

REVISITED THE MEASUREMENT STRATEGY OF PUBLIC SECTORS PERFORMANCE USING FITTED MANAGEMENT

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ABSTRACT

There are no organization of public sector in developing countries can afford to reduce and eliminate the waste resources by an effectively way, especially when the centrally regulated of public service policy is a hindrance to effective delivery of public services in modern globally competitive competitions. Based on this reason, new approaches to making large and complex bureaucratic organizations more responsive to citizens and their needs are required by building on charting the new relationships among officials and the administrators. First, the effectiveness of public should be therefore associated to the policies and programs based on the functions of public services where their roles to become better at achieving what are expected over better service and dignity, as well as to positively affects the workers. Second, the performance related should not be always about the developing of targets, setting measures, and measuring the process but rather to develop the indicators of performance management and understanding the outcome to support the organizational needs. This is means that the measurements of public service organizations need to understand what is required. Based on this background, this paper review the challenges faced by public sector in order to seek for the solutions based on concept integration, implementation, and performance measurement of their business. The proposed conceptual framework is Fitted Management, where the exploration of organization processing capabilities and how to manage it (to be consistent with the globalization) based on the premise of what constitutes a customer value in the public sector by improving the ability of employees and organizations.

KEYWORDS: *public sector, human capital, performances, fitted management.*

1.0 INTRODUCTION

The globalization is a neutral process to the exchangeable concepts about the development and economy. Related to this issue, Matheson (1998) underlined about the quality of governance institutions that have a significant impact on economic growth. In developing countries, he said that there are no organization of public sector can afford to reduce and eliminate the waste resources as an effectively way. First, this is due to the roles of public services administration as were practiced in most developing countries not yet as good as expected (Bardhan & Mookherjee, 2006 ; Mokhsen, 2003; Shepherd, 2003). As an example, Wilson (2005) and Jooste (2008) in this issue noted about the increasing values associated to the cost reduction, efficiency, goals, and the response to the needs of citizens as a priority for the improvement made on the services delivered. In facts, the improvement of service delivery in what the public sector does (or responsiveness) as to make it sustainable (robustness and manageability) format related to the programs and their interventions are still in early stage. This is as reflected when the government is faced to the challenges in providing a wider scope of services for community development. Most of their organizations lacked to the consistencies and holistic views related to the workforces utilization through the necessary analytics to perform workforce optimization (Schøtt & Wickstrom, 2008; Jaquette & Rao, 2008; Giraud, 2010; Wilson *et.al.*, 2006; Nellis , 2005; Harris , 2003; Irwin, 2007 ; UN ECOSOC, 1981; UN, 2007; Bertucci, 2005; Bertucci & Rosenbaum , 2007 ; Schacter, 2000).

This is means, according to United Nation (UN, 2005), the better of government function are not only in improving efficiency and in cost-effectiveness of public sector functions and operation. Malachi (2002) commented, since the governments have been under pressured to reduce the size of public sector, budgets, and expenditures (sometimes in the social sector), then they are however at the same time have to improve their overall performance as the challenges of government roles against the right balance between accountability and increased flexibility. On this, the range of issues in improving the provision and quality of public sector involve the establishing public services where they are needed yet lacking as the cases where they do exist. In this perspectives, by increasing their effectiveness to achieve improved outcomes (on the important dimensions of improving public sector performance and effectiveness) associated with the principal objective of improving people's lives are required against such as:

- a) Responsiveness: being more responsive to public needs (i.e. needs assessments, policy guidelines to be discussed with the public before decisions are taken, the timely delivery of economic and social services and goods);
- b) Equity: ensuring greater equity in the distribution of the benefits of the development process via the provision of services, usually on the basis of need;
- c) Quantity: ensuring that the proper quantity of services are provided;
- d) Quality: enhancing the quality of the services provided to individuals and organizations;
- e) Efficiency: enhancing the cost effectiveness and efficiency of the body providing the services;
- f) Provision: enhancing the equity, accessibility, speed and reliability of service provision;
- g) Reducing impediments: reducing the extent to which taxation and regulations impede economic and social progress (e.g., minimizing tax distortions and perverse incentive structures and reducing regulatory transactions costs);
- h) Transparent information: providing timely, relevant, complete information that ensures both transparency and accountability; and
- i) Probity: ensuring such like the honesty and the decency in the use of public funds.

By the improvement activities which involves all the effectiveness programs of public sector required, according to UN Expert Group Meeting, 2003, it will make the government policies and programs function well (better delivered, achieve the stated, desired objectives, treat recipients with respect and dignity) and positively affect to the people that they are designated to reach. This is especially when most countries in developing countries are finding centrally regulated public service policy a hindrance to effective delivery of public services in modern globally competitive competitions. Through the new expanded role in identifying human resources, Ewanowich (2004) emphasized that they should therefore be focused on vision, culture, ethics and values; brand, human capital management, business intelligence, business decisions, business transformation, and autonomous employees. When the workforce optimization means getting the right employee in the right position, at the right time and location, as the most basic level this is also can means the minimizing outsourced or unproductive workers, maximizing retention of critical workers through reorganization or downsizing, or minimizing time and costs associated with vacant positions. Even though, Stiles and Kulvisaechana (2003) added that

by a large and growing body of evidence that demonstrates a positive linkage between the development of human capital and organizational performance - as Ewanowich (2004) expressed about the human resources management nowadays - is acquiring an increasingly complex role.

Table 1 shows the model of public service with varied experiences of social and economic development in different eras and in diverse geopolitical environments.

