PROCEEDING

The 4th International Conference on Management Sciences
Universitas Muhammadiyah Yogyakarta, Indonesia

"Disruptive Innovation in Modern Business Era"

held in UMY, Indonesia, on March 28, 2018

Department of Management
FACULTY OF ECONOMICS AND BUSINESS
Universitas Muhammadiyah Yogyakarta

in collaboration with:
Universiti Sains Islam, Malaysia
Tamkang University, Taiwan
Khon Kaen University, Thailand

The 4rd International Conference on Management Sciences 2018 (ICoMS 2018)

March 28 2018

Universitas Muhammadiyah Yogyakarta, Indonesia

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Preface IcoMS 2018

The 4rd International Conference on Management Sciences 2018 (ICoMS 2018)

March 28 2018

Universitas Muhammadiyah Yogyakarta, Indonesia

Dear Presenters and Delegates,

Department of Management, Economics Faculty, University of Muhammadiyah Yogyakarta, in collaboration with the Tamkang University Taiwan, Khon Kaen University Thailand, USIM Malaysia, organized an International Conference which will be held on March 28 2018.

We are proud to know that tehre is a thick manuscript submissions came to our table for this conference. In detail, there are 42 international academic manuscripts which we received from Indonesia, Malaysia, Thailand. And in this conference we choose **Disruptive Innovation in Modern Business Era** as the main theme.

Our international conference is a manifestation of the Government of Indonesia through the Directorate General of Higher Education, which has encouraged the internationalization of research and teaching in order to foster high-caliber academic institutions globally and increase competitiveness in International Higher Education.

We are very confident that our presenters and delegates will get a lot of ideas together and experience of this conference. In addition, our participants will enjoy additional insight from our plenary session keynote speakers, namely, Prof.Dr.Shu-Hsien Liao from Tamkang University Taiwan, Dr. Kawpong Polyorat from Khon Kaen University Thailand, Prof. Dr. Syadiyah Abdul Shukor from USIM Malaysia, and Punang Amaripuja, S.E., S.T., M.IT. from Universitas Muhammadiyah Yogyakarta.

Through this conference, we are committed to promote and improve our mission and academic culture synthesize global progress with local knowledge. Therefore, it is my great honour to welcome you to IcoMS 2018 in great cultural city of Yogyakarta, Indonesia. I look forward to seeing you soon in the conference.

Best wishes,

Dr. Indah Fatmawati

Chair of IcoMS 2018

http://icoms.umy.ac.id/call-for-papers

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Analysis of Performance Management Implementation in Realizing The Inclusive Health With Balanced Scorecard Approach (BSC) At North Minahasa District Health Office

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ABSTRACT

Private and government organizations often face barriers and even failures in implementing strategic plans. Regional autonomy (local government reform) since 1999, it has not been properly translated by some regions and some components of this nation, so in its implementation there are many controversy and deviation. On the other hand, the challenge of globalization leads to a shift in the paradigm of an organization's superiority from comparative advantage to competitive advantage. Government organizations are no exception to be able to adopt this paradigm in order to provide optimal public services to the public. Government organizations need a new approach that is balanced scorecard in managing performance to achieve that goal and supporting the demands of bureaucratic reform.

This study aims to analyze the implementation of performance management in realizing inclusive health with Balanced Scorecard approach at North Minahasa District Health Office. This type of research is explorative-descriptive through case studies using qualitative methods. This study uses primary data from interviews and observations and secondary data from the documentation.

The results of research indicate that the process of development and implementation of balanced scorecard is done by cascading process from regional office of directorate general of health ministry to sub unit (subdit) to provincial health service office and finally to district health service office. This is also related to the policy of regional autonomy on the distribution of central and regional government arrangement.

Achievement performance of North Minahasa District Health Office based on average value of achievement of main indicator of period 2010-2014 equal to 95,13% from target 100%. The average value of allocation and realization of APBD budget for the period of 2010-2014 amounted to 93.8%.

In implementing Balanced Scorecard, the obstacles faced by North Minahasa District Health Office are lack of socialization and education about Balanced scorecard. Balanced scorecard is only integrated with reward system based on the achievement of organizational performance regardless of individual performance, has not developed balanced scorecard completely, has not made a strategic map, access to balanced scorecard application has not been The logical consequence of the health for all practice is in line with the principles underlying the implementation of regional autonomy that is justice, democracy and participation, efficiency and effectiveness. managed effectively and efficiently.

Keywords: Implementation[1], performance management[2], balanced scorecard[3], health, inclusive[4], North Minahasa district health office[5] (government sector)

1. Introduction

The government is the largest public sector organization responsible for improving the welfare of the people, upholding the will of the people, implementing sustainable development and social justice, operating the functional aspects of government efficiently and effectively so as to realize good governance (Mahsun 2014: 19).

