The Effect of Organizational and Political Factors on Development of The Performance Measurement System (PMS) Local Government Institutions

Parwoto*, Abdul Halim
Vocational Program Universitas Muhammadiyah Yogyakarta, Yogyakarta, Indonesia
Faculty of Economics and Business Universitas Gadjah Mada, Yogyakarta, Indonesia

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ABSTRACT

This study examines the effect of organizational and political factors on the development of a performance measurement system (PMS) based on its development purpose. Data collection and analysis using *Mixed Methods* with sequential expalantory strategies. Quantitative data analysis using *SEM-PLS.* Qualitative data analysis using *Thematic Content Analysis (TCA).* The results of the study indicate that an open organizational response and internal support have a positive effect on the development of PMS for operational, incentive and exploration purposes. External support has a positive effect on the development of PMS for operational and incentive purposes. Furthermore, decision-making authority only has a positive effect on the development of PMS for exploration purposes. However, management commitment has a negative effect on the development of PMS for all purposes.

INTRODUCTION

Implementation of a performance measurement system (PMS) in the local government agency is to improve the internal decision-making and allocation of resources (Sihaloho & Halim, 2005). PMS is believed to be very important in an effort to improve government performance, especially in realizing goals and objectives, efficiency, effectiveness of public services in a transparent manner, assisting resource allocation and decision making, and realizing public accountability, and improving institutional communication (Mardiasmo, 2009). But so far, the implementation of PMS in the Indonesian government in realizing these goals is still questionable (Nurkhamid, 2008).Policies in implementasi and development PMS conducted many government agencies in Indonesia are intended to meet and comply with the provisions of the central government and parliament, not to bring accountability public actual (Akbar et al., 2012).

Characteristics of public sector organizations, multidimensional performance measures and various stakeholders be separate constraints for government agencies in developing PMS (Mardiasmo, 2009). Cavaluzzo and Ittner (2004) state that organizational factors which includes management commitment, decision-making authority, and training, influencing the successful implementation of a performance measurement system. Meanwhile, Julnes and Holzer (2001) suggest that organizational factors in the form of organizational responses that are open to change have a positive effect on the implementation of a new system. Consistent executive support, legislative recognition of new information, and organizational capacity are often referred to as vital components for determining the effectiveness of a performance measurement system (Berman and Wang, 2000).

On the other hand, government policy without the support of strong *"players"* and serious political interests, they tend to be difficult to achieve (Pollit, 2001 in Cohen, 2014). Wang (2000) proves that political support is positively related to the use of performance measures in budgeting. Julnes and Holzer (2001) state that political factorsin the form of internal support and external support, allegedly affecting the adoption stage and implementation of performance measures. This condition further reinforces the suspicion that the implementation and development of PMS is still intended only to meet the pressure of regulation (Sihaloho and Halim, 2005) and only formality (Akbar et al, 2012). This condition is in accordance with institutional theory which explains that the main reason that is

the basis of organizational change is because it aims to gain legitimacy rather than to improve the substantive performance of the organization (Ashworth et al., 2009). Measures of performance that are not appropriate in budgeting but are still used by local governments in developing performance indicators are more due to the influence of institutional pressure (Frumklin and Galaskiewicz, 2004). Based on the description above, an in-depth study of the objectives of government agencies in developing of PMS and the factors that influence them is important to do.

Research in Indonesia regarding the development of PMS is limited to testing rational, technical, organizational and political factors towards the development of PMS.Syacbrani (2014) has conducted a study to test technical and organizational factors for the purpose of developing PMS at the Regional Inspectorate of Sleman Regency Government. This research is a development research of Syachbrani (2014) and previous studies in the same field.This study examines the influence of political and organizational factors on the objectives of developing SPK in local government agencies based on three organizational roles (Spekle & Verbateen, 2009). The results of the study are also expected to be able to complete the findings of previous studies in the same field

LITERATURE REVIEW AND HYPOTHESISDEVELOPMENT

Institutional Theory

Organizations are formed by forces from outside the organization through the process of obedience (compliance), imitation, and cognitive processes (DiMaggio and Powell, 1983). Organizations respond to pressures emanating from their institutional environment, so their choices regarding adoption of procedures or structures will be driven by what is socially accepted as the right way to act (DiMaggio Powell, 1983). An organization must be able to convince the community as a legitimate entity, so that it deserves support from the community (Meyer and Rowan, 1977). Institutional pressure can act as a strong force that causes organizational change (Buckho, 1994). Organizations that have legitimacy will have the same isomorphism to adjust and follow where the organization depends (DiMaggio and Powell, 1983). The pressure that arises in institutions raises three mechanisms of change which are referred to as institutional isomorphism, namely *coercive isomorphism, mimetic isomorphism, normative isomorphism* (DiMaggio and Powell, 1983).

