an organization. Therefore, existing information is used as a base of decision making consideration by a leader of an organization should be complete, integrated, trusted, relevant, integrative, and up to date, so that the decision taken would be the best for related organization. Gordon B Davis (Translated by Adiwardana, 2002), who said that: “a message (report et cetera) has information when it is relevant to a decision that will be made now or in the future for its recipient. Information system is very expensive, and a frequently asked question is the values of information system”. While Siagian (2003) said that: “information will be useful whenever it can be used as a substance to ease the decision making process. Therefore, effectiveness of decision making
is badly depended on how fast is information needed can be taken from its store, if it is viewed from time side”.

Then, information system according to Suradinata as its is quoted by Jogianto (1996): “is a system in an organization that is as a combination of people, facilities, technologies, media, procedures, and control purposed to get important communication line, to process certain routine transaction type, to give signal to management and others about internal and external important event and make it as an information base for a smart decision making”.

Meanwhile, management information system defined by some experts as it is quoted by Suradinata (1996), is: “a system designed to present best information that is oriented to decision needed by management in order to plan, monitor, and evaluate the activity of an organization. The design is implemented to focus on profit planning, performance planning, and supervision of all stages.

C. CONCEPT OF PERFORMANCE

(1) The Meaning of Performance

The meaning of an individual is different with organization performance. Many experts have given the meanings of performance, whether it is individual performance or organization performance.

One of those experts is Stephen P. Robins in Lijan Poltak (2006) defines that: “Performance is the result of assessment to the work performed by employees compared to the criteria determined together”. Sedarmayanti (2007) said that: “performance” is the work result that can be achieved by an individual or a group of people in an organization based on each authority and responsibility in the framework of achieving the goal of organization legally and doesn’t break the law and ethic moral. Sedarmayanti also added that the limitation of performance are as followed: a. Performance, performance implementation, work achievement, efficient implementation of the performance; b. An individual work achievement deals with the duties given to him; c. Individual work result is a process of management or the whole things in an organization, where the result is able to be shown and proved in a concrete manner and measured (compared to the determined standard).

Sinambela, et al (2006) defined employees’ performance as: “the performance of employees in performing a job with certain skill. Maryoto (2000) said that: “employees’ performance is work result in certain period compared to various possibilities, for example, standard, target or criteria that have been determined together”. Moreover, Simamora (1995) said that: “employee performance is a level where the employees reach work requirements.

Mangkunegara (2000) said that employees’ performance achievement is qualitative and quantitative work result achieved by an employee in implementing his/her duties based on the responsibility given to him/her.

From the meaning of individual performance given above, it can be concluded that: an employee’s performance is work achievement reached by quantitatively and qualitatively in doing his/her job which becomes his/her responsibilities that can be performed in concrete manner in the framework of reaching the goal of organization determined together.
As it is explained before, whenever we are talking about individual performance, it will influence the performance of organization. In related to the performance of service organization, including government organization or public organization, Agus Dwiyanto, et al. (2006) said that: “an service organization has a good performance if it has giving service to the people fast, precisely and affordable for them and appropriate to their desire as the user or consumers of the service or in other words, a satisfaction service guaranteed”. In accordance to the performance of government organization, Wicaksono (2004) said that: “principally, how powerful is bureaucracy can transform new ideas such as transparency, accountability, justice, law enforcement, and reformation of public service management, it will show the quality of bureaucracy performance improvement in the future”.

(2) REASON, PURPOSE AND ADVANTAGE OF PERFORMANCE ASSESSMENT

Performance assessment of is needed to determine whether an employee work good, bad or worse. Some reasons of the importance of evaluating performance are stated by Sedarmayanti (2007): 1. Giving information to do promotion and salary decision of each employee, and 2. Giving opportunity to the leaders and staffs to review the behavior deals with performance. It enables both sides to develop planning to improve the weaknesses and promote to perfectness.

Explanation on the importance of performance assessment showed us that data and information of each staff can be used by the leaders in case of deciding who needs and don’t to be promoted objectively, because objectivity will drive and motivate the employees to be able to compete in health manner to pioneer their carriers. Besides, to decide salary of the employees or other compensation will be appropriate to the amount of the responsibilities of each employee. It is because each organization should always change according to the development of its existing environment, so that the result of performance can be the considerations to improve the weaknesses, so that it can be eliminated or reduced in the future.

Then, Sedarmayanti (2007) expressed the purposes of evaluating the performance are:

1. To know the employees’ skill and ability;
2. As the basic of staffing, especially improving work condition, quality and work result improvement;
3. As a foundation of development and empowerment of the employees optimally, so that their level/carrier plan can be directed to;
4. To promote creating good mutual relationship between the leaders and the staffs/employees;
5. To know the condition of organization totally at section of staffing, especially employees’ performance shown when they worked;
6. Personally, the employees know their strength and weaknesses that can support their development. For the leaders who evaluates, he will pay
attention more and know his employees/staffs, so that it can motivate them;

7. The assessment result will give some advantages for research and development of staffing or employees affairs.

The first purpose to evaluate performance is to know the employees’ skill and ability, it means that the can assist the leaders to make a decision in employees’ planning, replacement, and employees’ stoppage in the future, because the data supports the decision that will be issued. Then, the second and seventh purposes of evaluating the performance is in the framework of sustaining efficiency and effectiveness of an organization, because the result will make improvement and perfect planning, and training and development as well for the employees based on the needs that related to the appliance of employees management in that organization. The third purpose up to the sixth will awfully help the leadership applied by the leader in related organization, because motivation given by the leader will help each staff to overcome his/her weaknesses inside and develop existing strengths, so that it will be valuable to keep up his/her carrier that is beneficial in achieving the organization’s purposes/goals.

Then, the advantages of performance assessment as stated by Sedarmayanti (2007) are:

1. To improve work achievement
   Trough assessment, the leader and staffs will get feedback and they can improve their work/achievement;

2. To give a fair work opportunity
   An accurate assessment can guarantee the staffs get opportunity to fill job side appropriate to his/her ability;

3. To improve training and development
   Performance assessment can detect weak capacity of the staffs that enables to conduct training program to upgrade their capacity;

4. To create appropriate compensation
   Performance assessment can make decision to compensation giving progress;

5. To create promotion and demotion decision
   Performance assessment can be used as a base for decision making to promote or demote the staffs;

6. To diagnose blunder in job design
   Bad performance is as a blunder sign in job design. Performance assessment can relieve blunder diagnosis;

7. To evaluate process of recruitment and selection
   Low performance of new staff can reflect the existence of recruitment and selection disruption process.

From those seventh performance assessment explained above, it can give detail that principally, performance assessment is as a tool to evaluate organization performance, that the leaders and staffs or employees will know
the things need to be expanded and those need improvement in each period of performance assessment. Therefore, organization activity will always be exist and able to follow progress happen in community that keep changing in accordance to the development of science and technology.

(3) MEASUREMENTS AND INDICATORS OF PERFORMANCE ASSESSMENT

How can the performance actually be recognized good bad or worse? It can be recognized through measurement of performance indicators. Some experts offered some ways to measure and recognize those performances in organization, one of them is Simamora (1995) who said that: “performance assessment is a process to measure employees’ or staffs’ performance. The elements used are:

1. Discipline. It is to consider staff’s discipline who obey the regulation forced and perform work appropriate to the instruction given;
2. Work responsibility. It is to assess staff’s readiness to held responsible in work and work performance result;
3. Honesty. It is to measure staff’s honesty in running their duties;
4. Ability. It is to measure staff’s readiness to participate and cooperate with other staffs to produce a better work;
5. Loyalty. It is to measure staff’s loyalty in work and position of an organization;
6. Accuracy. It is to measure accuracy in finishing work;
7. Initiative. It is to measure staff’s ability to create new innovation for succeeding their work;
8. Capability. It is to measure staff’s works produced qualitatively and quantitatively;
9. Leadership. It is to measure staff’s ability to lead and motivate others to work“.

Miner in Sudarmanto (2009) said that there are 4 dimensions of which can be benchmarks to performance assessment:

1. Quality, is level of blunder, destruction, and accuracy;
2. Quantity, is amount of work produced;
3. Time Using to work, is absent, late, working time/losing time level;
4. Cooperate with others.

Then, Halloway in Nasucha (2004) said that performance indicators are:

1. Accountability, to indicate how political officials are subject on to policy and public bureaucracy activity. It assumes that political officials will always give priority to public interest because they were chosen by the people;
2. Efficiency, deals with consideration on the success of public service organization to get profit, making the best use of production factors and consideration which comes from economy rationality;
3. Effectiveness, has the goals of founding public service been achieved? It has close relationship with rationality of technique, value, mission and goals of organization, and function of development agent as well;
4. Equity, it questions service distribution and allocation held by public service organization. It relates closely to concept of adequacy and properness.

Beside those indicators of performance indicators measurement above, there are some indicators that usually used to measure performance of public bureaucracy. As it stated by Dwiyanto, et al. (2006), there are some indicators that can be used to measure bureaucracy performance. They are as followed:

1. Productivity, it doesn’t only measure the level of efficiency, but also effectiveness of service;
2. Service quality, it tends to be important to explain the performance of public service organization. There are many negative point of views come up about public organization because of public dissatisfaction to quality. Therefore, Dwiyanto said that public satisfaction to the service given can be made as an indicator of public bureaucracy performance;
3. Responsiveness, is bureaucracy’s ability to recognize public needs, arrange agenda and priority of service, and build up public service programs based on public needs and aspiration;
4. Responsibility, to explain whether public implementation conducted based on acceptable principles of administration with bureaucracy policy explicitly and implicitly;
5. Accountability, to show how political officials are subject on to public policy and bureaucracy. It assumes that political officials will always give priority to public interest because they were chosen by the people.

D. RELATIONSHIP BETWEEN MANAGEMENT INFORMATION SYSTEM AND PUBLIC ORGANIZATION PERFORMANCE

As it is explained before that organization performance is influenced by many factors, among others are application or implementation of management information system across the board of organization.

Simamora in Mangkunegara (2006) stated that performance is influenced by three factors, they are:

a. Individual factors consist of :
   1) Capacity and skill;
   2) Background;
   3) Demography.

b. Psychological factors consist :
   1) Perception;
   2) Attitude;
3) Personality;
4) Learning;
5) Motivation.

c. Organization factors consist of:

1) Resources;
2) Leadership;
3) Reward;
4) Structure;
5) *Job design.*

Factor of information system implementation is particular across to the board of organization to its performance if it is connected to three factors influences organization performance according to Simamora is more precisely to factors of organization with explanation as followed:

1. **Resource**

Organization resource consists of human resource, means and infrastructure needed and belonged, and budget needed to run the wheel of organization and its sources.

In case of this, government organization is as public organization should fill out human resources needed by the organization and should pay attention to the amount of staffs needed. Analysis to the most ideal work and position should be carried out, so that filling position will place a person based on his/her qualification gotten from the analysis, which will require him/her finally to fill in based on education, knowledge, attitude, competence and amount of competencies.

After inventory of all activities conducted routinely or incidentally, needs of means and infrastructure which most ideally required and owned by an organization will be identified, so, means and infrastructures, which are mostly ideally needed will be recognized, then each work conducted by each staff will be supported optimally.

Moreover, of overall activities that will be conducted by organization in each period might be known that it needs most optimal budget or at least minimal needed by the organization.

In running all activities existing in an organization, mechanism and Standard Operational Procedure (SOP) should be clear and understood by each staff, so that the running of organization’s wheel might be responsible for to public or all stakeholders appropriate to the applicable provisions.

2. **Leaderships**

An ideal leadership applied in each organization will be different one another based on work characteristics exist in related organization. Therefore, appointment of leaders must pay attention to the requirement of ideal leaders to lead the organization. Characteristics and style of leadership should be the most appropriate. It means that each leader who is appointed to lead an organization must be willing to learn the characteristic of organization that he/she leads so that he is able to apply the most appropriate leadership, because leadership will badly influence the staffs’ performance that finally
affect organization performance in the framework of achieving the goal of organization that has been decided before.

3. Reward

It is essentially that every human being wants to be recognized or appreciated. Therefore, in order to reach a health competition among the staffs in an organization to be able to optimize all potentials inside to have good carrier in an organization, reward and punishment should be maintained. Reward given to one who perform well and punishment to one who breaks the regulations should be the important attention of each leader in each level of management existing in the organization.

4. Structure

Based on work inventory gotten from work and position analysis made previously, then the most appropriate and ideal will be obtained. Currently, it is known as slim structure and rich function for public organization, so it is expected that effectiveness and efficiency of organization will be realized by each related organization, that it will influence the performance of organization that finally will increase public trust to public organization and overall to the government.

5. Job design

A deeply and sharply analysis of work and position will produce the most ideal job design for an organization. Therefore, the most ideal job activity resulted also needed by related organization. If it is possible, this should utilize organization experts to review job design will be applied in an organization or when restructuring in connection with life change and development, because human’s life keeps on developing in accordance with science and technology development.

All management information system in each organization including public organization, in its application, can use tool aid in form of computer program that is expected to ease each member of an organization to carry out his/her duties and function appropriate to each responsibility in organization across to the board based on existing regulations and forced in related organization.

3. SOME EMPIRICAL FINDINGS

A. THE INFLUENCE OF DEMOGRAPHY MANAGEMENT INFORMATION SYSTEM APPLICATION TO DEMOGRAPHY SERVICE AND VITAL STATISTICS

Since of Law No. 23/2006 on Demography Administration has been issued, the government of Mataram City improve administration and demography management. It is implemented in order to improve the ability of management resources, which is called as human resources by adding the number and improving the quality with training programs, especially
computerization in demography administration service. Besides, the
government also attempts to add the official infrastructure especially the
computer hardware and software. It is done in order to achieve demography
administration regulation in Mataram City. Furthermore, in the framework of
improving service of demography to the people such as the making of: Family
Card, Identity Card, Temporary Resident Letter, Movement Letter to
Overseas, Birth Identity Card, Non-Moslem Marriage Certificate, Admission
Child Note, Birth Certificate, Name Alteration Note, and so on.

From the research done by Saiful Abar in 2010, it is known that
various resources existing are the components in the framework of
implementation demography management information system, which
included: apparatus resources with limited quality and quantity, budget which
isn’t adequate yet, means and infrastructure owned by new Demography
Service and Vital Statistics of Mataram City (demography and birth
registration institution) to achieve minimum result, and the result shows and
positive and real influence to the performance of that institution. The
performance of Demography Service and Vital Statistics shows good work
efficiency, average work effectiveness, average responsibility performance,
average service quality, average respond, and average responsibility.

In accordance to this research, illustration of secondary and primary
data are given, which is as a basic findings of research result done by Saiful
Akbar in Demography Service and Vital Statistics of Mataram City as
followed: limited apparatus resources in quality and quantity, lack of budget,
lack of means and infrastructure, the results showed that it has positive and
real influence to the performance of demography service organization. The
performance of Demography Service and Vital Statistics showed good worked
efficiency, average work effectiveness, average performance’s responsibility,
average service quality, average responsiveness, and average responsibility.

In relative to the above result, data illustration is given which is as the
result findings done by Saiful Akbar in Demography Service and Vital
Statistics as followed:

<table>
<thead>
<tr>
<th>NO.</th>
<th>NAME OF SUB DISTRICT</th>
<th>AMOUNT OF RESIDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>AMPENAN</td>
<td>82,365</td>
</tr>
<tr>
<td>2.</td>
<td>MATARAM</td>
<td>73,103</td>
</tr>
<tr>
<td>3.</td>
<td>CAKRANEGARA</td>
<td>64,765</td>
</tr>
<tr>
<td>4.</td>
<td>SEKARBELA</td>
<td>48,742</td>
</tr>
<tr>
<td>5.</td>
<td>SELAPARANG</td>
<td>70,703</td>
</tr>
<tr>
<td>6.</td>
<td>SANDUBAYA</td>
<td>51,925</td>
</tr>
<tr>
<td></td>
<td>TOTAL NUMBER</td>
<td>391,101</td>
</tr>
</tbody>
</table>

From the table above, it is known that the number of residents who need service of ID card is in amount of 254,721 persons, for them who have ID card in 2010 is 299,091 residents or around 89.9%. Therefore, to give good service need to optimize the existing resources through the right demography management information system. Nowadays, the employees or staffs who give service directly on demography administration in Demography Service and Vital Statistics of Mataram City is 9 staffs, while ideally is 23 staffs. Means and infrastructure are still limited, for example there is only 10 computer hardware of 12 are needed and 4 computer software of 5 program applications. Therefore, Management Information System applied still faces some obstacles. Besides, the budget especially for up grading data is still less, which is in Rp 852,901,400,-. Of ideal estimation reaches 50% from what is needed. However, the existing of this information system has supported a better employees' performance compared to previous year.

Besides, primary data results on the influence of Demography Management Information System to Organization Performance are shown in Table 2.

Table 2
The Influence of Demography Management Information System to Organization Performance

<table>
<thead>
<tr>
<th>NO.</th>
<th>VARIABLE</th>
<th>SUB VARIABLE/DIMENSION</th>
<th>CATEGORY</th>
</tr>
</thead>
</table>
| 1.  | IMPLEMENTATION OF DEMOGRAPHY ADMINISTRATION SYSTEM | • HUMAN RESOURCE  
• MEANS AND INFRASTRUCTURE | AVERAGE AVERAGE |
| 2.  | ORGANIZATION PERFORMANCE | • EFFICIENCY  
• EFFECTIVENESS  
• ACCOUNTABILITY  
• RESPONSIVENESS  
• RESPONSIBILITY | GOOD AVERAGE AVERAGE AVERAGE AVERAGE |

Source: Abubakar (2010)

From Table 2 above, it can be seen that overall the Information System Management is average and its performance is average too, moreover, there is one dimension included in good category. And regression analysis done is the implementation of demography administration information system has positive influence to organization performance. It means that the better of information system administration, the better of organization performance.
B. APPLICATION OF GOVERNANCE MANAGEMENT INFORMATION SYSTEM

Since the Presidential Instruction No. 3/2003 on National Policy and Strategy of E-Government has been issued as one of management information system based on electronic as government effort to carry out electronic based government affairs in the framework to improve the quality of efficient and effective public service, the Government of Kebumen Regency is starting to complete its means and infrastructure whether it is hardware or software to apply E-Government. Currently, the Government of Kebumen City has owned an official website that is accessible widely by the people.