One of the populist health development paradigms is health for all. There is the indicated that the need for health services has become the luxury goods for the lower layers of society in this country. The practice of the implementation of broad autonomy and decentralization is a concrete step to realize the development of people's health. Decentralization of health also makes the health sector as a matter of local government that must be accountable to the public (public accountability). Health development is one of the measurements in assessing the performance of local government against the community (Mardiasmo, 2004: 74-75). The paradigm of democratic development requires the leaders to change the paradigm to be more inclusive Tambunan, (2016:13). In this case it is about the inclusive health, health for all.

Public sector organizations face a very complex turbulence in the social, economic and political fields, demanding that their managers constantly develop the most effective and efficient approaches to continuously improve organizations. The new innovations are being developed by public sector managers including performance management. It becomes important to introduce a management system that incorporates continuous improvement and excellence (Sanchez, 2006). Performance management has become a legislative requirement for the private and public sectors to look for tools that measure performance effectively (Salem, 2012; Isoraite, 2008). Public sector organisations, such as local authorities, are increasingly under pressure not only to improve their performance but also to be able to demonstrate such improvement through effective performance measurement. An increasing number are turning to the balanced scorecard as a way of responding to such pressures and challenges (Wisniewski and Olafsson, 2004).

In Indonesia, the implementation of performance management using balanced scorecard is defined as one of the important points of bureaucratic reform in practice. The balanced scorecard adaptation as a government sector strategic management in 2008 developed by the Ministry of Finance is a step forward in performance measurement and can be followed by other government work units according to their respective contexts and needs (Holidin, 2013: 91). Bureaucratic Reform is a must to be implemented as accountability of public services within the scope of central government and local government (Busra, 2015)..

Object of Research at Health Office of North Minahasa District is one of the local government agency in North Minahasa District which is under and responsible directly to North Minahasa Regency Government. The local government supports the National Government's policy and strategy in the health sector of the Ministry of Health, which is translated into provincial and regency governments, based on the central and regional governmental arrangement.

Researchers choose the object of research at the health service North Minahasa District to explore the implementation of existing performance management
in responding to the challenge of bureaucratic reform.

2. Literature

2.1 Concept and development of Balanced Scorecard

Kaplan and Norton begin by saying that "what you measure is what you get." The organization's measurement system affects the behavior of managers and employees. Traditional financial measurements (e.g., return on investment and earnings per share) can provide misleading signals. Some

alternative measurements have been recommended based on non-financial performance indicators such as cycle time and defect rates. But many senior managers recognize that no single measurement can provide enough information about the critical areas of the business. Therefore, a balanced set of measurements is needed. The balanced scorecard is defined as a set of measurements that give top managers a fast, but comprehensive view of the business including operational measures on customer satisfaction and the organization's innovation and improvement activities, as well as financial measurements. Kaplan and Norton point out that the operational measures drive financial performance (Kaplan and David, 1992).

The balanced scorecard does this by providing information from four perspectives: customer, internal business, innovation and learning, and financial. The concept is illustrated in the table below.

Table 2.1
Balanced scorecard in four perspectives

Perspectives	Questions	Goals	Measurements
Customer	How do customers see us?		
Internal business	What must we excel at?		
Innovation & learning	Can we continue to improve and create value?		
Financial	How do we look to shareholders?		

Source : Kaplan and Norton , 1992

The number of measurements should be limited to a short list of critical indicators of current and future performance. The advantages of the balanced scorecard approach include:

2.1.1 Integrating seemingly disparate elements such as becoming customer oriented, achieving short response times, improving quality, emphasizing teamwork, reducing product launch times, and managing for the long term.

2.1.2 Guarding against sub-optimization by showing whether improvements in one area, or perspective, are achieved at the expense of another area.

Balanced scorecard has evolved, of the performance measurement tools introduced by Kaplan and David (1992), as a tool for implementing strategies (Kaplan and Norton, 1996) and a framework for determining the alignment of individuals and organizations, as information and organizational capital with strategies (Kaplan and David, 2004).

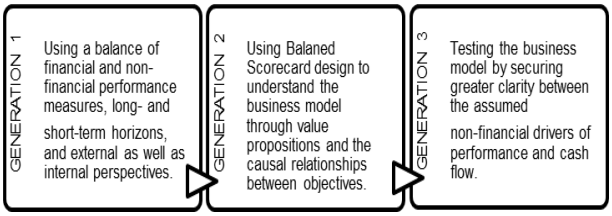

Figure 2.1
Development of Balanced scorecard Thinking
Source: Murby and Gould (2005)

The balanced scorecard is a management framework which, since its inception by Kaplan and Norton in the early 1990s, has been adopted, modified and applied by hundreds of organisations worldwide.

When first developed, the scorecard was positioned as a holistic performance-measurement framework, which could provide management with useful information relating to financial performance, internal processes, customer perceptions and internal learning and growth. These second-generation scorecards allow individuals and teams to define what they must do well to contribute to higher-level goals.

The identification of 'causality' –

action and resultant impact – between and within scorecard perspectives, marked a significant development in scorecard understanding and application. Identifying assumed causality within the scorecard design was the catalyst for the scorecard's leap of value, from a framework for measuring organisational performance (second-generation scorecards), to one which may, if fully embedded in an organisation, lead to strategy refinement. This is being called the 'third-generation balanced scorecard' (Murby and Stathis, 2005).