Coercive isomorphism is a formal or non-formal pressure from other organizations that urges an organization to adjust and follow where the organization depends (DiMaggio and Powell, 1983). The main factor of this *coercive* pressure is political influence and legitimacy. *Mimetic isomorphism* is an action carried out by an organization by imitating the standards of practices and policies used by other organizations (DiMaggio and Powell, 1983). *Normative isomorphism,* is the pressure that comes from professionalization. Professionalization builds a cognitive and legitimacy base for organizational autonomy (DiMaggio and Powell, 1983).

Development of Performance Measurement Systems

The development of PMS is a process of gathering performance measures that are reported regularly through an organization's information system (Cavalluzo and Ittner, 2004). An appropriate measure of performance will be able to help the organization know how well a program is being implemented, the achievement of an activity's objectives, the level of customer satisfaction, the statistical control of an activity process, and the development needed for an activity. Thus, the development of a PMS will be reflected in the development of various performance measures that will be used by an organization (Nurkhamid, 2008).

Speklé and Verbeeten (2009) suggest that PMS can serve a different purpose than public sector organizations. The purpose of developing and using PMS can be seen by examining the three different roles of public sector organizations, namely : (1) systems that can be applied for operational purposes, (2) systems that can be used for the purpose of providing incentives and awards, and (3) systems which can be used for exploration purposes. *First*, the stem that can be applied for operational purposes includes planning to the monitoring process. *Second,* system which can be used for the provision of incentives and awards, including the application of the system of reward and punishment in accordance with PMS functions as the organization's control. Furthermore *thethird,* the system can be used by exploration, which is to double-loop learning, priority setting and policy development, as do the exploration of strategic capability is a core or backbone of the success of the reform of the bureaucracy (Wijaya, 2012).

Based on the opinion of Speklé and Verbeeten (2009), this study focuses on analyzing the influence of organizational and political factors on the development of PMS from aspects of operational purposes, incentives or rewards purposes, and exploration purposes, asconducted by Syachbrani (2014), and Wijaya and Akbar (2013). According to Speklé and Verbeeten (2009) the three roles of developing differentiated PMS are not mutually exclusive.This indicates that the use of one of the roles of the system does not mean rejecting the use of another role (Mardiasmo, 2009) or in other words, can use different roles, and can also be used together

Organizational factors inPMS Development

Organizational Response Open to Change (ROT)

The demand for massive changes in the culture of the performance of government agencies was marked by the issuance of Presidential Instruction No. 7 of 1999 concerning Government Agency Performance Accountability (AKIP). The mandate of the Inpres will only run successfully if the government organization as the trustee accepts the cultural change of the organization openly. The implementation of the Inpres mandate resulted in changes in organizational attitudes. Organizational culture in government bureaucracies tends to be resistant to change (resistance to change) and slow to accept innovation (Rainey, 1999). Therefore, these cultural changes are largely determined by the attitude of the organization in accepting change innovations.

Julnes and Holzer (2001) found that the behavior (attitude) of organizational members in responding to change has a positive effect on the implementation of a PMS. Nurkhamid, (2008) and Yowi, (2011) succeeded in proving that organizational culture has a positive effect on the development of PMS. Meanwhile, Sofyani and Akbar, (2013) managed to find that the response of organizations that are open to change has a positive effect on the development of PMS. This study uses organizational response variables that are open to address changes in organizational culture (Julnes and Holzer, 2001), and the subsequent effects were tested on the objectives of PMS development.

***H1a** : Organizational responses that are open to change have a positive effect on the development of PMS for operational purposes*

***H1b**: Organizational responses that are open to change have a positive effect on the development of PMS for incentive purposes*

***H1c** : Organizational responses that are open to change have a positive effect on the development of PMS for exploration purposes*

Management Commitment (KOM)

Robbins and Judge (2011) define commitment as a condition in which an individual sided with the organization and its goals and desires to maintain its organizational membership. Management commitment is important in the process of designing, implementing, and using a PMS (Sofyani and Akbar, 2013). In perspective institutional isomorphism, management commitment is normatively a form of the collective struggle of organizational members to determine the conditions and methods of their work for goals that lead to professionalism (DiMaggio & Powell, 1983). Cavalluzzo and Ittner (2004) state that management commitment can be realized in the form of strong leadership commitment in achieving goals, and strategies on various plans that are considered valuable. The management leader who has a strong commitment to the organization he leads, is expected to be able to direct organizational resources to develop PMS professionally.