Management of E-Government means in Kebumen Regency is implemented by the Board of Communication Information and Electronic Data Process that as the merging between Public Relationships Division and Electronic Data Process Office in 2004. This board is established based on Regional Regulation of Kebumen Regency No. 35/2004 on Organization and Order of Information, Communication and Electronic Data Process Board in Kebumen Regency have function as followed:

1. Implementation of integrated data and information process and control of various regional government information system;
2. Implementation of information technology based communication system development internally by Regional Government, among the Government or between Government and Public;
3. Implementation of website management or internet and intranet based application in the framework of providing public information and interactive communication media for public based on line or offline;
4. Implementation of management and supporting information and communication activities through multimedia system.

From the research result done by Yudantoro, which illustrated the perception of employees in Regional Secretary of Kebumen Regency on Making Efficient Use of E-Government, according to the employees with long work period or young age said that E-Government use helps to smoothen organization purpose achievement. It means that it influences the employees’ performance.

Through the making of official website of Kebumen Regency, from the survey of Kompas Litbang (Research and Development of National Daily Newspaper) based on function, quality, web performance and innovation of web management of Kebumen Regency showed good result or scored 77.

From two application of management information system in public organization as illustrated above, it can be concluded that good management information system of an organization influence the performance. In other words, the better of management information system applied in an organization, the better is the performance.
4. CLOSING

From the explanations above, the writer can conclude that:

1) A precise and ideal management information system in a public organization is one that pay attention to various aspects, among others are: appropriate resources, right leaderships, enforcement of reward and punishment, organization structure, and ideal job design in accordance with the founded organization;

2) Application of ideal management information system, will influence high or low performance of staffs and organization performance, that is finally affected to the goal achievement of related organization;

3) Application of management information system in each organization can use tool aid in form of most accurate computer program to ease each member of organization in conducting the duties and functions appropriate to individual responsibility of the organization;

4) High performance of public organization will influence public trust to public organization and overall to government.

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IMPROVING LOCAL DEVELOPMENT PERFORMANCE IN SELECTED PROVINCES

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Abstract

Many ways can be used to measure local development performance. It can use economic, social, or environmental indicators implemented in each area. This paper analyzes the using of human development indicators to measure local development performance. The result of the measurement is used to improve local development performance through the achievement of Millennium Development Goals and human development indicators. Based on some provinces experience, there are some stages that can be done to improve local development performance, that are (1) indicators choice, (2) data arrangement and analysis, (3) planning and budgeting, (4) implementing, (5) monitoring and evaluating, and (6) improvement. But, in fact, there are some requirements in implementing the stages said above, they are: (1) the availability of up to date, relevant, and qualified data, (2) strong political goodwill and commitment, (3) local capacity to handle data collecting and analysis, planning and budgeting, and also monitoring and respons, (4) social empowerment and local participation.

Keywords: human development indicators, improvement, local development, performance

1. INTRODUCTION

One the aim of local autonomy policy is to increase the community welfare through local development implementation that is spread evenly. The essence of local development as implemented of the Law No. 32/2004 is to create autonomous local government. Related to this concept, the execution of local autonomy has been oriented to the increasing of the community welfare focused to absorb local people needs that rise in the community. Hence, local governments are responsible to implement better local development performance. It means local development should have a good performance based on some indicators that take sides to community welfare.

In the beginning, economic indicators were used to measure local development performance, like GNP (Gross National Product) or GNP/capita. Based on empirical data from many countries, it showed that GNP cannot reflect the real people’s quality of life. Though many countries might have high GNP/capita unfortunately it doesn’t mean that their community has good quality of life. Those data proved that quality of life is unequal with GNP/capita (Arief, 2000).
Recently, social and environment indicators are more used to measure local development performance than economic indicators. But, the problem is, it is not easy to create compatible, valid and reliable indicators to measure local development performance comprehensively. This paper will try to analyze some indicators that used to measure local development performance especially social indicators.

2. DEVELOPMENT DEFINITION

The essence of development is change the existing state to better condition (Tjokroamidjojo and Mustofadijaja, 1992). So that development activity should be done directed and planned. It means the step and goal to be attained, must be defined and cleared.

Black (1991) said that “Development is such term. It has no precise meaning, no generally accepted definition”. Moreover, it is appropriate with the essence of development above; Bryant & White (1987) gave the meaning of development as “people capability improvement to influence their future”. It means development activity done not only give the possibility to group of people to plan and to do change, but also should able to give opportunity or chance to an individual to do something or to do changes for their future.

The implication of the meaning above is: first, pay attention to “capacity” that is what should be done to develop community and an individual capability to make changes. Second, arrest “justice” that is to eliminate unfair attention to certain group because it will destroy and reduce their capacity. Third, arising of power and authority, in meaning if only community has certain power and authority, so they will take development benefit (Bryan & White, 1987).

The essence of development definition above is the necessity of community involvement and participation, individually or together in every development activity. Actually, development is an effort series done continually to reach the level of community life that is prosperous extrinsic and intrinsic. The effort is done through the exploitation of potent that is had qualified human, capability, and the progress of knowledge and technology, and also pay attention to global developing threat. Sustainable development is done continually in all aspects of life, so people feel save, comfort, secure, and they can work well and love their country.

3. LOCAL DEVELOPMENT

Local development can be defined as the development that implemented by local government and its community as consequence of the execution of governance affairs that become local authority. Besides the definition above, if it is related to development definition (a growth effort and planned changes that done aware by a nation and a country that implemented aware by government and community toward national building), so local development are:
a) Changes processes that implemented in local scale or local autonomy
b) The local development orientation is the increasing of social service quality and providing medium of satisfied infrastructure.
c) Local development has been able to support community participation

Local development is basically integral part of national development system that is implemented by all component of community and government according to local initiative. In this context, local development planning can not be drifted from the system of national development planning. The needs of local development planning is related to local autonomy paradigm that give local right, authority, and responsibility to arrange and to manage its household due to its needs.

At national level, Indonesia government has commitment to human development approach through the publication of Human Development Report at national level regularly, Millennium Development Goals report annually, and the integration of human development indicators into long and medium term national development planning. Besides, since 2006, central government has been allocating part of general allocation fund (dana alokasi umum/DAU) to the expenses for human development index improvement.

At local level, Millenium Development Goals (MDGs) and Human Development Index are using as flexible and innovative tools to place community in the center of development effort in order to determine a better human resources target and to trace a adequate development performance. Development target that will be reached is different in all provinces in Indonesia to describe specific needs and each area condition, and also helping to reduce local gap.

Based on above description, it is not astonishing when human development become reference to see how far local development realized. Aceh, Gorontalo, West Java, and DKI Jakarta are the examples of local government implemented human development as a basic of their local development.

4. HUMAN DEVELOPMENT

Human development combine ability and basic needs approaches which stressing greater to human ability to lead a life that their want and the enhancement of substantial choices that their have. Human development framework is based on the idea that while economic welfare can help people to lead a life better and freer, but another factors like education and health influence people freedom quality. Human development helps people to go through healthier, long and educated life (UNDP, 2007).

The human development concept is introduced firstly at 1990 as an effort to exceed the limitation of development approach, without ignoring income as welfare measurement. The basic difference between previously approach that is income oriented and human development approach lies on the last focus on community placing in development center. The concepts covered by human development approach are productivity, equity, sustainability, and empowerment that are interesting to describe in an index number. The four
important component of human development paradigm can be described as follows:

1. **Productivity:** Community should enable to improve their productivity and fully participate in improvement process of income and work that is profitable.

2. **Equity:** Community should have access to the same chances. All barriers to economic and politic chances should be eliminated, so people can participate in, get benefit from the chances.

3. **Sustainable:** Access to the chances should be make sure not only to present generation, but also to next generation. All forms of capital – physical, human, environment – should be improved.

4. **Empowerment:** Development should be executed by community, not only for them. Community should participate fully in deciding and processing their determined life.

Millennium Development favored MDGs or Millennium Development Goals are a human project committed by UN members include Indonesia in September 2000 at global high level conference that emerged Millennium Declaration. It is a global initiative to reduce the number of poverty people become half in 2015.

The eight MDGs listed below guide the efforts of virtually all organizations working in development and have been commonly accepted as a framework for measuring development progress:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a Global Partnership for Development

At the meanwhile, Human Development Index uses life expectation, education achievement, and income to measure human development progress in the difference country. This concept tries to rank the whole countries in 0 scale (as the lowest level of human development) until 1 (the highest level of human development) based on three of the aims or products of development, that are: (1) life level expectation, (2) knowledge that is measured by weighted mean of adult people that can read (weighted 2/3) and the average of school year (weighted 1/3), and (3) income that is measured by real income per capita that has been appropriate, that is fitted according to each country purchase power and the assumption of income marginal utility decreasing rapidly.

The further explanation will be focused on the indicators of Millennium Development Goals (MDGs) and Human Development Index as local development performance measurement. Based on the indicators above, local government can create some strategies to improve local development performance.
5. HUMAN DEVELOPMENT INDICATORS

Before describing human development indicators, it is necessary to explain the requirement of indicators. In some literatures, we can see that performance indicators should be specific. It means that the indicators should be clear, no possibility to be miss understood. Another requirement is measurable. The indicators have a unique term so they can be measured accurately. The next requirement is attributable. The performance indicators that have been determined should have benefit for decision making. Then, performance indicators should be relevant. It means that they should be appropriate with program scope and they can describe causality relationship among them. The last requirement is timely. The performance indicators that have been determined should be supported by data and reported on periodical time as a decision making material.

In this part, there is no in-depth explanation about the requirement of indicators human development. It is assumed that the human development indicators have fulfill the requirement of good indicators.

The Eight Millennium Development Goals consist of 21 quantitative target and they can be measured by 60 indicators (see Appendix 1). While, Human Development Index consists of three dimensios and four indicators as described below (Figure 1).

The use of human development index help local government to identify the areas that have low progress of their development. It also can help local government to allocate its budget in order to accelerate human development implementation.

![Figure 1 The Human Development Index Dimensions and Indicators (UNDP, 2010)](image-url)
In the further explanation, it can be seen some strategies that are used by local government to improve local development performance. Some provinces have been succeeding to implement human development approach. Although the using of the approach is still in the initial stage, but there are some successful stories and lesson learned that give knowledge about goal toward. For example in West Java, government strategy is to reach province human development index about 80 in 2015. This strategy – West Java 80 – priorities the program that promote human development index improvement. The regencies are supported to propose proposal to Regional Development Planning Board (Badan Perencanaan Pembangunan Daerah). Program or project will be approved competitively if it contributes to regency human development index improvement. In Aceh, government lies on the beginning step of human development index using to inform budget allocation in order to determine the target of underdevelopment areas and to fix sector priority.

Gorontalo Province uses human development index to identify area that have poor development performance. It means Gorontalo focuses on human development index as basic indicator to trace development progress. The indicators that are fixed in this index are life expectancy at birth; adult literacy rate; ratio of primer, secondary, and tertiary rough participation, and gross national income per capita.

Gorontalo is an example of great political goodwill implementing to place human development indicators on center of policy making. This matter comes from Governor’s push to make sure regent, mayor, and local legislative to adopt human development index as prime reference point for development planning and budgeting. A Memorandum of Understanding was signed on April 2008 and it was committed by governor, regent, and mayor. They committed to reduce the number of poor people in regency, with budget allocation for districts that have human development index lower than province human development index as target.

The focus on human development index become a local issue after there is specific job about the creating of Human Development Report in Gorontalo and the arrangement of human development index that are taking place since 2007. The human development index is clearly discussed in province and regency as prime measure tool for development in Gorontalo and finally it was adopted as official development indicator on 2008.

Gorontalo focuses on 15 districts that have human development index lower than province human development index. And then province government has allocated 30 percent of province budget to the districts, while in the same time shouted to regency government to do the same matter. Basically, this allocation not only was intended to handle poverty problem, but also to cover all human development index indicators.

The same with some provinces above, South East Celebes Province also implement MDG’s achievement to evaluate its local development performance. Table 1 shows MDG’s achievement in Wakatobi Regency, one of regency in South East Celebes Province. From Table 1, we can see that some indicators like under-five mortality rate and infant mortality rate have good performance. It means the indicators achievement in Wakatobi Regency better than South East Celebes and national target in 2006. While the
remaining indicators still determine low performance. Based on this condition, Wakatobi Regency Government can create some strategies to improve the achievement of indicators. For example, the government can create scale of priority based on the indicators that have low performance. The scale of priority can be used as a basic to allocate budget to improve local development performance.

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target</th>
<th>MDG’s Indicator</th>
<th>MDG’s Target 2015</th>
<th>National 2006</th>
<th>South East Celebes 2006</th>
<th>Wakatobi 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1</td>
<td>Target 1.1</td>
<td>Proportion of population below $1 per day</td>
<td>7.50</td>
<td>17.75</td>
<td>23.37</td>
<td>22.94</td>
</tr>
<tr>
<td>Goal 1</td>
<td>Target 1.8</td>
<td>Prevalence of children underweight</td>
<td>18.00</td>
<td>28.70</td>
<td>29.38</td>
<td>30.00</td>
</tr>
<tr>
<td>Goal 2</td>
<td>Target 2.1</td>
<td>Ratio of pure participation (primary school)</td>
<td>100.00</td>
<td>94.70</td>
<td>96.87</td>
<td>92.04</td>
</tr>
<tr>
<td>Goal 2</td>
<td>Target 2.1a</td>
<td>Ratio of pure participation (secondary school)</td>
<td>100.00</td>
<td>66.50</td>
<td>86.52</td>
<td>59.75</td>
</tr>
<tr>
<td>Goal 3</td>
<td>Target 3.1a</td>
<td>Ratio of girls to boy in primary school</td>
<td>100.00</td>
<td>100.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 3</td>
<td>Target 3.1b</td>
<td>Ratio of girls to boy in secondary school</td>
<td>100.00</td>
<td>99.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 3</td>
<td>Target 3.3</td>
<td>Women in legislative</td>
<td>30.00</td>
<td>11.00</td>
<td>6.66</td>
<td>6.66</td>
</tr>
<tr>
<td>Goal 4</td>
<td>Target 4.1</td>
<td>Under-five mortality rate</td>
<td>32.00</td>
<td>40.00</td>
<td>41.00</td>
<td>6.18</td>
</tr>
<tr>
<td>Goal 4</td>
<td>Target 4.2</td>
<td>Infant mortality rate</td>
<td>19.00</td>
<td>32.00</td>
<td>38.00</td>
<td>5.00</td>
</tr>
<tr>
<td>Goal 5</td>
<td>Target 5.1</td>
<td>Maternal mortality rate (per 100.000)</td>
<td>110.00</td>
<td>228.00</td>
<td>312.00</td>
<td>177.00</td>
</tr>
<tr>
<td>Goal 5</td>
<td>Target 5.2</td>
<td>Proportion of births attended by skilled personnel</td>
<td>90.00</td>
<td>70.89</td>
<td>71.63</td>
<td>65.42</td>
</tr>
<tr>
<td>Goal 6</td>
<td>Target 6.1</td>
<td>HIV/AIDS prevalence (per 100.000)</td>
<td></td>
<td>0.10</td>
<td>0.35</td>
<td>0.00</td>
</tr>
<tr>
<td>Goal 6</td>
<td>Target 6.6</td>
<td>Malaria prevalence (per 1.000)</td>
<td>13.40</td>
<td>14.95</td>
<td>7.30</td>
<td></td>
</tr>
<tr>
<td>Goal 6</td>
<td>Target 6.9</td>
<td>TB prevalence (per 100.000)</td>
<td>136.98</td>
<td>224.54</td>
<td>174.14</td>
<td></td>
</tr>
<tr>
<td>Goal 7</td>
<td>Target 7.1</td>
<td>Proportion of land area covered by forest</td>
<td>30.00</td>
<td>49.50</td>
<td>66.03</td>
<td>13.33</td>
</tr>
<tr>
<td>Goal 7</td>
<td>Target 7.8</td>
<td>Proportion of population using an improved drinking water source</td>
<td>67.00</td>
<td>52.10</td>
<td>54.00</td>
<td>62.21</td>
</tr>
<tr>
<td>Goal 7</td>
<td>Target 7.9</td>
<td>Proportion of population using an improved sanitation facility</td>
<td>65.00</td>
<td>68.00</td>
<td>64.20</td>
<td>47.40</td>
</tr>
</tbody>
</table>

Source: BAPPENAS and UNDP, 2010
6. HOW TO IMPROVE LOCAL DEVELOPMENT PERFORMANCE?

Based on the above description about local government experiences, through the achievement of human development indicators, local government can create some strategies to improve local development performance. There are six urgently stages that have to be done by local government related to the using of human development indicators.