Balanced scorecard is a contemporary management concept, which was originally applied to business organizations, especially in big companies in the US. Balanced scorecards begin to be applied to public sector organizations including government organizations with some modifications. Balanced scorecard (BSC) as one of the most powerful performance measurement techniques developed by Kaplan and Norton in 1992 which states that the organization's measurement system affects the behavior of managers and employees, traditional financial measurements can provide misleading signals. In its development, BSC is not only a performance measurement tool, but also as a strategic management system (Mahmudi, 2015: 131).

Isoraite (2008), explains that the right balanced scorecard can predict the effectiveness of organizational strategy through a set of performance measures based on four perspectives including financial, customer, internal processes, learning and employee growth.

The four perspectives of the Balanced Scorecard must be held together, dependently working toward the overall corporate strategy. Without this, the four perspectives may work against each other creating more problems. Linking the scorecard to a company's strategy involves three principles:

- Cause-and-effect relationships.
- Performance drivers.
- Linkage to financials.

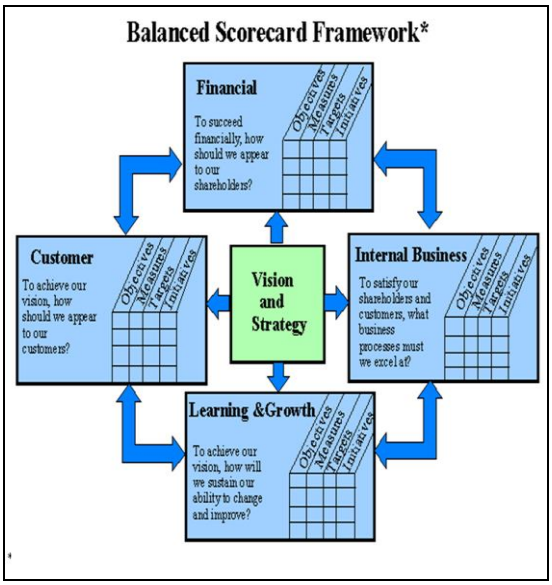

Figure 2.2.
BSC Framework:
Linking Balanced Scorecard Measures to Strategy
Source: Adapted from Kaplan And Norton (1996, p.76)

These three, although separate, must be considered together when formulating a Balanced Scorecard. It has been proven before that improving one, such as a performance driver, that does not improve the financials, does little for the company. Another thing to consider when linking the Balanced Scorecard to the strategy is the number of measures for the four perspectives. Although as many as four to seven measures can be made for each perspective, it is crucial to view these as instrumentation for a single strategy. The number of measurements is irrelevant to the achievement of the one strategy. It is important to view all together with equal weight (Kaplan and David, 1996, p.149).

In 1996, Robert Kaplan and David Norton introduced the Balanced Scorecard performance measurement method, which included not only traditional financial measures but also such qualitative measures as employee satisfaction, corporate mission and customer loyalty. In The Strategy-Focused Organization (Kaplan and David, 2001), they show how the following five principles transform the balanced scorecard from a tool for performance measurement to a

tool for creating a strategy-driven performance management company:

1. Translate the strategy into operational terms. Use the Balanced Scorecard to describe and communicate strategy in consistent, insightful, operational terms;
2. Align the organization to the strategy. For organizational strategies to work, they must be linked and integrated across many functions — finance, manufacturing, sales, marketing and so forth. The Balanced Scorecard can link these disparate and dispersed functions;
3. Make strategy everyone's everyday job. Use the Balanced Scorecard to educate the organization about strategy, help employees develop personal objectives, then compensate them based on their adherence to and implementation of the business' strategies.
4. Make strategy a continual process. Use the Balanced Scorecard to link strategy to the budget process; review strategy regularly in management meetings; and develop a process for learning and adapting strategy.
5. Mobilize change through executive leadership. Through a method of mobilization, governance and strategic management, executives can embed new strategy and new culture into their management systems, creating a continual process to meet the strategic needs of today and tomorrow.

The alignment between developments in Balanced Scorecard principles and the theoretical aspects of control and management process are a positive indication that the more modern ideas about Balanced Scorecard design processes and structure are indeed 'better' than the original concept described by Kaplan and Norton, in so far as they are more likely to have a beneficial consequence for the organisation adopting the tool. However while more recent Balanced Scorecard designs are substantial improvements on original ideas, there is still room for improvement. Potential areas for further refinement and possible topics for future research into the field are as follows (Cobbold and Lawrie, 2002):

- A refinement in the understanding of the links between types of management behaviour and the information needed to facilitate better management interventions;
- An examination into the ways of reconciling performance reporting with performance management;
- A consideration of the relationship between Balanced Scorecard application in large organisations and issues relating to intra-unit communications;
- An examination of the most appropriate ways to translate advances in measurement concepts;
- Developing an understanding of the benefits of Balanced Scorecard and if possible attaching capital values to pre and post case scenarios.