Research of Nurkhamid (2008), successfully proved that management commitment had a positive effect on the development of PMS.However, Yowi (2011), Primarisanti (2013), and Sofyani and Akbar (2013), failed to find the effect of management commitment to the development of PMS in local government agencies (SKPD). This study will examine the effect of management commitment on the objectives of developing PMS..

***H2a** : Management commitment has a positive effect on the development of PMS for operational purposes*

***H2b** : Management commitment has a positive effect on the development of PMS for incentive purposes*

***H2c** : Management commitment has a positive effect on the development of PMS for exploration purposes*

Decision-Making Authority (OPK)

Decision-making authority is a condition where a person has the authorization or the right to make decisions with pre-determined requirements in order to achieve the organization's strategic goals (Cavalluzo & Ittner, 2004). The implementation of PMS often fails because employee involvement factors are not considered (The Urban Institute, 2002). The organization personnel need to be given the authority to make their own performance measures or targets and to achieve these targets in

accordance with the rules (rules of the game) that apply in the organization (Sihaloho & Halim, 2005). The decision making given to management has a positive effect on the development of PMS, performance accountability and the use of performance information resulting from the implementation of the PMS (Cavalluzzo and Ittner, 2004). The decision-making authority given to the leadership of the organization gives authority to determine the conditions, methods of working the organization, develop cognitive and legitimize the autonomy of their work which leads to professionalism (DiMaggio and Powell, 1983).

Sofyani and Akbar (2013), have not succeeded in finding the influence of decision-making authority on the development of PMS. However, Nurkhamid (2008), Primarisanti (2013), succeeded in proving that decision-making authority influenced the development of PMS.Based on the findings of the previous research above, this study will examine the influence of decision-making authority on the objectives of developing PMS.

***H3a** : Decision making authority has a positive effect on the development of PMS for operational purposes*

***H3b** : Decision-making authority has a positive effect on the development of PMS for incentive purposes*

***H3c** : Decision making authority has a positive effect on the development of PMS for exploration purposes.*

Political Factors in Development of PMS

Internal Support (DIN)

The decision making in public sector organizations is inseparable from the political influence of organizations originating from outside and from within the organization. Politics in organizations is an action taken by stakeholder groups in an effort to influence decisions (Morrow and Hitt, 2000). Internal support is the level of support of leaders and employees for performance measures, and as an internal political proxy (Sihaloho & Halim, 2005). Politics in organizations can arise when there is no agreement from the elements in the organization that have the potential to cause conflict (Morrow and Hitt, 2000)

The adoption of a performance measure is an internal process within the organization.Internal support and agreement largely determine the success of the adoption process, implementation and utilization of performance information, so that the role of leaders and management levels is needed be able to reach internal organizational agreements in adopting a measure of performance (Diptyana and Basuki, 2010). Internal support in the form of involvement and agreement of program personnel in developing performance measures, as well as leadership initiatives in dealing with conflict are very influential in adopting performance measures (Julnes and Holzer, 2001).

Julnes and Holzer (2001), Sihaloho & Halim (2005), Dara, (2010), found that internal support has a positive effect on the process of adopting performance measures. Furthermore, Diptyana & Basuki (2010) also found that the participation of internal stakeholders had a positive effect on the process of developing performance measures. This study will examine the effect of internal support on the objectives of developing PMS which include; operational purposes, incentive purposes, and exploration purposes.

***H4a**: Internal support has a positive effect on the development of PMS for operational purposes*

***H4b**: Internal support has a positive effect on the development of PMS for incentive purposes*

***H4c**: Internal support has a positive effect on the development of PMS for exploration purposes*

External Support (DEK)

The success of PMS implementation is influenced by the support of legislators and the public (public). External support is the level of legislative and public (public) support for performance measures (Diptyana and Basuki, 2010). This support can be in the form of allowing allocation of resources planned by the organization, supporting the use of certain performance measures and using information on PMS results, even though the information is contrary to its political agenda (Dara, 2010). External support is seen as an important thing in the use of performance measures, and in the form of efficiency expectations and demands for accountability from the community (Julnez and Holzer, 2001).

Wang (2000), Julnes and Holzer (2001), Diptyana and Basuki (2010), show that external support significantly influences the development of performance measures.Julnes and Holzer (2001), and Sihaloho & Halim (2005), found that external support did not significantly influence the implementation of performance external support did not significantly influence the implementation of performance measurement.

This study will examine the effect of external support on the objectives of developing PMS.

***H5a**: Ex-externalsupporthas a positive effect on the development of PMS for operational purposes*

***H5b**: Externalsupporthas a positive effect on the development of PMS for incentive purposes*

***H5c**: Externalsupporthas a positive effect on the development of PMS for exploration purposes*

Research model

Based on the variables in this study, the following are presented images of the research model.