The first stage is indicators choice. This stage is very crucial. It means small mistake in this stage can lead to the disorganized of the next stages. As we know, UNDP has declared some Millennium Development Goals indicators that can be measured in every country. But, in fact, the indicators should be appropriated with the local condition. So, local government should be wise to determine the appropriate indicators that will be measured. It is more difficult when we talk about human development index. UNDP just mentioned four indicators, that are life expectancy at birth; mean years of schooling; expected years of schooling, and gross national income per capita. The using of the indicators needs elaboration in detail in order to be effective as local development performance.

Another problem will be appeared on stage 2 that is data finding, arrangement and analysis. It is not easy to collect data to measure human development indicators. It needs much time and many resources in its implementing, considering Indonesia’s geographic is spread in thousands of islands. Data analysis is also a difficult step. It needs well trained personnel to process and to analysis raw data in order the data describe the real condition. So, the result can be used as reference to improve local development performance through planning and budgeting accurately.

The methodological approach is also be considered, since the quantitative one used at macro level can be biased easily. So, the quantitative approach must be supported by qualitative one at lower level. The lower the level of approach, the better the result.

The next stage is planning and budgeting. Planning and budgeting are based on data analysis got from the previous stage. The lower poverty ratio the greater budget allocation. The change of budget allocation is used to improve sector that have low performance, while sector that have good performance get lower budget allocation.

The fourth stage is implementing. One way that can be done in implementing stage is to support people participation in area that has low value of human development indicators. Through this way, it is expected that the acceleration of development can run faster and finally it can improve people prosperity.

Then, monitoring and evaluating is the next stage. At the beginning this function is government task, local or center. But, recently, this function can be given to community. Direct realization on the implementation of human development approach can be seen from data transparency improvement, planning and budgeting process, and development performance. Access to development’s documents is also opened, although in the past the access is limited to government officials.
The final stage is improvement based on monitoring and evaluating result. Considering the necessity to improve data collecting mechanism, to avoid data duplicated, and to get good qualified data, so it is necessary data coordination between Regional Development Planning Board (Badan Perencanaan Pembangunan Daerah) and Work Unit for Local Apparatus (Satuan Kerja Perangkat Daerah). It is also necessary to form data coordination forum that is consisted of all data makers to update human development data and indicators. Regional Development Planning Board (Badan Perencanaan Pembangunan Daerah) coordinate this forum and regent allocate operational budget to support all activities. The budget is also allocated to create training for all data makers, to improve their capability on data arrangement and analysis.

In this stage, the community participation is also needed. Local government should pay attention to community capacity, arrest justice, and arise community power and authority in local development implementation.

7. CONCLUSION

In spite of the stages mentioned above are easy theoretically, in fact there are some requirements in implementing the stages above:

1. The human development indicators will be effective as measurement of local development performance if the availability of uptodate, relevant, and qualified data is guaranteed.

2. To implement human development approach to be one way to improve local development performance needs strength political goodwill and commitment, especially from local government decision makers.

3. To get good result of the measurement of human development indicators needs local capacity improvement to handle data collecting and analysis, planning and budgeting, and also monitoring and respons.

4. The success of human development implementing as one way to improve local development performance is really depends on community empowerment and local participative.
NOTES


Bryant, Coralie and Louise G. White, 1987, Development Management for Developing Countries, LP3ES, Jakarta.

Budiman, Arief, 2000, Development Theories of Third Countries, PT Gramedia Pustaka Utama, Jakarta.


### Appendix 1: Millennium Development Goals Indicators

<table>
<thead>
<tr>
<th>Goal 1: Eradicate extreme poverty and hunger</th>
<th>Millennium Development Goals (MDGs)</th>
<th>Indicators for measuring progress</th>
</tr>
</thead>
</table>
| Goal 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day | | 1.1 Proportion of population below $1 (PPP) per day*  
1.2 Poverty gap ratio  
1.3 Share of poorest quintile in national consumption |
| Goal 1.B: Achieve full and productive employment and decent work for all, including women and young people | | 1.4 Growth rate of GDP per person employed  
1.5 Employment-to-population ratio  
1.6 Proportion of employed people living below $1 (PPP) per day  
1.7 Proportion of own-account and contributing family workers in total employment |
| Goal 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger | | 1.8 Proportion of undernourished children under five years of age  
1.9 Proportion of population below minimum level of dietary energy consumption |

### Goal 2: Achieve universal primary education

| Goal 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling | 1.1 Net enrolment rate in primary education  
1.2 Proportion of pupils starting grade 1 who reach last grade of primary  
1.3 Literacy rate of 15-24 year-olds, male and female |
| Goal 2.B: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015 | 2.1 Net enrolment rate in primary education  
2.2 Proportion of pupils starting grade 1 who reach last grade of primary  
2.3 Literacy rate of 15-24 year-olds, male and female |

### Goal 3: Promote gender equality and empower women

| Goal 3.A: Promote gender equality and empower women | 3.1 Proportion of seats held by women in national parliament  
3.2 Share of women in wage employment in the non-agricultural sector  
3.3 Proportion of women in local government |
| Goal 3.B: Reduce by three quarters, between 1990 and 2015, the under-five mortality rate | 4.1 Under-five mortality rate  
4.2 Infant mortality rate  
4.3 Proportion of births attended by skilled health personnel |

### Goal 4: Reduce child mortality

| Goal 4.A: Reduce child mortality | 5.1 Maternal mortality rate  
5.2 Proportion of births attended by skilled health personnel  
5.3 Contraceptive prevalence rate  
5.4 Adolescent birth rate  
5.5 Antenatal care coverage (at least one visit and at least four visits)  
5.6 Unmet need for family planning |
| Goal 5: Improve maternal health | 6.1 HIV prevalence among population aged 15-24 years  
6.2 Proportion of women aged 15-24 years with comprehensive knowledge of HIV/AIDS  
6.3 Proportion of population aged 15-24 years with comprehensive knowledge of HIV/AIDS  
6.4 Ratio of girls to boys in primary, secondary and tertiary education |

### Goal 6: Combat HIV/AIDS, malaria and other diseases

| Goal 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS | 7.1 Proportion of people with advanced HIV infection with access to antiretroviral therapy |
| Goal 6.B: Achieve, by 2015, universal access to reproductive health | 8.1 Proportion of people with advanced HIV infection with access to antiretroviral therapy |
| Goal 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases | 9.1 Proportion of people with advanced HIV infection with access to antiretroviral therapy |

*PPP: Purchasing Power Parity

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<table>
<thead>
<tr>
<th>Goal 7: Ensure environmental sustainability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target 7.A:</strong> Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources</td>
</tr>
<tr>
<td>7.1 Proportion of land area covered by forest</td>
</tr>
<tr>
<td>7.2 CO2 emissions, total, per capita and per $1 GDP (PPP)</td>
</tr>
<tr>
<td>7.3 Consumption of ozone-depleting substances</td>
</tr>
<tr>
<td>7.4 Proportion of fish stocks within safe biological limits</td>
</tr>
<tr>
<td>7.5 Proportion of total water resources used</td>
</tr>
<tr>
<td>7.6 Proportion of terrestrial and marine areas protected</td>
</tr>
<tr>
<td>7.7 Proportion of species threatened with extinction</td>
</tr>
</tbody>
</table>

| **Target 7.B:** Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss |
| 7.8 Proportion of population using an improved drinking water source |
| 7.9 Proportion of population using an improved sanitation facility |

| **Target 7.C:** Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation |
| 7.10 Proportion of urban population living in slums |

<table>
<thead>
<tr>
<th><strong>Goal 8: Develop a global partnership for development</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Target 8.A:</strong> Develop further an open, rule-based, predictable, non-discriminatory trading and financial system</td>
</tr>
<tr>
<td>Includes a commitment to good governance, development and poverty reduction – both nationally and internationally</td>
</tr>
<tr>
<td><strong>Target 8.B:</strong> Address the special needs of the least developed countries</td>
</tr>
<tr>
<td>Includes: tariff and quota free access for the least developed countries’ exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt, and more generous ODA for countries committed to poverty reduction</td>
</tr>
</tbody>
</table>

| **Target 8.C:** Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the Twenty-second special session of the General Assembly) |
| **Target 8.D:** Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term |

| **Target 8.E:** In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries |
| **Target 8.F:** In cooperation with the private sector, make available the benefits of new technologies, especially information and communications |

Some of the indicators listed below are monitored separately for the least developed countries (LDCs), Africa, landlocked developing countries and small island developing States.

<table>
<thead>
<tr>
<th><strong>Indicators</strong></th>
<th><strong>Definition</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Official development assistance (ODA)</td>
<td></td>
</tr>
<tr>
<td>Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors’ gross national income</td>
<td></td>
</tr>
<tr>
<td>Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, social security, safe water and sanitation)</td>
<td></td>
</tr>
<tr>
<td>Proportion of bilateral official development assistance of OECD/DAC donors that is untied</td>
<td></td>
</tr>
<tr>
<td>ODA received in landlocked developing countries as a proportion of their gross national incomes</td>
<td></td>
</tr>
<tr>
<td>ODA received in small island developing States as a proportion of their gross national incomes</td>
<td></td>
</tr>
<tr>
<td>Market access</td>
<td></td>
</tr>
<tr>
<td>Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty</td>
<td></td>
</tr>
<tr>
<td>Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries</td>
<td></td>
</tr>
<tr>
<td>Agricultural support estimate for OECD countries as a percentage of their gross domestic product</td>
<td></td>
</tr>
<tr>
<td>Proportion of ODA provided to help build trade capacity</td>
<td></td>
</tr>
<tr>
<td>Debt sustainability</td>
<td></td>
</tr>
<tr>
<td>Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative)</td>
<td></td>
</tr>
<tr>
<td>Debt relief committed under HIPC and MDRI initiatives</td>
<td></td>
</tr>
<tr>
<td>Debt service as a percentage of exports of goods and services</td>
<td></td>
</tr>
</tbody>
</table>

The Millennium Development Goals and targets come from the Millennium Declaration, signed by 189 countries, including 147 heads of State and Government, in September 2000 (http://www.un.org/millennium/declaration/ares552e.htm) and from further agreement by member states at the 2005 World Summit (Resolution adopted by the General Assembly - A/RES/60/1). The goals and targets are interrelated and should be seen as a whole. They represent a partnership between the developed countries and the developing countries “to create an environment – at the national and global levels alike – which is conducive to development and the elimination of poverty.”

* For monitoring country poverty trends, indicators based on national poverty lines should be used, where available.
* The actual proportion of people living in slums is measured by a proxy, represented by the urban population living in households with at least one of the four characteristics: (a) lack of access to improved water supply; (b) lack of access to improved sanitation; (c) overcrowding (3 or more persons per room); and (d) dwellings made of non-durable material.
Abstract

Quality of agricultural extension is as one of important performance indicator for the agricultural extension of KPSDMP-KP of Garut Regency. This survey method research was aimed to know the quality of agricultural extension’s performance and performance in KPSDMP-KP of Garut Regency. The result of score categorizing at Zeithaml theory application, et.al (1990) showed that assurance dimension got the lowest score from the respondents. Therefore, service quality improvement is better started from improving the indicator of this dimension former. Then, change is done gradually or in parallel at the dimensions of reliability, tangible, responsiveness and empathy. It is expected that it can improve the performance of agricultural extension in KPSDMP-KP in Garut Regency.

Keywords: counseling of agriculture, performance measurement, service quality

1. INTRODUCTION

Agricultural extension is an important factor that determines the success of agriculture development in Indonesia. In this local autonomy era when the approach applied in the past were forced and not relevant to be applied now. The farmers want to be able to run their farms as their wishes. The problem appeared then; local autonomy is more indicated its sidedness to agricultural sector. If Local Revenue (Pendapatan Asli Daerah) becomes one of the measures for success of local performance, then agricultural sector is not an interesting option because it less profitable for Local Revenue compared to other sectors. Therefore, agricultural development becomes stagnant because it doesn’t become the priority. It is felt by all the agricultural extensions in Agricultural Human Resources Development and Food Security Office (KPSDMP-KP) in Garut Regency so that it affects to the derivation of service quality given to the farmers.

The quality of service extension becomes one of the determiner of performance succeed of KPSDMP-KP in Garut Regency. According to Zeithaml, et. al (1990), service quality is determined by five dimension, they are: tangible, reliability, responsiveness, assurance and empathy. Based on Zeithaml’s phenomena and theory, the research problems are: 1) How far is
the Zeithaml, et al. theory application on service quality of agricultural extension in Garut Regency? 2) How is the performance of agricultural extensions in KPSDMP-KP in Garut Regency? Then, the purposes of this research are: 1) To know and analyze Zeithaml’s theory application (1990) on the quality of agricultural extension service in Garut Regency; 2) To know the performance of agricultural extensions in KPSDMP-KP Garut Regency?

2. LITERATURE REVIEW
A. PERFORMANCE MEASUREMENT

According to Simanjuntak (2005) performance is the level of result achievement on certain jobs implementation. Performance planning is the first stage of performance management, it begins from the stage of formulating the vision and mission of organization, main duties and structure of organization, target and functions of each unit of organization, up to the explanation of position, target performance and performance action planning of each person at his or her unit of organization.

Poister (2003) explains that performance measures are monitored and used most effectively through performance measurement systems, management systems that track selected performance measures at regular time intervals so as to assess performance and enhance programmatic or organizational decision making, performance, and accountability. Measurement systems are the principal vehicle for observing, reporting, and using performance measures, and most people who are directly involved in performance measurement are engaged in designing, implementing, managing, maintaining, or using performance measurement systems.

As shown in Figure 1 in addition to the general management function, performance measurement systems consist of three components, which pertain to data collection and processing, analysis, and consequent action or decision making. First, management is responsible for clarifying and communicating the strategic framework within which the performance measurement system will be used-including the agency's mission, strategies, goals, and objectives, and the targets to be attained—and ensuring that the system is appropriately oriented to that framework. Second, management is responsible for the design, implementation, and maintenance of the agency's programs, services, and operations, as well as standards, and for using measurement systems to improve overall performance.

With respect to the measurement system itself; management needs to clarify its purpose and make sure that it is designed to serve the intended uses. As indicated earlier, a measurement system designed to support strategic planning, for example, will look very different from one that is developed to facilitate quality improvement, performance contracting, or external benchmarking processes. Finally, for the system to be successful, management must not only define or approve the measures and system design but also be committed to using the data to improve performance.
Performance indicator is as one of the important thing in performance measurement. Susanto (1999) said that performance indicator is a brief explanation that describes a performance, which will be measured in a program implementation to its purpose. Indicator showed that what is going to be measured to determine whether the purposes have been achieved or not. Indicator is usually a quantitative measurement, but also in form of qualitative observation. The functions and targets of performance indicator are:

1. To clarify program information.
2. To create agreement reached in order to avoid misinterpretation and different opinion along the implementation of program/activity.
3. To build foundation for monitoring and evaluation.
4. To introduce and motivate program implementer in result achievement.
5. To communicate and report the achieving result to the stakeholders to House of Representatives and community (Susanto, 1999).

The requirements of good performance indicator are SMART, they are as followed:

a. **Specific**: Clear so that there is no misinterpretation possibility
b. **Measureable** (“What gets measured gets managed”): the determined performance indicator should represent some thing and its measurement should be clear. The clarity of measurement will show where and how to get the data
c. **Attributable**: The determined performance indicator should be useful for the sake of decision making. It is to show that the determined performance indicator should be the realization of data/information which is badly needed for decision making.

d. **Relevant**: Performance indicator should be appropriate to the scope of program and can describe causal relationship between those indicators. **Timely**: The determined performance indicator should be collected and reported on time as the material for decision making (Susanto, 1999).

B. **SERVICE QUALITY**

One of the most important government’s duties is to give service to community, therefore government organization often called as public servant. Public servant that should be given by government as it is explained by Mahmudi (2005) can be clarified into two main category, they are basic needs service (including health, basic education and basic needs) and general services (consists of administrative service, goods services, and other services).

Based on Indonesian Constitution No. 25/2009 on Public Services, Second Part, Article 4 stated that public service implementation based on; public interest, legal certainty, equal rights, balance of rights and obligation, professionalism, participatory, treatment equality, transparency, accountability, facility and special treatment to vulnerable groups, punctuality and speed time, and affordability.

Then, based on the Decree of Minister of Making Efficient Use of State Apparatus No. 25/M.PAN/2/2004 on General Manual of Public Satisfaction Index Arrangement of Government Service Institution, that then developed into 14 relevant, valid and reliable as a minimum elements that should be available for the base of public satisfaction index measurement that are as followed:

1. Service procedure, is service stages simplicity given to public seen from the side of simplicity of service flow;
2. Service Requirement, is technical and administrative requirement needed to get service appropriate with kinds of service;
3. Clarity of service officer, is the existence and assurance of the officers who serve (name, position, and authority and responsibility);
4. Disciplined service officers, is the officers’ seriousness to give service especially to work time consistency based on applicable provisions;
5. Responsibilities of service officer, is the clarity of authority and responsibility of the officers in implementing and finishing the service;
6. Ability of service officer, is the level of service officers’ service ability (skill and competence) to give and finish the service to public;
7. Speed of service, is time service target can be completed in time were determined by service provider unit;
8. Equity to get justice, is service implementation services where doesn’t make any differences with status of the community who’ ve been served;
9. Courtesy and hospitality of the officers, is the officers’ attitude and behavior to serve public politely, friendly with appreciate and mutual respect;
10. Reasonableness of service charge, is public’s affordability to the charge determined by service provider;
11. Assurance service charge, is adjustment of the cost incurred with a predetermined cost;
12. Assurance service schedule, is time service implementation appropriate with the conditions set;
13. Environmental comfortably, is means and infrastructure of service which is neat and orderly can give comfortable to service recipients;
14. Service security is ensuring safety level surround service provider unit used that public feel safe to get service from the risks as the impact of service implementation.