Figure 2.3.
The illustration provides a graphic view of the five principles of a strategy-focused organization
Source: Adapted from Kaplan and David (2001, p.9)

2.2. Strategy Maps

A strategy map is a tool for translating strategy into operational terms as indicated in the graphic illustration above. Strategy maps, combined with balanced scorecards, provide a

new framework for describing and implementing strategy. Kaplan and Norton define a strategy map as "a logical comprehensive architecture for describing strategy. It provides the foundation for designing a Balanced Scorecard that is the cornerstone of a strategic management system." . The strategy maps are illustrated below.

2.3. Balanced for The Public and Non Profit Sector

Niven (2003, p.32) creates the appropriate BSC framework model for used in non-profit / public organizations. The difference of the BSC framework model lies in the placement of the organization's mission at the top position within the BSC framework. This position shows that mission becomes the organization's primary goal with perspective customers as the driving force, because non-profit / public organizations more focusing on community service.

Niven (2002:157) creative public and

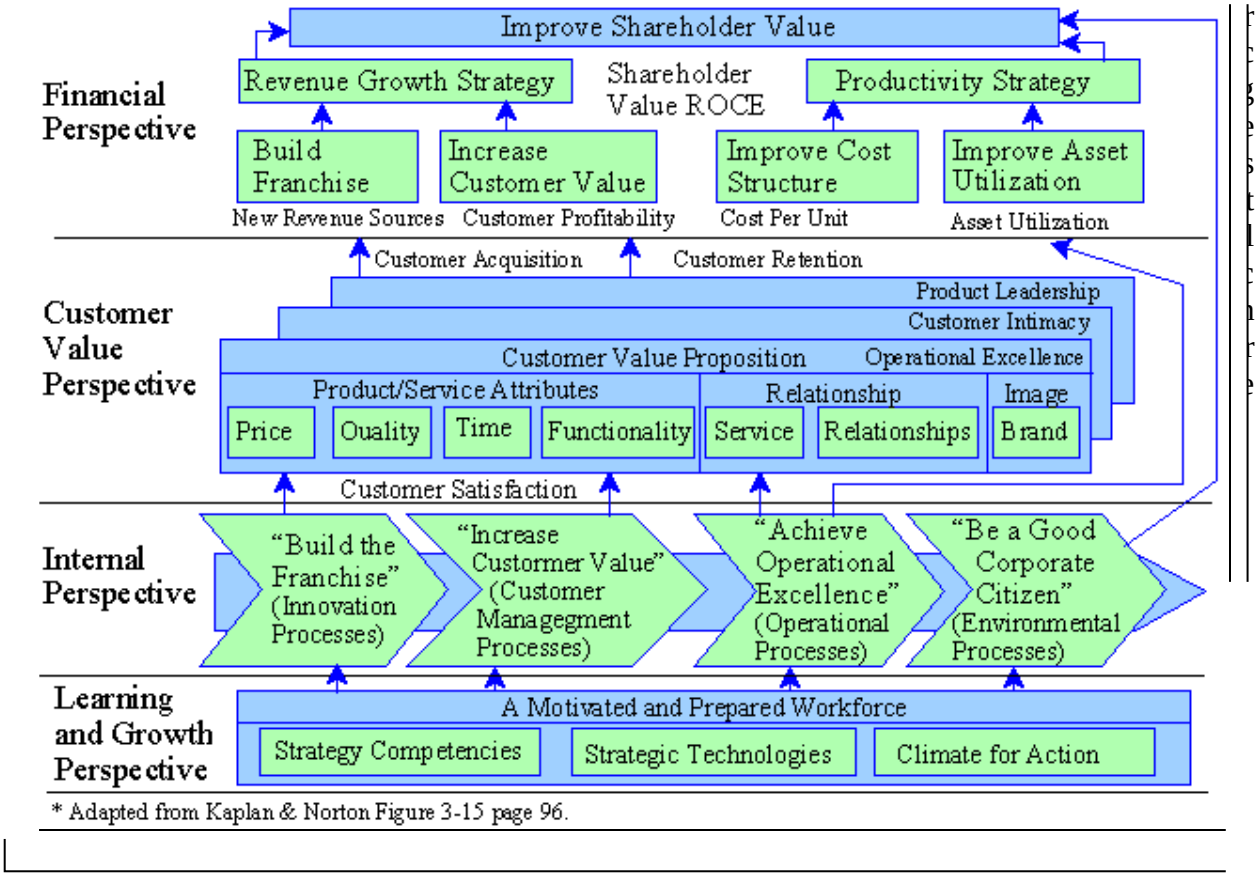

Figure 2.4
The Balanced Scorecard Generic Strategy Map
(Source: Adapted from Kaplan and Norton, 2001, p. 96)