Figure 1. Research Model

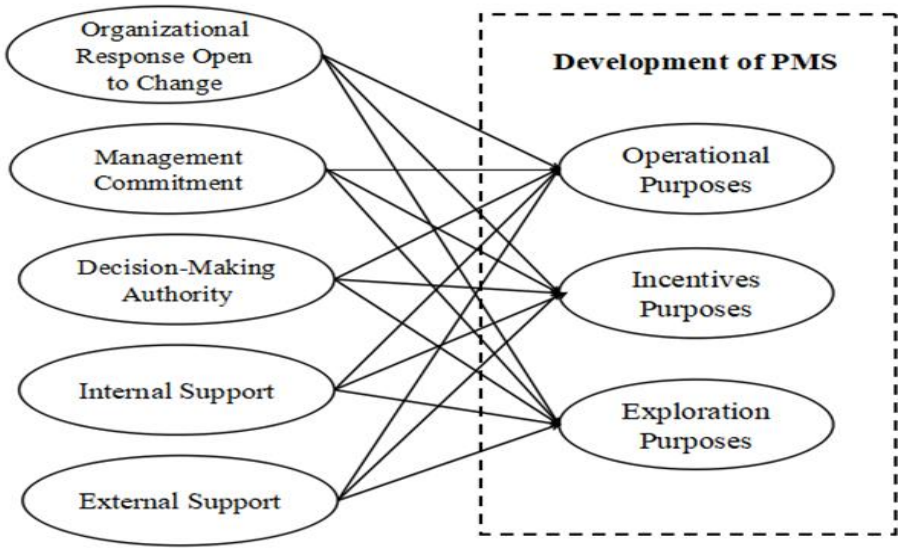


Table 1. Operational Definition and Variable Measurement

Symbol	Variable Name	Variable definition	Measurement Instruments
ROT	*Organizational Response Open to Change*	Attitudes and desires of management and non management for organizational implementation and change, and their understanding of the development of PMS	Julnes dan Holzer (2001)
KOM	*Management Commitment*	Management commitment to support providing resources in the development of organizational PMS	Cavalluzo & Ittner (2004)
OPK	*Decision-Making Authority*	Decision-making authority owned by managers / respondents in achieving the organization's strategic goals	Cavalluzo & Ittner (2004)
DIN	*Internal Support*	Internal support is an internal political proxy which is a political factor that measures the extent of leadership and employee support for performance measures.	Sihaloho & Halim (2005)
DEK	*External Support*	External support is an external political proxy that is legislative and public (public) support for performance measures	Sihaloho & Halim (2005)
PTO	*PMS for operational purposes*	System that can be applied for operational purposes	Speklé dan Verbeeten (2009)
PTI	*PMS for incentive purposes*	System that can be applied for *incentive purposes*	Speklé dan Verbeeten (2009)
PTE	*PMS for exploration purposes.*	System that can be applied for *exploration purposes.*	Speklé dan Verbeeten (2009)

RESEARCH METHODS

Research Methods and Design

This study uses *mixed methods* with sequential explanatory strategies carried out by analyzing data quantitatively and continued by exploring *outlier* results from quantitative data analysis with further interviews (Cresswell, 2014; 315). The procedures carried out in a sequential explanatory strategy include; collection and analysis of quantitative data, collection and analysis of

qualitative data, and interpreting the results of the overall analysis (Cresswell, 2014; 316)

Population and Samples

This research was conducted at the DIY Provincial Government, Bantul Regency, Kulon Progo, Sleman, Gunung Kidul and Yogyakarta City. The object of this research is the regional government agency, namely the Regional Work Unit (SKPD) which includes; service, agency and office. The method of sample selection was done using a sampling purpose with the criteria of minimum echelon IV officials (four) in each SKPD

Operational Definition and Variable Measurement

This study induces from the research of Julnes and Holzer (2001), Cavaluzzo and Ittner (2004), and Sihaloho and Halim (2005), as presented in Table 2.

Collection Techniques and Analysis Tools

Quantitative data collection is done by survey using questionnaires.Qualitative data collection is done by interviewing respondents (quantitative) in the *outlier* category .Quantitative data analysis using SEM-PLS with the consideration that PLS is a variant-based structural equation analysis that can be used simultaneously to test measurement models and structural models (Hartono and Abdillah, 2014: 14).Qualitative data analysis uses *tematic content analysis (TCA)*, a qualitative analytical method used to identify, analyze and report patterns (themes) contained in the data (Braun and Clarke, 2006).

