

THE APPLICATION OF PERFORMANCE MEASUREMENT SYSTEM MODEL USING MALCOLM BALDRIGE MODEL (MBM) TO SUPPORT CIVIL STATE APPARATUS LAW (ASN) NUMBER 5 OF 2014 IN INDONESIA

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Abstract: *The objective of this research was to review the Application of Performance Measurement System Model using Malcolm Baldrige Model to support State Civil Apparatus (ASN) Law Number 5 of 2014 in North Sumatra, Indonesia. This research was conducted by surveying the primary data and field identification directly to several regencies that were selected by purposive sampling. The Malcolm Baldrige method has excellence compared to the balanced scorecard as all of its elements represent the element of Key Performance Indicators measurement on assessment of each organization. The variables used were leadership, strategic planning, focus on people being served, measurement, management analysis and knowledge, focus on human resources, process management and results obtained by organizations. The application of performance measurement system model using Malcolm Baldrige Model also supports the implementation of the Law on State Civil Apparatus (ASN) Number 5 Year 2014 at the moment, especially on Organizational and Personal Level Learning, Focus on the Future, Focus on Objectives and Value Creation and Systemic Perspective.*

Keyword: *Leadership, Strategic Planning, Focus on the People being Served, Measurement, Management Analysis and Knowledge, Focus on Human Resources, Management Process and Results obtained by Organizations.*

BACKGROUND

Malcolm Baldrige Criteria for Performance Excellence or Baldrige Criteria constitutes a guideline for an organization to achieve high-quality performance that comprises of seven criteria, namely leadership; Strategic Planning; Focus on Customers; Measurement, Management Analysis and Knowledge; Focus on Workforce; Management Process; and Outcome (Decheng *et al*, 2015). Malcolm Baldrige National Quality Award is an appreciation to the quality of the performance given to organizations in the United States. However, the present paper will discuss more regarding the assessment or is also called Baldrige

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Assessment. The Baldrige Assessment is one tool to improve organizational performance wholly and continuously using measurement and provide feedback on the organizational performance in providing quality products and services. Malcolm Baldrige was the name of the Minister of Trade of the United States (1981-1987) who has significant contribution to the quality improvement in many aspects long-term in the United States. His name is immortalized in the form of quality award in the categories of manufacturing, service, small business, education and health since 1987. The Baldrige Award was created as a motivator and desires of each organization to compete fairly in terms of quality improvement. The award is managed by The National Institute of Standards and Technology Implementation and The American Society for Quality (ASQ). Until 2007, the Malcolm Baldrige Criteria method for Performance Excellent (MBCfPE) has been adopted by tens thousands of companies in more than 70 countries throughout the world. MBCfPE is widely adopted because in the judgment assessment contains the aspect of leadership having major influence on the overall organizational performance. Indonesia also adopted MBCfPE and is made into Indonesian Quality Award (IQA) as an award upon the performance of State Owned Enterprises. Awards to SOEs are intended to improve the competitive advantage of state enterprises in facing global competition, namely by improving the performance of state-owned enterprises with a comprehensive and integrated manner based on the Malcolm Baldrige Criteria for Performance Excellence, which is well known in the world of international business, especially in the United States.

Baldrige Criteria for assessment is the basis for self-assessment of a company or organization in rewarding and providing feedback to the company or organization to create high-quality performance. The advantage of the Baldrige Criteria is its ability to provide comprehensive and integrated assessment. Baldrige criteria are divided into seven criteria, where each criterion is interconnected (Morrey, 2004). The objective of criteria for high-quality performance according to Indonesian Quality Award Foundation (2007) in Holzer et al (2011) is designed to help companies or organizations taking an integrated approach in managing performance. Baldrige criteria have a focus on performance of excellence for the entire organization in the framework of overall managerial, identifying and tracking all organizational outcomes, i.e. customers, products/ services, finance, human resources and organizational effectiveness. Quality measurement using the Baldrige Criteria provides benefits because it allows the organization to conduct independent self-assessment. Troy (2011) states the Baldrige measurement can be done on various types of organizations, whether in the business, nonprofit, education and health.