Public service quality improvement is badly needed to answer public’s demand on the principle of better quality of life and globalization flow. Therefore, strategy is needed as it is stated by De Vreye (Sugiyanti, 1999) which is called as simple strategy for success or service model, are:

1. Self –esteem:
2. Exceed expectation
3. Recovery
4. Vision
5. Improve
6. Care
7. Empower

Declining quality of service will give bad effect to public organization image because public will deliver others and make public opinion on it. Therefore, service quality is badly needed in order that public organization still has a good image in pubic eyes. Gaspersz (1997) says that there are some dimensions or attributes should be noticed to improve service quality:

1. Timeless of service;
2. Service accuracy which deals with reliability;
3. Courtesy and hospitality to serve;
4. Responsibility deal with receiving order or handling complaints;
5. Completeness, deal with availability of supporting facilities;
6. Convenience in obtaining service;
7. Service model variation deals with innovation;
8. Private service deals with flexibility handling special order;
9. Comfort ability to get service deals with location, place, convenience, ease of information;
10. Attribute is other supporting service facilities such as environmental cleanliness, AC, waiting room facility, music room, or TV, and so on.

Concerning to public service quality, Lovelock and Wirtz (1994) stated that a product plus good service will produce strength and can give profit to face competition.

Public satisfaction as the service recipients is the comparison between perceived service and expected service. If the result closes to one, public will be satisfied, if the price is smaller than one, it means that public is not satisfied. One of public organization product is public service. As Lenveine et al. (1990) stated that public service product in a democracy state should fulfill three indicators, responsiveness, responsibility, and accountability.

Zeithaml, et al. (1990), said that the fifth dimensions of SERVQUAL (service quality) are:

1. Tangible: appearance of physical facilities, equipment personnel and communication materials
2. Reliability: ability to perform the promised service dependably and provide prompt service
3. Responsiveness: willingness to help customers and provide prompt service
4. Assurance: knowledge and courtesy of employees and their ability to convey trust and confidence
5. Empathy: caring, individualized attention the firm provides its customers

Zeithaml et al (1990), in his introduction pages said that those service quality methods can be used and applied to all types of profit or non-profit oriented-organization services.

3. METHOD

This research used survey method. According to Singarimbun (1995), a survey research is a research that takes sample from one population and used questionnaire as main data collection tool. It generally practiced to take a generalization, as it is explained by Kline in Sugiyono (2004) that generalization is done more accurate if it uses a representative sample.

The population was all farmers live in Garut Regency. They were 65250 which consist of Beginner Farmer Groups, Advanced Farmers Groups, Middle Peasant Groups, and The Main Farmers Groups. Sampling was done in two stages; the first stage, technique of cluster sampling or area sampling to determine sub districts (kecamatan) that were determined as the location of
data resources, because farmers groups were spread out overall Garut Regency. The researcher chosen 10 sub districts as sample area from 42 Sub Districts existing in Garut Regency, they were Kecamatan Wanaraja, Cigedug, Cikajang, Cisurupan, Tarogong Kidul, Leles, Kadungora, Kersamanah, Limbangan and Cilawu. The second stage was to determine the elected farmer as sample (individual sample), and technique of stratified random sampling were used. Sample measurement used the formula developed by Slovin (Umar, 2004). In 65250 farmers population of 10% standard error, gotten 99.9 farmers of minimum sample (rounded to 100 farmers). Numbers of those samples were divided proportionally in ten sub districts which were elected based on strata of farmers groups by using proportional allocation (Table 1).

Table 1 Number of Samples in Farmers Population in Regency Garut

<table>
<thead>
<tr>
<th>No</th>
<th>Farmers Groups</th>
<th>Number</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The Main Farmers Groups</td>
<td>850</td>
<td>2</td>
</tr>
<tr>
<td>2.</td>
<td>Middle Peasant Groups</td>
<td>6,425</td>
<td>10</td>
</tr>
<tr>
<td>3.</td>
<td>Advanced Farmers Groups</td>
<td>30,675</td>
<td>47</td>
</tr>
<tr>
<td>4.</td>
<td>Beginner Farmers Groups</td>
<td>27,300</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td><strong>Number</strong></td>
<td><strong>65250</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Data collection was taken through spreading the questionnaire out to 100 farmers as the respondents. Besides, interview to structural and functional officials (agricultural extensions) and farmers in work area of KPSDMP-KP and BPP in Garut Regency. The scale used was Likert Scale. The researcher provided five options of the answers for each statement in research instrument with its level were 1, 2, 3, 4 and 5. From this measurement, categorizing (high, average, low) were done to know the respondents’ responds to the quality of extension service given by KPSDMP-KP Garut Regency. The data then were used as the base to know the performance of agricultural extension in giving service of agricultural extension in Garut Regency.

4. RESULT AND DISCUSSION

A. DESCRIPTION OF KPSDMP-KP REGENCY GARUT

The Office of Agricultural Human Resource Development and Food Security (KPSDMP-KP) is the merging offices of Agricultural Extension Offices and Food Security. The establishment of the Office of Agricultural Human Resources Development and Food Security (here in after is KPSDMP-KP) Garut Regency were based on Local Regulation of Garut Regency No. 9/2004, on Local Technical Institution Establishment. It has main duty to implement a part of general affairs of Local Government at technical field which is agricultural human resources development and food security. To carry out those main duties, it functions as:
a. Technical policy formulation of agricultural human resources development, coordination and study of technical technology, social and economy

b. Technical service at agricultural human resources development and food security

c. Data provision and recommendation for agricultural human resources development and food security

Organization structure of agricultural human resources development and food security Office is including Head Office, Sub Section of Administration Affairs, Section of BPP Empowerment and farmers groups, Section of Agricultural Human Resources Development and Food Security, and Functional Position Groups. Organization structure existing in KPSDMP-KP Garut Regency is as followed: (Figure 2).

Office of Agricultural Human Resources Development has installation/means of activities at level of Sub District are 42 Agricultural Extension Hall. Number of existing personnel in Satuan Administrasi Pangkal (SATMINKAL) KPSDMP-KP is 249 persons who consist of organic, structural and Agricultural Extension and PHLTKK staffs.

The vision of the office of KPSDMP-KP based on their main duties and functions of Garut Regency in development period 2006-2009 is “Realizing a Qualified Human Resources with Agro Business and Food Security Oriented”.

Figure 2 Organization Structure of KPSDMP-KP in Regency of Garut
To realize the vision, Agricultural Human Resources Development and Food Security Offices bears a vision as followed:

a. To develop professionalism of agricultural extension and food security
b. To develop leadership and entrepreneurship of sailor farmers in farming which is oriented to agro business and food security
c. To develop institutionalization of sailor-farmers
d. To develop pattern and methodology of participatory agricultural extension
e. To develop function and role of agricultural extension and food security institutionalization
f. To develop the quality of study, coordination networking and provision facility, consumption and food alert

As the form of responsibility on the duties bore, KPSDMP-KP of Garut Regency makes Performance Accountability Report. It is to confirm performance achievement of KPSDMP – KP Garut Regency for one year which is obtain by comparing a year performance plan to its realization as the measuring rod of annual achievement of the organization.

B. RESULT OF SERVICE QUALITY MEASUREMENT

The theory developed by Zeithaml, et. al (1990) said that the quality of service is determined by five dimensions, they are tangible, reliability, responsiveness, assurance and empathy.

In variable of service quality, they were functioned into 18 items of questions which consist of 4 question of tangibles dimension, 4 questions for reliability dimension, 3 questions for responsiveness dimension, 3 questions for assurance dimension and 4 questions for empathy dimension. Respondents’ responded each dimension explained below.

Respondents’ Respond to Tangibles Dimension

Tangible was realized in physical performance of facilities, equipments, personnel, communication mean and personnel’ discipline in KPSDMP-KP Garut Regency used in conducting extension to whole farmers in Garut Regency.

Score categorizing result based on the limit interval that the total score of tangibles dimension was 1223 in interval between 1040 and 1360 (average category) as it is shown in picture below:
Respondents’ Respond to Reliability Dimension

Reliability is the ability of extension to give fast and accurate service to consumer, all farmers in Garut Regency. Based on the calculation of score categorizing with limit interval obtaining total score of reliability dimension in amount of 1275 with the interval between 1040 and 1360 (average category) as it is shown in picture below:

Respondents’ Respond to Responsiveness Dimension

Responsiveness was shown by readiness and awareness to assist the consumer by giving fast and accurate service. From the score calculation based on limit interval the result obtained was total score of responsiveness dimension in amount of 929 was in between interval 780 and 1020 (average category) as shown in picture below:

Respondents’ Respond to Assurance Dimension

Assurance is the personnel’ ability and courtesy that caused trust and guaranteed service usage. Based on score category calculation which was based on limit interval, total score obtained of assurance dimension was in amount of 896 in between interval 780 and 1020 (average category) as shown in picture below:
Respondents’ Respond to Empathy Dimension

Empathy is attention given to consumer. Readiness to care, serve through personal approach can give protection and attempt to know the farmers’ wishes and needs in Garut Regency. From the calculation of score category which based on limit interval, the total score obtained empathy dimension in amount of 1354 in between interval 1040 and 1360 (average category) as shown in picture below:

5. DISCUSSION
A. SERVICE QUALITY OF KPSDMP-KP REGENCY OF GARUT

Zeithaml, et al. (1990) stressed that service quality is determined by five dimensions, they are tangible, reliability, responsiveness, assurance and empathy. The research result and statistical test to each dimension showed that all dimensions with average category service quality with were in average category, with the total score order began from the highest to the lowest were empathy (1354), reliability (1275), tangible (1223), responsiveness (929) and assurance (896).

According to Zeithaml, et al. (1990) Assurance is knowledge and courtesy of employees and their ability to convey trust and confidence, so that in this research an agricultural extension should really have ability and courtesy to cause trust and guarantee the usage of service. In case of ‘service’, consumer’s trust (farmers’ trust) is a very important thing. When the consumers trust that they can get everything they need, so, they will come without asking

Regarding to agricultural extension, all information related to farm, whether it is about fund, production means, the newest and affordable way of cultivation, post harvest handling and marketing are the things badly needed by the farmers. If those can’t be fulfilled by agricultural extensions, the farmers will tend to leave them that have been their partners along this time.
In fact, trust is decreasing after local autonomy was forced, because lack of agricultural extension’s knowledge on new innovations at agriculture field.

The lowest score is reliability, it is ability to perform the promised service dependably and provide prompt service (Zeithaml, et.al., 1990). Agricultural extensions should have ability to give fast and accurate service to consumers which are all the farmers existing in Garut Regency. Reliability dimension in the Office of SDMP-KP Development hasn’t optimum yet and it can be shown from the facts that:

a. The limitedness of knowledge and skill of agricultural extensions in a matter of extension materials and the material delivery to the farmers hasn’t been served optimum yet.

b. Not every agriculture extensions can function the existing tools so that the implementation isn’t effective yet.

c. Not every farmer’s problems can be solved exactly.

Then, the third lowest score is tangible; it is appearance of physical facilities, equipment personnel and communication materials. Service quality is viewed from tangible dimension in Office of SDMP Development-KP wasn’t optimum yet because:

a. Lack of means and infrastructure.

b. A large number of agricultural extensions are old enough and not appropriate with the duties of extension that need high mobility, skillful and good looking that can attract the farmers so that they can serve in a wide area.

c. Not all extensions are discipline in conducting extension activities that had been planned.

Responsiveness and empathy are two dimensions that got the highest total score from respondents. This result showed that the agricultural extensions are basically responsive enough and have empathy in giving service. It because the number of functional officials were going down and lack of training after local autonomy been forced, so that the quality of service overall were not satisfied by the farmers.

B. AGRICULTURAL EXTENSION PERFORMANCE IN KPSDMP-KP REGENCY OF GARUT

Performance measurement can be conducted with quantitative or qualitative indicator. Performance measurement of overall might be done by using indicator of activity performance. The result of measurement is in form of Performance Accountability Report. This performance measurement was done through using performance data obtained from internal data collection activity such as three months and annual report of Local Budget usage of Garut Regency/West Java Province/and Non Local Budget in the running Fiscal Year.
Some kinds of performance indicators used in implementing performance measurement of KPSDMP – KP activity were as followed:

a. Inputs Indicator; it was prioritized on fund usage in rupiahs, the use of human resources per person, time use in month. It was to compare target with achievement realization.

b. Outputs Indicator; it consisted of quantity data presentation of activity implementation (unit, times, person). It was to compare target with achievement realization.

c. Outcomes Indicator; it was obtained through using absolute and relative number (percent). It was to compare target with achievement realization.

d. Benefits and Impacts Indicator; this indicator was related to previous activity.

This Performance Accountability Report confirmed performance achievement of KPSDMP – KP Garut Regency for a year. This result was obtained by comparing performance plan in the running year with its realization as the measuring rod of organization annual success. The Parameter used to measure it was: 1) Activity Performance Measurement, 2) Target Achievement Measurement, and 3) Calculation of Efficiency and Effectiveness of Strategic Activity.

This research was done in the framework of knowing the performance of agricultural extension in KPSDMP-KP through measuring the quality of service given to the farmers in Garut Regency. Agricultural extension’s performance determined the success performance of overall. It is expected that the research result can complete Performance Accountability Report, so that it can give advantage to improve future plan and strategy.

The research result and statistical test to each dimension showed that all dimensions of service quality were in ‘average’ category, with total score order began from the highest to the lowest one, which was empathy (1354), reliability (1275), tangible (1223), responsiveness (929) and the last was assurance (896). It showed that agricultural extension’s performance was still judged ‘on the average’ by the consumers, the farmers in Garut Regency.

Based on the research result, the improvement of service quality is better started from assurance dimension, so that the farmers’ trust to the service given by KPSDMP-KP Garut Regency can increase again. In accordance with assurance dimension, it can be addressed through improvement in extension service procedure transparency, time assurance, service charge and service guarantee given by the extensions. Then, responsiveness included extension’s respond to the problem faced by the farmers, fast response to problems and processes them administratively. Tangible included personnel’ performance when they were on duty, means and infrastructure availability of extension, convenience in obtaining service and personals’ discipline in giving extension. Reliability included extensions’ ability to deliver the materials, right method compare to farmers’ knowledge, ability to use extension tools and ability to solve problems faced by the farmers. The last one is empathy which got the highest score from the
farmers, included the extensions’ desire to the farmers’ problems, attention to the problems faced by the farmers, courtesy and hospitality of the extensions in giving service.

Service quality is the main indicator to evaluate agricultural extension’s performance. From the explanation above, it can be concluded that the agricultural extensions’ performance was good enough. It could be shown from good relationship between agricultural extensions and farmers. It should be completed with a clear procedure of service, adequate means and infrastructure, and giving the newest information on agriculture cultivation that can develop new innovations.

Based on the result and discussion done by the researcher, important findings were obtained when after local autonomy being forced, number, quality and competency of the agricultural extensions were going down so that the quality of service given to farmers were going down also. Nowadays, the numbers of functional officials (extension) are 11 persons in regency (Regency), 42 in sub districts (kecamatan) and 147 in village (desa). The job area of KPSDMP-KP consists of 42 sub districts and 424 villages, it is practically that each extension is demanded to serve 2-3 villages. They rarely obtain intensive trainings that influence to the quality and competency, which tend to be stagnant

Model of agricultural extension development in the framework of increasing the quality of agricultural extension that can be given by the writer is to facilitate with information system and intensive training in order to increase the performance of agricultural extension, so in the end, it will increase the quality of service given. Information system is a set of elements gathering, processing, distributing data that can be used as decision making and control it. In an extension and the sustainability of carrying out an organization, information is just like ‘blood’ when the flow went well; the system went well, too. This information system is important to be developed because 1) Job area of KPSDMP-KP included BPP and Posluhtan which are geographically spread out overall Garut Regency that supported by good information system between existing extensions in regency, sub district and village are badly needed to give the best service to farmers. 2) Number of agricultural extensions is limited. 3) New innovations at agriculture from Agricultural Research and Development Section will be faster to be accessed by KPSDMP-KP. 4) Information system is also important to develop new knowledge on agro business fully. Through these efforts, it is expected that it can increase the performance of agricultural extensions.

6. CONSLUSION

Based on the research result and discussion to the service quality of agricultural extensions in local autonomy era, it can be concluded that:

1. In Zeithaml, et al (1990:26) theory that assurance dimension obtained the lowest score from the respondents. It showed that change of service quality is better started from assurance dimension, in order that the
farmers’ trust will increase to the service given by KPSDMP-KP Garut Regency.

2. The research result on service quality showed that all dimension were on ‘average’ category, it showed that agricultural extensions’ performance was not maximum yet in KPSDMP-KP Garut Regency.

3. The finding showed that after local autonomy era, numbers, quality and competency of agricultural extensions were going down, that service quality given to farmers were going down also. Model of development that can be given is through facilitating the information system completed with intensive trainings to increase the performance of agricultural extensions in order to increase service quality given.

NOTES


Printed Documents

Undang-Undang Republik Indonesia Nomor 25 Tahun 2009 tentang Pelayanan Publik
Keputusan Menteri Pendayagunaan Aparatur Negara Nomor 25/M.PAN/2/2004 tentang Pedoman Umum Penyusunan Indeks Kepuasan Masyarakat Unit Pelayanan Instansi Pemerintah
Peraturan Daerah Regency Garut Nomor 9 Tahun 2004, tentang Pembentukan Lembaga Teknis Daerah
JOB STRESS AND ITS INFLUENCE TO EMPLOYEE’S PERFORMANCE

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Abstract

Achievement of the goals of an organization can be done without significant obstacles in any event, if the coaching of employees or employees conducted in such a manner, such as the relationship between employee, supervisor and subordinate relationships, maintaining a work environment and do not miss about stress management, this needs to be done because many this is a factor influencing performance. To achieve the objectives of this organization needs qualified human resources.

