

Making the strategic Plan Work in Local Government: a Case Study of Strategic Plan Implementation in Yogyakarta Special Province (YSP)

by Eko Priyo Purnomo

Submission date: 31-May-2018 09:13AM (UTC+0700)

Submission ID: 970538982

File name: Paper_6_-_Making_the_Strategic_Plan_Work_in_Local_Government.pdf (495.76K)

Word count: 7959

Character count: 45134

3

This article was downloaded by: [Simon Fraser University]

On: 17 November 2014, At: 12:49

Publisher: Routledge

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



International Review of Public Administration

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/rrpa20>

Making the Strategic Plan Work in Local Government: a Case Study of Strategic Plan Implementation in Yogyakarta Special Province (YSP)

Achmad Nurmandi^a & Eko Priyo Purnomo^b

^a Universitas Muhammadiyah Yogyakarta, Indonesia

^b International Program of Governmental Studies, Indonesia

Published online: 25 Mar 2014.

To cite this article: Achmad Nurmandi & Eko Priyo Purnomo (2011) Making the Strategic Plan Work in Local Government: a Case Study of Strategic Plan Implementation in Yogyakarta Special Province (YSP), *International Review of Public Administration*, 16:2, 143-164, DOI: [10.1080/12264431.2011.10805200](https://doi.org/10.1080/12264431.2011.10805200)

To link to this article: <http://dx.doi.org/10.1080/12264431.2011.10805200>

PLEASE SCROLL DOWN FOR ARTICLE

Taylor & Francis makes every effort to ensure the accuracy of all the information (the "Content") contained in the publications on our platform. However, Taylor & Francis, our agents, and our licensors make no representations or warranties whatsoever as to the accuracy, completeness, or suitability for any purpose of the Content. Any opinions and views expressed in this publication are the opinions and views of the authors, and are not the views of or endorsed by Taylor & Francis. The accuracy of the Content should not be relied upon and should be independently verified with primary sources of information. Taylor and Francis shall not be liable for any losses, actions, claims, proceedings, demands, costs, expenses, damages, and other liabilities whatsoever or howsoever caused arising directly or indirectly in connection with, in relation to or arising out of the use of the Content.

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly forbidden. Terms

& Conditions of access and use can be found at <http://www.tandfonline.com/page/terms-and-conditions>

MAKING THE STRATEGIC PLAN WORK IN LOCAL GOVERNMENT: A CASE STUDY OF STRATEGIC PLAN IMPLEMENTATION IN YOGYAKARTA SPECIAL PROVINCE (YSP)

ACHMAD NURMANDI

Universitas Muhammadiyah Yogyakarta, Indonesia

&

EKO PRIYO PURNOMO

International Program of Governmental Studies, Indonesia

The term “strategic plan” is a new type of approach for the Indonesian government that has been introduced since 1999 based on Law No. 22/1999. This essay examines the implementation of strategic plans in Yogyakarta Special Province (YSP). The visions and missions of the YSP are investigated as a basis of analysis. Using qualitative data and a case study method, the research also conducted in-depth interviews with bureaucrats in YSP. First, YSP attempted to provide the strategic plans to be followed by government officers in their activities according to strategic design and planning school approaches. Second, most local government agencies have poor understanding of their visions and missions. Third, because of the zero-sum game effect, it was difficult to attain the goals and missions. Fourth, the strategic plan has been implemented but not properly executed in the strategic zone, nor did it support the reaching of its missions.

Key Words: strategic plan, vision, mission, strategic management, public sector, Yogyakarta Special Province.

INTRODUCTION

Since 1999, Indonesian local governments have been required to develop a strategic local or regional planning document that includes the government's vision and mission. A vision is a dream and hope for the future of the region, while the mission is the translation and transporter of the vision. A common formulation of the vision is to improve societal welfare and social justice. Meanwhile, a mission is a formal and written statement of the organizational function that provides the framework or guidelines for reaching the goals articulated in the vision (Hill, 2010).

However, the formulation of visions and missions of local government organizations tend to be general and unclear, so the implementation of the formula is also not clear. Wilson (1989:33) wrote, "All these goals are unclear because reasonable people will differ as to the meaning of such words as well-being, potential, security, viable, decent, welfare, orderly, and development." There are also criticisms of public-sector strategic planning that is just a regular event and a formal document. The state's strategic plan is presented with much fanfare and then simply fades away. For example, agencies prepare a strategic plan to meet executive or legislative mandates but they do not follow the plan as a guide for agency activities (Urban Institute, 2003). The indications of the failures of strategic plan implementations are also not spared from the review of strategic planning documents and then the several areas of strategic planning documents have not been functioning as a guide for preparing programs and activities properly (Urban Institute, 2003).

As a result, the study of a strategic plan for public organizations is important. The modification of a strategic plan from the business sector into the public sector, with its values, is difficult to implement. Public sector stakeholders are different from those of the business sector. It is difficult for a public organization to reach its long-term target because of goal ambiguity. Newman and Wallender (1978) characterize not-for-profit organizations as poorly managed over the long term, with few or no long-range goal structures and different constraining characteristics than profit-making organizations. The political relationship between a public organization and the House of Representatives creates another problem.

Currently, in Indonesia, strategic planning in local government organizations is the implementation of the mandate of Law No. 22 year 1999 on Regional Governance Jo. Government Regulation No. 108/ 2000 concerning the Regional Head. Political cycles and mandates were held to formulate a strategic plan based on the government regulation (PP. 108 year 2000) and later revised by Law No. 25 year 2004 on National Development Planning System. YSP had already created a Provincial Strategic Plan (PSP) that already had goals that were difficult to attain. The PSP, introduced in 2000, is a strategic tactical planning document that is the basis for the initial implementation of performance accountability systems in government agencies. The PSP contains concrete,

chronological, and integrative strategies for implementation of the visions, missions, goals, objectives, policies and programs. The strategies are a flow that must be followed by operational policy documents (performance plans) tailored annually to the development of strategic environmental dynamics (Gov. Regulation, 2000).

In 2004, the government of YSP also had a regional vision that had been formulated in a solid catalyst. The local government supported the establishment of a competitive society relating to the political mandate of Local Law No. 6/2003. The vision was formulated to achieve the vision of local government in 2020, namely "Achieving of Regional Development" as a vehicle to bring YSP in 2020 to be the center of education and culture and a leading tourist destination, in the continuation of an independent and prosperous society, mentally and physically supported by values of clean and good governance. This was to be achieved by developing a culture of social security and sustainable resources. The formulation of the vision seemed vague and difficult to measure. However, it was compulsory for the governor to implement it because of the mandatory Local Regulation No.3/2003, which stipulated that the governor should execute the vision and mission. Therefore, this paper will explore to what extent the missions, targets, programs, and activities actually work at the empirical level. The authors will provide a theoretical framework and comparative and longitudinal analysis among the vision, mission, targets, and programs, and the actual implemented programs and activities from 2004 to 2007. In the last part, theoretical and practical implications will be proposed in order to enrich a new perspective on strategic management in the public sector.