RESULTS AND DISCUSSION

Quantitative Data Collection

Profile Responden

Details of the profile respondent and the *response rate* and *usable rate* can be seen in Table 2 and Table 3.

Table 2.
Profile of Respondents

Information		Total (N=136)	Procentage
Gender	Male	96	70,588%
	Female	40	29,412%
Level of Education	SMA	2	1,471%
	Diploma	6	4,412%
	S1	68	50,000%
	S2	56	41,176%
	S3	0	0,000%
	No coment	4	2,941%
Position Level	Echelon IV	79	58,088%
	Echelon III	55	40,441%
	Echelon II	2	1,471%
Length of Work	2 - 5 year	1	0,735%
	6 - 10 year	5	3,676%
	11 - 15 year	14	10,294%
	> 15 year	109	80,147%
	No coment	7	5,147%

Source: Primary data, *pocessed*.

Tabel 3
Details of Response Rate and Usable Response Rate

Local Government	Send	Back	%	Processed	%
Yogyakarta City	23	21	13,816	20	13,158
Bantul Regency	30	29	19,079	28	18,421
Kulon Progo Regency	24	22	14,474	22	14,474
Gunung Kidul Regency	25	23	15,132	20	13,158
Sleman Regency	25	24	15,789	23	15,132
DIY Provincial Government	25	24	15,789	23	15,132
Jumlah	**152**	**143**	**94,079**	**136**	**89,474**

Source: Primary data, *pocessed*.

Non ResponseBias

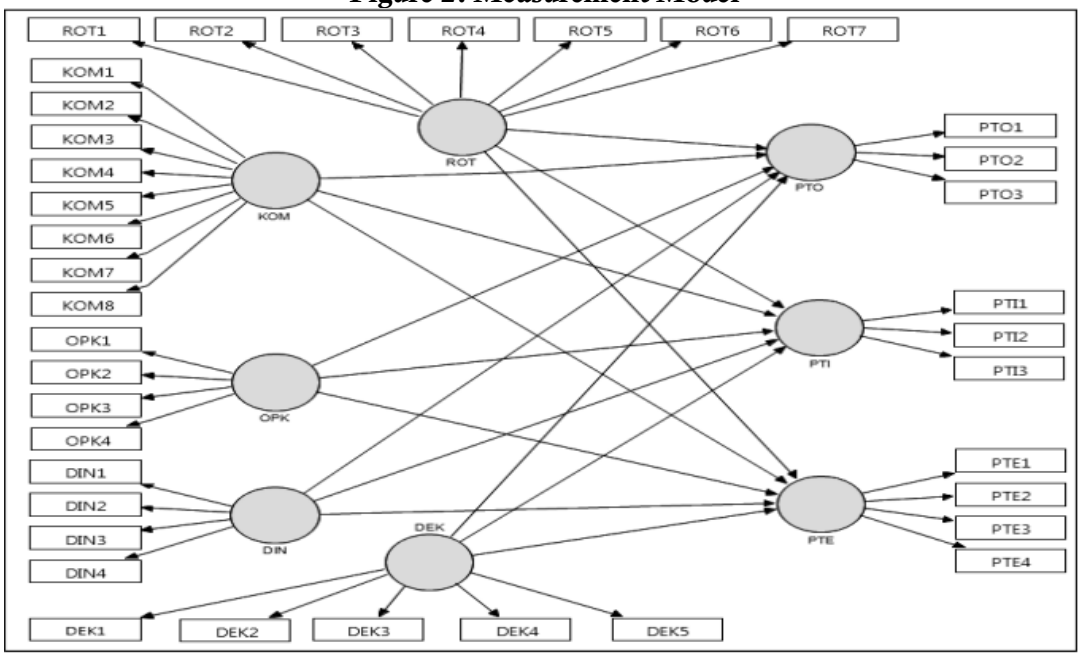
Non-response bias tests between groups were different questionnaire collection stages (stage 1: 98 questionnaires, and stages 2: 38 questionnaires) using *Mann-Whitney Test* (Field, 2009).Testing for *non-response bias* between different groups of regions (local government) using the *Kruskal-Wallis Test* (Supangat, 2007).The results of the *Mann-Whitney* test*Test*and *Kruskal-Wallis Test* shows value*Asymp. Sig (2-tailed) for* each variable> 0.05.This shows that there is no difference in response between different groups.

Quantitative Data Analysis

Measurement Model

The following is a picture of the measurement model that has been made using SmartPLS 2.0 M3

Figure 2. Measurement Model



Evaluation of Measurement Model (Outer Model)

Testing the measurement model includes testing construct validity (convergent validity and discriminant validity) and instrument reliability testing.After the PLS algorithm iteration process, the data obtained in Table 4 are obtained. *Convergent validity test*, carried out by looking at the value of AVE and *communality*. From Table 4 it can be seen that all constructs in this study meet the convergent validity requirements, because the values of AVE and *communality* for all constructs are>0.5. It shows that the probability of the indicators that enter into each of the related constructs is greater than those that enter other constructs.