The purpose of this study was to describe comprehensively about the level of job stress and employee performance and the influence of both these variables within the Municipal District Office Ujungberung using descriptive survey research method approach in which this study focuses on one object by describing specific, concrete.

Based on research results of general staff stressed enough in carrying out everyday tasks is shown with the acquisition of things the average score of 53.91%, and employee performance Ujungberung Bandung District Office is good, this is indicated by an average score of acquisition amounted to 80.28%, based on analysis results from this study can be told.

Keywords: employee performance, job stress of employees

1. INTRODUCTION

Bad working life quality can cause stress in the office. Job stress is a general terminology which refers to stress and problems faced by every person in his or her working life. The concept of stress has positive and negative meanings. If people can arrange and manage stress well, so it will grow spirit and motivation to work psychologically. However, excessive stress will distemper physically or non-physically.

A sustainable stress at higher and average level will be disfunctional, which means that it will inhibiting performance. It happens because the employee uses more energy and mind to reduce and fight stress that goes on inside her/him than doing the work that is responsible for. While stress at low level up to average level but not sustainable, it is functional, which means it can improve the ability to achieve higher because the employee works in a stressfull situation. In such kind of situation, the employee often does his or her work better, more intensive and faster.
Governance paradigm currently refers to a professional, honest, fair and transparent governance apparatus performance in carrying out government affairs, development and social affairs. Therefore, figure of the government apparatus or public servant becomes very important because they are the main key to the smooth wheels of government, particularly in the effort to implement vision, mission, and strategy of the development. Talking about Public Servant in Indonesia, people tend to see that the number are much, lazy, and no skill. Those characters are formed by many things which connected one another, start from the first step of selection, uncertain career path, incorrect assessment of the work, low income, lack of professional attitude, and so on.

It is important to discuss on job stress related to organization nowadays, because:
1. Stress problem is a hot issued discussed currently, and its position is very important related to work productivity of the employees.
2. Stress is influenced by the factors outside and inside of the organization. Therefore, its existence should be aware and understood.
3. Understanding of sources of the stress completed with how to overcome it is very important for the employees and anyone who involved in an organization for the sustainability of health and effective organization.
4. Many of us are certainly part of one or few of organizations, whether as upper level or staff have ever been stressed even in a very low level.
5. In progress era, people are getting busier where work equipments are more modern and efficient. In another side, work load in each organization is getting more. This condition certainly demands more energy of the employees. It causes stress in high level.

Issues on job stress are basically connected to the stress happens in work environment, it is the interaction process between a staff with his or her work aspects. Talking about stress, we need to understand first the meaning of stress in general.

Gibson et al (in Yulianti, 2000) said that job stress is conceptualized as respond and stress as stimulus-respond. Stress as stimulus is an approach that emphasizes on environment. Stimulus is defined as a strength that stress on an individual to respond the stressor. This approach sees stress as a consequence of interaction between environment stimuli with individual respond. Stimulus-respond approach defines stress as a consequence of interaction between environment stimuli with individual stress. Stress is not only as a stimulus or respond, but as a result of unique interaction between environment stimulus condition and individual tendency to respond.

Luthans (in Yulianti, 2000) defines stress as a respond to adapt which is influenced by individual differences and psychological process as the consequence of action environment, situation or an event which too much demand psychological demand and individual physical. Then, it can be concluded that job stress appears because the demand of environment and respond of each individual to face it is different.

Job stress problem in a company organization becomes an important syndrome to observe since a demand to be efficient is appeared to work. As
the consequence of job stress, people tend to be nervous, increased tension in emotion, thinking process and individual physical condition. Besides, as the result of job stress, employees feel some stress syndrome that can threat and disturb their job implementation such as: easy to get mad and aggressive, can’t be relax, unstable emotion, doesn’t want to cooperate, not to be involved in and problem to sleep or insomnia.

2. BASIC THEORY

A. EMPLOYEE STRESS

Stress problem in an organization becomes an important syndrom to observe since the first occurrence of the demands to be efficient of the job. The impact of stress can make people not confident, feel chronic anxiety, increased tension on the emotional, thinking process and the individual condition. Moreover, as the result of job stress of the employee, some experience stress syndrome that can threat and disturb work implementation such as easy to get mad and aggressive, can not be relax, unstable emotion, donot want to cooperate and involve in, and problem in sleeping.

Mangkunegara (2008) explained that:

“Job stress is a stressful feeling experienced by an employee when working. It can be seen from the symptom such as unstable emotion, uneasy feeling, prefer to be alone, hard to sleep, excessive smoking, can’t be relax, nervous, high blood tension and impaired digestion”.

Suprihanto, et al. (2003) stated that "from the point of view or organization, management might not be worried when their employee feel a mild stress. It is because that at a certain level of stress, it will give positive effect, since stress can push employee to carry out a better job".

However, at high level of stress or a prolonged mild stress will decrease employee’s performance. Mild stress might be profitable for organization, but from individual’s point of view, it is not a desirable thing. So, management will thin to obligate a mild stressfull task to motivate the employees, but this will be felt as a stress by the employee.

Based on the explanation above, it can be concluded that stress is caused by an imbalance between personal characteristics of the employee and its work aspects characteristics and it can be happened to every work condition. The existence of some specific attributes can influence endurance stress person. The measuring rod of an employee’s stress which was researched here are as followed:

- Labor conflict
- Work load
- Work time
- The characteristics of duties
- Leadership influence
B. EMPLOYEE PERFORMANCE

Keit Davis (in A.A. Anwar Prabu Mangkunegara, 2008) stated performance as:

- Human Performances = Ability + Motivation
- Motivation = Atitude + Situation
- Ability = Knowledge + Skill

Psychologically, an employee’s ability consists of intellectual quotient (IQ) and real ability (knowledge + skill), it means that an employee has IQ above average ability (110 – 120) completed with adequate education for his or her position and able to do his or her daily works, he or she will easier to achieve the desired performance. Therefore, an employee should be placed based on his or her expertise. The application to employee performance is an employee work appropriate to his or her expertise.

Based on the explanation above, there are some dimensions to measure an individual performance in sub district office (Sedarmayanti, 2007) which was used in this research, they are as followed:

1. Work achievement: is the work result of an employee to do his or her works qualitatively or quantitatively.
2. Expertise: is level of technical ability owned by an employee to run work that charged him or her. This expertise can be in form of cooperation, communication, initiative, et cetera.
3. Attitude: behavior and attitude of an employee which are adhered to him or her and brought when running his or her duties. The definition of attitude included honesty, responsible and discipline.
4. Leadership: is an aspect of management and art to influence others to coordinate fast and accurate work including decision making and priority determination.

C. RESEARCH FRAMEWORK

There are some reasons why is the performance of Public Servant so bad beside their income is still less worthy and weak enforcement of rules. Moreover, to improve the quality of work, we should use a rigorous performance appraisal system that can be applied to the state apparatus, but still should be supported with the elements that can give a good working motivation such as adequate payroll system and decent work facilities, conducive environment to achievement and guarantee for definite career development.

Observation result of this research was inadequate working condition that can be seen from office’s means and infrastructure such as its space, cleanliness, and other facilities, some government officials who work in Ujungberung District, City of Bandung West Java Province haven’t implemented their duties as expected. This can be showed from the employees’ performance that working there are still low.
Sub district (here in after is kecamatan) is as the spearhead of service to public. We need some efforts of sub district’s apparatus to prepare themselves and have high working ability. Therefore, each public service done should be implemented effectively and efficiently that will determine whether in accordance with the demands of society.

The purpose of this research was to know the level of job stress of the employees in office of Ujungberung District, City of Bandung West Java Province. The research framework in this research is described as followed:

![Research Framework](image)

3. **RESEARCH METHOD**

   **A. METHOD USED**

   Based on the purpose, the method used here was Case Study, where the researcher only focused on an object which describing specifically, concretely and by locus. According to Rusidi (2003) who said that a research method will depend on the purpose and goal of the research, if we intend to describe specifically, concretely and by locus, the research method is case study, if we intend to describe generally, in abstract and universal, the research method is descriptive survey, but whenever we would like to explain its phenomena, it will be explanatory verificative.

   **B. OPERATIONAL VARIABLES**

   Operational variables influence the variables which will be studied in this research can influence the influence of job stress (X) to apparatus
performance (Y). Job stress indicators can be seen at Table 1, while performance indicators can be seen at Table 2.

Table 1 Job Stress Indicators

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<tr>
<th>Variable</th>
<th>Sub Variable</th>
<th>Data Indicator</th>
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<td>1. Supervisor relationship with sub ordinate</td>
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<td>2. Justice boss</td>
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<td></td>
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<td>3. Anxiety because of mutation position</td>
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<td>4. Unhealthy competition among employees</td>
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<td>5. Unfavorable rating from the community to work</td>
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<td>6. Coordination of work targets</td>
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<td>7. Patience in working</td>
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<td>8. Makes mistakes in work</td>
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<td>9. Compensation that does not comply with work</td>
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<td>10. Family support on job</td>
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<td></td>
<td>Work Conflict</td>
<td>1. Targeting work that is too high</td>
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<td></td>
<td>2. Job demands are too high</td>
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<td>3. Pressure of work rules</td>
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<td>4. Fatigue in working</td>
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<td>5. Work responsibility</td>
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<td>6. Benefits that are less in accordance with work load</td>
</tr>
<tr>
<td></td>
<td>Working time</td>
<td>1. Setting a target date of completion of work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Job scheduling</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Working period</td>
</tr>
<tr>
<td></td>
<td>Work characteristic</td>
<td>1. Boring job</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Lack of clear information in carrying out of the work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Facilities to support completion of the work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Work procedures that hinder the completion of work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Challenge in working</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Suitability of the job position</td>
</tr>
<tr>
<td></td>
<td>Leadership influence</td>
<td>1. Leadership attitude</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Participation in decision making</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Supervisor assessments of performance results</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Approval of supervisor in the completion of work</td>
</tr>
</tbody>
</table>
### Table 2 Employees Performance Indicators

<table>
<thead>
<tr>
<th>Variable</th>
<th>Sub Variable</th>
<th>Data Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Work</td>
<td>1. Number of jobs that can be finished</td>
</tr>
<tr>
<td></td>
<td>Achievment</td>
<td>2. Work quality</td>
</tr>
<tr>
<td>Expertise</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Technical ability in performing their duties</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Ability to cooperate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Communication ability to finish the job</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Initiative in completing job</td>
<td></td>
</tr>
<tr>
<td>Attitude</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Honesty in performing the duties</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Responsible to work</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Discipline in performing duties</td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1. Ability to coordinate in completing jobs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Speed and accuracy in decision making</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Abilities to determine priorities in performing their duties</td>
<td></td>
</tr>
</tbody>
</table>

C. **SAMPLE**

This research sample was the employees in Sub District Office of Ujungberung, City of Bandung. Sugiyono (2007) states that “sampling technique is a technique to take a sample by determining the number of sample that will be used in a research and there are various sampling technique used”. Based on the number of employee population in Sub District Office of Ujungberung, City of Bandung, the number of overall populations was 30 persons that as the research sample by using saturated sampling technique.

D. **DATA ANALYSIS METHOD**

The collected data processing from interview and questionnaire were classified into 3 steps, they are: tabulation preparation and application of data on research approaches by collecting and checking the completeness of questionnaire and checking for correctness the way how to fill. Then, questionnaire result was tabulated and scored based on determined assessment system. Closed questionnaire used ordinal scale 5, the score obtained was indicator for independent variable pair (X), it was Job Stress, and dependent variable (Y), it was apparatus performance. Data of tabulation result was applied to research approach that was used appropriate to the purpose of the research, to know the factors influence employee performance through data processing by analysing respondents’ attitude to each questionnaire to see the assessment result (positive/negative) using Likert’s Summated Rating with five options and each level was scored.
Data analysis used here, consisted of two kinds, they are: (1) Descriptive Analysis for qualitative variable and (2) Quantitative Analysis is in form of hypothesis testing using statistic test. Quantitative analysis was stressed on to cover research variable attitude, while descriptive quantitative variable was used to find out the causal factors. By using analysis method combination gotten a comprehensive generalization. This research used Rank Sperman Correlation analysis method. Sugiyono (2007) stated "Rank Sperman Correlation is used to find out the correlation or to test signficancy of associative hypothesis”.

4. RESULT AND DISCUSSION
A. JOB STRESS LEVEL

Stress is something related to interaction between individual and environment, it is interaction between stimulation and response. So, stress is consequences of each action and environmental situation that caused excessive psychological and physical demand of someone. Stress which is experienced by an employee is caused by the environment faced that will influence his or her performance and work satisfaction, so that he or she needs an organizational environment for employees. The first variable is stress variable of employees in Sub District Office of Ujungberung, City of Bandung that was a factor determine performance. Stress level variable assessment of employees in Sub District Office of Ujungberung, City of Bandung based on variable of work conflict, work load, working time, work characteristics, and leaderships influence.

To get general description of recapitulation result of each indicator that had been put into percentage average recapitulation to each sub variable of employee job stress, then recapitulation of whole indicators was processed as in table of research variable operational (see Table 3).

<table>
<thead>
<tr>
<th>No</th>
<th>Indicator</th>
<th>Average Score (%)</th>
<th></th>
<th></th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Expectation</td>
<td>Real</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Work Conflict</td>
<td>100</td>
<td>53,53</td>
<td>Average</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Work Load</td>
<td>100</td>
<td>49,33</td>
<td>Poor</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Working Time</td>
<td>100</td>
<td>62,89</td>
<td>Average</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Work Characteristics</td>
<td>100</td>
<td>52,11</td>
<td>Average</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Leadership Influence</td>
<td>100</td>
<td>51,67</td>
<td>Poor</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>500</td>
<td>269,53</td>
<td>Average</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Percentage Average</td>
<td>100</td>
<td>53,91</td>
<td>Average</td>
<td></td>
</tr>
</tbody>
</table>
Based on recapitulation table of respondents’ assessment result to employees’ job stress level in Sub District Office of Ujungberung, City of Bandung above, from 30 respondents, the employees were generally stress, it was from the respondents’ answer, it can be concluded that they were stress performing daily work. It can be shown from average score in amount of 53,91%, based on the analysis result, it is because work load and leadership influence where work load as the cause of boredom and the leader who was to pressure because duties implementation is the leader’s responsibility.

B. EMPLOYEE PERFORMANCE

The existence of target for each work that should be produced by each employee to produce work which is really appropriate to organization expectation, so that they will attempt to pay attention to the factors influence performance in this research were work achievement, competence, behavior and leadership they were achieved by using knowledge, skill and ability they have. To know those factors, this research used a measurement, employee performance, it is expected to know how the employees’ work result seen from their works implemented. The result will be described as followed.

To get general description of respondents’ responses recapitulation result to each indicator had been put into percentage average recapitulation of respondents’ statement result to each sub variable of employee performance level, then it will be recapitulated overal (see Table 4).

Table 4
Percentage Result Recapitulation of Respondents Response to Employee Performance

<table>
<thead>
<tr>
<th>No</th>
<th>Indicator</th>
<th>Average Score (%)</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Expectation</td>
<td>Real</td>
<td>Performance</td>
</tr>
<tr>
<td>1.</td>
<td>Work Achievement</td>
<td>100</td>
<td>81,33</td>
<td>Good</td>
</tr>
<tr>
<td>2.</td>
<td>Competence</td>
<td>100</td>
<td>80,00</td>
<td>Good</td>
</tr>
<tr>
<td>3.</td>
<td>Behavior</td>
<td>100</td>
<td>75,33</td>
<td>Average</td>
</tr>
<tr>
<td>4.</td>
<td>Leadership</td>
<td>100</td>
<td>80,89</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>400</td>
<td>320,56</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td>Average Percentage</td>
<td>100</td>
<td>80,28</td>
<td></td>
</tr>
</tbody>
</table>

Based on the table above, it can be known that employee performance of 30 respondents in Sub District Office of Ujungberung, City of Bandung was good. It is shown that in general, the performance employees of Sub District Office of Ujungberung, City of Bandung was good and shown average score in amount of 80,28%, based on the research result, it is said that in general,
the employees are stress to work as previous analysis result, however, it doesn’t influence the performance, as it is caused by boredom and authoritarian leadership as the reason is the task implementation become the upper level responsible, so that the act authoritarian to the staffs or employees.

C. THE INFLUENCE OF JOB STRESS TO THE LEVEL OF PERFORMANCE

To identify the influence of job stress variable and performance variable of the employees and to predict the tendency happened to the change of job stress variable and performance of the employee, we should analyze the technique.

Based on the calculation by using Spearman correlation, it can be known that coefficient correlation \( r = -0.66 \), according to Guilford, it means that there is a strong relationship between job stress and performance employees, the higher job stress of the employee, the lower of employees performance and vice versa.

Coefficient Determinant (KD) is 43.26\%, it means that job stress influences employees performance in amount of 43.26\% and the rest 56.74\% is influenced by external factor out of employee job stress such as organization culture relationship, work environment, leadership style, communication channel, and so on.

With Z score table \( n = 30 \) for 5% standard error in amount of 0.364 dan 1% standard error in amount of 0.478, so Z score = 3.54 is bigger than Z table in 5% and 1% standard error, it means that zero hypothesis is rejected and accept alternative hypothesis. It can be said that there is negative and significant influence of job stress to employee performance.

