

## APPLYING THE INTERNAL CONTROL STRATEGY FOR PUBLIC SECTOR ORGANIZATIONAL PERFORMANCE

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**Latar Belakang:** Manajemen strategis tidak hanya berlaku untuk sektor swasta, tetapi juga untuk sektor publik. Penerapan manajemen strategis di kedua sektor tersebut sebenarnya tidak jauh berbeda.

**Tujuan:** Penelitian ini bertujuan untuk memiliki tiga tujuan penting, yaitu: memastikan tercapainya tujuan atau sasaran, mengevaluasi, mengendalikan dan memperbaiki prosedur dan proses, dan menerapkan strategi pengendalian internal terhadap kinerja organisasi sektor publik.

**Metode:** Penelitian ini menggunakan penelitian kuantitatif dengan pendekatan deskriptif. Data yang digunakan dalam penelitian ini adalah data primer dan data sekunder.

**Hasil:** Hasil yang dicapai melalui penerapan manajemen strategis sedikit berbeda antara sektor swasta dan sektor publik, namun kedua sektor tersebut memang menghadapi kondisi lingkungan yang berbeda dan dengan sendirinya penerapan manajemen strategis menjadi kendala. Salah satunya adalah dengan menggunakan pendekatan SWOT (Strength, Weakness, Opportunity, Threat) untuk analisis guna mengatasi kendala yang muncul. Pengukuran kinerja memiliki banyak efek positif pada organisasi sektor publik.

**Kesimpulan:** Hal ini akan berdampak pada penguatan manajemen strategis, pengukuran kinerja dapat memiliki banyak konsekuensi negatif, antara lain promosi permainan, peningkatan birokrasi internal, pengekangan inovasi, pengekangan ambisi, pemutusan profesionalisme, dan pemutusan hubungan kerja.

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sistem akuntabilitas, juga tak terelakkan.

**Kata kunci:** Implementasi Manajemen Strategis;  
Pengukuran Kinerja Organisasi  
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**Abstract**

**Background:** *Strategic management does not only apply to the private sector, but also to the public sector. The implementation of strategic management in the two sectors is actually not much different.*

**Objective:** *This study aims to have three important objectives, namely: ensuring the achievement of goals or objectives, evaluating, controlling and improving procedures and processes, and implementing internal control strategies on the performance of public sector organizations.*

**Methods:** *This study uses quantitative research with a descriptive approach. The data used in this study are primary data and secondary data.*

**Results:** *The results achieved through the implementation of strategic management differ slightly between the private sector and the public sector, but the two sectors do face different environmental conditions and by themselves the implementation of strategic management becomes an obstacle. One of them is to use the SWOT (Strength, Weakness, Opportunity, Threat) approach for analysis in order to overcome the obstacles that arise. Performance measurement has many positive effects on public sector organizations.*

**Conclusion:** *This will have an impact on strengthening strategic management, performance measurement can have many negative consequences, including promotion of games, increase in internal bureaucracy, restraint of innovation, restraint of ambition, layoffs of professionalism, and layoffs. accountability system, is also inevitable.*

**Keywords:** Implementation of Strategic

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## **INTRODUCTION**

Efforts to improve the performance of public sector organizations through the implementation of performance management require organizations to take strategic steps to improve their organizational performance. Implementation of performance management began in 1999 with the introduction of the concept of performance responsibility in good governance by government agencies, and the issuance of Executive Order no. 7 (AKIP) of 1999 concerning Government Performance Responsibilities. However, until now, agency performance has not become the main focus of governance in measuring the success of programs or activities carried out by agencies. Government management continues to focus on performance results, not results. For this reason, it is important for public sector organizations to implement strategic controls to link their performance with ever-changing environmental conditions (Nasional, 1997). Basically, strategic management is a new perspective that highlights the importance of organizations paying more attention to strategic development and environmental change. The right organizational strategy to adapt to the changing environment is very important for the successful achievement of company goals. The strategic management debate aims to connect the organization with the environment, both in an ever-changing internal and external environment.

