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The Use of Performance Measurement System in Public Sector Organization

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15 Abstrak

Tujuan dari penelitian ini adalah untuk menguji pengaruh informasi, tekanan eksternal, dan pelatihan terhadap penggunaan sistem pengukuran kinerja dalam kegiatan operasional, insentif dan eksplorasi. Sampelnya terdiri 25 102 Pemerintah Desa di Kabupaten Demak. Responden dalam penelitian ini adalah Kepala Desa. Alat analisis yang digunakan dalam menguji hipotesis ini adalah SmartPLS 3.7 menggunakan teknik analisis Structural Equation Model (SEM). Hasil penelitian menunjukkan adanya pengaruh positif informasi dan pelatihan terhadap penggunaan sistem pengukuran kinerja dalam kegiatan operasional, adanya pengaruh positif informasi terhadap penggunaan sistem pengukuran kinerja dalam kegiatan insentif, dan adanya pengaruh positif tekanan eksternal dan pelatihan terhadap penggunaan sistem pengukuran kinerja dalam kegiatan eksplorasi. Dengan demikian dapat disimpulkan bahwa informasi, tekanan eksternal dan pelatihan memengaruhi penggunaan sistem pengukuran kinerja pada Pemerintah Desa di Kabupaten Demak.

7 Abstract

The purpose of this study is to examine the influence of information, external pressure, and training towards the use of performance measurement system for operational, incentive, and exploration activities. The sample consisted of 102 Village Government of Demak Regency. The respondents in this study were Village Heads. Analysis tool used to examine this hypothesis was SmartPLS 3.0 using analysis technique of Structural Equation Model (SEM). The results showed that there was the positive effect of information and training to the use of performance measurement system for operational activity, the positive effect of information to the use of performance measurement system for incentive activity, and the positive effect of external pressure and training to the use of performance measurement system for exploration activity. So, it can be concluded the information, external pressure and training have effect to the use of performance measurement system for operational, incentive and exploration activities of Village Government in Demak Regency.

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INTRODUCTION

The enactment of a separate law on village, namely Law No. 6 of 2012 on Villages, demands village government to realize good governance such as high levels of performance, public accountability, transparency, efficiency, effectiveness, as well as clean from corruption, collusion, and nepotism. For that, in supporting the realization of good governance of course required a good performance measurement system as well (Asmoko, 2014). Performance measurement system is defined as a system that aims to help public managers assess the achievement of a strategy through financial and non-financial measuring instrument (Mardiasmo, 2002). Performance measurement system for village governments has important meanings, such as to evaluate how well an organization performs; control the work to be done properly; budget ; motivate the achievement of targets; celebrate achievements achieved; learn to identify its performance; and develop something to improve performance (Benn, 2003).

The condition of the village government's performance in Demak Regency is making furious when there is a sudden inspection (sidak) conducted in some village offices. The village office which is inspected suddenly shows a quiet condition there is no activity. What is surprising is the public service in the village office? (Tribun Jateng, 2015). This makes the Demak District Government must be active in maximizing the performance of village government, especially in terms of the role of village government in service for the community. This is where performance measurement system acts as an organizational control tool, as performance measurement is reinforced by establishing the system of reward and punishment (Mardiasmo, 2002). Therefore, such performance measurement is needed as it has been proven to have many contributions in improving the quality of government performance (Syachbrani, 2014).

This research combines research of Wijaya and Akbar (2013) and Syachbrani (2014) that is researcher uses 3 variables ever used, among others information, external pressure and training. Other differences are the sample and place to be studied. The sample taken by the researcher is the Village Government addressed to the Village Head in Demak District, but some previous studies took samples to the Local Government and the Regional Device Work Unit (SKPD). Based on the description above, the researcher take the title "The Use of Performance Measurement System in Public Sector Organization (An Empirical Study on Village Government in Demak District)" with the figure of research model as follows:

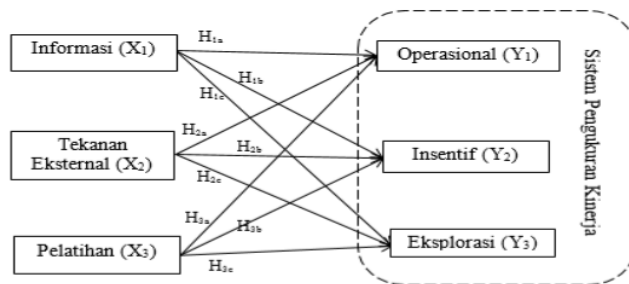


Figure 1.Theoretical Thinking Framework

For operational use, performance measurement system is used to measure organizational or output results (Spekle and Verbeeten, 2013). With right knowledge, performance indicators for operational planning, budgeting, and monitoring will be easy to be understood. Implementation of the system to provide incentives and rewards can encourage individuals to have better performance

(Wijaya and Akbar, 2013). Implementation of the system for exploration will bring opportunities for discussion and input, resulting in increased intensity of experimentation, learning, adaptation of new understandings, and willing to engage in every organizational debate for a better future of the organization (Spekle and Verbeeten, 2013).

Research of Wijaya and Akbar (2013) examine the effect of information on performance measurement for operational, incentives and exploration activities. The research concludes that there is a significant positive effect of information on performance measurement for operational, exploration, and incentives activities. It is concluded that incentive motivation can improve government performance so that operational and exploration activities can also run well. Based on the description above then formulated:

H1a: Information has a positive effect on the use of performance measurement system on operational activities.

H1b: Information has a positive effect on the use of performance measurement system on incentives activities.

H1c: Information has a positive effect on the use of performance measurement system on exploration activities.

The influence of external pressure in the performance measurement system of public organization is a representation of coercive isomorphism. Cavalluzzo and Ittner (2004) support institutional theory underlying that systems applied to meet external needs or expectations tend to affect the internal. These expectations are among others expectations on appropriate, rational, and efficient management control systems, but for external observers, this tends to separate internal activities of the organizational from the focus of external systems. Research of Wijaya and Akbar (2013) find a significant positive influence of external pressure on performance measurement for operational and exploration activities. However, there is a negative influence between external pressure and performance measurement for incentive purposes. This is in accordance with the results of Spekle and Verbeeten's research (2013) which conclude that there is a motivation of system use for exploration and operational activities, but not for incentives. Based on the description above, then formulated

H2a: External pressure has a positive effect on the use of performance measurement system for operational activities.

H2b: External pressure has a positive effect on the use of performance measurement system for incentive activities.

H2c: External pressure has a positive effect on the use of performance measurement system for exploration activities.

Training given to the village government in this case relates to performance measurement system, including training related to planning, preparation, implementation, monitoring, and evaluation on the performance achievement of village government. Nurkhamid (2008), the existence of training for example in determining performance target of a program, developing performance indicator of a program, using program performance information to make decision, and linking performance of a program with achievement of government strategic objectives. Research conducted by Sofyani and Akbar (2013) shows a positive and significant relationship of training as an organizational factor on performance measurement system. From this result, it is concluded that to support the success of performance measurement should be sought the existence of a structured and sustainable training. Syachbrani (2014) also finds a significant effect of training on performance measurement system for exploration activities. The result indicates that the training given aims to improve the knowledge and ability to the use performance measurement system in the exploration activities. Based on the description above, it can be formulated

H3a: Training has a positive effect on the use of performance measurement system for operating activities

H3b: Training has a positive effect on the use of performance measurement system for incentive activities

H3c: Training has a positive effect on the use of performance measurement system for exploration activities

METHODS

The population in this study was Village Government existing on Demak Regency. Sample used in this study was 102 Village Government in Demak Regency. Sample determination used simple random sampling technique. The respondents of this research were Village Head.