D. DISCUSSION ON ANALYSIS FINDING

Job stress can give positive and negative impact for a company or an organization. But, at certain level, positive impacts are expected to be able to encourage the employees or staffs to finish their duties as well as they can. Reaction to job stress can be psychological or physical reaction. Job stress can be avoided without accepting its negative impacts. Stress management is more than how to overcome it in adaptive and effective ways. It is almost important to the way how face what should not be done and what should be tried to. Some people with stress in the office are caused by competition and dislike feeling of other partners in work, they often compensate stress by working hard and excessive. It is not an effective way and doesn’t give any impacts to solve stress problem, it will cause another problem so far. Before entering to more specific ways to overcome certain stressor, we should consider some manual to encourage change and tackling.

Understanding of basic principles is the most important part in order that one is able to design a solution to problems come up which is especially
related to stress causal when working in the office. In relation to working place or office, stress can arise at multiple levels, parallel from inability to work well in certain role because of misunderstanding of the staffs or upper level. In addition, lack of skill especially management skill and dislike someone whom have to work with closely as the cause of stress.

At a certain job stress level, it will give positive impact because it will encourage the employees to work better. However, at high job stress level or prolonged mild stress will make employees' performance go down. Mild job stress perhaps will give benefit to organization, but from individual point of view, it is not what is expected to. Management section will think to give a mild stressful job to encourage the employees or the staff, but instead it will be felt as stress by the staffs. Then, a precise approach is needed to manage stress. There are two approaches 1) individual approach and organizational approach.

1. Individual Approach
   A staff can make his or her way to reduce stress. An individual strategy is effective enough through time management, physical exercises, relaxation, and social support. A good time management can make a staff able to finish work well without the hasty pace of work demands. Physical exercises can improve the condition of the body to stay fit so that able to face a hard work. Besides, it can reduce stress faced by the workers and applied when feeling relax. And the last strategy reducing stress is by gathering friends, colleges, family whom can give supports and advise to him or her.

2. Organizational Approach
   A few of stress are the demand of work and role and organizational structure as well which are controlled by management, so that those factors cannot be changed. Therefore, the strategies might be used to reduce stress are through selection and placement of employees, goal setting, job redesign, participatory decision making, organizational communication, and welfare program. Through those strategies, employees obtain an appropriate job with their ability and work for the goals the wish for, get a health intrapersonal relationship and maintain psychological and physical condition as well.

5. CONCLUSIONS AND SUGGESTIONS
A. CONCLUSION

Based on the research and discussion on Analysis of Job stress to Employees Performance, which was as case study in Sub District Office of Ujungberung, City of Bandung, West Java Province it can be concluded that: 1. In general, the employees of Sub District Office of Ujungberung, City of Bandung felt stress enough in implementing the duties. It can be shown from the average score gotten 53.91%, based on that analysis, it was caused by work load and the influence of leadership’s stress, while for the
performance of employees of Sub District Office of Ujungberung, City of Bandung was good, it is shown by the average score gotten 80.28%. It means that although the employees feel stress to work generally, but they still can perform well.

2. Based on the analysis result, it could be known that coefficient correlation \( r = -0.66 \) according to Guilford, it means that there is a strong significant and negative relationship between Job stress (x variable) and Employees Performance (y variable). It means that the higher is the level of employee’s stress, the lower is employees performance and vice versa. Coefficient determinant (KS) is in amount of 43.26%, it means that job stress level influences employees performance in amount of 43.26% and the rest 56.74% is influenced by external factor out of the employees, for instance, organizational culture relationship, work environment, communication channel and so on.

**B. SUGGESTION**

To reduce stress, it is better that the employees should familiarize discipline of good time management, physical exercises fitness, and relaxation, and also the leader or upper level should better guide, motivate, interact the employees. As long as those strategies are good and make benefit to both sides, it should be familiarized and managed well also. Besides hearing the employees’ complaint and informing all information related to employees and duties affairs in implementing their duties or even related to organization.
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CAPACITY BUILDING AS THE CORE OF LOCAL GOVERNMENT PERFORMANCE

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Abstract

The implementation of decentralization in Indonesia is still becoming an interesting study until now, irrespective of controversies in the initial stage of decentralization law enacted but GOI is successful in making an important step to give wider authority to local government in the beginning of year 2000. However, there are still various weaknesses concerning the aspect on management of the local governance and the impact to society. One of the aspects where it was able to set an indication of efficacy in the level of attainment of local autonomy is on its the Human Development Index (HDI), Sumedang District rank only eighth among 23 Districts/cities in West Java Province (Bappeda Kab Sumedang, 2005). Meanwhile, the dependency of Sumedang District to the central government remains high. It can be seen from the local budget which is dominated by central government’s assistance constituting almost 90% with only around 10% come from Local Revenue. Based on research conducted on July-September in 2006, from nascent as the lower capacity performance to expand level as the higher level, there are 11 out of 16 indicators still lay on emerging level.

Keywords: Capacity building, Decentralization, Local Government performance

1. INTRODUCTION

Theoretically, decentralization is an attempt to bring government closer to local people and encourage the emergence of more democratic local government. Decentralization should be able to improve local people participation and even more responsive to people need. However without followed by local democracy, the implementation of decentralization and regional autonomy only transferring centralization and corruption from central to local level. In the last three decades where democracy is becoming global standard, decentralization believed as one of important vehicle to achieve it. Not only for some countries which struggle with basic standard need: education, health, poverty or even corruptions also for countries which succeed maximized local resources overcome those. Therefore together with democracy wave, decentralization will be unavoidable. Decentralization runs as wave swiping without any limitation started from developed country to developing country, rich country to poor country and democratic country to
authoritarian country. World Bank noted almost 95% of Democratic Nations implemented decentralization on local government: “People around the world are demanding greater self-determination and influence in the decision of their government. Some 95 percent of democratic countries are evolving politic, fiscal, and administrative powers to sub-national governments…” (World Bank Report, 1999/2000).

The persistent demand of decentralization implementation based on several countries experiences in the world, especially the third world countries, which centralization had constraint local government role in giving a good quality of public service. On one side, the central government is not able to overwhelm the entire wide and complex governance matters. Furthermore, this will be very complicated to a nation which has wide area, numerous population, as well as ethnic, culture and language complexities. This is parallel between Bowman and Hampton (1984) saying that “…no central government of a large state can effectively decide what is to be done in all spheres of public, nor can it implements its politics and program efficiently in all areas”. From the fact above, it is likely that countries make decentralization as the best answer for various problems in a nation, both related to economic development, democratization climate development, good government realization, delivered service enhancement and as an effort to maintain the unity of a nation. The more complex problem facing by a nation, the more demand of high flexibility and responsibility governance to catch occurred alterations globally or local. However, if we discuss decentralization, it will unable to release from the analysis of intergovernmental relation. Therefore the interrelatedness among centralization-decentralization is two different side of a penny which un-separated in analyzing decentralization.

However, if we discuss decentralization, it will unable to release from the analysis of intergovernmental relation. Therefore the interrelatedness among centralization-decentralization is two different side of a penny which un-separated in analyzing decentralization.

Despitefully, massive growth of science and knowledge in the early 21st century influencing all kind of life aspects such as social, politic, and economic that demanding government’s ability to adapt rapidly. Shah (1997) said that Nations with such alteration is categorized as transition Nation like in eastern and central Europe, former Soviet Union as well Latin America, Africa and Asians’ countries. Auxiliary Shah described the tendency of government structure alteration in 20th heading to 21st century as following:
Table 1
Governance Structure: 20th Century and 21st Century

<table>
<thead>
<tr>
<th>20th Century</th>
<th>21st Century</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Unitary</td>
<td>● Federal/nonfederal</td>
</tr>
<tr>
<td>● Centralized</td>
<td>● Globalized/localized</td>
</tr>
<tr>
<td>● Center manages</td>
<td>● Center leads</td>
</tr>
<tr>
<td>● Bureaucratic</td>
<td>● Participatory</td>
</tr>
<tr>
<td>● Command and Control</td>
<td>● Responsive ad accountable</td>
</tr>
<tr>
<td>● Internally dependent</td>
<td>● Competitive</td>
</tr>
<tr>
<td>● Close and Slow</td>
<td>● Open and Quick</td>
</tr>
<tr>
<td>● Intolerance of risk</td>
<td>● Freedom to fail/succeed</td>
</tr>
</tbody>
</table>

Source: Shah (1997)

In East Asia itself, decentralization becomes a fundamental transformation in the government structure since 1990’s. Before 1990, almost all countries in East Asia are implementing centralization system (White and Smoke: 2005). Despite that decentralization in East Asian countries relatively slow than others in the world, both in America, Europe, Latin America and a few of African’s countries. However it is also be said that decentralization leaps were occurred in several countries in East Asia such as Philippines and Indonesia. As well as the decentralization process is gradually occurred in Cambodia, Vietnam and Thailand where those countries were have already enhancing the service delivery and public participation at the local level.

Nevertheless, it doesn’t mean that decentralization implementation in East Asian countries run smoothly. There are fundamental problems facing by these countries in implementing it, both related on authority distribution between central and local government, governmental organization structure, financial sharing system, accountability and management on natural and human resource as well as its capacity management aspect.

In Indonesian context, capacity building turns out to be an essential issue since decentralization was raised in 2001. At one side, it is considered that capacity building is an absolute requirement of decentralization policy in Indonesia. But on the other hand, it felt that capacity at the local level is weak at the same time creates an anxiety of failure in the implementation of the system in the country. Therefore, when decentralization was implemented, the local capacity is in a weak condition. That is the reason why decentralization in Indonesia moving very slowly.

The importance of decentralization has been advocated in Indonesia has a long story; local autonomy schemes were regularly introduced. The new chapter of local autonomy in Indonesia began in the reformation era in 2000 marked by Law number 22 on 1999 concerning Local Government. This Law was believed to able to bring fundamental alteration and wide spread in executing local government in Indonesia. The hope is reflected from the existence of drastic alteration both concerning management-relations among the central government, a province and district/city, an authority distribution among government tiers, a financial sources management, the human and natural resources management, a local legislative role, an evaluation and monitoring mechanism, a management concerning village government, etc.
However inappropriate prepared, not well organized, unprepared local capacity and also half baked on implementation of decentralization caused it execution was marked by various misuses. As a consequence, the gap between the objectives and the results remained wide. Miss understood on definition of local autonomy among LGUs has raised concern about increasing conflicts that might be lead to the nation’s disintegration.

From the observation of the implementation of decentralization from 2000 to 2005 it can be listed general symptoms of negative impact; Intergovernmental relation between central-local still vague, there is still a central interference concerning on local natural resources. Other hindered to implement decentralization fully is imbalance human resources allocation between the central and the local where the potential human sources are more to the central. Though almost two million central officers had been dispatched to local government but for most LGUs especially for isolated area the local officers often hinder the successful to implement decentralization.

In financial aspect, the local resources are handled by the central government and there is imbalance in monetary dividing between those for the central and the local yet among the local government units (LGUs). For instance, the revenue sector is beyond proportional where central government gets 82% from total input and local government only gets 18%. On expenditure sector, the counter balance is no more proportional where for the central output allocation reaches 83% from output total while local only spends 17% from the available input (Nyoman, 2005).

On the other hand, the district/city government dependency on central government in Local Budget (Anggaran Pendapatan dan Belanja Daerah/APBD) structure is still high. This is reflected from allocation of APBD sources (more than 85% from APBD structure) obtaining from central government assistance both on form of the General Block Grant (Dana Alokasi Umum/DAU), the Specific Block Grant (Dana Alokasi Khusus/DAK), the Sectoral Block Grant (Dana Alokasi Sektoral/DAS) and another assistance in the form of deconcentration, also fund of the assistance task Dana Tugas Pembantuan (Smeru report, 2003).

As well as re-arrangement on local government structure, local elite feels to having the right in determining the structure form and size of the development aiming without taking consideration on monetary ability, local potential, and human resources. As a result local budget allocation is more permeated for the expense of public than increasing the service quality to people.

Another primary problem from narrow comprehension of local autonomy is the tendency of local elite to develop the region through provincial or district extension reasoned to enhance service quality towards the people. In fact, the region extension is solemnly based on elite’s political

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2 Several conflict emerged between the province and central government in Riau Province, involved the management of oil and gas resources that is controlled by central government. In this case, the region demanded that the oil and gas resources should be managing by local government. The other problem is the mining of sand that is allowed by central government but rejected by the region because it’s destroys the environment. Later it became worse when sand mining management controlled under local government. Financial sharing between national-local government on natural resources up to now still being debate upon.
interest to get new position at a new region then it produces burden to the local government also the central government, for example the budget to build a new infrastructure, an executive functionary subsidy and a salary also a legislative needy, plus an operating expenses etc.

The number LGUs in Indonesia since 2000 was increase significantly; the number of regency (kabupaten) and town (kota) increase 99 and seven new provinces were established. In 2001 the amount of districts and cities in Indonesia reached 341, while the amount of province 26 and in 2002 it became 370 districts and cities. Such condition clearly influencing on government budget, hence obviously lessen the quality of public service. The phenomenon strengthened by the fact that most of the local governments in Indonesia allocated 77 % of its budget (APBD) for the government expenditure and only 23% are used for the expense of public service and development (Sadu, 2001). Moreover, the fact also shows that local autonomy which aimed to make government more honest and efficient by provide better public goods and services for local citizens still far away. Increasing new LGUs post local autonomy which embarked in Indonesia since 2000 unfortunately not followed by increasing life quality index at local level. In fact acceleration on LGUs number in line with increasing a pace of poverty and also a number of under-developed district indeed. In 2006, almost two hundred LGUs or 22.6% classified as under-developed districts, among others around 62% or 123 districts are reside in Indonesia East Region, 58 districts in Sumatra and 18 districts in Java and Bali (Harian Kompas 25/8/2006).

Another hinder problem on local autonomy implementation laid on narrow perspective on local autonomy among LGU’s; in terms of natural resources management which if not taken into account and anticipated properly will be contra-productive for national development. Pursuing the short-term interest in order increasing local revenue, Ignoring the environmental impact, excessive, and lacking of well-planning on natural resource management became a serious problem on local autonomy implementation. Though environmental crisis in Indonesia began during the New Order era and escalated during the reform era. But decentralization contributes significantly in affecting the environmental crisis as well as nation debt and globalization. The narrow comprehension on local autonomy is also causing local elites tends to drive uneconomically and inefficient in managing a local resources.

The full implementation of Law 22 of 1999 in 2001 resulted in a huge influx of local regulations drafted in Indonesia. This law mandates that the central government review local regulations and the review burden are high. Nationally, there are 415 local governments, resulting in the issuance of 6,000 local regulations. In 2002, a decentralization cite this drafted 653 local

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3 Tremendous environmental problem in Bangka Belitung when ex-tin mining which exploded during reformation era and left deep wells that contributes on malaria diseases in this area, The flash flood in Bahorok, Kabupaten Langkat, North Sumatra claimed 132 lives and destroyed 450 houses, 35 hotels, 2 mosques and 8 bridges (The Jakarta Post, November 9, 2003). This disaster followed other disasters such as the landslide in Garut at the beginning of 2003, which claimed 21 lives. At least 26 people died and 17 were missing after the landslide in Pacet, East Java at the end of 2002 (The Jakarta Post, March 6, 2003). Residents of Garut and Pacet are reportedly suing Perum Perhutani and the government for failing to stop legal and illegal logging in the surrounding protected forests. These natural disaster is also believed to have been caused by deforestation and illegal logging

regulations, 51 on trade and commercial sector formulated by 14 local governments, 27 on public works formulated by 12 local governments, 14 on health formulated by 10 local governments, and 14 on education formulated by 9 local governments. These Local government decrees emerged as an addition burden for Ministry of Home Affairs. In terms of local decrees, local governments must submit local regulations to the Ministry of Home Affairs, not to the relevant ministry. Therefore Ministry of Home Affairs will send these local decrees to the relevant ministry however it considerations are very slow in responding to and reviewing local regulations that they receive from the Ministry of Home Affairs.

Moreover decentralization is highly complex and multi-dimensional phenomenon. Since it holds great promises and challenge in the same time hence decentralization process and result can be carried out in various ways. Moreover for Indonesia as archipelago countries featured by various geographical landscapes, around three hundred ethnic and using different mother languages, variety of religion, those affected on it implementation. Hence the process and the progress of it implementation will differ from one LGU to another. Though in global observed is deniable that it progress tend to be similar there is no fundamental transformation in terms of the public provisions. Due to Decentralization Survey on 144 districts/cities in Indonesia (Decentralizing Indonesia report, 2004) almost 50% of respondent presumed that public services on education and health is remain similar with pre local autonomy, while 39% believed that public services improved slightly post local autonomy, on the other hand 6% of respondent assumed that its worsen after local autonomy enacted. Despite decentralization is not an end but a process leading to provide better public services but this survey explained clearly that remarkable effort needed to make significant progress on post it implementation. Looking deeply on it survey seemed that with or without decentralization, local citizens remain left behind. Therefore observation particular region on implementation of local autonomy will be benefits to evaluate progress on it.