Determinant *validity test,* carried out by looking at the *cross loading* value of each indicator in the required construct must be> 0.7 or between 0.5 -

0.7 as long as the AVE and *communality* values show a value of > 0.5 (Hartono and Abdillah, 2014; 61). The results of the PLS algorithm iteration process also show the value of *crossloading* of each indicator in each construction is higher than the indicator in other constructs, which is> 0.6.The data in table 3 also shows the AVE value and *communality of* all variables> 0.5.Thus it can be concluded that each indicator in each construct in the measurement model of this study has met the discriminant validity requirements.

Reliability *test*, used to measure the internal consistency of a measuring instrument. Reliability test in PLS can use two methods, namely *cronbach's alpha* and *compositereliability*. A construct is said to be *reliable* if the value of *Cronbach's alpha*> 0.6 and value*composite reliability*> 0.7 (Hartono and Abdillah, 2014; 81).Table 3 shows that value*cronbach's alpha* constructs> 0.6 and *composite reliability* values respectively construct> 0.7. Based on these data it can be concluded that the entire construct is inthis study fulfills the *reliability* and *reliability* requirements or is feasible to use for testing hypotheses.

Evaluation of Structural Models (Inner Model)

Evaluation of the structural model *(inner model) is* done by looking at the value of R square (R^2) in the table of results of the iteration of the PLS algorithm.

The higher the value of R square (R^2), the better the proposed research model (Hartono and Abdillah, 2014; 62).Based on the data in table 4 it is known that the value of R square (R^2) of each endogenous construct in this research model is 0.308 (PTE), 0.426 (PTI), 0.361 (PTO).Based on these data it can be concluded that the construct variance in the development of PMS for operational, incentive and exploration purposes is only able to be explained by exogenous constructs (ROT, KOM, OPK, DIN, and DEK) of 30.8% (PTE), 42.6% (PTI)), 36.1% (PTO), while the remainder is explained by other variables outside of this study.

Hypothesis testing

Testing the hypothesis in this study is done by looking at the output data of the process*bootstraping* in PLS.The hypothesis is supported if the direction of the data coefficient of bootstraping results is the same as the prediction properties in the hypothesissubmitted and *t-statistic*> 1.64. Based on the output data from the *bootstrapping* process it can be concluded that hypotheses 1a, 1b, 1c, 3c, 4a, 4b, 4c, 5b, 5c are supported and hypotheses 2a, 2b, 2c, 3a, 3b, 5c are not supported, as presented in the summary of the test results hypothesis (table 5).

Tabel 4.
Overview of Results of Iteration of PLS Alogarithme

	AVE	Composite Reliability	R Square (R^2)	Cronbachs Alpha	Communality	Redundancy
DEK	0,676	0,912		0,880	0,676	
DIN	0,610	0,861		0,786	0,610	
KOM	0,694	0,947		0,937	0,694	
OPK	0,685	0,896		0,860	0,685	
PTE	0,700	0,903	0,308	0,858	0,700	0,057
PTI	0,700	0,875	0,426	0,786	0,700	0,167
PTO	0,629	0,835	0,361	0,702	0,629	0,134
ROT	0,637	0,925		0,906	0,637	

Qualitative Data Collection

Selection of Sample Interviews

The selection of respondents' data in the outlier category is one way to choose samples for the qualitative stage (Creswell & Plano, 2011). One way to find out the respondent's data in the outlier categorydone by graphing *scatter plots* using *MS Excel*. Based on the graph*scatter plot of the* distribution of respondents' data, obtained by several respondents who were in the *outlier* category. But after being confirmed only six respondents were willing to be interviewed (Table 6).

Interview

The interviews with six respondents were conducted in the institutions of each respondent with a time span of between 25-60 minutes. Interviews were conducted from September 26-30, 2016, adjusting the time provided by the respondents. The interview technique used is by conducting interviews directly *(face toface interview)*, semi structured and open, and record it with an *audio recorder,* then transcribe and record ideas that emerge from the results of the transcript (Creswell, 2014; 272).

