

IMPLEMENTATION OF STRATEGIC MANAGEMENT IN IMPROVING THE PERFORMANCE OF PUBLIC SECTOR ORGANIZATIONS

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ABSTRACT

The strategic management model, apart from being applied to the private sector, is also applied to the public sector. The implementation of strategic management in the two sectors is actually not that much different, it's just that public sector institutions do not emphasize organizational goals for profit, but rather on service to the community. The strategy management stage begins with strategy formulation, strategy implementation and strategy evaluation. The implementation of strategic management in the public sector is one of the best ways to achieve good governance. In an effort to achieve a better performance of government organizations in providing services to the community, the implementation of strategic management for public sector organizations is very important to increase the effectiveness of the performance of public sector organizations. This requires public sector organizations to think strategically, be able to translate their inputs into effective strategies, and develop the reasons needed to lay the foundation for implementing their strategies.

It is hoped that the implementation of strategic management in public sector organizations can help these organizations realize their vision and mission. Although the results orientation to be achieved with the implementation of strategic management between the private sector and the public sector is slightly different, the two sectors certainly face different environmental conditions which become separate obstacles in the process of implementing strategic management. To overcome the obstacles that occur, one of them is by using a SWOT analysis approach (strength, weakness, opportunity, and threats). In this paper, we will discuss conceptually the theoretical aspects of implementing strategic management in measuring the performance of public sector organizations, and will also discuss the constraints that occur in measuring the performance of public sector organizations.

Keywords: Implementation; strategic management; measurement; performance; public sector.

INTRODUCTION

The performance of government institutions or organizations is an important reflection of the extent to which the government serves the people well. Government organizations, especially those directly related to public services, will certainly be easily assessed by the public. This is what encourages the government to issue a strategy on how the performance of public sector government organizations can show good performance. In the context of

improving the performance of public sector organizations, several instruments have been made by the government in various policies. The concept of GCG or Good Corporate Governance is one of the most well-known policies.

Efforts to improve the performance of public sector organizations through the implementation of performance management are a must for these organizations to take strategic steps to improve the organization's performance. The implementation of performance management has been started since 1999 with the promulgation of the concept of performance accountability in good governance of government agencies with the issuance of Presidential Instruction Number 7 of 1999 concerning Accountability of Government Institution Performance (AKIP). However, until now, the performance of government agencies has not become the main focus in governance in measuring the success of a program or activity run by a government agency. The management of government agencies is still focused on the performance of the output (output) rather than the result (outcome). For this reason, it has become important for public sector organizations to implement strategic management to link the performance of public sector organizations with changing environmental conditions.

Basically strategic management is a new perspective that highlights the importance of organizations to pay more attention to strategy formulation and environmental change. The right organizational strategy to make adjustments to the changing environment is very important for the successful achievement of organizational goals. Discussing strategic management trying to make a relationship between the organization and its environment, both the internal and external environment that continues to experience a change.

THEORETICAL FRAMEWORK

The definition of strategic management according to Thomas Wheelen and David Hunger (2001) is a series of managerial decisions and actions that determine the company's long-term performance. Meanwhile, Fred R. David (2006) states that strategic management is the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its goals. Strategy management is a series of strategic decision-making processes that include a formulating framework, implementing and evaluating. This strategic management process includes long and short term plans to achieve predetermined goals

Public sector strategic management directs public sector organizations to carry out management planning by properly considering the supporting and inhibiting factors in achieving organizational goals that can affect the performance of public sector organizations. Thus the focus of strategic management is to connect the organization with its environment, formulate strategies to adapt to the environment, and ensure that strategy implementation goes well. It is also hoped that the organization will be able to control the direction of achieving the targets that have been set, so that public sector organizations are able to provide maximum performance.

According to Ibrahim (2008), strategic management in principle is the ability of organizational management to adapt to the future, which is generally short and medium term. Strategy is important because it is a process to determine the direction that must be followed

so that the vision and mission of the organization can be achieved. Strategy can also provide a sound basis for decisions that will lead to the achievement of organizational goals. Strategic decisions will increase the leader's ability to face change. According to Johnson and Scholes (Bovaird, 2003), strategic decisions pay attention to the scope of organizational activities, the adjustment of organizational activities and their environment, the allocation and reallocation of major resources in the organization, the values, expectations and goals of influential strategies, and the implications of operational changes on the entire organization. So it can be said that strategic management is a process which in every stage requires the participation of all parties and the accountability of the leader. Thus strategic management includes establishing a framework for carrying out these various processes.

METHOD

This study is a reflective working paper that seeks to describe the ideal reality with respect to the performance of public sector government organizations. The main data is taken from various libraries which are used as references in this paper. The data sources, for example, are books written by competent experts, scientific journals, mass media coverage, magazines and online media.