The importance of decentralization in promoting good governance is also stated by White and Smoke (2005) that decentralization is already affecting prospect for economic development, possibilities for ”good governance” in country institution, and in the quality of service delivery, especially for the poor.” To realize the balance decentralization also understood as a perfect way to create harmonic relationship between stakeholders’ components on governance process. As figure by Kimura (2006):

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5 Jembrana is one of District in Bali Province which succeed provide basic public services; education and health freely, on the other hand education and health cost remain high in most LGU post local autonomy.
2. CAPACITY BUILDING AND LOCAL GOVERNMENT PERFORMANCE

Except of miss-coordination among national ministries, all hinder factors on local autonomy implementation addressed on lack of local capacity which became a major issue at the early stage. Local capacity building emerged as a key words and never-end debatable topic when discussion on local autonomy in Indonesia started. Constraints factors observed on local capacity as mentioned before are: lack of conceptual understanding on local autonomy; short-term orientation of public sector agencies; vague assignments of tasks and functions to agencies and individuals; lack of results and performance orientation; lack of local agencies collaboration; most LGUs were lack of accurate and reliable data; frequent institutional changes and staff rotation, lack of programs of the central government to support capacity building in the regions (Rohdenwohld, GTZ–SfDM paper).

However it is not easy to find an absolute definition of capacity building, because Capacity-Building has a great coverage and has different meanings in every context, such as in NGO, business organization and government organization.

From the definition above it can be comprehend that capacity-building in definition as a process of creating "learning" organization. As stated by Morrison (2001) that capacity-building can be seen as “a process to
Induce, or set a motion, multi-level change in individuals, groups, organizations and system seeking to strengthen the self-adaptive capabilities of people and organizations so that they can respond to a changing environment on an ongoing basis.

In government context, capacity refers to individual or organizational ability in implementing the function and achieving of government aims. Therefore, capacity building is more than just a technical competence or availability of human or financial sources competently. Capacity is also measured quantitatively but in governance and service delivery context, it is often seen on the perspective on how the decision was made, the quality of public service supplied, as well as the results and what kind of outcomes will be realized.

According to UNDP (1998), capacity building covers three different levels: individual level, organizational level and system level as described in this figure:

In wider prespective, capacity-building is not only covering organizational involvement aspect or community alone in governance process but also individually. Therefore, each individu has right and obligation to build his self capacity then involving himself in governance process and development. Related on the matter above, Eade defined: “capacity building is marked by its own fundamental beliefs: that all people have the right to an equitable share in the world’s resources, and to be the authors of their own development; and that the denial of such right is at the heart of poverty and suffering. Strengthening people’s capacity to determine their own values and priorities, and to act on these, is the basis of development,..... then capacity building is an approach to development.”
As explained previously that capacity-building is an integral part of development. Hence as a part of development, capacity building has strong relations with other development factors as stated by Eade that: “Like development itself, capacity building is concerned with social and political relationship. It can not, therefore, be viewed in isolation from the wider social, economic and political environment- government, markets, and the private sector as well as CBOs, NGOs and other institutions, right down to the community, household, and personal level.” Base on those definition, basically capacity building has several meaning.

A. DECENTRALIZATION AND Capacity-BUILDING

On decentralization study, capacity building become a vital element which should get a serious attention for decentralization principally concerning the strategy to implement governance at local level especially relating to public services and delivery services. In other word, the orientation to increase working performance and quality of public services as well the substantial alteration both legal and political environment in local government are impeller factors of capacity building importance at local level. As stated by GTZ, that “in considerable responsibilities for the delivery of public services, and with substantial discretion in managing resources, the regions can now much better plan and implement programs and activities according to the needs and priorities of the local society. However, these new responsibilities often require a higher level of capacity……” (MfDM report 2005).

Experiences of developing countries in East Asian in executing decentralization also showing the weak of capacity management system and accountability become a very serious challenge. As saying by White and Smoke (2005) that “there are three challenges related to the implementation of decentralization, first is unclear assignment of functions among levels of government; second, the development of robust financial mechanism for channeling money to local government; third, challenge related to the accountability of local government and capacity of their management.”

No matter how good the intergovernmental system between central government and local government can be build but if not balanced with good personnel capacity then decentralization will not effective. Similar to argument of White and Smoke (2005) "The best-design intergovernmental system in the world will not function effectively without sufficient capacity, particularly in the area of human resources".

While capacity limitations have surfaced as an important issue in decentralization processes throughout the developing world, two aspect require particular attention; first, insufficient capacity at the local level is not the only issue; central government in their ability to administer the intergovernmental system and drive the decentralization process effectively; second, capacity-building effort that focus purely – or even predominantly – on the supply side are likely to bring limited success. For capacity expand and endure, reform efforts need to generate effective and ongoing demand for
enhanced capacity at the local level, and to create system responding to that demand.

According to the White and Kimura’s statement above, capacity building should be done comprehensively from the three levels. It means that level system reinforcement both organizational and individual should be executed by synergize and unable to execute only on one level, for instance, only on system level otherwise organization or individual level. However at which level it should be started is very depend on the situation facing by government. It means that local capacity-building not always must be begin from level system later to institutional level and finally the enforcement on individual level. But, strengthening local capacity-building can be done in the contrary which is from individual level. Akin as quoted by UNDP (GTZ report, 2005) that strengthening of capacity building can begin from two directions:

![Figure 3](image)

**Figure 3**
The Process of Capacity-building

### B. DECENTRALIZATION TO STRENGTHEN CAPACITY-BUILDING; LOCAL GOVERNMENT PERFORMANCE IN INDONESIA

Decentralization and capacity building turn into two intertwined parts in decentralization policy in Indonesia, analogous two sides of a coin. Decentralization without capacity support at local level will reveal new problems and give an opportunity for decentralization failure. In Indonesian context, capacity building turns out to be an essential issue since decentralization was raised on 2001. At one side it is considered that capacity building is an absolute requirement of decentralization policy in Indonesia. But in the other hand, it felt that capacity at local level is weak point at the
same time become an anxiety of failure of decentralization execution in Indonesia.

As noticed that decentralization in Indonesia was implemented at the time of the governance condition is very weak, both in central or local level, as the effect of economic crisis occurring since 1997. Besides that, during 32 years of new era governance under Soeharto regime, capacity-building at local level is nearly never realized. Centralization of power implementing by central government was causing the helplessly and dependency of local government to central government, both from decision making, financial and human resources aspects. Therefore when decentralization executed in 2001, the local capacity is in bad condition. That is the reason why decentralization in Indonesia feels like running very slowly.

Furthermore as suggested by UNDP, capacity building in the context of regional autonomy has to include and address three level intervention in order to be effective and sustainable in Indonesia, namely:
1. The system level i.e. the regulatory framework and policies that support or hamper the achievement of certain policy objectives;
2. The institutional or entity level, i.e. the structure of organization, the decision making process within organizations, procedures and working mechanism, management instrument, the relationships and networks between organization;
3. The Individual level, i.e. individual skill and qualifications, knowledge, attitudes, work ethics and motivations of people working.

Besides of covering those three levels, capacity building should be able to alter the patterns of interaction between public sector organization, between public sector and the society, contribute to the development of effective democratic institutions with functioning system check and balances, promoting transparency and accountability through the participation and enhancing culture of service delivery in local public administration institution.

Effort for capacity-building in Indonesia can be divided into three phases: the implementation of multi-donor needs assessment exercise between November 1999 and October 2000, the formulation of national strategy on capacity-building to support the implementation of the decentralization policy between December 2000 and November 2002, and the beginning of efforts to systematically support capacity building in the regions (since late 2003) (Rohdewohld, 2005).

In Indonesian context, capacity building turns out to be an essential issue since decentralization was raised in 2001. At one side, it is considered that capacity building is an absolute requirement of decentralization policy in Indonesia. But on the other hand, it felt that capacity at the local level is weak at the same time creates an anxiety of failure in the implementation of the system in the country. As noted, decentralization in Indonesia was implemented at the time when government condition is very weak, both at the central or local level as the effect of the economic crisis occurring since 1997. Besides that, during 32 years of new order governance under Soeharto regime, capacity-building at the local level is almost absolutely never realized. Centralization of power implemented by the central government was causing the helplessness and dependence of local governments to the central...
government, both from decision making and financial and human resources aspects. Therefore, when decentralization was executed in 2001, the local capacity is in a bad condition. That is the reason why decentralization in Indonesia feels like moving very slowly. Hence, capacity-building must be made a main agenda since decentralization has been implemented in Indonesia. It means that all kinds of policies which are taken by the government should be aimed to increase the capability of institutions and of the people to improve performance and increase efficiency and effectiveness of procedures and processes.

C. SUMEDANG REGENCY PERFORMANCE POST DECENTRALIZATION

Due to the number and variation of differences among local governments, this thesis is not aimed at giving holistic description about implementation of decentralization in Indonesia, on the other hand it is a study case which attempt to reveal how the influence of decentralization toward local capacity in Sumedang Regency. Moreover, it does not try to resolve the whole contradictive phenomenon on its implementation. Instead the thesis explores the recent applied experience of Sumedang Regency as it attempts to run decentralization and deliver beneficial outcomes. The thesis contends that the implementation of decentralization underpins many problems facing Sumedang Regency.

Sumedang is one of the regency in West Java Province, formerly known as district-rural area which largely depends on the agricultural sector for its revenues. Recently, the eastern part of its area grew as a high education site where one of the reputable public universities is located. Hence, in socio-economic terms, Sumedang Regency is representing a complex environment. Moreover, as a developing district which is facing complex problems, it will be interesting to observe how Sumedang implements its local autonomy.

While implementing local autonomy based on new and wider authority since the enactment in 2001, Sumedang focused on enhancing the public service aspect; enhancement of public services, improvement of accountability and transparency, enhancement public participation, and checks and balances mechanism as well. On the other hand, strengthening the local capacity focused on the bureaucracy has become the first priority, after is has been believed to be a key factor in fully accelerating local autonomy. The process includes the production of several significant policies, re-arrangement of the local government structure and improvements on human resources.

However, the various policies which have been implemented by the Government of Sumedang Regency do not mean that it succeeded in implementing local autonomy. There are still various weaknesses concerning the aspect on management of the local governance and the impact to society. One of the aspects where it was able to set an indication of efficacy in the level of attainment of local autonomy is on it’s the Human Development Index (HDI). In comparison with other Regency/cities in West Java, the HDI of
Sumedang Regency ranks eighth from among 23 Regencies/cities in West Java Province (Bappeda Kab Sumedang, 2005).

Meanwhile, the dependency of Sumedang Regency to the central government remains high. It can be seen from the local budget which is dominated by central government’s assistance constituting almost 90% with only around 10% come from Local Revenue.

Three research questions are addressed, they are
1. What is the existing condition of local capacity at Sumedang Regency, does the local government capacity have significant improvements after 2001?
2. What is or are the problems of local government’s capacity during decentralization era?
3. What should the local government do to enhance local capacity under decentralization?

The research question will be answered also explained through interview on Sumedang’s stakeholders which are bureaucrats, politicians, Businessman, Media staffs, Scholars and NGO staff, it should be found the major constraint and the chance for Sumedang Regency to implement autonomy fully and satisfy local community.

Observation on Sumedang’s capacity strengthening process consists of systemic level, institutional level and individual level. Observation on the systemic component led to identification of the government working performance covering direction and policy, transparency, accountability, legal system, combating corruption, local autonomy, local representative’s role and financial management. Observation on the institutional aspect focused on identifying the organization performance covering management structure, leadership, job circumstances, personnel placement system, and promotion system. While the observation on the individual level was held to recognize human resource management and development, covering personnel specialization, personnel condition, merit system and human resource development.

The technique of analysis of this research applies both quantitative and qualitative techniques. Simple quantitative techniques are mainly used in calculating statistical data particularly on measuring the local governance capacity. Most of the research applies the qualitative method. As far as data collection is concerned, this research uses official data from sources such as national and provincial government and municipal documents, official statistical year books, district development plans, and so on.

Apart from this, much of the data used for analysis is from in depth interviews with various respondents in the object study. These include government officers who work in the local government offices, politicians, businessmen, media, scholars, and NGOs (see more details from the table 1.4).

In collecting required data and information, the following methods were taken:
1. Distributing questionnaires to local governments’ officials to measure a local capacity, by using modification of organization capacity
assessment tool (OCAT) by GTZ which have been used to vary NGO in Indonesia.

2. Using a wide variety of documents such as books, research reports, discussion papers, and newspapers written in both Indonesian and English. These materials provide a background to Indonesia, the local government organization, and the district administration.

3. In-depth Interview to the key persons directly, both from public and private sector as well as community groups. There were two periods of interview

4. After instrument has been scored, the findings will reflect the capacity of institution being evaluated. The final score will mark on 4 rating for categories and components to the four stages of development as described below:

<table>
<thead>
<tr>
<th>Equating rating scale to stages of development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating</td>
</tr>
<tr>
<td>0 – 1.4</td>
</tr>
<tr>
<td>1.5 – 2.9</td>
</tr>
<tr>
<td>3.0 – 4.4</td>
</tr>
<tr>
<td>4.5 - 6</td>
</tr>
</tbody>
</table>

3. RESEARCH FINDING

The local autonomy in Indonesia, officially implemented in 2001, can be viewed as a new chapter of governance system in the country. Although the history of autonomy in Indonesia has begun since 1903, the implementation was mainly nominal. The central government having a strong role in the governance implementation at the local-base becomes a weak point of the decentralization process and in achieving local autonomy. As a result, the local autonomy which should be able to increase independence, competitive ability and society participation as well as capacity strengthening at the local level, was never realized.

Such condition significantly affects the decentralization and the local autonomy implementation currently being pursued. When the local government was given greater authority to manage their own functions, financial resources and personnel, it faces a problem of un-well-prepared of local institution. Besides that, problems such as lack of supportive rules in Law No. 32 Year 2004 and anti-decentralization attitude among political elites at the central level are still unsolved.

The local autonomy implementation aiming to create independence of societies and societal welfare should be supported by stakeholders including the local government organizations, civil society and private sector in order to obtain synergy and integrity in governance implementation at the local. This
can be done through capacity building, in all levels: system, institutional and individual level.

Based on research conducted on July-September in 2006, it can be summed up that the process of decentralization and local autonomy has promises to strengthen the local capacity, improve the quality of public services and enhance the grass roots participation. From 16 indicators only direction and policy and local authority on systemic level; Management and structure, Leadership and Job circumstances on institutional level achieve expanding level but 11 out of 16 indicators still lay on emerging level.

Table 3
Result of Sumedang’s Performance

<table>
<thead>
<tr>
<th>NO.</th>
<th>SUB INDICATOR</th>
<th>SCORE</th>
<th>CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>System</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Direction and Policy</td>
<td>3.54</td>
<td>expanding</td>
</tr>
<tr>
<td></td>
<td>• Accountability</td>
<td>2.93</td>
<td>emerging</td>
</tr>
<tr>
<td></td>
<td>• Transparency</td>
<td>2.86</td>
<td>emerging</td>
</tr>
<tr>
<td></td>
<td>• Combating corruption</td>
<td>2.65</td>
<td>emerging</td>
</tr>
<tr>
<td></td>
<td>• Local Authority</td>
<td>4.09</td>
<td>expanding</td>
</tr>
<tr>
<td></td>
<td>• Local Legislative Role</td>
<td>2.64</td>
<td>emerging</td>
</tr>
<tr>
<td></td>
<td>• Financial Management</td>
<td>2.85</td>
<td>emerging</td>
</tr>
<tr>
<td>2.</td>
<td>Institutional</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Management and Structure</td>
<td>3.89</td>
<td>expanding</td>
</tr>
<tr>
<td></td>
<td>• Leadership</td>
<td>4.33</td>
<td>expanding</td>
</tr>
<tr>
<td></td>
<td>• Job Circumstance</td>
<td>3.64</td>
<td>expanding</td>
</tr>
<tr>
<td></td>
<td>• Personnel Placement System</td>
<td>2.18</td>
<td>emerging</td>
</tr>
<tr>
<td></td>
<td>• Promotion System</td>
<td>2.74</td>
<td>emerging</td>
</tr>
<tr>
<td>3.</td>
<td>Personal</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Specialty</td>
<td>2.70</td>
<td>emerging</td>
</tr>
<tr>
<td></td>
<td>• Human Resources Development</td>
<td>2.59</td>
<td>emerging</td>
</tr>
<tr>
<td></td>
<td>• Personnel Condition</td>
<td>2.30</td>
<td>emerging</td>
</tr>
<tr>
<td></td>
<td>• Merit System</td>
<td>2.58</td>
<td>emerging</td>
</tr>
</tbody>
</table>

From the result above, it can be summed-up that theoretically, the process of decentralization and local autonomy will strengthen the local capacity, improve the quality of public services and realize democratic participation of the grass roots people. But in reality, decentralization and local autonomy have not minimized the problems at the local.

The phenomenon describes that:

1. In a systemic level, the local government capacity of Sumedang Regency has already indicated a good improvement and this is shown by the capability in setting the direction and policy of governance implementation and in reducing the dependence towards the central government in setting local policy. Unfortunately, this level is not fully supported with an implementation of accountability principals and proper transparency. This can be seen on the score reaching steady in the emerging level. The realization of good governance, however, urgently requires accountability principals and transparency. The lack of political will from the elites and the lesser role of mass media
existing at the local require serious attention. On the other hand, the weak role of the Local Legislative gives a great impact on the lack of accountability implementation and transparency. The Local Legislative which control and perform budgetary functions should be able to concentrate on the governance implementation as it should be. Usually, a low quality member of the Local Legislative (both in terms of education level and experience) becomes a constraint in optimizing the Local Legislative performance at Sumedang Regency. From that, it can be concluded that the commitment on fighting corruption, collusion and nepotism (KKN) at the local level is still low. Several vital elements causing KKN behavior include weak control and lack of accountability and non-transparent mechanisms.