Qualitative Data Analysis

The theme used to analyze the results of interviews is the influence of an open organizational response to change, management commitment, decision-making authority, internal support, and external support for the purpose of developing PMS.Phenomenon *institutional isomorphism* in the development of PMS, namely *coercive isomorphism* is identified by referring to the phrase "the organization is under pressure to become or carry out certain actions".*Mimetic isomorphism* refers to the phrase "organizations mimic or copy each other" or "just fulfill formal requirements (formalities)". Next, *normativeisomorphism* refers to the phrase "professionalism in carrying out tasks" (Dacin, 1997 in Akbar et.al, 2012)

Table 5. Summary of Hypothesis Testing Results

Correlation	Hypothesis	Coefisien (Original Sample)	T Statistics	Result
ROT →PTO	H1a (+)	0,270	2,953	Supported
ROT →PTI	H1b (+)	0,382	3,517	Supported
ROT →PTE	H1c (+)	0,405	5,014	Supported
KOM →PTO	H2a (+)	-0,263	2,261	Not supported
KOM →PTI	H2b (+)	-0,202	1,785	Not supported
KOM→PTE	H2c (+)	-0,174	1,631	Not supported
OPK →PTO	H3a (+)	0,165	1,387	Not supported
OPK →PTI	H3b (+)	0,091	1,070	Not supported
OPK →PTE	H3c (+)	0,263	1,702	Supported
DIN →PTO	H4a (+)	0,353	2,863	Supported
DIN →PTI	H4b (+)	0,311	2,733	Supported
DIN →PTE	H4c (+)	0,179	1,743	Supported
DEK →PTO	H5a (+)	0,296	3,213	Supported
DEK →PTI	H5b (+)	0,318	3,926	Supported
DEK →PTE	H5c (+)	0,148	1,423	Not supported

Table 6. Respondent Profile Data Interview

Respondent	Agency	Local Governmet	Position	Gender
R.4	Badan Perencanaan Pembangunan Daerah	Yogyakarta City	Kabid Litbang	L
R.42	Dinas Sumber Daya Air	Bantul Regency	Kasubbag Program	L
R.68	Dinas Kelautan Perikanan dan Peternakan	Kulon Progo Regency	Kasubbag Program & Informasi	P
R.75	Badan Perencanaan Pembangunan Daerah	Gunung Kidul Regency	Kabid Pem.Sosial & Budaya	L
R.100	Badan Penanggulangan Bencana Daerah	Sleman Regency	Kasubbag Program & Informasi	L
R.124	Dinas Pertanian	DIY Provincial Government	Kabid Perencanaan	L

Test reliability and validity is done by procedure;*1)* examine the data and results of quantitative data processing to build justification of the themes and questions posed, *2)* reconfirm respondents 'answers at the end of each interview to ensure the accuracy of respondents' answers,

and *3)* re-examine the transcript results to ensure there are no errors in the transcription process interview (Creswell, 2014; 285).

Based on the analysis of the results of interviews based on the content of the theme, an illustration is obtained that;*1)* the core answers from the respondents support the overall results of hypothesis testing in quantitative data processing.*2)Institutional* phenomena*isomorphism (coercive, mimetic,* and *normative)* in the PMS development process is also indicated in the answers from interview respondents.

Discussion and Discussion of Results

The results of data analysis through two approaches (quantitative and qualitative) used in this study have illustrated the influence of organizational factors and political factors on the purpose of developing PMS and the existence of phenomena*institutional isomorphism (coercive, mimetic,* and*normative)* in the process of developing PMS in regional government agencies (SKPD).

Organizational responses that are open to empirical change have a positive effect on all objectives of PMS development illustrating that the attitude of the apparatus of local government agencies is quite open to accepting changes in work culture.Local government agency (SKPD) officials view that besides being the mandate of the central government, changes / innovations and new systems in performance measurement are very useful for improving and improving the quality of SKPD performance. The attitude of the apparatus of such regional government agencies (SKPD) has been able to encourage the process of developing PMS for both operational, incentive and exploration purposes. Consistent with research by Julnes and Holzer (2001) that the behavior (attitude) of organizational members in responding to change has a positive effect on the implementation of a performance measurement system.

Empirical management commitment has not proven to have a positive effect but it has a negative effect on all objectives of PMS development, indicating that the lack of commitment from the leadership of local government agencies has resulted in the process of development of PMS being hampered. Local government agency officials view such management commitment and the unavailability of a *reward* and *punishment* system resulting in the PMS development process not being able to meet operational purposes, incentives (based on performance), and especially exploration purposes. This is in line with the opinion of GAO (2005) which states that the implementation of results-oriented performance measurement will not succeed without strong commitment from politicians and senior officials in the federal government of the USA.

The results of data analysis also prove empirically that decision-making authority has a positive effect on the development of PMS for exploration purposes. This shows that the authority possessed by the apparatus of local government agencies has been able to encourage the development of PMS for exploration purposes, but has failed to meet operational and incentive purposes. This is because the implementation of regulations governing decision-making authority for units of local government agencies (SKPD) actually creates limited authority possessed by local government agency officials. The limitations of these authorities ultimately hampered the process of developing the PMS carried out (Cavaluzzo and Ittner, 2004), especially for operational purposes and the provision of incentives (based on actual performance achievements).