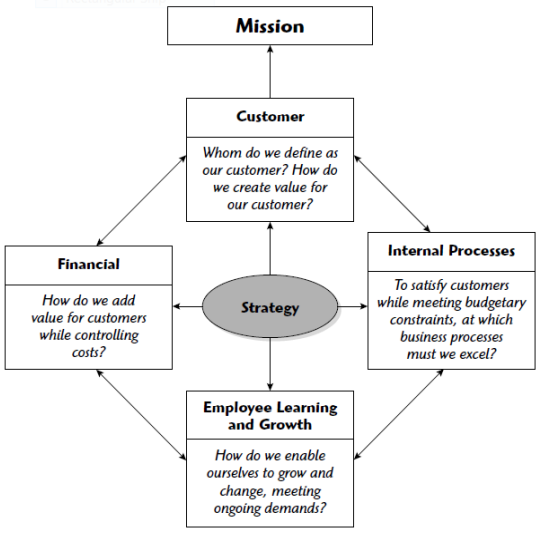

Figure 2.3. Balanced Scorecard for the Public and Nonprofit Sectors
(Source : Adapted from Niven (2003, p.32)

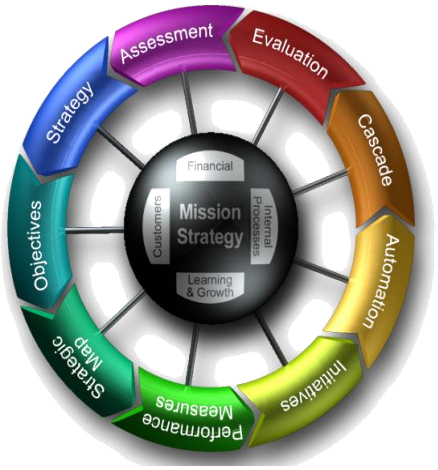

Figure 2.4
Building and Implementing Balanced Scorecard System: Nine Steps To Success
Source: Rohm (2003)

2.4. Building and Implementing Balanced Scorecard System: Nine Steps to Susccess

By "building" we mean creating the components of a Balanced Scorecard using the following six steps: Assessment, Strategy, Strategic Objectives, Strategy Mapping, Performance Measures, and Strategic Initiatives. By "implementing" we mean turning the scorecard into a true management system and deploying, managing, and sustaining the newly created system. Balanced Scorecard written in an article in Perform Magazine. The first six steps are a successful step of development Balanced Scorecard, while the next three steps are steps successful implementation of Balanced Scorecard. Building and Implementing Balanced Scorecard System: Nine Steps To Success as follow (Rohm (2005):

2.4.1 Assessment

The first step in developing the BSC is make an assessment to know the core values of the organization. This can be done with how to formulate the vision, mission and values of the organization as a guide underlying the organization to act in achieving its vision and mission has been established.

2.4.2 Strategy

Strategy is the way that the organization to achieve the vision and mission that has been set. The elements of the organization's strategy, including strategic results, strategic themes and perspectives, are developed to focus attention on customer needs and the organization's value proposition

2.4.3 Objectives

Objectives are expressed as continuous improvement activities that are unique to each perspective and are lower in "strategic altitude" than themes.

2.4.4 Strategic Map

A strategy map shows the cause and effect links among strategic objectives, across the four perspectives, in a visual map that tells the "Story of the Strategy".

2.4.5 Performance Measure

Performance measures are developed for each of the enterprise-wide strategic objectives. Leading and lagging measures are identified, expected targets and thresholds are established and baseline and benchmarking data is developed. In a strategy-based balanced scorecard system, measures are a means, not an end. Think of performance measurement as a process, not an event. Meaningful, strategically important measures can only be developed once strategic objectives have been developed and linked together on the strategy map.

2.4.6 Initiatives

Step Six: Strategic Initiatives by capturing the results of strategy development, objective commentary, and strategy mapping as the process unfolds. Initiative is a work program implemented to support the achievement of targets of each defined strategic goal.

2.4.7 Automation

Step Seven involves: automating the Balanced Scorecard system, and consists of analyzing software options and user requirements to make the most cost-effective software choice for today and to meet enterprise performance information requirements in the future.

2.4.8 Cascading Process

Step Eight involves: cascading the corporate scorecard throughout the organization to business and support units, and ultimately to teams and individuals. Cascading means translating the corporate scorecard into department and division scorecards that are aligned with corporate strategy. In other words, aligning and translating corporate strategy throughout the organization

2.4.9 Evaluation

Step Nine involves: valuating the success of chosen business strategies. The evaluation step includes the following components:

- Ensuring that organization learning and knowledge building are incorporated into planning;
- Making adjustments to existing service programs;
- Adding new programs if they are more cost-effective;
- Eliminating programs that are not delivering cost-effective services or meeting customer needs;
- Linking planning to budgeting.

2.5. Evaluation of Cascading with Alignment Identification

Cascading the Balanced Scorecard is a method designed to bridge the considerable learning gap that exists in most organizations. Specifically, cascading refers to the process of developing Balanced Scorecards at every level of your organization. The Scorecards constructed at lower levels will align with your highest-level Balanced Scorecard by identifying the objectives and measures lower-level groups will track in order to gauge their contribution to overall success. Some objectives and measures will be used throughout the organization, and appear on every Scorecard; employee satisfaction is a good example. However, in many respects the real value of cascaded Scorecards is evident from the unique objectives and measures lower-level groups engineer to signal their specific contribution to overall strategy implementation (Niven, 2003, p. 228).