THEORETICAL FRAMEWORK

Strategic Management in the Public Sector

The term "strategic planning" was introduced into the public sector 20 years ago, with much of the early literature focusing on local government applications (Poister and Streib, 2005; Dodge and Eadie, 1982; Eadie, 1983; Sorkin, Ferris, and Hudak 1984; Denhardt, 1985). The study of strategic planning in the public sector is a centerpiece of public management studies. Indeed, a recent study of the public management literature from a practitioner's perspective found strategic planning to be the most frequently discussed topic in at least one major public administration journal (Streib, Slotkin, and Rivera 2001). Beyond strategic planning itself, over the past several years, scientists have also focused on the broader process of strategic management in the public sector (Vinzant and Vinzant 1996a; Poister and Streib 1999; Zanetti and Cunningham 2000). Over the years, a conventional strategic planning process has evolved, based on approaches developed by Bryson (1995), Nutt and Backoff (1992), and others (Koteen

1989), which typically involved clarifying missions and values, developing a vision of the future, analyzing external challenges and opportunities, assessing internal strengths and weaknesses, developing strategic goals and objectives, identifying strategic issues, developing and evaluating alternative strategies, and developing action plans. Currently, the debate continues regarding strategic planning in government in terms of scope (Kaplan and Norton, 1996; Ellingson and Wambsganss 2001), content (Hatry 2002), involvement, participation (Gabris 1989; Geletkanycz and Hambrick 1997; Franklin 2001; Markoczy 2001), and approach (Toft 1989; Roberts 2000).

The more important issue, however, concerns putting plans into action. Mintzberg (1994) is one of the most vocal critics of strategic planning, precisely because organizations' planning activities are too often completely divorced from performance measurement and resource allocation. Thus, effective strategic management, the all-encompassing process of developing and managing a strategic agenda, is of the utmost importance. Koteen defines strategic management as a broad concept that "embraces the entire set of managerial decisions and actions that determine the long-run performance of an organization" (1989: 18), while Toft portrays it as "an advanced and coherent form of strategic thinking, attempting to extend strategic vision throughout all units of the organization, encompassing every administrative system" (1989: 6). Vinzant and Vinzant characterize strategic planning as the "cornerstone" of strategic management, but they also say that "successful implementation of strategic management requires an assessment of organization capacities in such areas as managerial capability, power structure, culture, leadership, and organizational structure" (1996b, 203). Others agree that "[s]trategic planning is the primary element but not the essence of strategic management and then the other components are including the implementation and evaluation" (Halachmi, Hardy and Rhoades 1993:165). Consistent with this view, Nutt and Backoff (1992), Bryson (1995), and others have discussed the importance of implementing strategic plans by anchoring lower-level planning processes in the strategic plans themselves.

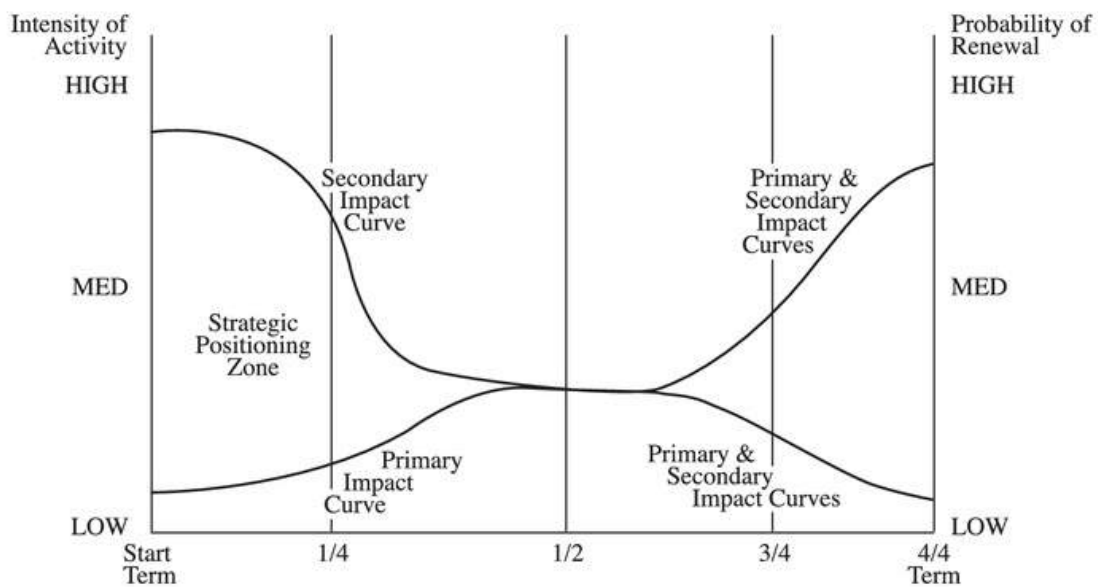
The phenomenon of public management has critical characteristics, such as ambiguity of its goals, many stakeholders, and difficulty in measuring its performance and dealing with mandate from house representative. These characteristics lead to difficulties in implementation of a strategic plan. Montanari and Bracker (1986) claim that a public organization, particularly a strategic public planning unit (SPPU), in today's sociopolitical arena is faced with zero funding conditions of two types: zero-sum and zero-one. The former is the zero-sum conditions that emerge when the state must operate under a balanced budget mandate and revenue, for all purposes, is fixed or unchangeable. The latter is the zero-one conditions existing when the state is experiencing a modest increase in revenue and is able to allocate increased funds for new or favored SPPUs, while holding constant or reducing other SPPUs' budgets. Blackbery (in Carthcart, 1997) further explains that there are several differences between private and government organizations. Private organizations have a measure of success in profitability, whereas

government organizations usually have a lot of direction for their goals and many stakeholders with differing interests.

Model and Contextual Factor of Strategic Plan in the Public Sector

Mintzberg (1998) shares some of the strategic planning flow into several steps of thought, such as the Planning School. This school of thought suggests that strategic planning is a formal process. The central message of the Planning School fitted in neatly with the whole trend in education management and big business, as well as government practice such as formal procedures, training, and analysis. Through a general analysis of the situation using SWOT (strengths, weaknesses, opportunities, and threats) and analysis based on the author's perception of the environmental situation faced by government organizations. Besides, in term of financial contexts, there are two approaches on strategic plan which are zero-sum and zero-one approaches. The zero sum and zero one mean that the government cannot implement any programs because most of their budget spend for their staff salary. This approach follows Montanari's idea how the government regulation was established to reach a strategic positioning zone.

Figure 1. Political Cycle Work Unit Area



Sources: John R. Montanari and Jeffrey S Bracker, 1986.