Internal support is empirically proven to have a positive effect on the development of PMS for operational purposes, incentives and exploration purposes. This indicates that the support and involvement of middle-level management (echelon 3 and 4) and non-management employees in developing and evaluating performance measurement and minimizing conflict are strong enough. With the involvement and strong support of SKPD personnel as a whole, the process of developing PMS to improve performance can be realized. Consistent with the research of Julnes and Holzer (2001) that internal stakeholder participation has a positive effect on the process of developing performance measures. The results of this study are also consistent with Diptyana and Basuki (2010) which states that internal support has a positive effect on the process of developing performance measurement.

Empirical external support proved to only have a positive effect on the *development* of PMS for operational and incentive purposes. This finding indicates that external support that has been provided both by the community and the legislature (DPRD) has not been able to boost development of PMS for exploration purposes. This is because DPRDs and regional leaders are considered not optimal in using performance

information in decisions (allowing) budget allocations made to improve the quality of SKPD performance. The demand for increased performance is not balanced with the support of adequate budget allocations. Finally, the development of PMS is only for the purpose of fulfilling operational plans and incentives.

In addition, the results of the qualitative analysis illustrate the phenomenon of *institutional isomorphism* that occurs in the process of developing PMS in regional government agencies (SKPD). *Coercive isomorphism is* indicated by respondents' answers stating that the main motivation of local government officials to develop PMS is due to regulatory demands from the central government and regional governments.

Mimetic isomorphism *is* indicated by the answers of several respondents who stated that until now local government agencies (SKPD) in compiling performance indicators still tended to imitate or imitate the targets or achievements of previous period performance. Therefore in the end the agreed indicators tend to only fulfill formal requirements (formalities) only, and have not been aimed at fulfilling community expectations or performance accountability. This condition is partly due to the lack of commitment of the leadership and the limited authority possessed by the apparatus of local government agencies in an effort to improve the quality of performance.

Normative isomorphism indicated by the answers of several respondents who stated that knowledge was obtained only from socialization from relevant agencies such as the Ministry of Home Affairs, KemenPAN-RB and internal agencies such as Bappeda. However, this knowledge has influenced the development of the cognitive basis of the apparatus of regional government agencies (SKPD) which ultimately influenced behavior, a spirit of togetherness and independence to proceed to develop PMS for better organizational change according to community expectations and regulatory demands. Although the impact of these changes has not yet been seen in improving the quality of performance indicators because of constraints on the commitment of leaders who are less supportive and the limited authority possessed,but it has indicated that there is professionalism in carrying out the tasks indicated by regional government officials, especially echelon III and IV.

CONCLUSION

This research was conducted using two approaches, namely quantitative and qualitative approaches. Based on the results of quantitative data analysis found that the factors that positively influence the development of PMS for operational purposes are the response of the organization that is open to change, internal support, and external support. Factors that have a positive effect on the development of PMS for incentive purposes include an organizational response that is open to change, internal support, and external support. Furthermore, the factors that proved to have a positive effect on the development of PMS for exploration purposes were the organization's response that was open to change, decision-making authority, and internal support. Analysis results Qualitative data also obtained explanatory evidence that strengthened the findings of quantitative data analysis. From the results of qualitative data analysis, it can also be explainedthat the phenomenon of *institutional isomorphism* which includes *coercive, mimetic, and normative* indications occurs in the process of developing PMS in local government agencies.

The results of this study provide input to local governments, especially in DIY Province, that the open attitude of government officials in accepting demands for change (innovation), strong commitment from the leadership, extensive authority, strong political support (internal and external) is needed to support success. the process of developing PMS in local government agencies. The results of this study also provide input regarding the existence of the phenomenon of *institutional isomorphism* in the process of developing PMS in local government agencies.

Some of the limitations in this study are the limited quantitative data respondents *(outlier categories)* who are willing to be interviewed, so that the process of extracting information to strengthen the explanation of the results of quantitative analysis becomes less than optimal. In addition, this research is only carried out in the DI Yogyakarta region, which may not reflect the overall population of agencies throughout Indonesia.

Further research is suggested to use a wider or different sample coverage to test the external validity of the study and include other factors that influence the development of PMS and be able to capture the phenomenon of *institutional isomorphism.* Further research is strongly recommended to continue using mixed methods

because mixed methods have the potential and usefulness of overcoming the limitations of quantitative and qualitative approaches.

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