Cascading (Vertical alignment) is the process of reducing and aligning the strategic goals, key performance indicators, and strategic initiatives to the lower organizational

unit level. Alignment is the process to ensure that the strategic goals, key performance indicator and strategic initiatives being built are aligned with the units on top and the units of the same level (Kementerian Keuangan RI, 2010)

2.6. Performance Management and Balanced Scorecard

The application of the balanced scorecard (BSC) is balanced scorecard as one of the powerful performance measurement techniques developed by Kaplan and Norton In 1992. In its development BSC is not only a performance measurement tool, but as a strategic management system (Mahmudi, 2015: 131). The ability to provide information on measurement results to positive changes in organizational culture, systems and processes through mutual agreement on goal performance determination, priority scale and resource allocation, cross-information between managers in confirmation and changes in policy and program direction to achieve goals. That is the description of the performance (performance management) contained by the concept of balanced scorecard. balanced scorecard of a nonprofit organization so outstanding outstanding results can be achieved as well (Wilopo, 2002).

2.8 Top 10 Balanced Scorecard Implementation Issues

Here are the top 10 Scorecard implementation issues (Niven, 2006:301):

2.8.1 No Executive Sponsorship

Executive support and sponsorship is the common thread that connects the entire end-to-end process. Without a strong and vocal leader present at each and every juncture, the effort can quickly stall.

2.8.2 Lack of Balanced Scorecard Education and Training

Take the necessary time at the beginning of the implementation to develop a comprehensive Scorecard curriculum that includes background on the concept, your objectives in implementing it, typical problems, success stories, and implementation details.

2.8.3 No Strategy

It is extremely difficult to implement a strategic management system without a strategy. At the very core of the Scorecard concept is the organization's strategy, which guides all actions and decisions,and ensures alignment from top to bottom. A Scorecard can be developed without the aid of a strategy, but it then becomes a key performance indicator or stakeholder system, without many of the attributes true Balanced Scorecards offer**.**

2.8.4 No Objectives for The Balanced Scorecard Program

The lack of a guiding rationale often results from having the Scorecard developed as an add-on to another large-scale change initiative. With no clearly articulated goal for the program, it can be easily misunderstood and ultimately ignored until it simply fades from view.

2.8.5 Not Reporting Balanced Scorecard Results

Scorecard results must be broadcast regularly throughout the organization and, perhaps more important, must frame the agenda of management meetings so that implications and repercussions of results are analyzed, discussed, and debated until the raw material of data is transformed into nuggets of insight and competitive advantage. All it takes to win this prize is the commitment and diligence.

2.8.6 Inconsistent Management Financial

As the name reflects, the Balanced

Scorecard represents a new paradigm of balance within an organization: balancing the needs of internal and external stakeholders, balancing short-term opportunities with long-term value creation, balancing lag and lead indicators of performance, and of course balancing financial and nonf inancial indicators. A sure-fire method of promoting premature Scorecard death is to actively promote balanced measures while concurrently rewarding behaviors that reflect decidedly nonbalanced ideals. Effective use of the Balanced Scorecard dictates a genuine commitment to developing and engaging in managerial processes that are consistent with the holistic goals inherent in the Scorecard itself.

2.8.7 No new Measures

Taking an existing group of measures and placing them into conveniently predefined perspectives does not a Balanced Scorecard make. In an effort to comply with the latest management fiat, groups quickly and easily assemble the same performance measures they've always used and dutifully tuck them into the four perspectives, thinking they've developed a brand new Balanced Scorecard. After several months of reporting, the group will inevitably question the necessity of the Scorecard since results are about the same as always.

2.8.8 Ineffective Team Development

Balanced Scorecards thrive in a team environment where backgrounds and functional specialties meld in the debate and animated discussion aimed at producing a Scorecard reflective of the entire organization.

2.8.9 Lack of Cascading

It is only by cascading the Scorecard to all levels of the organization and allowing all employees to describe how they contribute to the organization's overall success that true alignment can occur.

2.8.10 Premature Links to Management Process

The transition from communication tool through the development of a Strategy Map, to measurement, to strategic management system is a natural evolution. Embedding the Scorecard into management processes such as budgeting, compensation, and corporate governance allows organizations to tap the full potential of this dynamic framework. Targets are also an issue, especially for new measures. An aggressive target may be perceived as unattainable and unrealistic, causing employees to lose any motivation they may have had to achieve it. Yet a target easily achieved will do little to foster breakthrough performance. Should the compensation link come under fire, employees, managers, and executives alike may be quick in assigning blame to an inherent shortcoming of the Scorecard system itself rather than shouldering the responsibility for an ill-conceived compensation scheme.

Some companies have difficulty implementing the BSC because of transitional, design, and process issues. Process failure occurs when any of the following are present (Kaplan and David, 2001):

- Lack of senior management commitment.
- Too few individuals involved.
- Keeping the BSC at the top.
- Too long a development process; the BSC as a one-time measurement project.
- Treating the BSC as a systems project.
- Hiring inexperienced consultants.
- Introducing the BSC only for compensation.