Montanari and Bracker (1986:432) say that political cycles affect the strategic management process for five years, which is divided into four terms or phases of time. In the early days, the intensity of strategic planning is high enough, with secondary effects of primary high and low impact. Formulating a strategic plan does not much affect the activities of organizations operating in the short term. Planning will affect the activities of the organization at the end of the semester, for the period or term plan will be terminated and evaluated. Therefore, the impact of its implementation will be high primary and secondary curves.

While the environmental analysis is described in the next SWAA—as previously described—the SWOT analysis is used. SWAA is the strengths, weaknesses, advocates, and adversaries. SWOT stands for strengths, weaknesses, opportunities, and threats. Andrew, as quoted by Mintzberg and colleagues, says as follows (Mintzberg, 1997: 30):

1. Strategy formation should be a deliberative process of conscious thought;
2. Responsibility for control and consciousness must be submitted to the chief executive officer, that is, the person formulating the strategies;
3. The models of strategy formation must be kept simple and informal;
4. Strategies should be one of a kind; the best ones result from a process of individualized design;
5. The design process is complete when strategies appear fully formulated as perspective;
6. These strategies should be explicit, so they have to be kept simple;
7. Finally, only after these unique, fully drawn, explicit, and simple strategies are fully formulated can they be implemented (Mintzberg, 1997: 30–1).

On the other hand, Mintzberg and his colleagues criticize the design approach through the following analysis (Mintzberg, et al., 1998; Thompson and Stirckland II, 1999):

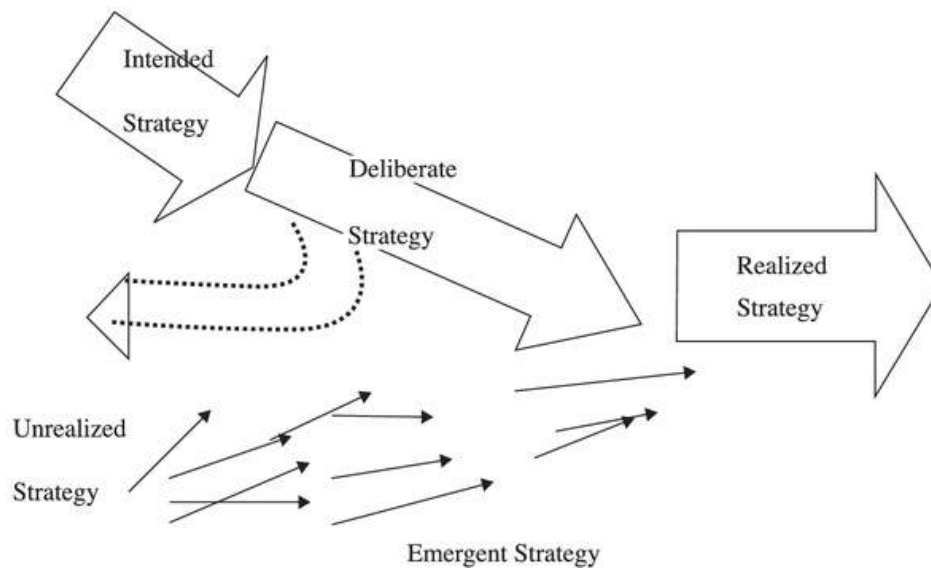
1. Concerning the strengths and weaknesses of using pure judgment, it is very difficult to know the strengths and weaknesses of the organization in the future. However, weaknesses and strengths are known through a long learning process;
2. Structure follows strategy. Formation that is not a strategy is a sequence of processes, but integrated between structure and strategy;
3. It is imperative to make strategy explicit, for example, how local government organizations can avoid the political factors, and what the strategy should be when the situation is a fast-changing environment.

The conventional strategic management approach has five components: vision, mission, crafting a strategy to achieve the targeted performance, strategy implementation, and performance evaluation (Mintzberg, et al., 1998; Thompson and Stirckland II, 1999, Bovaird and Loffer, 2003). Organizational strategy is designed specifically based on the assumptions held at the time of its preparation, but in line with changing circumstances and environmental conditions, a response referred to as “strategy emergence” often

suddenly occurred. Strategy emergence is not always bad, and combined with a designed strategy is the step most likely to respond to unforeseen events (Mintzberg, 1998). The strategic plan is the guidance and direction of development to achieve the objectives or desired performance. Management's vision of what the organization is trying to do and to become over the long term is commonly referred to as the organization's *mission*. A mission statement specifies what activities the organization intends to pursue and what course management has charted for the future (Thomson and Strickland III, 1997).

Theoretical development of the strategic plan for the public sector experienced changes over the past few years. Many experts were not satisfied with the approach used by the private sector and adopted in its entirety by the public sector. Stacey, Griffin and Shaw (2000:125) proposed a complex responsive process (CRP) to discern the environmental influences on public organizations as organizations that are in a political environment that is always dynamic. In this perspective, the ability of a government organization to design the strategic plan was very limited, because the organization had the internal capacity to change spontaneously in unpredictable ways. Following this thought pattern, the governmental organization had the potential to implement the strategic plan when it could combine the stability and instability. Leach, Stewart, and Walsh (1996) previously emphasized the importance of government organizations being able to respond to the changing of internal and external environments. Further, they revealed that environmental change will challenge organizational approaches that were established in times of stability, and threaten patterns of influence and the structure of interests.

Figure 2. Strategies Deliberate and Emergent



Source: Henry Mintzberg, *Strategy Safari*, Free Press, New York, 1998, h. 12.

As part of mainstream strategic choice theory, model planning school is rooted in technical rationality, which makes a number of very important, and largely hidden, assumptions about human behavior (Cannon in Stacey and Griffin, 2006:167). Cannon's thought refers to the understanding of organizational context in implementing the strategic plan that is more concerned with *knowing in action* rather than technical knowledge. Knowing in action means that the strategic plan is more a plan prepared by adjusting to a rapidly changing environment.

Emergent strategy is most likely to respond to political factors in public sector organizations whose work includes the role of politicians, interactions between politicians and other stakeholder groups, and pressure for "short-term" decision making arising from regular elections. These pressures may come from

- Political parties;
- Policy networks;
- The civil service or managerial systems;
- Professional groups;
- Charities or voluntary organizations (at national or local level);
- Community groups;
- Sponsors who provide funding for a party or an individual (Bovaird, 2003:70).

Finally, theories of strategic management and strategic planning adopted from the private sector should be adapted to the public sector with its intrinsic political process. Political process has both advantages and disadvantages for good strategic management in the public sector. In addition, the advantages always changes in public sector that endorse the strategic management approach to be worked. The disadvantages are that some aspects of political decision making can make it difficult to develop and maintain the appropriate strategies in the public sector (Bovaird, 2003:71).