Baldrige Malcolm criteria are also employed to solve the problem to find out the value of the company's performance, the company's position in the market, its

excellence and non-excellence as well as the company, to get competitive criteria and priority setting. Meanwhile, Malcolm Baldrige Criteria have also been applied as one of the tools of quality management in the preparation of the strategy based on the company condition, both internally and externally. The application of Baldrige Malcolm Criteria is not limited to the business needs, but also in the field of education as well (Saleh, and Hasan (2015)). One of the new paradigm of ASN Law (Law No. 5 of 2014) is related to the management of ASNs is held by System of Merit, which is based on the qualification, competence, and performance in a fair and reasonable ways, without distinguishing the background of politics, race, color, religion, origin, gender, marital status, the general, or disability. Management of ASN covers Management of Civil Servants (PNS) and the Management of Government Employees with Work Agreement (PPPK). As mentioned in Law No. 5 of 2014, the President can delegate authority of development of ASN Management to authorized officers in the ministry, secretariat general secretariat of state institutions, the secretariat of non-structural institutions, regional/provincial secretary and district/city. As for problem of this research; “does the application of performance measurement system model using Malcolm Baldrige Model also support and strengthen the Law on State Civil Apparatus (ASN) 5 Year of 2014 in North Sumatra?

LITERATURE REVIEW

1. The Concept of Baldrige Assessment

Baldrige Criteria for assessment is the basis for self-assessment of a company or organization to reward and provide feedback to the company or organization in order to create high-quality performance. The excellence of the Baldrige Criteria is its ability to provide comprehensive and integrated assessment. Baldrige criteria are divided into seven criteria, where each criterion is interconnected. 4 main objectives of MBNQA criteria include: (Decheng *et al.*, 2015).

- a. To help to improve the performance and abilities of the organization;
- b. To provide communication facilities and various information on best practices among educational organizations and types of other organizations;
- c. To maintain the development of partnerships involving schools, industries and other organizations;
- d. To serve as a tool to understand and improve organizational performance, and to lead in the planning and training in organization.

Objective criteria for high-quality performance according to Indonesian Quality Award Foundation (2007) are designed to help companies or organizations take an integrated approach in managing their performance, leading to:

- a. Conveyance of best value to customers and stakeholders so as to contribute to the resilience and sustainability of the company or organization.
- b. Improvement of effectiveness and capability of the company or organization as a whole.
- c. The events of organizational and employees' learning.

Gaspersz (2011) states, there are six basic reasons why local and world-class organizations prefer Baldrige Assessment as the framework of their management systems, namely:

- a. Baldrige Assessment is able to identify any strength and opportunity for improvement or opportunities for improvement (OFI) from various areas within the organization related to the seven criteria of MBNQA.
- b. Baldrige Assessment provides a framework for improved performance towards excellence by giving freedom to the management to carry out an independent business strategies and programs in the improvement of performance excellence.
- c. Baldrige Assessment is an integrated management framework, covering all the factors that define the organization, operational process and clear and measurable performance outcomes.
- d. Baldrige Assessment focuses on the requirements to achieve performance excellence, not simply applications, procedures, tools nor techniques.
- e. Baldrige Assessment is easy to adapt to the business environment, and can be applied to organizations, both large and small, local organizations that only run in a country and world-class ones operating in many countries.
- f. Baldrige Assessment has proven to be a valid global management practices to improve organizational performance excellence.

Another reason to use the Baldrige Assessment in measuring management performance is to improve the process speed and quality, build high work systems, translate the vision and mission into strategies, and build customer loyalty. Baldrige criteria have a focus on excellence performance for the entire organization in the overall managerial framework, to identify and track all organizational outcomes, namely customers, products/ services, finance, human resources and organizational effectiveness (Tippe, 2013). Quality measurement uses the Baldrige Criteria excellence because it allows the organization perform self-assessment. Independent measurements are based on Baldrige Criteria that can be done in various types of organizations in business, nonprofit, education and health. (Troy, 2011).

2. Seven Criteria or Malcolm Baldrige Pillars



Figure 1. Framework 7 Baldrige Assessment Criteria

Source: 2011-2012 Criteria for Performance Excellence. nist.gov (2016).

There are seven categories assessed in the Baldrige Assessment, among others:

1. Leadership
2. Strategic Planning
3. Customer Focus
4. Measurement, Analysis and Knowledge Management
5. Workforce Focus
6. Operation Focus
7. Results

2.2. Previous Research Overview

Matrix of previous results is presented in Table 1 below:

Table 1
Previous Reserach Overview

No.	Year	Researcher	Title	Variables used	Results
1.	2014	Amalia, Bachtiar	Comparative analysis of quality award Malcolm Baldrige National Quality Award and European Quality Award (MBNQA vs EQA).	Quality of Malcolm Baldrige National Quality Award and European Quality Award (MBNQA vs EQA).	There are differences in processing speed and quality, building high work systems, translating the vision and mission into strategies, and building customer loyalty.

contd. table 1

No.	Year	Researcher	Title	Variables used	Results
2	2011	Dewantara	<i>Performance Evaluation of Maintenance Management Initiative Using the Malcolm Baldrige Criteria (A Qualitative-Evaluative Approach</i>	<i>Malcolm Baldrige Criteria</i>	Performance is a result of work achieved in undertaking their duties based on skills, experience and sincerity as well as time.