The BSC should be used as a tool of communication and linking strategy. It would be wise to try and avoid the pitfalls discussed in the above summary in order to reap the rewards of the BSC.

3. Research Methods

The type of this research is explorative-descriptive research through case study using

qualitative method. The data used are primary data from interview and observation result and secondary data from result of documentation. Technique of collecting data through literature study and field study by doing observation, interview, documentation and triangulation.

4. Results From A Case Study: At North Minahasa District Health Office

North Minahasa Regency is one of the regencies in North Sulawesi Province. The capital of North Minahasa Regency is Airmadidi, about 35 km from Manado, the capital of North Sulawesi Province. North Minahasa is located at 01°18'30 "-01°53'00" LU and 124° 44'00 "-125° 11'00" BT. The boundaries are as follows:

- North side with Regency of Sangihe Archipelago, Sulawesi Sea and Maluku Sea;
- East side with City of Bitung;
- South by Kabupaten Minahasa;
- West side with Manado City.

Figure 4.1
Peta Wilayah Kerja Dinas Kesehatan Kabupaten Minahasa Utara
(Sumber: Profil Dinas Kesehata, 2013)

The office in which the study was developed, is located in North Minahasa Regency and specifically in the Health Office. Based on Peraturan Daerah Kabupaten Minahasa Utara Nomor 17 Tahun 2005 which is amended by Peraturan Daerah Kabupaten Minahasa Utara Nomor 4 Tahun 2008 about Organization and Working Procedures of North Minahasa District, North Minahasa District Health Office is an element of Local Government Executors, headed by a Head of office and under and responsible to the Head of Region through the Regional Secretary and has the main duty to exercise authority in the field of health and other tasks assigned by the Regional Head.

This office composed by 5 administrators (Eselon 3), 14 supervisors (Eselon 4), 44 employees, at Health Office, and 414 employees spread over 10 units of technical implementers (Center for Public Health, Puskesmas). Due to its dimensions, it appears evident the difficulties in introducing an innovation in general: in such a reality, innovating means changing the entire organization. Furthermore, in a public administration, changes require more time than private companies, due to the minor financial resources available. Thus, the introduction of the BSC needs to change the mentality and the approach to work.

Based on LAKIP, the achievement performance of North Minahasa District Health Office based on average value of achievement of main indicator of period 2010-2014 equal to 95,13% from target 100%. The average value of allocation and realization of APBD budget for the period of 2010-2014 amounted to 93.8%.

To implement the balanced scorecard, the framework proposed was adopted from Ministry of Finance and Ministry of Health. Development and Implementation of BSC at the District Health Office of North Minahasa District as the government sector responsible for health sector in the region is done through the adoption of the Ministry of Health and adapted in the district government health sector by following steps:

1. Selecting Strategic Objectives on the Strategy Map

   The District Health Office of North Minahasa District selects the strategic objectives contained in the Ministry of Health which are handed down through several directors and adapts to the needs in the regions as well as according to the distribution of local government affairs at level 1 and local government level 2.
2. Lowering Target and Key Peformance Indicator

   After the North Minahasa district health office finishes selecting target strategic (Sasaran Staretgis/SS) on the Directorate's strategic map at the Ministry of Health, the Provincial Health Office sends the District Health Office downgrading the Target stategic along with the indicator, according to the distribution of regional affairs of level 1 and 2. Key Performance Indicators (KPI/ Indikator Kinerja Utama/ IKU) that measure SS achievement. IKU in the Directorate of the Ministry of Health is not entirely lowered, as it is adapted to the central, provincial and district government affairs.
3. Adding SS and IKU

   The addition of SS and IKU is done by the District Health Office because the duties and functions as the health sector in the regional government has not been fully accommodated by SS and IKU direct cascading and indirect cascading results. The SS and IKU added are referred to as SS and IKU non cascading.
4. The North Minahasa District Health Office needs to add SS to the internal business process perspective, so it is necessary to arrange the IKU to measure the achievement of the SS.
5. Encoding the SS, IKU and sub IKU

   Coding on Target Startegic (SS), IKU based on the regulation.
6. Develop a Strategy Map

   After establishing Target Strategic and KPI and coding on Target Strategic and KPI, the North Minahasa District Health Office developed a strategy map that maps of Target nStartegic (SS) and the code. Each SS on the strategy map must have a causal relationship with another.
7. Set targets and set up Initiatives

   Targeting for each KPI and developing Initiatives to achieve target of KPI
8. Cascading Target Strategic and KPI

   After formulating a strategic map, the District Health Office of North Minahasa Regency can develop BSC to the level below, in the field, the section level in each field and the level of implementer of the Health Service of North Minahasa District through cascading processs
9. Automation

   All agencies of the Department of Health to automate the process of monitoring and evaluation of performance becomes more easy, efficient and real-time. Automation is done using e-performance applications. This app needs to be managed by the organizational performance management partner and the administration of the echelon III unit.
10. Evaluasi

    Evaluation activities were conducted quarterly by the head of the Health Office of North Minahasa District with echelon III and IV officials and partner managers of the organization as responsible.