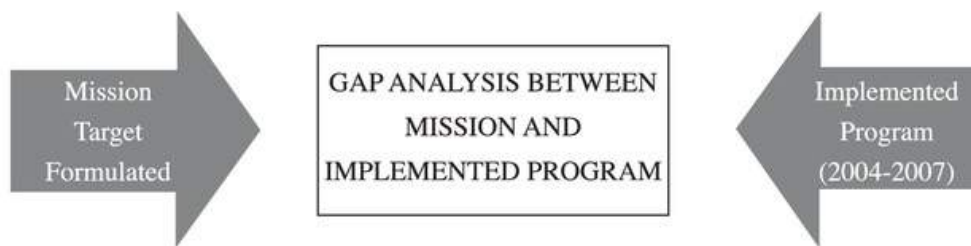
RESEARCH METHOD

This research uses qualitative analysis with descriptive research methods. Descriptive study is conducted to describe the exact nature of symptoms or signs of subsequent developments in the relationship between the object of research with other social phenomena (Surachmad, 1982.) The characteristics that accompanied the descriptive research method required researchers to concentrate on solving existing real problems, and data collected at first were then arranged, described, and then analyzed.

The research was a case study model with gap analysis technique. The case study itself could be an intensive and detailed case. The investigated subjects shared a similarity of depth and detail. Case studies generally produce a longitudinal picture of the results of data collection and analysis of cases within a certain time period. Consequently,

the research focused on YSP organization as the unit of analysis, consisting of a number of departments, agencies, and offices. In particular, the research examined a number of government agencies that had implemented strategic plan RSS from 2004–2008 by examining zone (fortification or strategic) and impact (secondary or primary). The method was to compare what was planned with what was implemented over five years, which can be seen in the following matrix.

Figure 3. Method of Suitability and Gap Analysis for Strategic Plan Implementation



DATA ANALYSIS

Planning Gap: Zero-Sum Condition

Development Strategic Plan, as described previously, applied the principles of the School of Design and Planning. The plan was compiled in this pattern, which was based on a strategic SWOT analysis at the time. The analysis revealed that the weaknesses, strengths, opportunities, and threats formulated in the plan document were unclear and lacked the information necessary to anticipate the changing environment-bounded rationality (Simon, 1979).

YSP's Basic Strategic Plan between 2001–2006 and 2001–2005, regional development programs DIY Province, established the Regional Development Vision to be achieved in 2020, namely:

Achieving Regional Development as a vehicle to reach the condition of the Special Region of YSP in 2020 as the Center for Education, Culture, and Regional Leading Tourist Destination in developed, independent, and peaceful communities supported by values of struggle and clean government through developing enduring Socio-cultural and sustainable resources.

The provincial government of DIY had also developed a mission for the government

to support the vision of regional development to be achieved by 2020. YSP's mission for its Strategic Plan 2004–2008 was "Toward Catalytic solid local government to support the establishment of a competitive society." This mission was elaborated through the following goal category.

Figure 4. Mission and Goal Category

Mission	Content	Zone	Impact
Mission 1	Bureaucracy Consolidation	Fortification	Secondary
Mission 2	Public Services	Strategic	Primary
Mission 3	Government Role	Strategic	Primary
Mission 4	Government Province Role as a coordinator	Strategic	Primary
Mission 5	Public Participation	Strategic	Primary
Mission 6	Economic Sustainability	Strategic	Primary

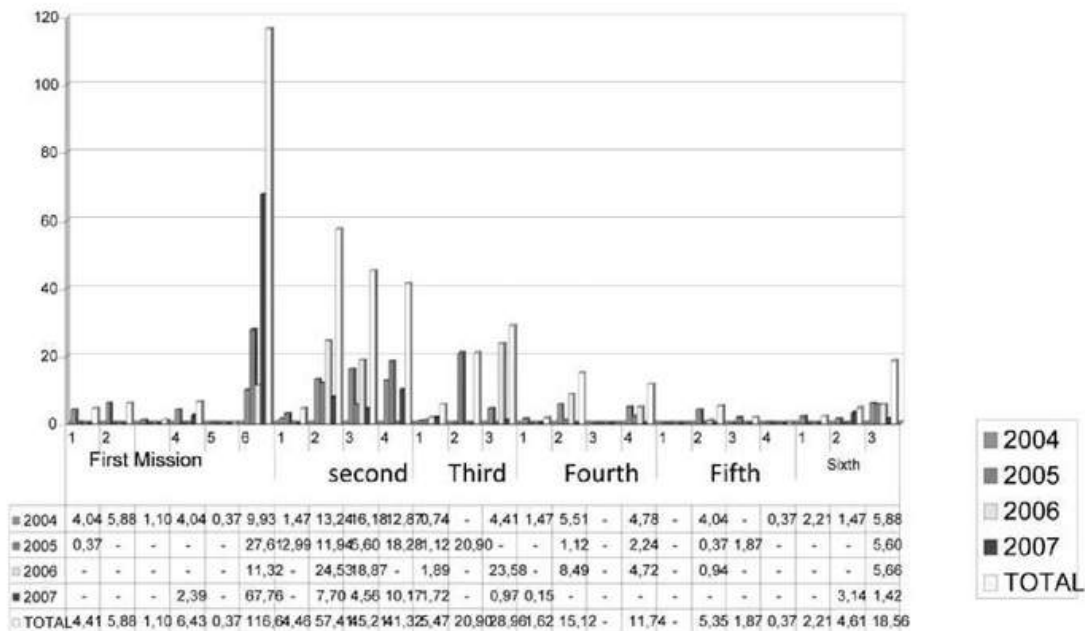
Based on content analysis, Mission 1 was categorized as a consolidated mission, the goal of which was to improve organizational capability and internal staff improvement with secondary impact. Meanwhile, Missions 2 to 6 were categorized as strategic missions with strategic impact, which was most compatible with the the vision of YSP Province. The purpose of Mission 5 was to improve public service, public participation, economic sustainability, and the role of the province in government activity. The ultimate goal of bureaucracy reform, which was the core of the public administration development program, was to improve the quality of service. Related to this issue, the data survey showed YSP was ranked fourth after Gorontalo, West Sumatra, and East Java in terms of good governance (Agus Pramusinto, 2007). There were six targets in the first mission, which had been accomplished, while Missions 4 and 5 had not been achieved.

Through evaluation of programs and activities, the analysis is focused on the suitability of an implemented program in terms of its mission and target. YSP has established 6 missions, 24 targets, and 84 programs in its strategic plan document. In terms of achieving the missions and targets, 1,983 activities were executed from 2004 to 2007. The most activity was implemented in 2007, around 1,337 programs, or 67% of the total activity between 2004 and 2007. YSP spent around 29% of its budget, Rp. 1.067.387.620.225 from 2004 to 2007. After the earthquake on 27 May 2006, a great number of programs were implemented to rescue the victims rather than to attain the designed missions and targets. Consequently, the fewest programs were implemented in 2006: 106 programs and 21% of the budget. In 2004 only 268 programs were executed,

and in 2005, 272 programs.