Strategic management is a series of decisions and actions by management that determine the company's long-term performance (J D Hunger & Wheelen, 2001). Strategic management (J David Hunger & Wheelen, 2001). Strategic management is a set of strategic decision-making processes that include a framework for development, implementation, and evaluation (Putri & Shafitri, 2019). This strategic management process includes long-term and short-term planning to achieve the goals that have been set. Strategic public sector management must implement a management plan taking into account the factors that support and hinder the achievement of organizational goals that may affect the performance of public sector organizations Instruct your organization. Therefore, the focus of strategic management is on connecting the organization with its environment, developing strategies to adapt to it, and ensuring the successful execution of the strategy. Organizations are also expected to be able to

direct the direction of achieving the goals that have been set so that public sector organizations can achieve maximum performance.

Strategic management is basically the ability of an organization's management to adapt to the general short and medium term future. Strategy is important because Process determines the direction you should follow to achieve your organization's vision and mission. Strategy can also provide a solid foundation for decision making that leads to the achievement of company goals. Strategic decisions increase the ability of managers to adapt to changes (Hafedh Ibrahim & Najjar, 2008). The Effect of Interest Rates, Bond Ratings, Company Size and Der on Yield To Maturity of Corporate Bonds on the Indonesia Stock Exchange for the Period 2004-2006 (Weniasti & Marsoem, 2019),

Strategic decisions take into account the scope of organizational activities, adaptation of organizational activities and their environment, allocation and reallocation of key resources within the organization, values, expectations, and goals of the organization. organization. Will. The impact of influential strategies and operations will change the organization, or the organization as a whole. Therefore, strategic management is a process that requires the participation of all parties and the accountability of managers at all stages. Therefore, strategic management involves creating a framework for implementing these processes (Bovaird, Löffler, & Löffler, 2003).

## **RESEARCH METHODS**

This research uses quantitative research with a descriptive approach. The data used in this study are primary data and secondary data. Primary Data Collection must provide a questionnaire (email questionnaire) containing a structured list of questions addressed to respondents, the heads of 55 work units of the Camper District government. Secondary data collection, on the other hand, is taken from references from books, the internet, or data from related agencies. The population of this survey is all of the Kamper-related offices, as many as 55 units. The respondents of this survey are the heads of each agency. The method used in this study is a non-probability sampling method with direct sampling. That is, choosing a sample based on inference conducted by non-random sampling where information is obtained using certain inferences (Rozi & Darlis, 2010)

The instrument measures the performance variable using information technology, internal control, and a Likert scale by government agencies. Rating scale 1 to 5 (score) to measure the extent of the influence of the independent variable on the dependent variable. Each variable received a list of questions from the questionnaire. Second, each answer option receives 1 for a very negative answer and 5 points for a very positive answer.

This study also conducted validation and reliability tests, so it was assumed that the data measurements carried out would give very reliable results. The results of the validity and reliability test of the three related devices are valid and reliable. Since the item sizes were propositional ordered, Pearson correlation was used to calculate validity. If the correlation between each metric and the total score shows a result greater than 0.450, then each question metric can be concluded as valid. A measure of reliability is indicated by Cronbach's alpha, with an alpha of at least 0.60 in this study (Nunnally Jr, 1970). Analysis of the data used in this study using SPSS version 17 software. The analytical method used in this study is multiple regression analysis. The statistical equation model used to test the hypothesis is:

$$Y = a + b_1 X_1 + b_2 X_2 + e$$

Description :

a	:	constant
b <sub>1</sub> - b <sub>2</sub>	:	coefficient regression
X <sub>1</sub>	:	Technology Utilization
Information	:	Internal Control
X <sub>2</sub>	:	
Y	:	Performance of Government Agencies
E	:	Standard Error

There are four main assumptions in the application of the regression method. These assumptions are the assumptions of normality, multicollinearity, autocorrelation, and non-uniform variance. You should run this test because of the consequences if these assumptions are not met (Sarwono, Sugiyarti, & Suyati, 2019).