Performance management directs all elements of the organization of government agencies, from individual levels of employees, work units to the organizational level as a whole. Performance management always sees individual, team and work unit contributions on efforts to realize organizational goals and organizational contributions in an effort to realize the goals of the state.

This is a time of transition, eed adaptation and further study. In the recording of LAKIP, there has been no synchronization between mission and action vision (LAKIP Dinas Kesehatan). Normatively, there is already a strategy plan available at the North Minahasa district health office. Actual, through secondary data obtained shows the results of operational actions that have not

been synchronized between the vision, mission and action. Strategic Plan of Health Office (Renstra dinas kesehatan kabupaten Minahasa Utara) is not recorded the value of the organization to motivate employees in the work, especially the value of inclusive health, health for all. There is no Public Health Sisitem (SKD). Performance appraisal of employees - DP3 (Employment Employee Rating List) is deemed to be irrelevant to current conditions, replaced with SKP (Employee Performance Goals).

There is no reference or guidance for local governments on the implementation of the balanced scorecard. The phenomenon, the success story of the balanced scorecard on the private sector and the public sector abroad has not been fully experienced by public sector organizations (government) in Indonesia, even still not popular in government, especially local government. This is evidenced from several studies that have been done also in the Indonesian government sector about balanced scorecard especially the implementation of balanced scorecard is still rare, because more categorized in the evaluation research, and even then in the government environment Ministry of Finance as the only government sector that has successfully implemented BSC .

In Indonesia, the integration of planning and budgeting systems with performance management has been built since 1999, which is indicated by Inpres 7/1999 on Institution Performance Accountability Government known as Sistem Akuntabilitas Kinerja Instansi Pemerintah (SAKIP). The integration model is still putting factor (realization) financial (financial performance) as the basis for assessment organizational performance (LAN, 2006). However, after the birth of PP No. 8 Years 2006 on Financial Reporting and Performance of Government Agencies, concepts SAKIP began to be directed at managerial performance integrated with financial performance. The concept the refinement of the SAKIP is not immediately followed up with the Presidential Regulation SAKIP as mandated in PP no. 8 of 20. The refinement of SAKIP it is not immediately followed up with the Presidential Regulation SAKIP as mandated in in PP Nomor 8/2006 (Darto, 2011). It was followed up in 2014 with the issuance of Perpres Nomor 29 /2014.

In Indonesia is still lacking guidance on the implementation of the balanced scorecard for the public sector (government). This is in line with Ronchetti (2006), which states the successful implementation of the balanced scorecard in the private sector, but little information is available on how to implement a balanced scorecard of a nonprofit organization. Zislavsky (2014), suggests some guidelines for improving the balanced scorecard.

In implementing Balanced Scorecard approach, the obstacles faced by North Minahasa District Health Office are lack of socialization and education about Balanced scorecard. Balanced scorecard approach is only integrated with reward system based on the achievement of organizational performance regardless of individual performance, has not developed balanced scorecard completely, has not made a strategic map, access to balanced scorecard application has not been The logical consequence of the health for all practice is in line with the principles underlying the implementation of regional autonomy that is justice, democracy and participation, efficiency and effectiveness. managed effectively and efficiently.

5. Limitations

In this case study, limited to the North Minahasa District Health Office. for future research can be done in the future to involve local government district or provincial government.

However, one fact is that it is not easy to implement this tool because it involves a lot of subjectivity. Also, the tool is much more complex compared to the other tools. The measures that need to be taken is contingent upon the kind of environment, industry and the business the organization is in. The tool has tried to fill up the void that exists in most management systems—that is the lack of a

systematic process to implement and obtain feedback about the organization's strategy. However, a lot of refinement is still required, so that it becomes understandable to every stakeholder associated with the organization and removing subjectivity to a large extent.

6. Conclusion

The Health Office at North Minahasa District needs to adopt a complete BSC implementation from level 1 to level below, as implemented by the Ministry of Finance and Health and this requires leadership commitment to implement it, especially in realizing inclusive health.

Indirectly, health office at North Minahasa District has implemented balanced scorecard performance measurement but not yet know what to use in measuring its performance.

The balanced scorecard is therefore a very important strategic management tool which helps an organization not only to measure performance, but also decide/manage the strategies needed to be adopted/modified so that the long-term goals are achieved.

The Future

The balanced scorecard will probably be around, but there will have to be developments. The strategy map is intuitively very appealing and will be used more often in concurrence with the balanced scorecard. There will be more annual reports that are arranged according to the balanced scorecard. Better ways of measuring the data needed for the balanced scorecard can be derived. Techniques for better measuring innovation, employee capabilities, information system alignment, climate, culture and customer success will certainly improve in the next ten years. Also there will be better information technology and a culture more geared towards using performance management as it matters more to organizations, stakeholders and society.

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