The conceptual framework used in the research:

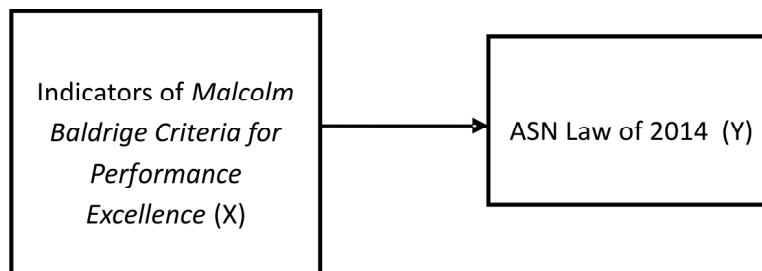


Figure 2 : Conceptual framework

Hypothesis

The hypotheses in this research: The Application of Performance Measurement System Model using Malcolm Baldrige Model also supports and strengthens the Law on State Civil Apparatus (ASN) Number 5 of 2014 in North Sumatra.

RESEARCH METHODS

The type of research was associative, connecting independent variables and dependent variables. The population of this research included the District Government officer in North Sumatra with Medan Local Government representatives and the Office of the Governor of North Sumatra. The research samples were the head of program with total respondents of 210, where the sampling process was conducted by sampling convenience. The operational definitions and measurement variables can be seen in Table 2.

The research model modeling is in the form of Structural Equation Modeling so that the indicator variables can be assessed by a reflective and formative manner to test the theory more profoundly. The data analysis methods used to test the hypothesis in this research was SEM (Structural Equation Model). The analysis using SEM WarpPLS Version 3.0 requires some fit indices for measuring the true

Table 2
Operational Definitions

<i>Variable</i>	<i>Definition</i>	<i>Measurement</i>	<i>Scale</i>
Indicator of <i>Malcolm Baldrige Criteria for Performance Excellence (X)</i>	A guide for a company to achieve high-quality performance that is consisted of seven criteria, namely leadership; Strategic Planning; Focus on the Customer Focus, Measurement, Analysis and Knowledge Management, Workforce Focus, Operation Focus, Results	Leadership; Strategic Planning; Focus on the Customer Focus, Measurement, Analysis and Knowledge Management, Workforce Focus, Operation Focus, Results	Ordinal
ASN Law of 2014 (Y)	The management of ASNs is held by System of Merit, which is based on the qualification, competence, and performance in a fair and reasonable ways, without distinguishing the background of politics, race, color, religion, origin, gender, marital status, the general, or disability.	Management of Civil Servants (PNS) and the Management of Government Employees with Work Agreement (PPPK).	Ordinal

model proposed (Kock, 2013). There are several fit indices and the cut-off value to test the acceptance or rejection of a model (feasibility test model) including; Effect size, Output combined loadings and cross loadings, Output patern loading and cross loading, Output indicator weight, Output laten variable coefecient, Q squared (Stoner-Geisser coefecient), Full collinierity test, Output correlations among Latent variable, Output block VIF, Output correlation among indicator dan Output indirect and Total Effect, if necessary. Kock (2013).

RESULTS AND DISCUSSIONS

5.1. Data Description

Table 3
Distribution of Questionnaires

<i>Description</i>	<i>Total</i>	<i>Percentage</i>
Questionnaires distributed	245	100%
Questionnaires returned	215	70%
Questionnaires unreturned	30	30%
Questionnaires that can be used in research	215	93%

The questionnaires were distributed to 245 respondents. All questionnaires distributed were returned and can be used as data in this research.