## RESULTS AND DISCUSSION

### A. Scope of Public Sector Organizations

The public sector is related to the provision of goods or services to the public that are paid for through public interest and taxes or other government revenues that are legally regulated (Daling, 2013). Due to the wide scope of the public sector, implementation is often left to the market while regulation and oversight is in the hands of the government. Thus, in its development, the public sector has undergone various changes that have created prejudice against the private sector. Public sector organizations are undoubtedly non-profit, because there are public sector organizations that are semi non-profit

and can contribute to the motivation to benefit the organization's sustainability, even though its main goal is to improve the welfare of society. is inappropriate. For state or regional income. In other words, public sector organizations are not just social organizations, is a non-profit organization, a not-for-profit organization, and not just a government organization. Public institutions are organizations that provide goods and services to the public for the public interest, responding to the community and also, with public services carried out by the community (Syahr, 2018).

1. New or growing organizations need to reflect on their priority steps and goals.
2. The need to maintain financial stability requires a new strategy to find new sources of funding .
3. The desire to improve services, together with the availability of available resources, prompts administrators to change policies, procedures, and perhaps even consumer priorities.
4. Expanding the role of public pressure to meet its needs.
5. Changes in leadership are usually accompanied by a new vision that requires the leader to understand and adapt to the new guidelines .
6. Legal planning requirements that allow the process to change if the government is under pressure to get the support it needs.
7. Integration requests between departments, offices, departments, sections, sections, etc. are very common in government organizations that require coordination of missions, objectives and various procedures.
8. Coordinate actions that require changes to internal policies .

A political threat that requires executives to conform company policies to these requirements.

## **B. Dimensions of Performance Measurement of Public Sector Organizations**

Performance is NPM, Kouzminet. A keyword that dominates all discussions about performance with different meanings and different contexts for different audiences. As a result, designing performance indicators becomes difficult for both private and public sector organizations . Although it is technically difficult to operate the abstraction, the same performance indicators may be needed to answer questions about different aspects of the two performances. The task of measuring the performance of public sector organizations is very complex. There are two common reasons used to explain the difference between public and private performance measurement . First, performance measurement is a technically equivalent and simple technique because it assumes that private organizations comply with profit requirements.

Second, agents in public sector organizations are under social and political pressure.

According to Mardiasmo (2004). The public sector performance measurement system is designed to help public managers assess the achievement of their strategies through financial and non-financial measurement tools. Performance measurement is defined by Performance Measurement. The reward and punishment system will be strengthened. Furthermore, the performance measurement of public sector organizations has three objectives. First, to improve government performance, performance metrics are designed to help the government focus on the goals and objectives of the Work Unit program. This is intended to increase the effectiveness and efficiency of public sector organizations in serving the public. Second, for resource allocation and decision making. Third, achieve public accountability and improve institutional communication ( Haryono, N. (2012). Networks to build public sector collaboration. *Journal of Public Administration Networks* , 4 (1), 47-53 ). In general, the purpose of the Mardiasmo performance measurement system is performance measurement, one of which is related to the final result or results and the factors that determine the results are categorized into financial performance and competitiveness. On the other hand, the determinants are further divided into categories. Namely, service quality , flexibility, innovation, and use of resources.

### **C. The purpose of measuring the performance of public sector organizations**

Performance Measurement is a business success assessment tool used in the context of public sector organizations to gain public support and legitimacy. The public assesses the success of an organization in terms of its ability to provide relatively cheap and quality public services . Therefore, performance measurement is very important to assess the accountability of organizations and executives in providing better public services . Performance measurement has traditionally had three main objectives. Control and improve procedures and processes, as well as compare and evaluate the performance of various organizations, teams, and individuals (Wilson, 2000).

According to Mahmudi (2007), the objectives of measuring the performance of public sector organizations are:

1. Knowing the level of achievement of company goals
2. Provide learning opportunities for employees
3. Improve the performance of the next period
4. Provide systematic consideration in making decisions on giving rewards and punishments
5. Motivate employees
6. Creating public accountability
  - a. better by using the top down and bottom up methods.

- b. Measuring financial and non-financial performance in a balanced manner so that the progress of strategy achievement can be traced.
- c. Accommodate understanding the interests of middle and lower level managers and motivate them to achieve goal congruence.
- d. As a tool to achieve satisfaction based on a rational individual approach and collective ability.

