Implementation of Pay for Performance

in the Public Sector in Indonesia

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Abstract

Based on several studies on pay for performance (P4P) in Indonesia, we assess that it still needs a comprehensive understanding of how the implementation and the consequences arising from the implementation of P4P in Indonesia. Thus, this article aims to discuss the extent to which the implementation of P4P-based payroll systems in Indonesia and the consequences that will result. The methodology used is literature review, with outlined techniques from Wolfswinkel, Furtmueller, and Wilderom (2011). The results obtained that the Indonesian payroll design adheres to the pattern of single salary consisting of elements of the position (salary) and benefits (performance and expensiveness). Pay for performance is reflected in performance allowances. Performance allowances are given according to performance achievements for additional income and service motivation. Performance is obtained from presence-based assessments, employee work targets (SKP), and e-lapkin (Electronic Performance Report). The consequence of pay for performance is that there are gaps between Ministries, Institutions, Regions and Agencies in providing performance allowances, also the significance of improvements in public services has not yet been seen, especially the direct benefits to the public. The limitation is the lack of a comprehensive framework so that it is felt necessary to present research directly, so as to produce research that is closer to the actual conditions.

Keywords
pay for performance; state civil apparatus; performance allowances; services

Introduction

Mid-1970, there were some changes in the paradigm of Public Administration which is generally known as new public management (NPM) (Dahlstrom & Lapuente, 2009). The NPM paradigm emerged in developed countries in Europe and America. It first appeared in the United Kingdom under Prime Minister Margaret Thatcher and in the U.S. city government (eg, Sunnyvale, California) (Gruening, 2001). NPM is related to several values in Public Employee Management, including individualism rather than egalitarianism, as well as hierarchism or active control (Gruening, 2001). The implementation of NPM itself has several doctrines which include, among others, professional management of public organizations, explicit and structured performance standards, a large emphasis on output

control, unit separation and large competition (Gruening, 2001). Furthermore, NPM also has an orientation to performance, not to regulations or policies (Liesda, 2009). Indirectly, NPM introduced pay for performance as a salary management approach for the public sector. Performance-based payment is a private sector performance and salary management approach which is then popular for use in the public sector (Antoniette Weibel, Margit Osterloh, Katja Rost, 2010).

Based on NPM values that emphasize high performance and structured standards, pay for performance (P4P) emerged as a system that uses extrinsic monetary incentives to increase motivation and effort and employee performance (Park & Berry, 2014). Many organizations have high expectations that pay for performance brings cultural change and encourages higher levels of individual and organizational performance (Kessler & Purcell, 1992). Performance-based salary is described as a gift (Sintaningrum, 2016). Salary is one tool that can be potentially powerful in employee performance (Brown, 2001). Salaries can be determined based on changes in life load, length of work time, acquisition of new skills and certain performance measures (Brown, 2001). In addition, P4P is a scheme that aims to provide compensation to employees based on performance (Mensah & Dogbe, 2011). Employee compensation is any form of payment or compensation given to employees and arises from the employment of employees (Gary, 1998). According to Hasibuan, compensation is all income in the form of money, direct or indirect goods received by employees in return for services rendered to the company (Hasibuan, 2012). Compensation is also something that is received by employees as an exchange for the contribution of services they provide to the organization (WilliamB & Keith, 1996).

There are two types of mechanisms for receiving compensation, namely direct and indirect (Cascio, 2013). Direct compensation is compensation which is related to work performance, such as salary or wages. (Mathis & Jackson, 2006)Whereas indirect compensation is compensation whose acceptance is not directly related to work performance, for example, general protection (social security), personal protection (retirement, additional severance and insurance), payments when not working (work leave, illness, training, and life cycle benefits (legal assistance, parent and childcare, health and counseling programs). (Mathis & Jackson, 2006). Furthermore, the motivation for implementing P4P is an extrinsic incentive for employees or employees (Park & Berry, 2014).

The meaning of the incentives themselves are direct rewards paid to employees because their performance exceeds specified standards. The purpose of providing incentives according to Agency theory and compensation research is to encourage employees to work even harder because salaries are paid based on work results (Heneman, 1992). The P4P implementation mechanism has several mechanisms, for example, to which entities make payments and who receive them, how they determine performance targets and the extent to which payments based on performance are made, and how and by whom performance will be monitored (Eldridge & Palmer, 2009).

P4P is currently valued as a good example of public sector adoption from the business sector (Park & Berry, 2014). The P4P approach began in 1978 in the United States with the issuance of the "US Civil Service Act" (Park & Berry, 2014). Furthermore, the French State also began implementing P4P, triggered by the issuance of the Law on Budget Actions of 1 January 2006 (Forest, 2008). The diffusion of P4P implementation is developing in several developed countries, this is indicated by reports from The Organization for Economic Cooperation and Development (OECD) that most salaries from civil servants are based on performance (performance-related pay) ）(Perry, Engbers, & Jun, 2009). The employee payroll system is once again important for the success of an organization. The payroll system in an organization is a major force to influence the behavior of members of that organization. Payroll systems also provide information related to what is valued and reaffirmed in an organization (Brown, 2001). The form of PBP in the public sector can vary with the form of working contacts between various levels of government. For example, intergovernmental transfers with funding depend on the achievement of predetermined targets (Eicher & Levine, 2009).