According to the budget analysis, the first mission on target number 5 had the most activity from 2004 to 2007. The target goal was adequate facilities, infrastructure, and government personnel to ensure implementation of the tasks of the government. This reached 1,019 activities, around 51% of the total number of activities. It could be assumed that the YSP spent more funds on apparatus than on public services. It was a consequence of the zero-sum approaches that apparatus expenditures eliminated and turned aside the other missions.

Figure 5. The Volume of Activity according Mission Yogyakarta Special Province



Relating to apparatus expenditures, from 2004 to 2006 YSP spent around 25% of the total budget, which rose to nearly 52% in 2007 (Fig. 5). It could be assumed that this was in line with YSP's vision. In the beginning, it was necessary for the government to expend a great number of resources in order to establish the systems, institutions, and human resources. The YSP government realized that the bureaucracy needed to be reformed and transformed to be more flexible.

The above objectives were interrelated and their achievement was sought through the development of public sector governance. The performance of the public sector government development reform program was closely related to the bureaucracy. A number of bureaucratic reform projects were facilitated by funding agencies or private companies. This was due to the extent of the network owned by the province of DIY,

which could not be separated from the presence of Governor Sri Sultan Hamengkubuwono X. In the course of the last five years from 2004 to 2009), there existed several innovative planning programs initiated by the provincial government of DIY through collaboration with a donor or funding such as The Asia Foundation, Swiss Contact, World Bank, and the Partnership.

Research (World Bank Study) conducted by Bill and Many (Purbokusumo et al., 2006) revealed several problems faced by the bureaucracy of YSP. Regarding the financial aspect, the result-budget scheme oriented to users had not been developed. In terms of the human resources aspect, although the number was more than adequate, it still lacked quality. This demonstrated the weakness of the human resources planning, which could lead to incompatibility with needs. Regarding the aspect of institutional organization, YSP had formulated job descriptions; however, overlaps in the job descriptions still emerged within the organization. Furthermore, the organizational culture has not raised public servants' awareness of the YSP's vision and mission (Purbokusumo, 2005).

To accomplish the vision and mission in the education sector, the government had to allocate more than 20% of the total budget for education. Therefore, in 2006 a plan was made by the Ministry of Education to improve the quality of education through increasing budget allocations until the total reached 20% in 2009. It happened because the strong intention gave birth to the budget allocation policies for public spending, which reached 100% in 2004–2006 and 60% in 2007. To a certain extent, the decision was driven by the conviction that the quality of human resources generated by education will ensure the competitive advantages of the nation.

The conviction was also shared in strong articulation of the vision stated in the Regional Development Plan of YSP in 2001–2005, which was to realize the ambition of YSP to be the Center for Education in 2020. The term "education center" could be a trigger for YSP to turn the region into the center of educational excellence in Indonesia. The statement of objectives in the Strategic Plan to translate the vision read, "The strategic plan serves as the guidelines for the excellent service and minimum service standards for public services (SPM)." Consequently, the establishment of the SPM was prepared and facilitated by the Partnership for Governance Reform in Indonesia in 2003.

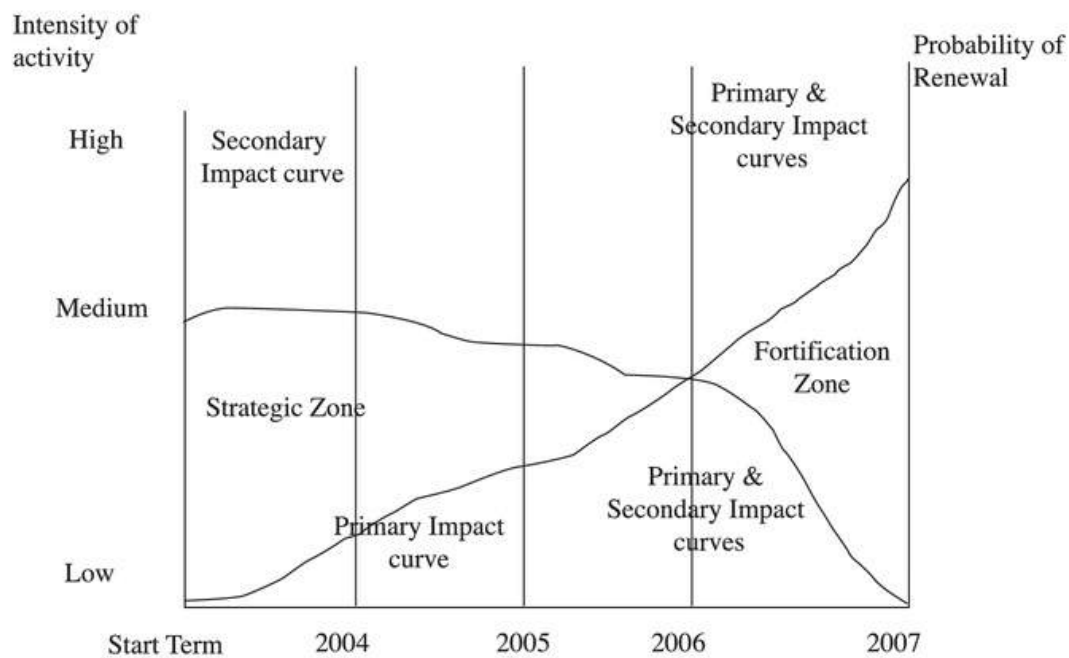
From the above analysis, it appeared that there was a planning gap or gaps between what was planned and what could be done. Several environmental factors were not taken into account before the catastrophic earthquake in 2006—even though this area had been known as disaster prone. Second, the amount of personnel expenditure consumed a large portion of the budget, which could have been anticipated in a well-crafted strategic plan.

Analysis of Mission Achievement: Managing Internal Actors of Local Government

Based on the aforementioned analysis, we could also assume that in the first term of

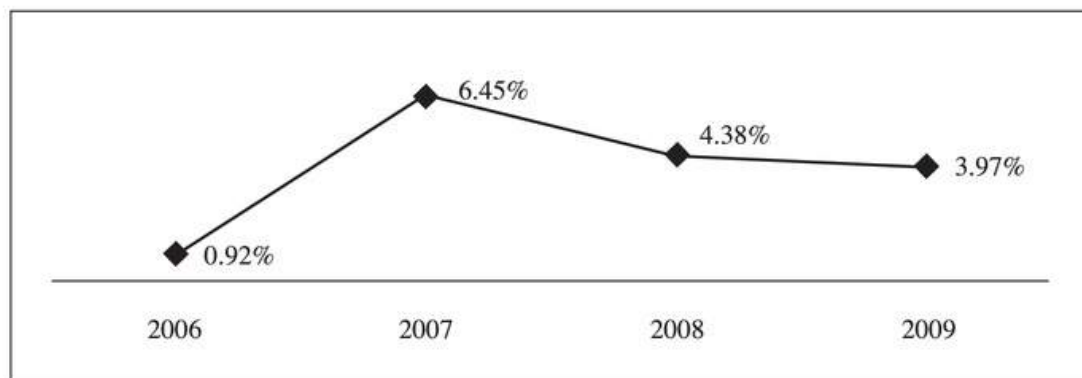
strategic plan implementation, the first mission received the biggest budget, compared to the other missions. The mission focused on internal consolidation rather than provision of public services. Therefore, the implementation of the strategic plan was categorized as medium performance. As a result, the impact of its implementation was more secondary (Fig. 7).