Table 1. Variable Operations

Variable	Definition	Indicator	Scale
Operational Use (Dependent Variable, Y1)	Systems implemented for operational activities, from the planning stage to the monitoring or supervision process.	Operational planning (such as short-term strategic planning of the work unit) Allocation of resources or budgeting for the running program Monitoring	Interval
Incentive Use (Dependent Variable, Y2)	Systems implemented for giving incentive	Bonus and carier consideration	Interval
Exploration Use (Dependent Variable, Y3)	Systems implemented for re-learning, prioritizing, and developing policies.	Communicating goals and strategies Revised revision policy Evaluating the suitability of objectives and policies	Interval
Information (Independent Variable, X1)	The result of data processing of village government performance data that could be accessed or obtained related to performance measurement system.	Access on information or publication Expert assistance Training and or seminar	Interval
External pressure (Independent Variable, X2)	External influences due to the interest and interaction between the Village Government and the stakeholder on the village government's performance measurement system.	Supervision from the leader Stakeholders such as NGOs and communities that have an interest in the achievement of government performance.	Interval
Training (Independent Variable, X3)	Ability to perform tasks, principal, and functions with the understanding and technical capabilities owned relate to the performance measurement system	Strategic planning Program performance objectives Developing performance steps from a program Using program performance information to make decisions Linking program / activity / project	Interval

performance for the achievement of the organization's strategic goals.

Source: Primary data primer processed, 2016

Primary data obtained from questionnaires of previous researchers and adapted to the research object that was Village Government. Questionnaires were distributed directly by the researcher to the research respondents. The distribution of questionnaires to each village was done through 2 (two) ways, namely the questionnaire left and then 3 days taken; and questionnaires awaited by the researchers. This research used SmartPLS 3.0 analysis tool with Structural Equation Model (SEM) analysis technique. The testing conducted consisted of outer model and inner outer testing. Outer model testing was done to test the validity and reliability. Inner model testing was done to test the hypothesis and coefficient of determination.

RESULTS AND DISCUSSIONS

Table 2. Detail of Questionnaires Distribution

Questionnaires	Total	Percentage
Questionnaires distributed	102	100%
Questionnaires awaited	72	71%
Questionnaires left	29	28%
Questionnaires which did not return	1	1%
Questionnaires used	101	99%

Source: Primary data processed, 2016

Based on the details in table 2, the questionnaires that could be processed as many as 101 questionnaires, the questionnaires did not return as much as 1 questionnaire. The number of questionnaires which could be processed was 99% from the distributed questionnaires.

Table 3. Model of Research Variables

Latent Variables	Code	Manifest Variables	Item
Information	Information	INFO1, INFO3, and INFO4	3
External Pressure	External Pressure	TE1 and TE2	2
Training	Training	PEL1, PEL3, PEL4 and PEL5	4
Operational Use	Operational	PO1 – PO3	3
Incentives Use	Incentive	PI1 – PI2	2
Exploration Use	Exploration	PE1 - PE3	3

Source: Primary data primer processed, 2016

The value of loading factor of each question indicator above 0.7 with the smallest value was the PE3 indicator equal to 0.708. This meant that the indicator used in this study was valid or has fulfilled convergent validity. Discriminant validity test could be seen from the value of cross loading for each variable which showed value more than 0.7 with the smallest value in INFO1 equal to 0.727. The value of Composite reliability for all variables above 0.7 which meant that all research variables met the criteria of reliability, with the lowest value of 0.834 on the PE variable. The reliability test was reinforced by Cronbach's alpha which showed the result above 0.7, with the

lowest value in the variable of PE equal to 0.703. The coefficient of determination value for this research equation was PO amounted to 0.116 which meant PO variability could be explained by INFO and PLT variables of 11.6%; PI equal to 0.066 which meant PI variability could be explained by INFO variable of 6.6%; while PE was 0.268 which meant PE variability could be explained by TE variable, and PLT was 26.8%.

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Table 4. Hypothesis Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T statistics (O/ STDEV)	P Values	Explanation
INFO -> PE	0.025	0.027	0.099	0.254	0.400	Rejected (H1c)
INFO -> PI	0.234	0.242	0.109	2.151	0.016	Accepted (H1b)
INFO -> PO	0.216	0.244	0.090	2.391	0.009	Accepted (H1a)
PLT -> PE	0.383	0.386	0.087	4.422	0.000	Accepted (H3c)
PLT -> PI	-0.014	-0.014	0.103	0.136	0.446	Rejected (H3b)
PLT -> PO	0.206	0.206	0.110	1.873	0.031	Accepted (H3a)
TE -> PE	0.258	0.266	0.090	2.871	0.002	Accepted (H2c)
TE -> PI	-0.155	-0.155	0.122	1.272	0.102	Rejected (H2b)
TE -> PO	0.049	0.052	0.103	0.474	0.318	Rejected (H2a)

