

Will Indonesia Still Sustain? Assessment on Integrated Sustainable Development of Strategic Target and Implementation in Indonesia

Dwi Kartini, Yudi Azis, and Ismail Solihin

Abstract—Although the concept of sustainable development has become one of the mainstream on development in Indonesia and stated in the National Medium Term Development Plan (RPJMN) in 2010-2014, but the study shows that of the 35 Ministry of the study, there are only 4 Ministries that had explicitly incorporate dimensions of sustainable development which consists of the economic, social and environmental issues into the strategic objectives and Key Performance Indicators (KPI). Though Indonesia Indonesia has developed a National Sustainable Development Strategy (Agenda 21) which contains recommendations to the sector in the application of the principles of sustainable development by 2020. Formulation of National Sustainable Development Strategy as well as the mainstreaming of sustainable development is part of the government's strategic planning. The phenomenon that is often found when integrating strategic planning into the implementation of sustainable development strategy in Indonesia is the strategy gap, which is the disconnect between long-term goals with short-term budget planning which created a short-term budget to support the implementation of programs and activities. To address these gaps necessary strategy of strategic management models to integrate strategic planning with the implementation of sustainable development strategy in Indonesia.

The selected model is the model that has a balanced scorecard performance indicators (financial perspective and customer perspective) and the determinant indicators (internal business process perspective and learning and growth perspective) and connect the two types of indicators through a causal relationship (cause and effect relationship). Bureaucratic reforms in Indonesia has encouraged ministries and government institutions in Indonesia to have Key Performance Indicators that the majority of the models are prepared using the Balanced Scorecard. This phenomenon provides an opportunity for the integration of sustainable development strategy to mainstream the implementation of sustainable development which translates into a variety of programs and activities undertaken by the respective ministries and government.

Index Terms—Sustainable development, national sustainable development strategy, the national medium term development plan (RPJMN), gap strategy, balanced scorecard, key performance indicators (KPI).

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I. INTRODUCTION

Although Indonesia has developed a National Sustainable Development Strategy / NSDS (Agenda 21) in 1997 containing recommendations to the sector in the application of the principles of sustainable development (sustainable development) by 2020, but the contents of the strategic targets from various Ministries and Government Institutions of Indonesia as stated in the Strategic Plan (Planning) Ministry and the Government Institution does not reflect the adoption of the concept of sustainable development by the Ministries and Government Institutions in Indonesia. This is evident from the large number of the Ministry of the sample in this study that does not include the economic, social and environmental issues in their strategic goals. In fact, sustainable development has become a mainstream in the National Medium Term Development Plan (RPJMN) where the targets to be achieved through the mainstreaming of sustainable development are (1) the integral adoption consideration of economic, social, environmental into planning and implementation of development in various sectors and regions, (2) the maintenance of environmental quality as indicated by the improvement in environmental quality index in the next 5 years, (3) agreed, arranged and used environmental quality index as a tool to measure sustainable development. (Appendix Indonesia Presidential Regulation No. 5 Year 2010 on National Medium-Term Development Plan 2010-2014).

Yet adoption of dimensions of sustainable development into the strategic plan of the Ministry and institutions in Indonesia has the potential to cause problems of sustainable development, because the strategic objectives established by the Ministry and the Government Institutions as the regulator even operators within certain limits for the various sectors do not look at the economic, social and environmental integrally. Even based on the application of sustainable development practices carried out by some member states of the Organization for Economic Cooperation and Development (OECD), sustainable development should be considered intergenerational policy [1] so the absence of adoption of sustainable development's dimensions into the strategic plan of the ministry feared would result in various strategic objectives that do not include consideration of interests between generations as well as sovereign debt problems of energy reserves, natural resources and minerals. Opportunities for the adoption of the concept of sustainable development into strategic targets for various Ministries and Government Institutions in Indonesia arise when the government launched a bureaucratic reform activities aimed

at improving the performance of government agencies accountable by requiring all ministries and institutions have Key Performance Indicators/KPI (Key Performance Indicator). Key Performance Indicators of the ministries and institutions should reflect the outcome indicators [2] as well as indicators of impact of the various programs and activities undertaken by the Ministry and the Institute. As a logical consequence of the mainstreaming of sustainable development in RPJMN, then it is proper if the dimensions of sustainable development should become performance indicators and impact indicators in the performance management system that government agencies are now adopting the balanced scorecard strategic management model.

II. RESEARCH OBJECTIVE

This study aims to produce a strategic management model that can integrate the dimensions of sustainable development which consists of the economic, social and environment into the Strategic Plan of the Ministry and the Government Institutions so that the dimensions of sustainable development can be articulated in policies, programs and activities of the Ministry and Institutions.