Table 1. The models of public administration

	Public administration	Public management	Responsive governance
Citizen-state relationship	Obedience	Entitlement	Empowerment
Accountability of senior officials	Politicians	Customers	Citizens and stakeholders
Guiding principles	Compliance with rules and regulations	Efficiency and results	Accountability, transparency and participation
Criteria for success	Output	Outcome	Process
Key attribute	Impartiality	Professionalism	Responsiveness

- First, the initiator or leader comes to render society possible, then the organiser or administrator to give it permanence. Administration or the management of affairs, is the middle factor in all social activity, unspectacular but essential to its continuance. Administrative empires are controlled from the centre by rules and procedures. Earlier systems of administration shared one important characteristic. They were ‘personal’, that is, based on loyalty to a particular individual such as a king or a minister, instead of being ‘impersonal’, based on legality and loyalty to the organization and the state. Their practices often resulted in corruption or misuse of office for personal gain, although the very idea that these are undesirable features of administration itself only derives from the traditional model (Hughes, 2003:18).
- Second, Max Weber formulated the theory of bureaucracy, the idea of a distinct, professional public service, recruited and appointed by merit, politically neutral, which would remain in office throughout changes in government. Woodrow Wilson in 1886 put forth the view that politicians should be responsible for making policy, while the administration would be responsible for carrying it out. From both is derived the notion that administration could be instrumental and technical, removed from the political sphere. Later, in 1911 Frederick Taylor introduced the principles of scientific

management and was adopted for the public sector. Two main points of Taylor's theory are the standardizing work (which meant finding the 'one best way of working') and controlling (extensively and intensively to provide for the maintenance of all these standards). Wilson, Taylor and Weber, who were contemporaries, are the main influences on the traditional model of public administration (Hughes, 2003:20-27).

- Third, Elton Mayo in 1930s introduced the theory related to 'human relations'. The focus of human relations is more on the social context at work rather than regarding the worker as an automaton responsive only to financial incentives. Mayo found that the social context of the work group was the most important factor in management. Conflict was pathological and to be avoided, and there was no necessary antagonism between management and workers. In what became known as the 'Hawthorne experiments', referring to the Hawthorne plant of Western Electric, Mayo found that productivity increased most by taking an interest in the workers, and other factors, including financial incentives, were much less important (Hughes, 2003:28-29).
- Fourth, The 1980s and 1990s saw the emergence of a new managerial approach in the public sector, in response to what many regarded as the inadequacies of the traditional model of administration. This approach may alleviate some of the problems of the earlier model, but does mean quite dramatic changes in how the public sector operates. Public management need not mean the widespread and uncritical adoption of practices from the private sector. What it should mean is that a distinctive public management needs to be developed. This should take account of the differences between the sectors, but still recognizes that the work being done by public servants is now managerial rather than administrative (Hughes, 2003:44-45).

Based on this reality, Schacter (2004) suggested that public service framework in developing countries need to be re-orientated to the current challenges where the efforts required are through as follow as:

1. *Administrative Capacity Building*. This is probably the most frequently used form of assistance to public sectors in developing countries. Measures under this, heading to respond of the perceptions that are many civil services poorly

managed and inefficiently structured. Often seen are training and skills upgrading in line departments operating in areas of particular interest. Activities include:

- organizational restructuring and renewal, including strengthening of capacity to be more responsive to the needs and preferences of citizens.
- strengthening of linkages between government agencies, including strengthening the capacity of line departments to interact with one another and with central agencies.
- improving the quality of human resources through training and recruitment.
- addressing management problems related to employee performance management, wage and non-wage incentives, irrational job classification systems and ineffective payroll and personnel systems.

2. *Strengthening Policy Capacity.* These measures aim at building the capacity of the government, either at the central agency level or at the level of individual departments, to develop rational and effective public policies. They include:

- rationalizing and standardizing the decision-making process, improving the flow of policy-relevant information, etc.
- strengthening capacity for policy analysis.

3. *Institutional Reform.* These measures aim at making the state more open and accountable. They include support for:

- civil service codes of conduct and strengthened safeguards concerning public procurement;
- strengthening institutions and procedures that act as an accountability check on the executive, such as the judiciary, independent oversight bodies, and rules related to public access to information.

4. *Civil Service Downsizing.* The motivation for downsizing has normally been some combination of fiscal discipline – governments trying to reduce the costs of public administration – and a desire to move toward a more market-oriented economy. A typical package of interventions involves:

- workforce size reductions, implemented through mechanisms such as voluntary early retirement, hiring freezes, natural attrition and strict enforcement of the retirement age;
- compensation schemes, including lump-sum severance payments and job re-training, aimed at easing the transition of laid-off workers into the private sector;
- wage policy reforms such as wage-bill caps, wage freezes and monetization of non-cash allowances and benefits, all aimed at containing wage expenditures.

Those aforementioned to address the functions of general management as stated by Allison (1982:17) as follows:

Strategy	Managing Internal Components	Managing External Components
1. Establishing objectives and priorities for the organization (on the basis of forecasts of the external environment and the organization's capacities).	1. Organizing and staffing: in organizing, the manager establishes structure (units and positions with assigned authority and responsibilities) and procedures for coordinating activity and taking action). In staffing, he tries to fit the right persons in the key jobs.	1. Dealing with 'external' units of the organization subject to some common authority: most general managers must deal with general managers of other units within the larger organization above, laterally and below to achieve their unit's objectives.
2. Devising operational plans to achieve these objectives.	2. Directing personnel and the personnel management system: the capacity of the organization is embodied primarily in its members and their skills and knowledge. The personnel management system recruits, selects, socializes, trains, rewards, punishes, and exits the organization's human capital, which constitutes the organization's capacity to act to achieve its goals and to respond to specific directions from management.	2. Dealing with independent organizations: agencies from other branches or levels of government, interest groups, and private enterprises that can affect the organization's ability to achieve its objectives.
	3. Controlling performance: various management information systems – including operating and capital budgets, accounts, reports, and statistical systems, performance appraisals and product evaluation – assist management in making decisions and in measuring progress towards objectives.	3. Dealing with the press and public whose action or approval or acquiescence is required.

Second, the reforms in the area of managerial efficiency that need to be focused on organizational restructuring and introduction of market or quasi-market principles in the delivery of services. Peters

(2006) suggested that any analyst of government must be therefore concerned with the range of influences that government is capable for exercising over the economy and society. In this issue, Bangura (2000) stated about three main issues, such as decentralized management and creation of executive agencies out of monolithic bureaucracies, performance contracts for employees, and contracting out of services to the private sector. To succeed, public-sector organizations must find a way to align their growth strategy regarding the interests of their workers beside to optimize costs, quality, and customer service constantly by providing new and better services at limited costs. For an example, the using of lean principles in public sectors (Sihombing & Perumal, 2010; Sihombing et al., 2010; Read, 2008; Radnor, 2006). Although it differ in nature of the value resources (capabilities and environments) and also in ways which have the implications for making and implementation the strategy, government could realign its in their organization by investing in the development of team leaders. By such of public sector organization will produce value for stakeholders by deploying their resources and capabilities (Alford, 2000). This is means that the effectiveness of public should be associated to the policies and programs based on the functions of public services. On this, their roles to become better at achieving what are expected over better service and dignity, as well as to positively affects the workers to accomplish their work assignments/ jobs responsibilities and eliminating the negative impression of the task undertaken.