Source: The result of SmartPLS output, 2016

Based on the result of table 4, the information positively affected on the use of performance measurement system for operational activities with significance level of 0.009, thus proving H1a was accepted. This positive effect could be seen in the original value of sample information which had positive value equal to 0.216. Thus, the more or wider the information accessed then there was an increase in the use of performance measurement systems for operational activities. This result supported Wijaya and Akbar (2013) who found that information had a significant positive effect on the operational activities of government performance measurement system. Performance measurement information obtained from training or seminars, for example related to the preparation of the budget affected government operations.

Based on the result of Table 4, the information positively affected on the use of performance measurement system for incentive activities with a significance level of 0.016, thus proving H1b was accepted. This positive effect could be seen on the original value of the information sample which had positive value equal to 0.234. Thus, the more or wider the information accessed then there was an increase in the use of performance measurement system for incentive activities. This result supported Wijaya and Akbar (2013) that information had a significant positive effect on government performance measurement system in incentive activities. Information was believed to affect incentive activities, as performance measurement information was a matter of consideration in providing both bonus and career incentives in public sector organizations.

Based on the result of table 4, information had no positive effect on the use of performance measurement system for exploration activities with significance level of 0.400, thus proving H1c was not accepted. The result of this study did not support Wijaya and Akbar (2013) that the existence of information in exploration activities would develop the intensity of learning repeatedly and adaptation the new understanding that could affect the organization for better. Based on the result of table 4, external pressure had no positive effect on the use of performance measurement system for operational activities with a significance level of 0.318, thus proving that H2a was not accepted. This result did not support Wijaya and Akbar (2013) that external pressure in the form of a new

policy might alter previously established programs, but still have to choose which programs were prioritized.

Based on the result of table 4, external pressure did not negatively affect on the use of performance measurement system for incentive activities with significance levels of 0.102, thus proving that H2b was not accepted. This result supported Spekle and Verbeeten (2013) who stated that the existence of demands encouraged the use of performance measurement system for exploration or operational activities, but not for incentives. Wijaya and Akbar (2013) also found there was no significant effect of external pressure on performance measurement system in incentive activities. Based on the result of Table 4, external pressure positively affected on the use of performance measurement system for exploration activities with a significance level of 0.002, thus proving that H2c was accepted. This positive effect could be seen on the original value of external pressure sample which had positive value equal to 0.258. The greater the external pressure, the greater the use of performance measurement system for exploration activities. This result supported Wijaya and Akbar (2013), that the use of performance measurement system in exploration activities was applied to meet the needs of external parties, conservely, the recognition from external could encourage the use of performance measurement system in exploration activities.

Based on the result of table 4, the training had a positive effect on the use of performance measurement system for operational activities with a significance level of 0.031, thus proving that H3a was accepted. This positive effect could be seen in the original value of the training sample which had positive value equal to 0.206. The more knowledge or skills gained from training related to performance measurement system, the more the use of performance measurement system for operational activities. This result supported the research of Sofyani and Akbar (2013) that training was the main support of the success of performance measurement system for the government. Based on the result of table 4, the training did not positively affect on the use of performance measurement system for incentive activities with significance level of 0.446, thus proving H3b was not accepted. This result supported research conducted by Syachbrani (2014) that training had no significant effect on the development of performance measurement system with incentive orientation.

Based on the result of table 4, training had a positive effect on the use of performance measurement system for exploration activities with a significance level of 0.000, so that H3c was accepted. This positive effect could be seen on the original value of the training sample which had positive that 0.383. The more knowledge or skills gained from training related to performance measurement systems, the more the use of performance measurement systems for exploration activities. This result supported the research conducted by Syachbrani (2014) that training factor gave an important effect on the development of performance measurement system in exploration activities, that development with this exploration orientation that would give addad value to the performance measurement system over time.

CONCLUSIONS

Hypothesis testing conducted showed that there are five hypotheses received that information and training has a positive effect on operational use, information positively effect the use of incentives, external pressure and training has a positive effect on the use of exploration. Further research can analyze other factors that can support the use of performance measurement system, such as organizational commitment.

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