#### **D. Barriers and Challenges to the Performance Measurement of Public Sector Organizations**

Performance measurement is the process of recording and measuring the achievement of an activity to achieve a goal through the results displayed in the form of products, services, or processes. Most private organizations use profit as a performance measure. However, this does not apply to public organizations, because profit is not the main goal, but organizations focus on improving people's welfare. In addition, the performance of public institutions is generally intangible and indirect, or the performance of public sector organizations is multifaceted, so it is a comprehensive representation of performance (Tuanaya, Tuhumury, & Wance, 2020). This means that financial indicators alone are not sufficient to measure the performance of public sector organizations, but non-financial performance indicators need to be developed.

As Johnson and Kaplan point out (McAdam & Su, 2002) the scope of measurement used by public sector organizations should include financial and non-financial. Members of the DPR use performance indicators to determine the appropriateness of the service fees charged to civil servants to civil servants. Increase the efficiency and effectiveness of public services, or be obliged to provide more services at a lower cost (do more at less cost). People don't want to charge anymore, but the quality of service has not improved. Mahsun (2006) suggests several barriers to measuring the performance of public sector organizations :

1. Since the goal of public institutions is not to maximize profits, the performance of public institutions cannot be judged solely by financial indicators.
2. Outputs in the form of services are usually qualitative and intangible. Difficult to measure because it is not direct
3. There is no direct relationship between input and output (discretionary cost center) because of the difficulty of setting criteria as a measure of productivity.
4. Independent comparisons are not possible because they do not operate on market forces and require tools to replace market mechanisms when measuring performance.

5. Measuring the level of community satisfaction that is not evenly distributed to the services of public sector organizations is not easy.

Public services are provided on a budget, and groups of people using these services must compete for limited resources. The market solution for this situation is to introduce the principle of the user of a paid service into the selected service so that the user of the service is actually the one who pays for the service.

#### **E. Strengthening Strategic Management by Measuring the Performance of Public Sector Organizations**

One of the tools to measure performance is public authorities to validate their products and services and then create indicators to measure their performance. Product identification results and performance indicators can be used as the basis for a planning and control cycle that can improve your organization's performance.

The Ministry of Foreign Affairs (De Bruijn, 2002) proposes the ability to measure the performance of public sector organizations as follows:

1. transparency, organizations can clarify the products they offer and how to analyze inputs and outputs, including costs.
2. Learning, organizations go one step further when learning through performance measurement. The transparency created teaches the organization about its benefits and where it can thrive.
3. rating, performance ratings can be described as an organizational function
4. Sanctions, positive sanctions can be given if the performance is good, followed by negative sanctions if the performance is bad.

Final outcome is highly dependent on many factors, making it difficult to measure government performance. For example, the time frame for the success achieved and the resulting effect may be too long. What can be measured later is the direct effect (output). For example, the number of court decisions, the number of patients treated by doctors, the number of college graduates, and so on. For this reason, many power measurement systems focus on output. The process is as follows: Production and services are determined, the organization sets production goals, performance is measured, and results are reported regularly. Bruijn (2002) suggests various positive effects of measuring the performance of public organizations, which in turn affects the strengthening of strategic management (De Bruijn, 2002)

### **1. Performance measurement leads to transparency**

Performance measurement provides insight into key products organization, the amount of its costs, and how the activities of the organization or a particular part of the organization contribute to the output. Transparency can lead to various forms of rationalization and can lead to internal debates about how different activities can improve company performance. There are also clear guidelines on how to evaluate new structures and processes, particularly how they can contribute to improving company performance . The process of rationalization and development may coincide with the point at which the organization can measure the existence of its services (Oxborne & Gaebler, 1995).

### **2. Performance measurement is a performance incentive Performance measurement in the first place**

Affect output and ultimately contribute to company performance . Several studies showing the relationship between the introduction of performance measurement and performance improvement have been carried out, for example by the municipalities of Osborne and Plastrik (1997) and the College of In`t Veld (1996).