Third, on how effectively and efficiently public services delivered that mightnotbeable traced in details based on the performance measurement data. Although one of the common rationales behind the recent market-oriented reforms is to increase the responsiveness and accountability of public service to its customers, Haque (2001) in this sense realized that the basic features of the reforms (such as privatization, contracting out, public-private partnership, and autonomous agency) tend to pose a new challenge to accountability. On this, since in the public sector that performance measurement has fostered a move towards a contract value on various levels - where managing and measuring performance has been one of the key drivers in the reform of the public sector in recent year - Gianakis (2002) stated that this performance measurement is as a central element of new public management (NPM). On this, McLeod (2005) argued that the performance of the civil services (in which the individuals' performance comprise the capabilities relative to the jobs and the individuals performance required) can be improved if there were the guiding principle of personnel management encourage strong commitment and competition for positions within the civil service as a whole. Radnor (2006) asserted that in order to

ensure that some balance presence between both of them requires the understanding of various facets of performance perspectives. Thus, the performance related should not be always about how to develop the targets, setting measures, and measuring the process, but rather to develop the indicators of performance management and understanding the outcome to support the “organizational” needs. This is means the control should be focused on outcome measured (as in table 2), where the necessary performance considered is to create something like the private sector bottom line, beside the accountability through the features and mechanism of the public services context (Townley & Cooper, 1998). At this point of view, according Kettle (1998), they must incorporate the new approaches to making large and complex bureaucratic organizations more responsive to citizens and their needs by building on charting the new relationships among officials and the administrators. This is due to the key of the effectiveness today’s administrative of public services are on how they are reflected into the learning behaviours on individuals and organizations.

2. MEASURING AND ASPECTS OF PUBLIC SERVICE PERFORMANCES

The core business of public service organization is as a non-profit institution, but their performances are having the impacts associated with the ‘wheels’ of the economy. Thus, according to Schaefer (2006), the policies and activities of public service are, anyhow, expected to provide the conducive conditions to economic growth and competitiveness. In developing countries, the current expectation is on how the reformation efforts in public services management towards foreign investment in developing countries. However, some of improvements were just solely response to problems of public services in interpreting the complaints and the obstacles faced by citizen/ community. In addition, the improvements taken are still ineffectively due to partially applied in sectoral interests as well as unintegrated against the strategy focused of public service. These problems result, might be, from the nature of the metrics or the instruments used for benchmarking and assessing the changes in performance, the political context of agency operations, and the possible dysfunctions of performance measurement (Malachi, 1996; 1997; Malachi & Boorsma, 1998).

Table 2. Six forms of accountability (Erkkilä , 2004).

Accountability	Defining features	Mechanisms	Context
Political	Democratic, external	Chains of answerability	Democratic state
Administrative	Hierarchical, legal/formal	Rules, sanctions supervision	Bureaucracy
Personal	Internal, normative	Values, ethics	All public offices/roles
Professional	Peer-oriented, expertise	Peer review, professionalism	Expert organizations
Output	Client/customer focus	NPM, self-regulation	Market, market-type mechanisms
Deliberative	Interactive, open, public	Public hearing, transparency	Public sphere

For an instance, the case of foreign investment in Indonesia. Asian Development Bank (ADB, 2005:14) stated that in terms of decentralization, some local governments are ill-equipped to assume their new and expanded role. This case is reflected in the tax payment strategy in Indonesia, in which the reforms had undertaken to eliminate the practices of tax evasion and the ‘conspiracy’ between officials and tax prayers, but by no means it will directly affect to economic growth. Despite the taxpayers were ‘forced’ to comply in paying the taxes correctly, however, in the other hand they also have to pay for the ‘invisible’ cost of the services provided by others public services/ sectors as well as the problem associated to the demand of their worker wages increment. The investors and/or business players were pushed into the higher operational costs that lead to the degradation of their business competitiveness which then make them to looking for the favourable places for investments that provide conducive condition to their business. (e.g. Case of SONY Electronic Indonesia in 2003 (Gatra.com, 2002; Guerin, 2002)).

Consequently, the need to improve the capacity of local governments and to introduce better and more efficient arrangements of investment-related regulations between local and central governments, including investment licensing. Based on that fact, in order to achieve a effectively and optimally public service, the operational policies of public service organizations which rely on the government’s main role, therefore, should systematically be integrated to the efforts that are not limited to a system within one organization alone. This means that the comprehensive and integrated approach is required to the need of public sector reforms, decentralization, and privatization itself (Ugaz, 2003), prior to overcome the problems that drives the cost factors related to ‘unofficial’ practices, convoluted and lengthy processing that making their operating costs becomes less competitive.

2.1 Systematic Approaches to Organization Performance Measurement

Regarding the systems, Nightingale and Rhodes (2004) viewed that the system architecture approach of the strategy applied on the entire organization, processes, knowledge, and using of information technology are actually cannot be broken down into separate parts or stand alone. Based on an integrated framework, due to their interactions are also important in producing the properties of the system, Ackoff (2003) highlighted that the system should be viewed as a unity through the functions that are formed points to the internal. Towards public service, it means that the government must to increase their efforts to manage the tasks and responsibilities (Jones & Kettle, 2003). Besides, they also have to create a balance between responsibility and increased flexibility of public service organizations in carrying out their roles and functions (Table 3) by identifying the attributes of organizations and resources human resources for performance measurement (Table 4). This is to achieve as what Wright and de Joux (2003) suggested as following:

- The forward-looking organizations engagement towards the diverse stakeholders that should be effectively focused on improving the responsiveness.
- The leadership embraced the solution-driven culture in order to demonstrate a fully commitment towards the public service outputs and reprioritizing the resources.
- Maintaining and retaining a mandate towards the change that is need to be refreshed as stakeholders' need.
- Fit-for-purpose in the continuous implementation process initiative towards the clearly targets and their risks management.