2. In an Institutional level, the local capacity at Sumedang Regency is considered improving. It is indicated by the local government’s aims to build its organizational structure reflecting efficiency and effectiveness. A conduciveness leadership model within a working atmosphere practiced by Sumedang Regency government functionaries can build and motivate employees to enhance their performance. But such situation is not yet supported by the availability of proper personnel placement system and promotion system. And a good organization doesn’t only require a slim structure but also one with a rich function supported by a recruitment mechanism and appropriate personnel placement suited based on one’s capacity. Without those requirements, an organization will not work at the optimal level. Other serious problems in the organizational capacity development in the following period include the existence of conflict of interest among elites leading to recruitments and placement of government officers without strong legal bases.

3. At the Individual level, this appears to be still a weak point of Sumedang District’s capacity development efforts. Vague of Officer specialization, human resource development and career training system remarkably affect the quality of a local government working performance. As this becomes a fundamental constraint faced by Sumedang Regency government, instead of developing individual capacities, the situation is aggravated by a weak commitment of the local elites, conflict of interest among elites, and also a limited budget for local human resource development.

Nevertheless, due to time limitation on the first stage of implementation of decentralization, Sumedang Regency shows progressive improvement on it public delivery. It has proved that Sumedang Regency try to optimize its capacity to enhance government responsiveness to meet local need. It can be seen from Sumedang Regency to make development program more flexible and has strong commitment for rural development. On the other side, Sumedang Regency needs more effort to enhance accountability to local people. Moreover, based on respondents analyses that Sumedang Regency should report it works more transparent. Another major problem that faced by local government is combating corruption, Sumedang Regency struggle to
alleviate it. One of the pillars of the successful of implementing regional autonomy is the role of local legislative as stated on law that legislature and executive should be hand in hand to coop the local affairs, unfortunately it perform on disillusion standard.

Except that Sumedang try to promote cooperation between NGOs and government, Sumedang Regency shows little promise for reducing the corruption, reducing overall government expenditure mobilizing local resources, effectively performing task of-loaded by central government or for promoting community participation in development.

At the Individual level, this appears to be still a weak point of Sumedang Regency’s capacity development efforts. Vague of Officer’s specialization, human resource development and career training system remarkably affect the quality of a local government working performance. As this becomes a fundamental constraint faced by Sumedang Regency government, instead of developing individual capacities, the situation is aggravated by a weak commitment of the local elites, conflict of interest among elites, and also a limited budget for local human resource development.

4. RECOMMENDATIONS

1) For the System Level

The local government capacity development in a systemic level should try to involve all the stakeholders. The civil society and the private sector should be given wider opportunity to engage in the direction-setting and the establishment of policy at the local community, in order to make the policies more responsive and just to society’s requirements. Bottom-up planning mechanisms through accommodation of people’s aspirations ought to be intensively done. Therefore, the mass media association, NGOs and all the sectors of the society should voice out openly in the spirit of transparency and accountability. The local government must start by building any kind of facilities that would encourage the realization of government transparency and accountability, such as the usage of information technology, public test (Uji Publik) mechanism in compiling the budget (APBD) and public hearings to accommodate society’s aspiration. Besides that, the Local Legislative function in reinforcement should be done through a qualified selection mechanism for all candidates of the Local Legislative education and training implementation for Local Legislative members, moreover giving appropriate incentives or suitable punishment to members. Quality control and monitoring of the Local Legislative members should also be open for public assessment for transparency of the monitoring institution. At the same time, anti-corruption policy has to become the main agenda in promoting good governance and clean government, by using information technology, law enforcement, and conducting accountability and transparency mechanisms.

2) For the Institutional Level

Sumedang Regency government should outline clear guidelines in arranging the governance organizational structure by conducting proper
analysis of the potency, authority and budgetary ability available. Therefore, it should reduce the interference of individual or group interests in the determination of the governance organizational structure. At the same time, personnel management should be conducted in an accurate manner, both in recruitment and personnel placement mechanisms. Government ought to execute analysis on employee requirement properly based on the authority, available budget and the vision which will be developed by the local government. A competence standard and an employees’ performance evaluation should be done periodically so that the achievement of the organization’s working performance is clearly noted. Subsequently, personnel placement should be executed through appropriate selection so that they can be placed at a determined position or a “job tender” mechanism. It means opening the opportunity extensively toward employees in fulfilling the qualifications to be selected for a certain position placement. Therefore, it will become fair competition among qualified candidates.

3) For the Individual Level
Capacity development in an individual level should be done comprehensively and in an integrated manner. It should cover a whole spectrum starting from an analysis of employee’s necessity, recruitment, and employees’ data base compilation, position placement, education and training, and career construction, welfare construction and also retirement. The district government ought to make a grand design of exact personnel management, which is transparent and fair. Then, the specification of the main task of an employees’ function, a standard measurement of working performance, and an assessment mechanism of employees’ achievement will reflect a personnel’s productivity and creativity. To support the program, the district government must allocate adequate budget for this personnel and human resource development. Moreover, the government official salary must be increased in order to create incentives and encourage honest, effective and efficient government employees and to optimize effectiveness and productivity in government organizations.
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Book Review

Title of the Book: Step by Step in Cascading Balanced Scorecard to Functional Scorecards.
Author: Suwardi Luis, B.Psy., MBA and DR. Ir. Prima A. Biromo.
Publisher: PT Gramedia Pustaka Utama
Pages: 148 pages.
Reviewer: Dwi Indah Kartika

This book tells us about laying out the core concept of Balanced Scorecard development at the corporate level and the process of cascading that scorecard to the division level in a form that is easy to be grasped by readers from various industrial backgrounds. This book is designed in popular nuance in order that it can bring the concepts of Balanced Scorecard to earth.

Suwardi Luis, a Managing director of GML Performance Consulting begins his writing by explaining strategies to face change. He said that changes caused by external factors can occur within the body of organization involved (internal change). Examples include leadership change, changes to organizational structure, systems and procedures changes, and the like. Whether because of external or internal factors, these changes will influence the performance of organization.

Other changes involve environmental factors, such as demographics. If we observe the patterns of the communities in large Asian cities, there has been a real shift in lifestyle. Nowadays, the urban community is enamored with the trendy middle-class lifestyle from other countries. Take as an example the practice of hanging out at the coffee shop. This has been deeply impacted by the foreign franchise offering coffee on the corners of large Asian cities.

Our middle-class clothing trends are also increasingly influenced by foreign cultures. This can be seen by an increasingly incessant promotion of products at clothing boutiques from mainland Europe, which is very much in demand in Asia. Another example: the habit of bread in diet is rapidly increasing with the establishment of new bread shops across major Asian cities, such as Singapore, Taiwan and Jakarta. This bread shop trend is particularly ironic considering that many Asians when traveling overseas search for rice and avoid bread because their stomach don’t feel full with just bread.

Luis wrote that the business that succeeds in a competitive and constantly changing world is the business which can rapidly adapt with changes in their management and implementation strategies. He then illustrates how to build a Balanced Score Card with the case study of House of Candles where Carrie Thomson as the owner took advantage of a change by opening a business which makes and sell candles. When she lived outside the country she learned that candles are a very special product. Foreigners
particularly Europeans, Americans and Australians) are fond of candles. To them, candles don’t only function as an object that gives romantic light at dinner time at candle light dinner, but, among other things, help to relax and dispel the smell of cigarette smoke. Therefore they use candles a lot as basic supplies and creating an ambiance, such as scented in aroma therapy. In developing House of Candles business, Carrie engaged her younger brother, John Wood, as the Director of House of Candles. He is experienced in business management and considers this position to be a good challenge for him. In order to ensure success, John is determined to create a strategy framework for the House of Candles. He knows the importance of strategy in organization and so he invests much effort to create a prudent strategy. But he is a little concerned and worried that the strategy he has created may not be productive when implemented. He is concerned that the people he leads may not carry out the work according to the outlined strategy.

Luis said that to maintain organizational performance at a consistently productive level, in the midst of changes occurring here and there, a planned and accurate strategy does not guarantee good performance because “having a strategy” by itself does not solve the problems. He quoted a research done by Kaplan and Norton which indicated that only 10% of US companies execute their strategies well. This study also reveals 4 barriers to effective strategy execution. The first is the vision barrier. This barrier occurs because the company vision is ineffectively communicated. As Kaplan and Norton found that generally only 5% of the total workforce knows and understands the vision of the organization. It often occurs because the mission and vision of the organization are often felt to be too gimmicky by the workforce. Meanwhile, the strategy that is developed very often is too long and extensive, or extremely detailed and utilizes complex sentences without common terms that can be easily digested. The second is the people barrier. All the employees of a company, at all levels of the organizational structure, make up the workforces who execute the vision, mission and strategy of that organization. Their motivation to effectively and efficiently apply that strategy is critically linked to the incentive they can receive. Balance Score Card application sees that the employees will be more motivated to implement a strategy if they see that there is an incentive system linked to the strategy. Unfortunately, this is rarely done. Research shows that only 25% of managers have incentives that are linked to strategy. The third is the management barrier. Typically managers use large amounts of time on operational activities, but sadly have no time to study the company strategy. The study performed by Norton and Kaplan showed that 85% of managers devote less than one hour per month to discussing strategy. Furthermore, that hour of discussion typically only focuses on issues such as finance, sales and inventory. Often the intangible issues escape their attention and discussions. In the end their discussion just concerns products and achievements without giving attention to the processes. As opposed to a financial report, Balance Score Card not only gives a portrait of past performance, but also of the present and future while balancing one with the other. Balance Score Card with its indicators make possible for us to see performance in the past and the present, and urges us to improve performance in the future. Fourthly, the
resource barrier is the final obstacle, which refers to capital. The study shows that 60% of the organizations studied did not link the budget with the strategy. But strategy implementation comes with a cost, so the budget and strategy should be linked. Even better if the budget is built in harmony with the strategy. Luis stated that those four barriers can have fatal consequences for an organization because they cause failure or hamper the execution of the strategy. However, they are not impossible to overcome except through Balance Score Card concept.

In the next discussion, Luis continued illustrating the story of House of Candle when John knew that many strategies often fail, and then he determined to formulate a good strategy for the House of Candles. John applies Balanced Score Card that he got from management training. Balanced Score Card has a fundamental principle: that public as well as private organizations, for-profit as well as non-profit organizations, need to have a strategy that is simple, appropriate, and complete in understandable language. This simplicity is needed to enable and speed the process of communicating the strategy to the entire workforce. The Balanced Score Card was used in the creation of the House of Candles vision: “To become the most innovative candle maker in Asia, while providing international quality service and products.” It means that Balanced Score Card is one of the important key to succeed an organization. In this part, Luis tried to explain the definition of Balanced Score Card, which is mean as a performance management tool that helps an organization translate its vision and strategy into actions, utilizing a collection of financial and non-financial indicators involved in a cause and effect relationships. Balanced Score Card (here in after is BSC) has a strong role as a translator, or converter, of organizational vision and strategy into actions. Because the actions are produced. The BSC doesn’t stop when the strategy is developed, but continues to monitor the execution of the strategy. The BSC was originally introduced in 1992 in an article written by Kaplan and Norton in Harvard Business Review, January-February 1992 edition. BSC theory rapidly developed and in 1996 Kaplan and Norton presented a revision to their tool which was called as “strategy map”. Moreover, Luis added that there are three innovations in their revision or strategy map, they are: (1) Focus. The BSC 1st generation (before revision) focused on measuring performance, whereas the 2nd generation BSC focuses on management which refers to strategy management, operational management, and management in other areas, not simply performance management, (2) Objective. 1t generation BSC had the objective of steering strategy implementation, while BSC generation 2 emphasizes strategy communication. Communication strategy became an objective because study results indicated that many strategy failures were the result of poor communication, and (3) Field of Application. BSC initially was purposed for the private sector, but the 2nd generation was broader to also include the public sector. Moreover, Luis attempted to explain the meaning of Balanced Score Card etymologically, which balanced means in equilibrium. So, the BSC is a tool that brings equilibrium between: (1) financial and non-financial indicators, (2) Indicators of the past, present and the future, (3) Internal and external indicators, (4) Leading indicators (Cause/Drivers) and lagging indicators (Effect/Outcome). Balance means that
internal and external indicators are linked by cause and effect relationships. Internal factors form causes (drivers/input) and output impacts external factors. Because they are linked, the balance between them both must be guarded. The BSC makes that possible. The BSC tool can map causes that create both good and bad performance, along with the effects that are produced from those causes. There are four (4) perspectives in BSC, they are: (1) The Financial Perspective. Organizational finances can be viewed from two angles, short term and long term. When approaches for financial goals are long term, special strategies called Growth Strategies are used. These strategies primarily involve two things, they are: increasing earnings and customer value. (2) The Customer Perspective. In order to give good value to customers, there are generally three approaches, or value propositions, that our business model can embrace. These approaches are: Product leadership; Operational Excellence; and Customer Intimacy. (3) The Internal Business Process Perspective, and the Learning and Growth Perspective. There are three primary categories that are analyzed and measured in this perspective: employee competency, technology for support capacity and culture, motivation and appreciation. These three categories form the incentive factor for employee satisfaction in their work. Its importance is clear because satisfied employees increase performance and retention rates.

In another chapter, Luis explained why BSC is important? The BSC is a strategy planning method that compared to other methods, has the following advantages: First, the BSC can function as a tool to communicate strategy to stakeholders of the organization including management, employees, shareholders, customers, and the community. With the use of the BSC, stakeholders can review the strategy and its achievements using the same language (which serves to overcome the vision barriers). Second, the BSC enables an organization to map all primary factors in the organization, whether physical (tangible) assets or non physical (intangible) assets. Other strategy planning concepts are generally limited to issues that are characterized as tangible (thus overcoming the management barrier). Third, the BSC can link the organizations strategy with its performance. Other strategy planning concepts only focus on developing the strategy and stop after the strategy is developed, while the BSC enables the organization to link the strategy development process with the strategy implementation process. And the implementation process can monitor level of achievement through the use of key performance indicator. The BSC not only helps the organization compose strategy, but also helps to monitor the achievement of the strategy (thereby addressing the people and management barriers). Fourth, the BSC recognizes the concept of cause and effect. With it the workforce can gain strategy and clarity, realizing that if the strategy they are responsible for achieves success, then that success will ensure benefits (productivity) to other strategies. In an indirect manner, the cause and effect relationship a strengthen cooperation in the organization and encourage the workforce that by working under a mutual umbrella they can achieve the organization’s goal (which addresses the people and management barriers). Fifth, The BSC can help in compiling the budget. During the budgeting process, the organization can use the BSC as a checkpoint. With the BSC we can know what activities need to be executed by
the organization in order to achieve its targets, from daily activities to special projects. Then the costs of those activities can be tabulated or included in the budget (which addresses the resource and management barriers). In this chapter, Luis tries to explain that BSC concept and process develop at the organizational level. But the process of applying the BSC doesn’t stop here. It must flow down to the division level because in principle, it is at the division level that the strategy will be implemented.

According to Luis who continues and said that the strategy map at the organizational level has been launched by management, that strategy map needs to flow to and synchronize with the division level so that it can be implemented by all parties connected with the organization. The process of flowing to and synchronizing with is termed “cascading”. With cascading we mean the process of breaking out strategy objectives at the company level and clarifying with more detail at the division level, even more so at the individual level, with a clear connection between these levels. With cascading we seek to synchronize the strategies at the company level with the strategies at the division level, and extending to the individual level. This synchronization is very important because it is the divisions, and eventually the individuals in those divisions, that will implement the various strategies of the organization. The meaning of division is an organizational unit at a different level or below that of company. Different terms that connote the same distinction are department or office. In implementation, generally speaking, strategies made at the company level are cascade to the relevant division. Cascading means to distribute responsibility for executing a portion of the company strategy. The distribution is in accordance with the specific roles and tasks of the relevant division.

The role of the business division and the support division need to be studied because they link to the structure of the Balanced Score Card. Revenue becomes the end objective at the business division level so that the positions of the four perspectives have the same form as the strategy map at the company level. Luis then explained that there are 10 steps in cascading process, they are: (1) Division purpose to analyze division vision and mission, (2) Division relevance to identify the contribution and influence of the division in the context of the company strategy map, (3) Division customers to identify the division’s customers, (4) Division activities to identify principal division tasks and core processes, (5) Customer expectation to tabulate outputs, customers and customer expectation, (6) Cascading company strategy objectives to the division to review step1, and identify SOs that must be assumed by the division, then determine other SOs that are needed by the division, (7) local issues to look again steps 2,3,4 and 5 and develop SOs for the customer and financial perspective for the division, followed by SOs for the internal business process and learning and growth perspective, (8) Consolidation and logical testing to compose a division strategy map, (9) Key performance indicators to identify appropriate KPIs for each SO and (10) Target and strategy initiatives to determine targets for each KPI and action plans for each SO.

When beginning the process of cascading the company BSC to the HR division, consider the division vision and mission of the HR division itself.
The vision and mission of the HR must be consistent with the vision and mission of the company, and are usually more specific than the company vision and mission. Luis then closed his book with preceding the balanced score card with commitment. Commitment sends the clear message to all employees regarding a continuous change process that is supported by the supervisors, and that leadership expects each employee to support the change process as well. That is, that all employees are invited into active participation in giving shape to the shared goals of the organizations.

The commitment asserts that initiatives that are launched are serious activities, will be executed in a serious manner, and not with fleeting enthusiasm that quickly cools off. Leadership commitment does away with the impression that employees need to busy themselves with gathering data only, without knowing how to follow up or give attention to trouble, or even worse, that there is no follow up whatsoever from management.

At the end of the day it is important to realize that the Balanced Scorecard is not a silver bullet for management problems. Management tools like the Balanced Scorecard are not a panacea that will heal an organization of all woes without hard work. The Balanced Scorecard is only able to offer a benefit to the extent that is consistently adopted and becomes a part of the organization life.