In the context of this writing, the ideal normative aspect becomes very prominent because the purpose of this writing is only to describe it carefully. This is done by analyzing data, which is a reflective analysis to juxtapose the ideal normative psychic atmosphere with the empirical reality that occurs.

DISCUSSION

The Spectrum of Public Sector Organizations

In the perspective of Mahsun (2006) the public sector is seen as anything related to the public interest and the provision of goods or services to the public that are paid for through taxes or other state revenues regulated by law. The wide scope of the public sector causes its operation to be often left to the market, with regulation and supervision still being held by the government. In its development, the public sector has undergone various changes that have caused bias with the private sector. The assumption that public sector organizations must be non-profit is not correct because there are public sector organizations that are of the quasi non-profit type, which has the main objective of improving the welfare of the community but has a profit motive for the sustainability of the organization and can contribute to state or regional income.

Public sector organizations are not just social organizations or non-profit organizations, and they are not just government organizations either. Public organizations are organizations that deal with the public interest and the provision of goods or services to the public that are paid for through taxes or other state revenues regulated by law. Public sector organizations are needed to ensure that public services can be provided to society fairly and equally, and to ensure that public services are carried out in accordance with community needs.

Strategic management experts such as Nutt and Backoff (Salusu, 2006), see the need for strategic change which at the same time provides guidance on how the benefits of strategic management for public organizations and non-profit organizations are as follows: (1) New or developing organizations must think about their goals and objectives. that is prioritized. (2) The need to maintain financial stability, which requires new strategies to find new sources of financing. (3). The desire to develop services, along with the availability of available resources, encourages managers to make changes to policies, procedures, maybe even the priorities of the consumers served. (4.) Expansion of roles due to public pressure, to answer their needs. (5). Leadership changes are usually followed by a new vision that requires executives to understand and adapt to new policies. (6). Juridical demands in planning that allow changes to procedures when there is pressure from the government to obtain the necessary assistance. (7). Demands for integration between departments, bureaus, fields, divisions, sections and others very often occur in government organizations that demand adjustments to missions, objectives, and various procedures .. (8). Coordination of actions requiring a change in internal policy. (9). A political threat that demands executives to adapt their organizational policies to these demands.

Performance is the key word that dominates all discussions about NPM Kouzmin et. al (1999). As stated by Carter (1991), performance is a broad concept which includes a variety of meanings, for different audiences, and in different contexts. As a result, the design of performance indicators for private and public sector organizations is difficult. Despite the technical constraints in operationalizing an abstract concept, the same set of performance indicators may be needed to answer questions about different dimensions of the performance of the two. The task of measuring performance in public sector organizations is complex. There are two reasons that are commonly used to explain differences in performance measurement between public and private organizations. First, because private organizations are thought to adhere to the bottom line of earnings requirements, performance measurement is a direct and comparable technical procedure. Second, there are certain social and political pressures on agents of public sector organizations. According to Mardiasmo (2004). Public sector performance measurement system is a system that aims to help public managers assess the achievement of a strategy through financial and non-financial measurement tools. Performance measurement systems can be used as an organizational control tool, because performance measurement is strengthened by establishing a reward and punishment system.

Furthermore, Mardiasmo (2004) stated that the measurement of the performance of public sector organizations is carried out to fulfill three purposes. First, to help improve government performance, performance measures are intended to help the government focus on the work unit's program goals and objectives. This is expected to increase the effectiveness and efficiency of public sector organizations in providing services to the public. Second, for resource allocation and decision making. Third, to achieve public accountability and improve institutional communication. Meanwhile, Fitzgerald et al.'s (Wilson, 2000) argues that studies in the service sector suggest that there are 2 main categories of performance measurement, one category related to the final result or outcomes and the other related to determining factors. Outcomes are divided into financial performance and competitiveness. Meanwhile, the

determining factors are further divided into several categories, namely service quality, flexibility, innovation, and resource utilization.

Strengthening Strategic Management by Measuring Public Sector Performance

In 1992, David Osborne and Ted Gaebler published their bestselling work, *Reinventing Government*, which provided a broad overview of the strategies they believed could improve the performance of public organizations. Then in 2000 with *The Reinventor Fieldbook. Tools for Transforming Your Government* Appeared, together with Peter Plastrik offered an elaboration instrument from the previous idea. One of the performance measurement instruments is if a public organization is affirmed its products and services and then an indicator is made to measure its output. The results of product determination and performance indicators can be used as a basis for planning and control cycles that can improve organizational performance.