In addition, this means also that empowering the individual worker through performance measurement depend on the relevancy of system itself. The unification of thoughts about the way we think and act as a customer or user through the way we think and do in our other role as a provider or supplier is necessities. Here, Womack and Jones (2005) explained it through "what" is required to the consumption based on a single view of service users and services suppliers / providers are reflected to all people in establishing the problem solving jointly. Therefore, based on problem aspects, performance factors, as well as measurement of the attributes required in the public services, there were need to focus on the improvement aspects of performance measurement such as process, innovation, development, and experience as described

in Table 4. Through the matrix as is showed in Table 5, these factors used are to explain what their emphasized, how to do it, and why to do it.

2.2. Systems Approach to the Individual Performance Measurement

The decisions for the worker strategic planning should be on the measurement basis (Frank & Miller, 2008). By conducting the measurement, the control system performance serves two purposes: measurement and motivation (Mintzberg, 1978). Hauser and Katz (1998) noted that an organization is what as measured. Hence, the application of measurement system should be conducted through an acceptable approach inside the organizations considered to 'what' will be measured and 'how' to measure it. While, the measuring aspects towards the workers (individuals) is on performance form and what is needed in the future based on critical factors of organizational measurement targets (Table 6).

However, according to Lye (2004), the objective of a system management in public service organizations must apply carefully for their limited resources (with regards the devices of the infrastructure, the period and time, capital goods, and also human beings) where the use of resources should be directed to become an organization competitive strategy (competitive organization) (Figure 1). Here, the 'fitted' management is proposed based on ideas relating to the operations and the economic climate as competition condition that must be adopted by business organization/ enterprises as a strategy management. The application of this concept as a reference for the goal of public service organizations is in order to make public service always relevant towards the changes of the customer demands. Furthermore, this leads to economic growth (indirectly) as the result of economic competition of economic actors or business players as we can see on how the role and function of public services became the competitiveness of business growth in countries such as Singapore, China, Taiwan, South Korea, etc. (Zeng, 2010; Adei, 2008; Dong & Yang, 2007; Eriksson, 2005; UNIDO 2005; Yam & Heng, 1998).

3. CONTINUOUS IMPROVEMENT THROUGH 'FITTED MANAGEMENT'

In the global competition era, the operational elements and a system cycle of continuous improvement (continuous improvement

circle) carried out by an organization should fit to the needs of the customer and community. Considering on this reason, the practise of management system generated by an organization should relevant to the strategy, organization culture, and leadership style that always fitted to the competitive situation (Chorn, 1991; Smith & Reece, 1998). (i.e. fit HR practices (Wei, 2006), HRM~business strategy fit~firm performance (Erdil & Gunsel, 2002) , fit as central concept in strategic management (Venkatraman & Camillus, 1984), competency selection for Fit (Zingheim *et.al.*, 1996), customer fit (Santala & Parvinen, 2007). We called as Fitted Management, where the ways of the management systems or good governance carried out through the existing of proven management (i.e. ISO 9001, 5S, TQM, Kaizen, Lean Management, etc) is as an increasing cycle management (management improvement) to be competitive management (competitive management). The identifications of the strategy option on this is through the organization, operations, and external context (Heywood *et.al.*, 2007) and then, the perspective of approaches laid on what the demands and requirements of the community or the consumers who formed the necessities and interests of competitiveness through the following:

- What are the challenges faced by the organization on their performance (performance challenges)
- How to measure the performance of the existing condition and what the challenges of performance measurement so that can be further enhanced.
- How to manage the performance required of the existing challenges and in future as well as performance management carried out through a system used (through proven management) (such like ISO 9001, Lean, JIT, TQM, HRM, etc.).

Since the challenges of the measurements arises on how to assess a linkages of network that 'fit' to the competitive advantages, the public service organizations therefore need to understand what is required. Especially, against their workforces, such as what is expected of workers from their employers, how to adapt the ideas of management and new possibilities regarding workforce effectiveness, the management of talents, and the value proposition of the core jobs as well. Besides, the dynamically used against the dimensions of the quality products or services as what is expected by customers through performance, features, feasibility, suitability, reliability, serviceability, aesthetics, and perceived quality (Garvin, 1988) as well as the role of human capital development and organizational capabilities in the context of managerial and operational organization through a business strategy

as following as:

- i.) Recognizing the individual abilities, knowledge, skills, expertise, and experiences of workers and managers based on relevant organizations of the tasks that they handle, and the capacity to add knowledge, proficiency, and experience through individual learning (Dess & Picken, 1999).
- ii.) Sharpened and focused on achievements in the context of the organizational environment and the logic of competition where there is no substitute for knowledge and learning, creativity and innovation, competence and ability (Rastogi, 2000).
- iii.) Encourage the innovation of products and services provided and given to the public through the communication of the messages carried by and with respect to 'treatment' of human capital and 'brand'. On this, the form used is to unify that the 'brand' is the value of workers' submissions (employee value proposition).
- iv.) Translating it as an opportunity in open challenges through the experiences needed by the organization with hopes to attract individuals in the talent-calibre talent to enter the organization.
- v.) Improving outlook for growth (perception) of society to the organization, in order to be become a differentiator against society, where in this case, perspective of 'brand' are created to the organization becoming platforms against the prospect of recruitment.

In this case, encourage and 'knock' awareness of the organization to the exploration in getting new skills based on the relevant steps against external and internal factors as an opportunity to their development. Thus, making the better of government function through public service is not only an indication of the increasing efficiency and cost effectiveness of public sector functions. But, it's also through the operational steps toward the goals headed important than increasing the effectiveness of public sector represents an overall increased in community life and national development by making use of the most effective and efficient against the resources.