III. LITERATURE REVIEW

The Brundtland Commission formulates sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" [3]. The concept of sustainable development has three dimensions, namely economic, social and environmental, as stated in the United Nations 2005 World Summit Outcome Document. Every UN member state that has ratified the results of the Earth Summit held in 1992, were asked to deliver the National Sustainable Development Strategy (Agenda 21) that contains a variety of strategic initiatives undertaken by each country to ensure the achievement of sustainable development. Problems arise when the indicators for each of the strategic initiatives that have delivered were differs so it will take the harmonization of the application of diversity indicators that will produce the same measurement for each country. To solve this problem, the United Nations has established a Commission on Sustainable Development (CSD) [4] where the commission has set a variety of indicators of sustainable development that can be used as guidelines by countries in implementing sustainable development indicators are divided into 15 themes, namely: (1) equity (2) health (3) education (4) housing (5) security (6) population (7) atmosphere (8) Land (9) Oceans, seas and coasts (10) Fresh water (11) biodiversity (12) economic structure (13) consumption and production patterns (14) Institutional framework (15) institutional capacity. There are several scenarios term sustainable development, which is sustainable development for a generation (25 years), two generations (50 years) to sustainable development that leads to the Millennium Development Goals [5]. NSDS is a sustainable development strategy that has a period of 25 years.

The phenomenon that is often found when integrating strategic planning into the implementation of the strategy of sustainable development is the emergence of strategy gap which is the disconnect between long-term goals with short-term budget planning [6]. Nan Chai [7] mentions the existence of three-gap strategy that typically arises when integrating strategic planning into the implementation of the government's development strategy. The third strategy gap is as follows:

Gap Strategy 1: Current system performance evaluation focuses on measuring the achievement of preset objectives and targets, but pays less attention to the strategic control of the translation and formulation of the strategy "Sustainable Development" to administrative objectives and plans.

Gap Strategy 2: Current performance evaluation system focuses on the financial and / or environmental performance, but pays less attention to integrated "Sustainable Development" objectives that Encompass social, economic and environmental in a balanced manner.

Gap Strategy 3: Current performance evaluation system focuses on the managerial accountability and performance improvement, but pays less attention to citizen satisfaction and participatory approaches.

The emergence of three types of strategy gap is partly due to the absence of causality (cause and effect relationship) a clear distinction between goals made with strategies and resources to support it. Based on this phenomenon Epstein and Wisner [8] used the concept of the balanced scorecard developed by Kaplan and Norton [9] as a strategic management model to describe the achievement of sustainable development as a result of the cause in the form of a variety of strategies, programs, activities and resource allocations organization. In this model, Kaplan and Norton [10] split the organization into two performance measures, namely the performance of organizations that fall into the category of objectives (primary objective) called with variable results (outcomes and impact) and the performance of organizations that belong to the category of secondary objectives is called the determinant variable (containing input and output). Which belong to the outcome variable is the financial perspective and the customer perspective. While belonging to the determinant variables are internal business process perspective and learning and growth perspective.

Kaplan and Norton BSC have revised their previous apartment, and in the year that the term strategy map (strategy map) [10]. Strategy map is an instrument panel that maps strategic goals (SS) organization in a causal framework that describes the entire journey of organizational strategy. Strategic Goal (SS) is the relevant strategies are mapped for each perspective [11]. Strategic Objectives can be a statement about to be achieved (SS is output / outcome), or what you want done (SS is a process) or what it should be owned by the organization (SS is input), [12]. Having developed the strategy map, then for each SS to be set Key Performance Indicators / KPI (Key Performance Indicators / KPIs) of each of these SS. Key Performance Indicators defined as a measure of success in achieving the strategic objectives of a Ministry or Agency [13].

Fig. 1 shows the relationship between the four perspectives of the input, output, outcome and impact in a strategy map

that puts the dimensions of sustainable development as an outcome variable or impact.

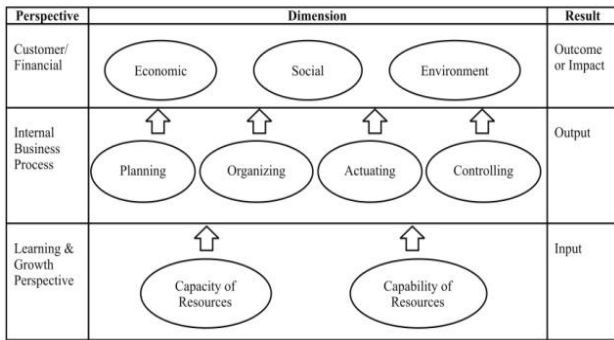


Fig. 1. Sustainable development strategy map for government agencies

IV. RESEARCH FINDINGS AND DISCUSSION

The samples in this study are all ministers in Indonesia totaling 35 Ministry. The reason for the selection the Ministry as the sample because the Ministry is implementing organizational strategies, policies and programs at the national level. Based on the results of the study, 35 Ministry of the current sample set Key Performance Indicators have been derived from the Strategic Goals contained in the Strategic Plan of the Ministry. The Ministry were reported their achievement of KPI in the Performance Accountability Report of Government Agency (LAKIP) each year which shows the form of government accountability to stakeholders.