The main idea of performance measurement is that public organizations formulate the performance under consideration and make an indication of how this performance can be measured, by establishing performance indicators. According to Smith (Bruijn, 2002), government performance is difficult to measure because the outcome as the final impact is highly dependent on many factors. For example, the duration of the achievements made with the impacts that arise may be too long. So what can be measured then is the direct impact (output), for example: the number of decisions issued by the court, the number of patients treated by doctors, the number of graduates produced by universities and others. This is why many performance measurement systems focus on output. The process is as follows: production and services are defined, the organization sets production targets, output is measured and results are periodically reported. Bruijn (2002) suggests the various positive impacts of measuring the performance of public organizations which in turn have implications for strengthening strategic management as follows:

1. Performance measurement leads to transparency Performance measurement provides insight for the organization about the main product, the cost, and also how the activities of the organization or a particular part of the organization in contributing to output. Transparency can produce various forms of rationalization, and may be able to trigger various internal discussions about how various activities can improve organizational performance. There are also clear guidelines on how to assess a new structure or procedure, especially how they can contribute to improving organizational performance. Rationalization and the development process can start simultaneously over time when the organization can measure the existence of its outputs (Osborne Gaebler 1992).
2. Performance measurement is an incentive for output. At first, performance measurement has an impact on output, and then it will ultimately contribute to organizational performance. Several research results that illustrate the existence of a relationship between the introduction of performance measurement with increased output have been carried out, for example in a city government, Osborne and Plastrik, (1997) and at higher education institutions, In't Veld, (1996).

3. Performance measurement is an elegant way to create accountability. When the duties of public organizations become increasingly complex, the discourse on autonomy becomes important and when autonomy is granted, the implication is on accountability, being accountable for its performance. Information about performance is measured systematically and calculated so as to add to the capability of certain periods. Information is also easily communicated, and information can be provided periodically every year. According to Ghobadian and Asworth (1994), performance measurement is very important for public organizations because: it can help improve the quality of resource allocation and other managerial decisions, can facilitate fact-based management for the future by providing a basic focus for planning, monitoring and controlling planning. Apart from this, performance measurement is also very important to increase accountability by making the accountability explicit and providing evidence of success or failure, as well as being able to provide a systematic basis for assessing and motivating staff.

The existence of public sector organizations is inseparable from a certain mission, even the critical factor for the success of public sector organizations is how they achieve their mission, for example how to achieve a level of efficiency or in managing public funds to be accountable, or creating customer satisfaction. is to utilize an integrated quality management approach (Total Quality Management / TQM). According to Tjiptono and Diana (Ibrahim, 2008), TQM is an approach in running an organizational business that tries to improve the competitiveness of the organization and its environment, which to achieve it must focus on customers, have a high obsession with quality, use a scientific approach in decision making and problem solving. , have a long-term commitment and require cooperation.

TQM is a management that creates and develops a set of values and beliefs that can make everyone know that quality for consumers is the most important demand, and in its implementation requires good and integrated cooperation. Or in another, more comprehensive formula, TQM is also understood as an integrated commitment and full dedication to quality through continuous process improvement by all members of the organization. TQM is often referred to as management based on facts and data because it works based on data and facts.

In a case study in the United Kingdom, Greiling (2005) argues that there is a thought to use a performance measurement system as a management tool for implementing strategy. Indicators are used to formulate a community strategy and to measure how well the strategy has been implemented. Not only in the private sector, quality-of-life reporting is also an integral part of a more strategic use of performance measurement in the public sector. The concept of strategic management must thus embody the principles and practices of general management carried out as an effort to formulate strategies and their implementation in the organization. Although strategic management is not a panacea in solving various problems faced by an organization and is also not a guarantee of the organization's success in achieving its goals, at least it will open the way for a better direction.

CONCLUSION

The existence of public sector organizations is inseparable from a certain mission, even the critical success factor of public sector organizations is largely determined by how they achieve the mission they carry. Performance measurement has many positive impacts in public sector organizations, which in turn has implications for strengthening strategic management, namely: leading to transparency, is an incentive for output, and is an elegant way to create accountability. However, it is also inevitable that the measurement of organizational performance on the other hand can have a number of negative impacts, including encouraging game playing, increasing internal bureaucracy, blocking innovation, blocking ambition, turning off professionalism, and turning off the system of accountability. Performance measurement is very important to be carried out by public organizations because it can help improve the quality of resource allocation and other managerial decisions, can facilitate data and fact-based management for the future by providing a basis for planning, as well as monitoring and controlling planning. Apart from this, performance measurement is also very important to increase accountability by making the accountability explicit and providing evidence of success or failure, as well as being able to provide a systematic basis for assessing and motivating staff.

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