Hence, the public service organizations should implement an integrated management system performance improvement, including development of plans such as organizational strategy, operations, individual's actions and targets, the requirements of resources, standards- performance standards, as well as achievement of sources

and mechanisms of monitoring and evaluation of performance at the levels of individuals and organizations. In the public service, therefore as follows:

- The understanding of the human capital need to be recognized as an important roles in the performance of public administration, even the measurements is not easy (Ewanowich, 2004).
- To become a truly effective and optimal organization, the quality improvement activities should be starting with things that require full involvement of the organization (O'hEocha, 2000).
- The new philosophy on the basis of discipline, standardization, and hygiene in order to achieve high standards of quality should be derived from the work environment that is organized neatly where the framework of continuous improvement starts with an assessment of a value provision that linked to the key performance indicators and the key indicator of improvement (Setijono & Dahlgard, 2007).
- The critical success factor should be associated with the system that enables an organization's performance measurement system to drive the behaviour of the organization and its ability in achieving its strategy for long-term goals (Cochran *et.al.*, 2000).
- When performance measurement used is primarily to assist administrators to manage their agencies, the task of developing them is more likely to be seen as in investment. However, when the development of performance measurement is imposed from the outside, even though it may help internal accountability, it is more likely to seen as a means of assuring external accountability, and thus may meet resistance (Townley & Cooper, 1998). These problems results from the nature of the metrics or the instruments used for benchmarking and assessing the change in performance, the political context of agency operations and the possible dysfunctions of performance measurement (Halachmi, 1996; 1997; Halachmi & Boorsma, 1998).

4. CONCLUSION

Basically, the success of the development public sector performance measurement is based on the operational approach as one system rather than just a single device that is used as a tool. The fact is most

organizations of public sector agencies or bodies require management commitment as a reason and evidence why the implementation of public sector development so difficult to do. Ackoff (2003) said that one of the most important principles is not through the increasing of performance as a separate item, but rather as an improvement in overall. This is due to the public sector will increase its service performance not only through the system, organization and procedures, but also human as a system.

The direct involvement of the workers in kaizen activities or process improvement, and the commitment of leadership are the effectiveness and behavioural aspects of an organization's efforts towards continuous improvement program (Balle, 2005; Emiliani, 2006). The improvement program that is focused on individuals will produce an individual or a person who will have the right skills to continuously improve their activities in continuously processes that are not solely to the positions. Therefore, this approach require a fundamental of change in the attitude of the leaders that also requires a rethinking of how public service organizations to define their success and how to evaluate their managers (superiors).

The strategic approach to human development organization as a competitive advantage is based on how the management should be placing the performance (performance management) to make the competitive organization on competing management strategies basis (competitive management). In this perspective, the management strategy used (proven management) is always needed for continuous improvement agenda in order to produce the appropriate output and customer satisfaction through management improvement by translating what performance required (performance challenges) and how to measure and drive the management (performance measurement and management).

When an organization only depends on its ability to revive its economy, then the strategy of the organization serves a unique positioning that allows them to maximize the benefits of national competition. However, if it is somehow not preserved and maintained with proper management, it will usually fall under the influence of a series of mutual dependency that cannot be separated from past patterns. This is means that even they are conducted through the reformation, but the result is not always as expected (Shepherd & Ahmed, 2000). In this sense, since the reforms are crucial in protecting public resources, enhancing public sector performance, and strengthening the government's role in orchestrating development and providing basic services, but the

success and effectiveness of public sector reforms rest on more effective control over corruption (Ashour, 2004). Therefore, HRM reform should be integrated within an overall civil service/public sector reform. To have an impact, HRM reforms must be part of an overall civil service or public sector reform and should be directed to provide support to the overarching goals of the overall reform.

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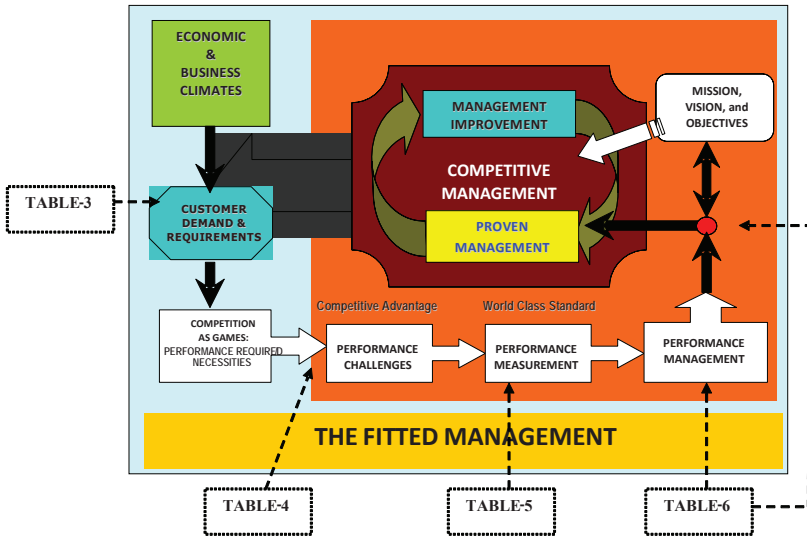


Figure 1. Implementation of Human Capital Model in Organization (Fitted Management) (Sihombing *et.al.*, 2010)

Table 3. The Factors and Issues in Public Services vs. Strategy Required (Sihombing *et al.*, 2010; 2011)