### **3. Measuring performance is a stylish way to create accountability.**

With the increasingly complex mission of public institutions, the discourse of autonomy becomes increasingly important, and with the existence of autonomy affects the accountability and accountability of its performance. Systematically measure and calculate performance data to improve efficiency over a period of time. It is very easy to provide information, and we can provide information regularly every year. According to (Ghobadian & Ashworth, 1994) performance measurement is very important for public institutions. This helps improve the quality of resource allocation and other administrative decisions . Plan, Director and has exercised control over the plan. In addition, performance measurement is also very important to improve accountability by clarifying accountability and providing evidence of success or failure. It provides a systematic basis for assessing and motivating employees. On the other hand, according to Mardiasmo (2004), performance measurement is useful when:

1. Provide an understanding of the methods used to assess management performance.
2. Provide instructions to help you achieve your performance goals .
3. Monitor and assess performance success , compare it with performance goals, and take corrective actions to improve performance.
4. As a basis for objectively giving rewards and punishments for performance measured according to the agreed performance measurement system.
5. As a communication tool between subordinates and executives to

improve company performance .

6. Help determine whether customer satisfaction has been achieved
7. Help understand the process of government activities.
8. Ensuring objective decision making Existence Public sector organizations cannot be separated from certain tasks.

In fact, the key factor in the success of public sector organizations is how they perform the tasks they perform. For example, the level of efficiency or responsibility. One strategy to fulfill the organization's mission in managing public funds and creating customer satisfaction is to use an integrated quality management (TQM) approach. According to Tjiptono and Diana (Muhammad Ibrahim, Hassan, Iqbal, & Valeem, 2008). TQM is an approach to running a business that aims to make the business and its environment more competitive. Use a scientific approach to decision making and problem solving, have a long-term commitment , and require collaboration. TQM creates and creates a set of values and beliefs that can explain to everyone that quality is the most important requirement for consumers and that its implementation requires good integrated cooperation. Or, in another, more comprehensive formulation , TQM is also understood as an integrated commitment to quality through continuous improvement of processes by all members of the organization. Because TQM works based on data and facts, it is often referred to as fact and database management (Hellsten & Klefsjö, 2000).

In the UK case study , to use the performance measurement system as a management tool to implement strategy. Indicators are used to develop community strategies and measure how well these strategies are being implemented. Quality of life reporting, as well as the private sector, is also an integral part of the more strategic use of performance measurement in the public sector. Therefore, the concept of strategic management needs to embody the general management principles and practices used to develop strategies and their implementation in organizations. Strategic management is not a panacea to solve various organizational problems or guarantee the success of achieving organizational goals, but at least it will pave the way for better collaboration (Greiling, 2005).

Based on the results of the research that has been described previously, it can be concluded that this requires public sector organizations to think strategically , translating their contributions into effective strategy, and develop the rationale needed to lay the groundwork for implementing the strategy. Application strategic management at Public sector organizations are expected to help organizations realize their vision and mission. The direction of the results achieved through implementation of strategic management is slightly different between the private and public sectors, but the two sectors do face different

environmental conditions and automatically apply strategic management which is an obstacle. Wrong one is to use a SWOT (strength, Weakness, Opportunity, Threat) approach for analysis to overcome the obstacles that arise.

## CONCLUSION

The existence of public sector organizations is inseparable from certain tasks. Even the key success factor of a public sector organization is largely determined by how it carries out its mission. Performance measurement has many positive effects on public sector organizations. This will have an impact on strengthening strategic management. So leading to transparency, is an incentive for results in an elegant way to create accountability. However, on the other hand, performance measurement can have many negative consequences, including the promotion of the game, the increase in internal bureaucracy, the restraint of innovation, the restraint of ambition, the cessation of professionalism, and the termination of the accountability system, also unavoidable. Performance measurement is a public authority because it helps improve the quality of resource allocation and other management decisions, facilitates future data and factual management as a basis and control plan is very important. In addition, performance measurement is also important for increasing accountability by clarifying responsibilities, providing evidence of success or failure, and creating a systematic basis for assessing and motivating employees.

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