Figure 6. The Performance of Implementation of Strategic Plan



Interviews revealed that the Planning Agency (BAPPEDA [Badan Perencanaan Pembangunan Daerah]) had screened the planning that had to be implemented. The screening also aimed to minimize the number of activities without specific goals. However, in terms of implementation of the missions, BAPPEDA had a problem to control and maintain the proposal units. Many of the proposals were vague and contained difficult-to-reach goals. For example, the Department of Public Works and Infrastructure spent a great amount of money from its budget on salary rather than on developing infrastructure. In addition, this unit spent more resources than any other unit, such as the Department of Tourism.

Figure 7. Proportion of Infrastructure Expenditure in Local Expenditure 2006–2009



Source: *Local Government Budget 2006–2009*.

Infrastructure expenditure as a portion of the local government budget was 0.92% in 2006, and then rose to 6.45% in 2007. However the figure declined from 4.38% in 2008 to 3.97% in 2009, although it was still significantly higher than in 2006. The infrastructure costs led to an increase in the PDRB to around 8.46–8.93. This meant that every increase in the spending on infrastructure would increase the PDRB by 8 times (Table 1).

Figure 8. The Multiplier Effect between Infrastructure Expenditures and PDRB

Year	Infrastructure expenditures (in Billion Rupiah)	Expenditure Multiplier Infrastructure on PDRB	Impact of the Infrastructure expenditures on PDRB (in Billion Rupiah)
2006	43.1	8.46	364.778
2007	68,8	6.92	476.442
2008	63,8	8.85	564.426
2009	56,1	8.93	500.553

Source: Sinergi Visi Utama Consultant, *Study on Infrastructure Expenditure Impact on Economic Growth in DIY Province*, 2010.

Of the 86 indicators, 72.88% were met, while 23 indicators, representing 27.12%, were not achieved. Despite the satisfying measurable achievement of the design and planning scheme that was used, the document of Regional Development Plan did not provide clear indicators. Additionally, more focused attention should be given to the

development of education, culture, and tourism in order to realize the YSP as center for education, culture and tourism in 2020.

In the internal bureaucracy of provincial government, the planning control mechanisms were in BAPPEDA to ensure the implementation of the strategic plan. However, the focus group discussions and interviews with officials¹ revealed that there were some problems in the state agency budget revenue (APBD) framing in order to implement the strategic plan of 2004, namely:

- a. Changes in the area of financial regulation;
- b. Sectoral-ego of each unit device area;
- c. Human resources ability;
- d. A difficult operationalized mission;
- e. The target did not exist;
- f. Difficult plan coordination.

A major issue that most often came up was that each department or agency was often more concerned about its own interests than with participating in implementation of the strategic plan. The annual plan coordination by the Planning Unit (BAPPEDA) was difficult to do. Tony Bovaird has stated that the civil service or managerial systems greatly influence the success of the strategic plan. Each work unit within the provincial government organizations had its own agendas and interests and was difficult for BAPPEDA to control. Finally, BAPPEDA only played a role as a “budget cutter” rather than in “maintaining goal achievement.”

The second constraint that often emerged was a mission formulation that was difficult to operationalize and a lack of targets/indicators within the strategic plan. Nutt and Backoff (1992) explain that goal ambiguity limits the acquisition of resources and leads to low expectations, and the absence of incentives poses obstacles for the strategic manager. Several steps were required to deal with these obstacles. First, ideals could be used in place of goals. Goals should be avoided because they are ambiguous in public organizations and tend to remain so after clarification attempts.

CONCLUSION AND REFLECTION

Conclusion

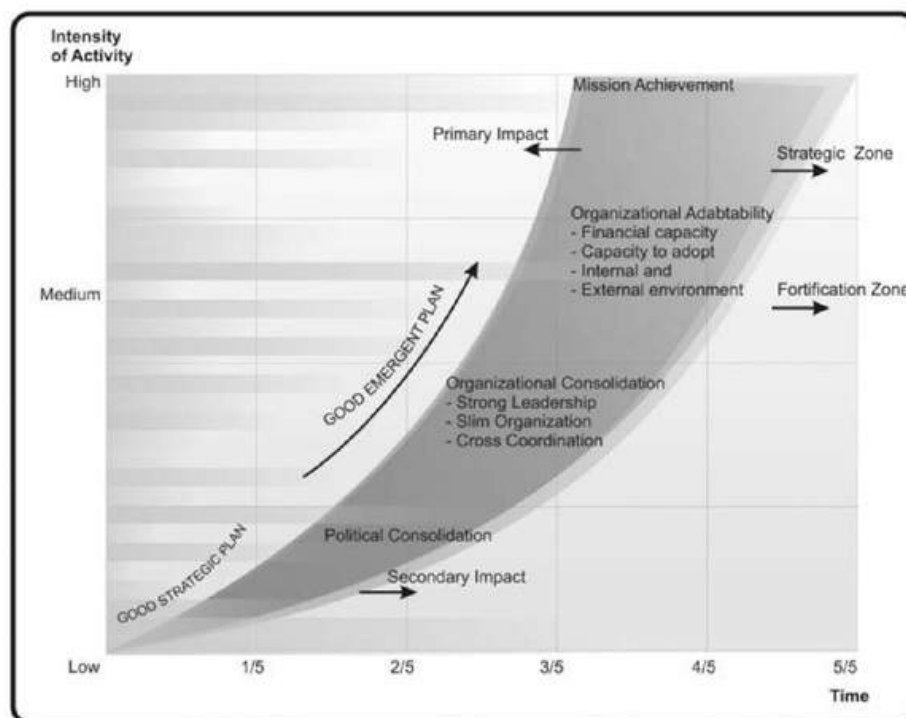
The government of YSP has already created a regional vision to formulate a solid catalyst for change in the sense that the local government supports the establishment of a competitive society as related by the political mandate in Local Law No. 6/2003. This serves as a strategic plan and a guide for the implementation of policies. According to the above analysis, there are several key findings. First of all, the YSP attempts to provide the strategic plan to be followed by government officers in their activities. According to

the tradition of strategic design and planning, they have not succeeded in crafting a successful strategic plan. For example, the plan lacked clear indicators and specific goals. Second, most local government agencies lack understanding of their visions and missions. As a result, they create a number of programs but not many are implemented. Third, under the zero-sum game effect, reaching the goals and missions is difficult because salary expenses consume the bulk of the budget. Fourth, the strategic plan has been mostly implemented in the fortification zone rather than in the strategic zone.