FACTORS AND ISSUES IN PUBLIC SERVICE	STRATEGY REQUIRED
<p>1. Public perception.</p> <p>Public perception are often predominantly determined by the quality of public services as a realization of the administration tasks associated with business, community organizations, or public administration (Ketelaar, 2007). There are related to as follows:</p> <ul style="list-style-type: none"> • The increasing of efficiency and effectiveness of public sector spending for their functions and operations, better service and dignified, positive impact on workers in order to accomplish tasks and jobs, and negative impressions of the tasks performed (Bridgman, 2007) • The trust as one form of efficiency for lowering the costs of 'transactions' in many social relationships, economic, and political (Fukuyama, 1995) due to the trust is a bond of all human contacts and interactions of the institution (Tonkiss <i>et al.</i>, 2000; Misztal, 1996). 	<p>1. Value Creation.</p> <p>Value creation is an advantage and its can be achieved through the specific activities or the choices of most profitable resources (Besanko <i>et al.</i>, 2000). Value creation strategy is based on what the values created for consumers and value added (Saloner <i>et al.</i>, 2001; Brandenburger & Stuart, 1996). Therefore, some of required public service activities to create user satisfaction (citizens) are through the following ways, such as:</p> <ul style="list-style-type: none"> • <u>Voice and Accountability</u>, by opening the space for participation in the hearing on major cases (i.e. local corruption and various public assistances) (Knox & Qun, 2007) • <u>Simplification of Administration</u>, by performing the cooperation between local government with the counselling agencies or community advisory. Here, an advisory body of local government become a model 'new steering' of public sector performance measurement (Greiling, 2005). • <u>One Stop Shops</u>, by conducting the priority targets of the public sector management and administration through the reformation headed by providing the services through their presence of public service institutions to community (Riga, 2000). • <u>Strategic Personnel Management</u>, by implementing the new public management for the jobs responsibilities and worker management (Ćiarniene <i>et al.</i>, 2006). • <u>Expectations Disconfirmation</u>, <u>Expectations Anchoring and Delivery Process</u>, by conducting the analysis through surveys between the expectations, performance, and satisfaction based on the approaches of discomfort and satisfaction in order to find the results between the levels of hope (expectations) and views on the performance (perceived performance) (David, 2007). • <u>Total Quality Management</u>, by encouraging the state agencies to apply ISO 9000 quality management standard for setting standards and managing management (Common, 1999). • <u>The Results-Oriented Management Initiative</u>, by implementing the public service openness based on the intended expectations, business plans, roles, and responsibilities through reform initiatives that are delivered to a group of technocrats and elites or secretarial agencies whose responsible for implementing civil service reforms (Langset, 1995). • <u>Privatization and Downsizing</u>, by transferring the service departments and agencies to a stand-alone or as entrepreneurship in which they will subtract the total budget (due to payment of salaries) and improve the effectiveness of public services (Polidano, 1999).
<p>2. Public service affects to the economic growth.</p> <p>Wanna <i>et al.</i>, (1992) said that since the development of public services and their resources as if it had 'commoditized' and 'sold' via one form of understanding the 'market price' for the provision of products or services, the effect that appears on all of what they obtained are through an assumption about the 'cost'. Therefore, in achieving the goals related to the provision of basic services that have positive impacts on economic issues, the government need to find a solution towards the employment-job-duties and tasks more efficiently, easier, and faster.</p>	<p>2. Innovation Strategy Development.</p> <p>The profitability of innovations are consistent, both socially and technology, in providing some value differentiator, either directly or indirectly (Foxal, 1984; Rogers, 1995; Gatignon & Xuereb, 1997). This innovation strategy should as follows:</p> <ul style="list-style-type: none"> • Encourage technical changes in the yield of products / services (Christensen & Raynor, 2003).

<p>3. Inconsistencies. Martin (1996) explained that since the processes of public services were determined by considering the public obligations, the constraints encountered are on an understanding in trying to provide public services through market principles of service responsibilities to community (community service obligations or CSO). The change of accountability in public services are, therefore, need to involve the management of public relations over the understanding required in the management of government-regulation (Government to Governance) (Cheema, 2004; Erkkila, 2004).</p> <p>4. Assets and Resources. The challenges and criticisms against the government related to their workers and public service sector organizations are as the following factors, such as:</p> <ul style="list-style-type: none"> • Lack of workers' motivation. • Personnel status that is too strict. • Lacks of broad and open to the possibilities for achieving a better career through self-development. • Motivation of workers is more driven directly to the primacy of position based on the ambition to achieve a higher career in the understanding of 'wet position' as a form of professionalism and career achievements, and to place responsibility solely on the employer-regulatory system if they tasks mismatch and failed to meet the interests of the people services. • Limited space of the possibility for the capable and qualified personnel election / selection due to having the attitude and assessment to which primordialism become a common indirectly priority, such as kinship and attachment to group (nepotism), rather than on how the capabilities and achievement assessment. 	<ul style="list-style-type: none"> • Create a successful development and introduction of products, services, and new processes (Urabe, 1988) in order to remain relevant to the dynamics and complexities within a particular economic environment (Assink, 2006) in which the construction, development, and adaptation of an idea or behavior and something new to be adopted by the organization (Higgins, 1995; 2007). • Change the organization in response to the dynamics of the external environment, as well as their actions that affect the environment (Damannpour, 1996). • Increase one individual degree of improvement and the function of the organization in process improvement or adaptation as a form of value chain service innovation, service model, and breakthrough technology (Edquist, 1997). <p>3. Increasing Competence. An organization experiences a competitive advantage when they are applied through a combination of the capabilities and resources in the ways that were unique and sustained as well as focused on collective learning (of workers) to certain core competencies (Hoffman, 2000). This advantage is generated by as follows:</p> <ul style="list-style-type: none"> • Creating the skills and resources of a superior value (Day & Wesley, 1988) through a combination of resources and capabilities into the core competences (Prahalad & Hammel, 1990) • Specializing the source into the category of financial resources, physical, legal, people, organizations, information, relationships (relational) exceeds the normal standards, and continues to move resources (Peteraf, 1993; Hunt & Morgan, 1995). <p>4. Development of High-Performing Organization To achieve high-performing organization are through as follows:</p> <ul style="list-style-type: none"> • The vision, mission and goals (objectives) towards continuous improvement, priorities to capable workers; flexibility and flats bureaucracy to replace the high and rigid hierarchical structures; employees enrichment or job enrichment (Çiamienè <i>et. al.</i>, 2006). • Promoting the public service agencies' learning and development on an ongoing basis at all levels of the organization through the achievement required from a deductible of managerial control by testing the formal authority of the critical success factors (Radnor <i>et al.</i>, 2006). These factors are in the form of organizational development and readiness, organizational culture and sense of ownership, commitment and management capability, resources commensurate to the internal capabilities and competencies, the process of clear communication and engagement, deployment strategies and management of continuous improvement activities, external support and cooperation. • Conducting and directing the process measurement systems on organization that aligns to the organization's goals in which requires the customer identification for more effective performance measurement through the supply chain and feedback (Kaplan & Norton, 1992; Neely <i>et al.</i>, 2000). • Increasing the impact of supply chain transformation strategy of the organization by application of improvement process through the existed elements of performance measurement in organizational tools and capabilities as a reference to the degree of successful the organizational performance required in the future.
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Table 4. Factors and Attributes of the Individuals and Organization Performance (Sihombing *et.al*, 2010)