Although the 35 Ministry in this study has established IKU, but there are only 4 Ministry alone that have adopted the dimensions of sustainable development in their KPI. This shows still incomplete process of ministry’s strategic planning in supporting sustainable development into the mainstream in RPJMN. Besides the absence of KPI that contains the dimensions of sustainable development will lead to sustainable development dimensions are not articulated in the various programs and activities of the Ministry. This phenomenon indicates that all three hypothesized gap strategy as proposed by Chai [1] also occurred in Indonesia. Appendix A shows the relationship between the Program and Activities RPJMN Ministry.

In order to articulate strategic targets containing the dimensions of sustainable development into the programs and activities of the Ministry, the strategic targets should be placed as an outcome variable (either outcome or impact) and carried cascading into the upper echelons that are in a ministry. Appendix B shows the cascading process of strategic objectives from the Ministry’s Strategic Objectives into the Echelon I and Echelon II Strategic Objective respectively. In accordance with Candy PAN No. 9 of 2007, performance indicators for Echelon I should be in form of outcomes while performance indicators for Echelon II should be in form of output and is referred to as Activities Performance Indicators / IKK.

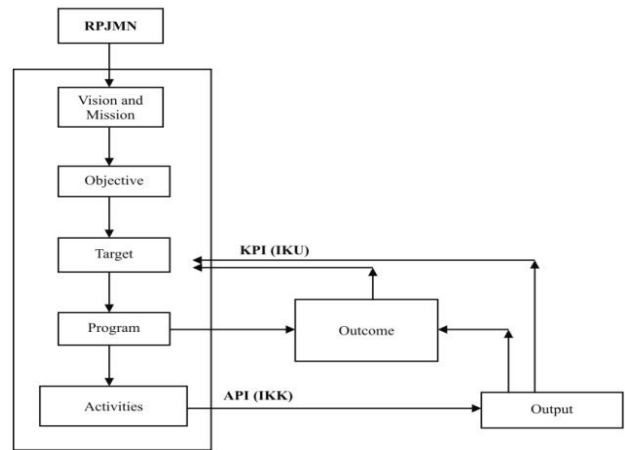
V. CONCLUSION

It is still possible to integrate the dimensions of sustainable development as the development mainstream in the RJP MN

Republic of Indonesia to the Strategic Plan of the Ministry, by using balanced scorecard as a model of strategic management. This can be done by put the dimensions of sustainable development as the outcome variable at the ministerial level to be supported by internal business process and learning and growth at Echelon I and Echelon II. Where Internal Business Process and Learning and Growth of Echelon I and II showed a variety of programs and activities that will produce outcomes at the ministerial level.

APPENDIX

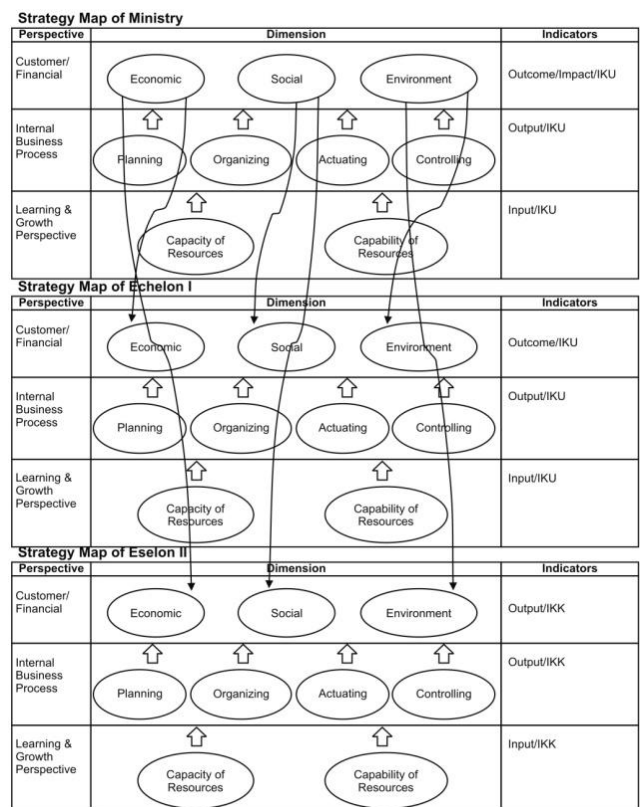
Appendix A The relationship between National Medium Term Development Plan (RPJMN) and Ministry Strategic Planning



Note:

- 1. KPI (Key Performance Indicators)/IKU
- 2. API (Activities Performance Indicators)/IKK

Appendix B Cascading Ministry’s Strategic Objectives into Echelon I and Echelon II Strategic Objectives



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