5.2. Hypothesis Testing

Results of hypothesis testing states the variable Application of Performance Measurement System Model using Malcolm Baldrige Model also supports and strengthens the Law on State Civil Apparatus (ASN) number 5 of 2014 in North Sumatra. In partial statistical test with the critical t value on $df = (nk)$, where n is the total samples and k is the total independent variables including constant. In order to test the partial regression coefficients individually from each of independent variable can be seen in the following figure:

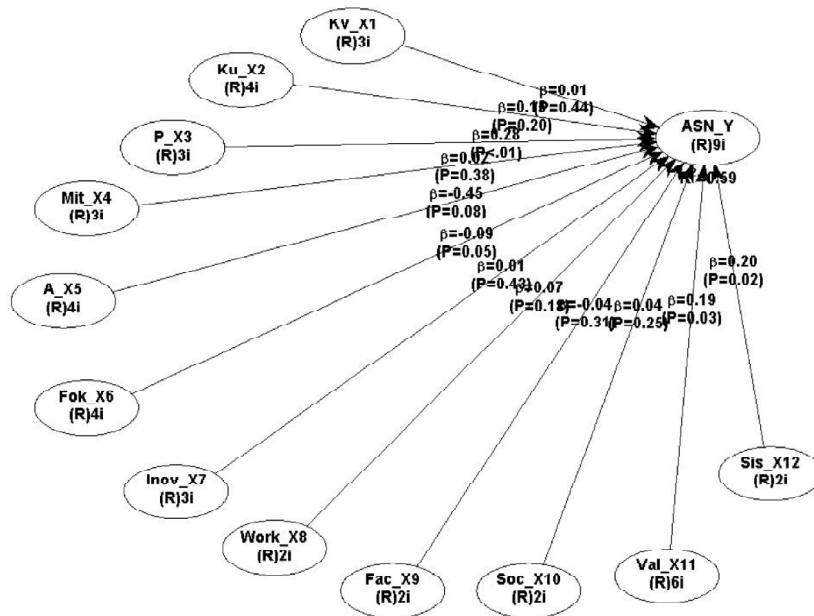


Figure 3: Testing Results of WarpPLS (2016).

Based on the figure above, among several indicators of Performance Measurement System Model using Malcolm Baldrige Model also supports the application of Law on State Civil Apparatus (ASN) number 5 of 2014, i.e. the indicators of Organizational and Personal Learning level, Focus on the Future, Focus on objectives and Value Creation and systemic perspective. As for the Visionary Leadership, the excellence are directed by Customer, Learning on organizational and Personal level, Respecting the Employees and Partners, agility, Focus on the Future, Management to Innovate, Working Based on Facts, Working Based on Target and Social Responsibility.

The coefficient of determination is used to test goodness-fit of the regression model that can be seen from the value of R Square. R-square is only existed for endogenous construct. For a set of latent predictor variables on the criterion variable, then the Q-Squares indicator is used or other term referred to as Stoner-Geisser Coefficient (Sholihin and Ratmono, 2013). The coefficient of determination is below:

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*****
* Latent variable coefficients *
*****
R-squared coefficients
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X1   X2   X3   X4   X5   Y
                                0.586
    
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Source: WarpPLS Output. (2016).

Baldrige criteria are consisted of seven categories and eleven core values and concepts combined into a system of organizational work framework which is integrated and comprehensive, Sudrajat (2015). The criterion is the summary of customers' expectations and markets and operational requirements of the organizations to achieve excellent criteria. Such is updated each year by experts from around the world to ensure the relevance with changes that occur in the environment of business, private and governmental organizations. The main characteristics of Baldrige Criteria are included a focus on the outcome, the Baldrige Criteria for Performance Excellence are not prescriptive and can be adjusted, Baldrige criteria for performance excellence supports a systemic perspective to maintain alignment of the company's overall objectives and criteria of the Baldrige performance excellence by supporting diagnosis-based companies.

CONCLUSIONS AND SUGGESTIONS

Conclusions

1. The variables used are leadership; Strategic Planning; Focus on the Customer Focus, Measurement, Analysis and Knowledge Management, Workforce Focus, Operation Focus, Results.
2. The application of Performance Measurement System Model using Malcolm Baldrige Model also supports the application of the Law on State Civil Apparatus (ASN) number 5 of 2014 currently, especially Organizational and personal learning, Focus on the Future, Focus on Interests and Value Creation and Systemic Perspective.

SUGGESTIONS

1. Application of the Law on State Civil Apparatus (ASN) number 5 of 2014 should be clearly measured using scores in accordance with Malcolm Baldrige Criteria for Performance Excellence.
2. The next step in this research is to undertake in-depth research and studies with several indicators of Malcolm Baldrige Criteria for Performance Excellence in more detailed manner, such as Visionary Leadership, Excellence directed by Customers, Organizational and Personal level Learning, Respecting Employees and Partners, Agility, Focus on the Future, Management to Innovate, Working Based on Facts, Working Based on Targets and Social Responsibilities.

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