THE PERFORMANCE OF HUMAN RESOURCE MANAGEMENT ORGANIZATION	ASPECTS REQUIRED TO MANAGE THE PERFORMANCE OF HUMAN RESOURCE MANAGEMENT	PERFORMANCE ATTRIBUTES OF THE ORGANIZATION	FACTORS MEASURED	FOCUS
<p>1. Flexibility and adaptability of an individual There are weaknesses between business planning and human resources due to the traditional approach taken to establish human resources' needs based on a reactive response to the business planning (Jackson & Schuler, 1990), while the changes of organization's dynamics and demands are quickly required to respond through the flexibility and adaptability of organizations and individuals.</p> <p>2. Developing and generating the intellectual capital as well as their optimization. Due to the challenges of human resources planning are the development of intellectual capital used as a competitive advantage, the investment in intellectual capital management therefore should be conducted as a basis for decisions making, priorities setting, and the assets maximizing by the company (Smart, 1997).</p> <p>3. Organizational and Technological Organizations and knowledgeable workers are a product of education, technological advances, as well as modernization of development in the</p>	<p>1. Experience Since most of public organizations are not having dexterity or skill on the front line in responding to demand changes from their customers / users, therefore it is necessary mindset required for adopting the change management experience and an appropriate leadership style.</p> <p>2. Leadership According to Bhatia and Drew (2006) that the leadership weakness gives a barrier of public organizations to become more effective, efficient, and optimal. Therefore, through the leadership that 'unlock' its resources of their activities to choose a new initiative in the public sector, it will provide an effective understanding of space, efficient, and healthy. In this method, if the builders of the system want to move with the pattern of the philosophy of lean thinking, then what the necessary is through the identification based on operational processes in the customer's perspective and then design and manage the system by maintaining the circulation of information and materials to run smoothly on the earlier processes.</p> <p>3. Comprehension Lack of clear attainable targets, pushing the need of workers' understanding to a process executed. Since the most important goals are</p>	<p>1. Organizational mindset The mindset to questioning the existed standards in which the 'settings' only if there are for 'resetting' (Journey in the continuous improvement path).</p> <p>2. Organizational capabilities Organizing the development of specific capabilities and organizations to adopt the future requirements mindset towards the consumer and service products.</p> <p>3. Organizational structure Grouping based on business processes in order to cut and combine several functions areas as like 'blocks' building.</p> <p>4. Organizational parameters Measuring the parameters based on as follows: a) Internal parameters required, such as utilization of workers and auxiliary devices, the value of items given, and conformance to certain standards. b) Parameter driven by the consumer, such as the quality and providing timely.</p> <p>5. Cost a) Decreasing the cost of</p>	<p>1. Full involvement and changes in behaviour. Liker (2004) said that the role and involvement of workers are through open and honest communication, as well as the delegation of authorities (authorization).</p> <p>2. Increasing the capability of solving problems Due to the ability of problem solving among workers at all levels are necessities, therefore, the full commitment is required from the top management to the lower one, as well as lean behaviours among workers to become agents of change. By recognizing a workforce with a higher skill set, (Veech, 2004) said that it will accelerate any program of continuous process improvement.</p> <p>3. How human capital strategy of the organization (as a placement or staffing to the business plan). Aseltine and Alletson (2006) argued that organizations need to understand what are required and expected by workers from their</p>	<p>1. Process The processes to identify the changes of the consumer needs should be faster and accurately (Shepherd & Ahmed, 2000).</p> <p>2. Innovation In order to make the innovations are successful, the organizations or agencies need to assemble the best combination of technical and market knowledge for excellence, rather than merely on the knowledge that available from one particular location (Lusch <i>et al.</i>, 2006).</p> <p>3. Development of products or services In order to meet consumer needs, the organization or agency needs to open themselves towards customer supports and service provided, as well as the information technology in the provision of services becomes much greater of functionality, performance, and feasibility of the product or service offered. Here, the difficulties faced are</p>

<p>practices and theories of organization. The values, processes, and ideas of the knowledge in terms of human resources theory are therefore a key performance to drive organizational success, such as through globalization nature, technology adoption, change management, talent management or human capital and responses to the market, as well as cost charged.</p> <p>5. Leadership and empowerment An understanding of leadership and empowerment is required to shape the quality of human capital as a necessary strategy that related to the crisis and change to the modern organizations as the key drivers. In order to manage the knowledge to become effectively, what are required as following:</p> <p>(a) The relationship between leadership and organizational skills in constructing knowledge management systems that aligns to organization's mission and vision. This is applied through improving education and learning opportunities, redefining roles knowledgeable leader who is responsible to build a system of membership, sharing of knowledge in an effort to solve organizational problems, fulfilling the vision and mission, to carry out critical tasks, and manage the change effectively against to the crisis.</p> <p>(b) The critical parts discovered of the learning process strategy and the intrinsic factors as the motivation that</p>	<p>to configure the system's assets, sources of materials, and workers in a way to increase the flow of the process to gain customers (by way of minimizing losses caused waste, diversity, and inflexibility), therefore an organization need to understand the philosophy of lean as a long-term philosophy.</p> <p>4. Management (Lean Management) Bhasin and Burcher (2006) said that the lack of direction, planning, and conformance to a series of projects are mainly the difficulties faced by organizations in implementing lean. This is due to the concept of lean is accepted as the choice of an instinctive responses (counter-intuitive) (Womack & Jones, 2005) and effectively be used for self-defence behavior (self-defeating) of the individuals or groups of people in the workplace (Emiliani, 1998). Thus, it is necessary for the management thereof a cultural approach and values (Flambholz, 2001) based on changes in an increasingly competitive operating environment and needs to be coupled with modifications to adapt the local conditions.</p> <p>5. Model and organizational processes. Since an organization should produces the output with the right added-values through human development and partnerships on an ongoing basis, the understanding of lean thinking, therefore is required as a key influencing organizational model. This is due to the need of a continuous problem-solving ability as a driver of organizational learning.</p> <p>6. Complexity.</p>	<p>consumer-driven. The controls that did not caused the costs in reducing costs.</p> <p>b) The cost considerations are functions performed for the quality, supply, rapid response, etc. that drive by the organization. Full cost is to reduce costs.</p>	<p>superiors and company.</p> <p>4. Configurations of human resources employed in the organization. The groups are distinguished based on the individual' needs and contributions basis. i.e. The expert groups whose depend on natural forms of their contributions to the value and placement strategies that are divided from a combination of human capital between those differences. According to Kang <i>et al.</i>, (2003), the degree of human capital is strategically valuable and unique due to all of the workers do not contributes the same way based on human capital.</p> <p>5. Concepts and perspectives relating to human capital and organizational systems. Rastogi (2000) said that what is necessary to achieve the goal of an organization is supposed to be focused on the environmental context of the organization and the logic of consumer satisfaction based on knowledge and learning, creativity and innovation, competence and ability.</p> <p>6. How to overcome challenges (through the management of people and the existed difficulties in order to get the execution of effective and productive).</p>	<p>should be addressed to the points related of the functions in the areas effected and the changing business environment (Mill <i>et al.</i>, 1995; Hayes & Wheelwright, 1984) due to dynamic of business (Papadopoulos & Ozbayrak, 2005).</p> <p>4. Experience Organizations or agencies must use their experience towards consumers to creates greater values offered (related to the products offered), and do not only based on the approach to the concept of the internal strategy as a single overall structure of the business organization. Also, emphasize the behavior that support the purpose of the organization objective, such as cooperative, competitive and the judicial behavior (Oliver, 1997)</p>
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<p>drives the knowledge workers to the merging of information, internalization, and integration.</p>	<p>The approaches to the government management strategy were not only enough through the rational approach that requires new skills within the technical capabilities, but also to the human skills (soft skills) in order to increase cooperation, acceptance of a greater responsibility, a new focus on communication and dissemination of knowledge, and ideas within and outside the organization. Therefore, since the implementation of lean has diverse and depends on how use it, the approach needs are through the unconventional ways (Parker, 2003; Gates & Cooney,1998). This is due to the ways that too depends on single-loop of process ignored the dynamics of the complexity of human conditions and organizational systems.</p>	<p>Howatt (2004) argued that without understanding and using the science of human capital, an organization or agency are, really, cannot understand how an individual's work and even as the factor in an organization.</p> <p>7. Maximization of service and minimizing the use of the cost. The bureaucracy systems oriented needs to be change to the customer-orientation in order to make management system can maximize the job and task of workers to produce output more quickly and effectively. Here, the management system should be able to avoid the redundancies and non-value added to the user.</p>
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Table 5. Measurement of Individuals Aspects and Critical Factors of Organization for Improvement Needs in Public Services (Sihombing & Perumal, 2010)