Practical and Theoretical Reflections

The results of practical research lead to several recommendations regarding the regulation of a regional strategic plan, primarily that it should provide a detailed guide for the attainment of specific goals. These recommendations will minimize the ability of regions to innovate in preparing a strategic plan, but will at least provide regional benchmarks for a good strategic plan. Second, the guidelines for the preparation of a strategic plan by a local government organization should also contain a method or other strategic planning perspective, such as schools of entrepreneurship, positioning schools, culture schools, schools of environmental configuration.

Figure 9. Process of Strategic Plan Implementation



Based on the above analysis, the authors look at some theoretical implications of the research. Drawing on the empirical process, the writers try to propose a process for strategic plan implementation in the public sector. At the beginning of the term of political leadership (period 1 of five)—in this case a period of five years—a head of government consolidates politics to manage the political support from opposing or allied political parties. This process requires strong leadership and support from a streamlined and well-coordinated bureaucracy (in period 2). In addition, In period 3, the government organization must be capable of adapting to rapid internal and external changes. A leader of a public organization is usually only able to encourage the achievement of the vision and mission in accordance with the strategic plan or his personal vision in periods 4 and 5. Financial capacity and unanticipated change in the external environment, such as an earthquake, have a significant impact on the intensity of activity of the strategic zone. A lower financial capacity leads to a lower strategic zone intensity. There are external factors, political processes, and bureaucratic factors that to a varying extent lead to the strategic or fortification zones. On the other hand, John R. Montanari and Jeffrey S. Bracker did not mention which factors affect zone fortification or for how long, and at what point the strategic zone is entered. Are the innovations made ??in the classification of an emergent plan able to accelerate public organization and enter the strategic zone with a primary impact? In conclusion, theoretical contributions that may be proposed from this research are to enhance other variables to create a model of strategic zone achievement. It is clear that the governor has a challenge in dealing with external factors and political processes, which can prevent the attainment of goals and the creation of a strategic zone.

Acknowledgements

We would like to take the opportunity to express our gratitude to those people who helped and supported us in completing this research. First of all, I would like to say many thanks indeed to the three blind reviewers for their assistance and critique. Secondly, we really appreciate the help and cooperation of professors Sun-Hyuk Kim and Jin-Wook Choi of Korea University, South Korea. Last but not least, special thanks to our colleagues at the Department of Governmental Studies, Universitas Muhammadiyah Yogyakarta (UMY), for comments and suggestions.

NOTES

1. Interview with Head of Section Unit of Bappeda on 27 August 2007, and Focus Group Discussion on 1 September 2007

REFERENCES

- Anderson, James E. 1979. *Public Policy Making*. New York: Holt, Rinehart and Winston, Chapters 1–2.
- Backoff, Robert, Barton Wechsler, and R.E.J. Crew. 1993. The Challenge of Strategic Management in Local Government. *Public Administration Quarterly* 17(2): 127–45.
- Berry, Frances Stokes, and Barton Wechsler. 1995. State Agencies' Experience with Strategic Planning: Findings from National Survey. *Public Administration Review* 55(2): 159–68.
- Broom, Cheryle A. 1995. Performance-Based Government Models: Building a Track Record. *Public Budgeting and Finance* 15(4): 3–17.
- Bryson, John M. 1995. *Strategic Planning for Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement*. Rev. ed. San Francisco: Jossey-Bass.
- Chekland, Peter. 1999. *Systems Thinking, Systems Practice: Includes a 30-Year Retrospective*. Chichester: John Wiley & Sons.
- Denhardt, Robert B. 1985. Strategic Planning in State and Local Government. *State and Local Government Review* 17(4): 174–79.
- Dodge, William R., and Douglas C. Eadie. 1982. Strategic Planning: An Approach to Launching New Initiatives in an Era of Retrenchment. *Management Information Service Report* 14(9): 1–13.
- Donald, Carrie G., Thomas S. Lyons, and Rebecca C. Tribbey. 2001. A Partnership for Strategic Planning and Management in a Public Organization. *Public Performance and Management Review* 25(2): 176–93.
- Dunn, William N. 1994. *Public Policy Analyst: An Introduction*. Englewood Cliffs, NJ: Prentice-Hall International, Chapters 8–9.
- Dwiyanto, Agus. 2003. *Teladan dan Pantangan (Dalam Penyelenggaraan Pemerintahan dan Otonomi Daerah)*, Pusat Study Kependudukan UGM. (Exemplary and Taboo (In The Governance Management and Regional Autonomy)).
- Dye, Thomas R. 1981. *Understanding Public Policy*. New Jersey: Prentice-Hall, Chapter 1.
- Eadie, Douglas C. 1983. Putting a Powerful Tool to Practical Use: The Application of Strategic Planning in the Public Sector. *Public Administration Review* 43(5): 447–53.

- _____. 2000. Change in Chewable Bites: Managing the Strategic Change Portfolio. In *Handbook of Strategic Management*, 2nd ed., edited by Jack Rabin, 123–39. New York: Marcel Dekker.
- Experiences with Participation in Strategic Planning. *American Review of Public Administration* 31(2): 126–38.
- Finsterbusch, Kurt and Motz, Annable Bender 1980, *Social Research for Policy Decisions*, California: Walsworth Publishing Company, Chapter 5.
- Franklin, Aimee L. 2000. An Examination of Bureaucratic Reactions to Institutional Controls. *Public Performance and Management Review* 24(1): 8–21.
- _____. 2001. *Serving the Public Interest? Federal*
- Gabris, Gerald T. 1989. Educating Elected Officials in Strategic Goal Setting. *Public Productivity and Management Review* 13(2): 161–76.
- Gargan, John J. 1989. *Strategic Management in City Government: Continuing the Interplay of Rationality and Politics*. In *Handbook of Strategic Management*, edited by Jack Rabin, Gerald J. Miller, and W. Bartley Hildreth, 403–23. New York: Marcel Dekker.
- Hendrick, Rebecca. 2000. Comprehensive Management and Budgeting Reform in Local Government. *Public Productivity and Management Review* 23(3): 312–37.
- Henry Mintzberg, et al. 1998. *Strategy Safari*, New York: The Free Press.
- Herbert Simon. 1979. *Administrative Behavior*. New York: The Free Press.
- Kaplan, R.S., and D.P. Norton. 1996. *The Balanced Scorecard: Translating Strategy into Action*. Boston: Harvard Business School Press
- Keputusan LAN: 239/IX/8/8/2003 tentang *Perbaikan Pedoman Penyusunan Pelaporan Akuntabilitas Kinerja Instansi Pemerintah (about The Improving Guidelines of the Preparation of Performance Accountability Reporting for Government Agencies)*.
- Koteen, Jack. 1989. *Strategic Management in Public and Nonprofit Organizations: Thinking and Acting Strategically on Public Concerns*. New York: Praeger.
- Kuncoro, Mudrajat. 2004, *Otonomi dan Pembagian Daerah (Reformasi, Perencanaan, Strategi dan Peluang)*. Penerbit Erlangga. (Autonomy and Regional Distribution Reform, Planning, Strategies and Opportunities).
- Langbein, Laura Irwin 1980, *Discovering Whether Programs Work: A Guide to Statistical Methods Program Evaluation*. California: Goodyear Publishing Company, Chapters 1–2.