EXISTING LABOR	INDIVIDUALS	FUTURE NEEDS	EXPECTED GOALS [“High performance” public organization]	CRITICAL SUCCESS FACTORS
<ul style="list-style-type: none"> • The number of workers • The average worker ages • The positions levels and duties distribution • Diversity, e.g. sex • Salary and compensation cost, including remuneration • Turnover (exit vs. coming) and vacant ratio level due to pension or terminated (attrition) • Education • Geography and location • Granted and resources filled 	<ul style="list-style-type: none"> • Services • The position levels and periods of service • Potencies and retirement • Qualification • Special talents • Potency level (against higher level and averages) • Special considerations towards: <ul style="list-style-type: none"> ○ Performance (fit/weak) ○ Workload (less) 	<ul style="list-style-type: none"> • Position • Selection of service groups • Team Management • Vacancy and what is occurred • Works as in the appointment of employment (assignment) /acting (secondments) • Various and new talents • Women, diversity (diversity) and different target groups 	<ul style="list-style-type: none"> • Vision, mission, and goal directed with continuous performance measurement as a central value. • It prefers multi-skilled workers rather than those who with narrow expertise because jobs are enriched, employees given greater latitude and discretion. • A flatter and more flexible bureaucrat form to replace the tall and rigid organizational hierarchy. As a result, decision-making in a high-performance public organization performs in dispersed rather than centralized. • Because of job enrichment and dispersed decision-making, a policy promoting continuous learning at all organizational levels is a priority. • Less managerial control maintained by exercising the formal authority, and more by leadership through an example and continuous effort to clarify organizational vision, mission, goals, and values. 	<ul style="list-style-type: none"> • Organizational culture and ownership • Developing organizational readiness • Management commitment and capability • Providing adequate resources to support change • External support from consultants in the first instance • Effective communication and engagement through the organization • Strategic approach to improvements • Teamwork and joined-up whole systems thinking • Timing to set realistic timescales for changes and to make effective use of commitments and enthusiasm for change.

Table 6. An Analytical Framework for Measuring Public Sector Performance based on Human Capital

KEY CHARACTERISTICS OF INTEGRATION ELEMENTS	CRITICAL SUCCESS FACTORS (CSF)	PERFORMANCE MATRIX	
<ul style="list-style-type: none"> • Mission • Core Value • Vision • Objective • Strategy • Strategy Initiative • Personal Objective • Team Environment • Self Directed • Communication • Technical Requirements • Cross Functionality • Training Needs & Effectiveness • Skill Achievement 	<p>Level 1 The approach to human capital is largely compliance-based; the agency has yet to realize the value of managing human capital strategically to achieve results; existing human capital approaches have yet to be assessed in light of current and emerging agency needs.</p> <p>Level 2 The agency recognizes that people are a critical asset that must be managed strategically; new human capital policies, programs, and practices are being designed and implemented to support mission accomplishment.</p> <p>Level 3 The agency's human capital approaches contribute to improved agency performance; human capital considerations are fully integrated into strategic planning and day-to-day operations; the agency is continuously seeking ways to further improve its "people management" to achieve results.</p> <div data-bbox="388 706 771 1092" style="text-align: center;"> </div> <p>(Based on U.S. General Accounting Office, 2002)</p>	<ul style="list-style-type: none"> • Recruitment: Time, cost, quantity, quality, meeting strategic criteria • Retention/turnover: Reasons why employees leave • Employee attitude/engagement : Attitude, engagement and commitment surveys • Compensation: Pay level, and differentials, and equity assessment, customer satisfaction, employee satisfaction, diversity • Competencies/training: Measuring competency levels, skills inventory, tracking competencies and training • Workforce profile: Age, diversity, promotion rate, participation in knowledge management activities • Productivity measures: Revenue per employee, operating cost per employee, real added value per employee 	<ul style="list-style-type: none"> • Customer Satisfaction • On Time Delivery • Zero Defect • Cost reduction • Effective Operation Cost • Top Management Commitment • Team effectiveness/formation • Ideas cost or value • Continuous Improvements • Lean Behaviours • Rewarding system • Knowledgeable and innovative employees