- Mahmudi.2005, *Manajemen Kinerja Sektor Publik*. UPP. AMP. YKPN (Public Sector Performance Management).
- Marcel Dekker. 56 *Public Administration Review* • January/February 2005, Vol. 65, No. 1
- Margareth E Carthcart. 1997. *Strategic Planning in a Government Organization*. Technical Communication.
- Markoczy, Livia. 2001. Consensus Formation during Strategic Change. *Strategic Management Journal* 22(11): 1013–31.
- Melkers, Julia, and Katherine Willoughby. 1998. The State of the States: Performance-Based Budgeting Requirements in 47 out of 50 States. *Public Administration Review* 58(1): 66–73.
- Mintzberg, Henry. 1994. *The Rise and Fall of Strategic Planning: Reconceiving Roles for Planning, Plans, Planners*. New York: The Free Press.
- Newcomer, Kathryn, Edward T. Jennings, Cheryle Broom, and Allen Lomax. 2002. *Meeting the Challenges of Performance-Oriented Government*. Washington, D.C.: American Society for Public Administration, Center for Accountability and Performance.
- Nutt, Paul C., and Robert W. Backoff. 1993. Organizational Publicness and Its Implications for Strategic Management.
- Nutt, Paul C., and Robert W. Backoff. 1992. *Strategic Management of Public and Third Sector Organizations: A Handbook for Leaders*. San Francisco: Jossey-Bass.
- Osborne, David, and Ted Gaebler. 1992. *Reinventing Government: How the Entrepreneurial Spirit Is Transforming the Public Sector*. Reading, MA: Addison-Wesley.
- Poister, Theodore H., and David M. Van Slyke. 2002. Strategic Management Innovations in State Transportation Departments. *Public Performance and Management Review* 26(1):8–74.
- Poister, Theodore H., and Gregory Streib. 1994. Municipal Management Tools from 1976 to 1993: An Overview and Update. *Public Productivity and Management Review* 18(2): 115–25.
- _____. 1999. Strategic Management in the Public Sector: Concepts, Models, and Processes. *Public Productivity and Management Review* 22(3): 308–25.
- Pramusinto, Agus. *Governance Profile (in Indonesian)*, www. Kemitraan.or.id.

- Roberts, Nancy. 2000. The Synoptic Model of Strategic Planning and the GPRA: Lacking a Good Fit with the Political Context. *Public Productivity and Management Review* 23(3): 297–311.
- Sorkin, Donna L., Nancy B. Ferris, and James Hudak. 1984. *Strategies for Cities and Counties: A Strategic Planning Guide*. Washington, D.C.: Public Technology.
- Sri Sultan HB X. 2005. dalam Yuyun Purbokusumo, et al. *Reformasi Terpadu Pelayanan Publik, Kemitraan Prov DIY dan Pembaruan Tata Pemerintahan di Indonesia*. (The Integrated Public Service Reform, YSP Partnership and Governance Reform in Indonesia).
- Stacey, Ralph D., Douglas Griffin and Patricia Shaw. 2000. *Complexity and Management: Fad or Radical Challenge to System Thinking*. London: Routledge.
- Steiss, Alan Walter. 1985. *Strategic Management and Organizational Decision-Making*. Lexington, MA: D.C. Heath.
- Streib, Gregory. 1992. Applying Strategic Decision Making in Local Government. *Public Productivity and Management Review* 15(3): 341–55.
- Streib, Gregory, B. J. Slotkin, and Mark Rivera. 2001. Public Administration Research from a Practitioner Perspective. *Public Administration Review* 61(5): 515–25.
- Swanstrom, Todd. 1987. The Limits of Strategic Planning for Cities. *Journal of Urban Affairs* 9(2): 139–57.
- Toft, Graham S. 1989. Synoptic (One Best Way) Approaches of Strategic Management. In *Handbook of Strategic Management*, edited by Jack Rabin, Gerald J. Miller, and Hildreth W. Hildreth, 3–34. New York: Marcel Dekker.
- _____. 1996b. Strategic Management and Total Quality Management: Challenges and Choices. *Public Administration Quarterly* 20(2): 201–19.
- Tuomi, Ilka. 1999. *Corporate Knowledge, Theory and Practice of Intelligent Organization*. Helsinki: Metaxis.
- Vinzant, Douglas H., and Janet Vinzant. 1996a. Strategy and Organizational Capacity: Finding a Fit. *Public Productivity and Management Review* 20(2): 139–57.
- Willoughby, Katherine G., and Julia E. Melkers. 2001. Performance Budgeting in the States. In *Quicker, Better, Cheaper? Managing Performance in American Government*, edited by Dall Forsythe, 335–64. Albany, NY: Rockefeller Institute Press.
- Wilson, James Q. 1989. *Bureaucracy: What Government Agencies Do and Why They Do It*. New York: Basic Books.

Zanetti, Lisa A. and Robert B. Cunningham. 2000. Perspectives on Public Sector Strategic Management. In *Handbook of Strategic Management*, 2nd ed., edited by Jack Rabin, 554–60.

Achmad Nurmandi is currently the dean of Social and Political Sciences faculty at Universitas Muhammadiyah Yogyakarta (UMY). In 1995 he earned his master's degree in Urban Management and Environmental Management at the Asian Institute of Technology. He completed his PhD at Indonesia University in the Public Administration Department. He is interested in knowledge management for public sector organization and urban management policies. E-mail: nurmandi_achmad@umy.ac.id, nurmandi_achmad@ymail.com

Eko Priyo Purnomo is the head of the International Program of Governmental Studies (IGOV), Faculty of Social and Political Sciences, Universitas Muhammadiyah Yogyakarta (UMY). He earned his master's degree at Universitas Gadjah Mada, Indonesia and University of Leeds, UK, and then currently is a PhD candidate at the University of Bradford, UK. His research focuses on governance and environmental sustainability issues. E-mail: eko@umy.ac.id

Received: 16 May, 2011

Accepted with no revision: 6 July, 2011

Making the strategic Plan Work in Local Government: a Case Study of Strategic Plan Implementation in Yogyakarta Special Province (YSP)

ORIGINALITY REPORT

6%

SIMILARITY INDEX

4%

INTERNET SOURCES

4%

PUBLICATIONS

6%

STUDENT PAPERS

PRIMARY SOURCES

1

www.aco-nl.org

Internet Source

3%

2

Submitted to Hellenic Academic Libraries
Link

Student Paper

2%

3

ajou.ac.kr

Internet Source

1%

Exclude quotes On

Exclude matches < 1%

Exclude bibliography On