Some kinds of literature state their optimistic views regarding the potential that will arise when an organization, both public and private, adopts the P4P system (Greent & Heywood, 2008; Day, Holladay, & Johnson, 2014; Lemieux, MacLeod, & Parent, 2009; Scott, 2008). Researchers further voiced their desire to conduct further research related to the implementation of P4P itself. Furthermore, several studies provide input regarding factors that should be considered for an organization to adopt a P4P system. That is because some previous studies have found some results that are not always positively related to the adoption of P4P in an organization. P4P sometimes harms personal endeavors, for example

on motivation which is a factor influencing salary performance and generally payment through performance becomes more expensive and results in a lot of hidden cost overruns (Weibel, Rost, & Osterioh, 2010). Furthermore, other literature also found negative correlations related to P4P and improved performance, public sector P4P in the United Kingdom has a negative correlation with performance, but for the private sector, P4P can correlate positively (Bryson, Forth, & Stokes, 2017).

Literature study also managed to find that in research conducted through experimental and supported field studies show that there is a perception of injustice that is a negative impact of performance appraisal that occurs in the public sector so that performance-based payment systems will conflict with its main objective (Bregn, 2012). The development of P4P itself is known to be turmoil and some rejection, for example from unions in America (Schay & Fisher, 2013). Other research in the literature also found that performance-related salaries were found to be ineffective in all institutional arrangements, this is because performance-based salary payments often did not look at the characteristics of the public sector, either organizational structure, staff management systems, to intrinsic motivation (Agrawal, 2012). Based on the literature study above, it can be concluded that the application of P4P in the public sector often experiences failure (Sung Min, Kyoung Ryoul, & Chun-An, 2016). Furthermore, still with the same study testing happiness variables tested on private and public employees, the results obtained that P4P affects the happiness of private employees but not to public employees (Sung Min, Kyoung Ryoul, & Chun-An, 2016).

Indonesia initiated a performance-based payment scheme, in 2000-2003 (Brinkerhoff & Wetterberg, 2013). This scheme is carried out by conducting experiments, focused on the health sector, and carried out by the Ministry of Health, the National Family Planning Coordinating Board (BKKBN), and the World Bank as a form of collaboration for pilot programs in Central and East Java (Brinkerhoff & Wetterberg, 2013). Furthermore, Law Number 5 of 2014 concerning State Civil Apparatus (ASN) and Government Regulation Number 11 of 2017 concerning Management of Civil Servants, are the legal basis for the ASN payroll system in Indonesia and accommodate performance-based payment systems for public organizations as a whole. Based on these two legal grounds, Indonesia also adheres to the P4P system, which is reflected in the provision of performance benefits. Performance allowances for Indonesian ASNs are paid according to performance

achievements (Rakhmawanto, 2017). As of 2019, the implementation of the payroll system following the two legal bases is still relatively new, when compared to OECD countries. However, the implementation of the new payroll system policy is expected to be a strategic step for improving ASN's skills, motivation, development and performance (Rakhmawanto, 2017). There are several common problems that underlie changes in the ASN payroll system in Indonesia, including reluctance to take initiatives and take risks, fear of innovation, a culture of waiting for instructions, rigid and complex legislation, unclear legal umbrella, and low use of technology (Kumorotomo, 2015).

Based on some of the literature described above, we continue to research P4P in Indonesia to review literature. Our observations were made by reviewing about 15 literature reviews, with a vulnerable period of 2009-2018 which had results that convinced us, to conduct studies and examine P4P in Indonesia. Furthermore, there is a significant need for our understanding of how P4P is implemented in Indonesia, as well as the factors that influence adoption and the consequences of P4P implementation itself. Our research aims to provide systematic information regarding how the implementation of performance-based payment schemes in Indonesia by identifying key implementation factors and consequences for public organizations, to be able to present general progress systematically related to the implementation and consequences of P4P in Indonesia, especially public organizations. Our research aims to provide systematic information regarding how the implementation of performance-based payment schemes in Indonesia. Furthermore, based on literature that has conducted direct research or empirical research from 2001 to 2018, we made observations. Therefore, based on this matter, the core of the literature will be the answer to the question: how is the implementation of P4P in Indonesia especially public organizations, and what consequences arise as a result of the implementation of P4P itself.Our paper discusses the extent of the implementation of P4P that occurred in Indonesia and the consequences arising from the implementation of P4P itself.

First, we discuss several theories and assumptions related to P4P that are currently developing. Second, we collect some evidence based on secondary data including some literature related to data needs that support this paper. Third, we present these data by analyzing several theories and assumptions about P4P, to be able to present results related to the extent of the implementation of P4P and what are the consequences arising from the

implementation of P4P in Indonesia. This paper was made because of the lack of writing that discusses the practice of P4P that occurred in Developing Countries specifically Indonesia. Some literature for example only discusses the implementation of P4P in developed countries (Brown, 2001) (Dahlstrom & Lapuente, 2009) (Forest, 2008) (Perry, Engbers, & Jun, 2009).

Literature Review Methodology

Research that discusses P4P itself is filled by various scientific disciplines, we look comprehensively for some relevant journal article references with P4P, Human Resource Management, Public Management Review. Economica, Public Administration Review, and Psychology research. The main source of information is a search on the website lib.ugm.ac.id. Furthermore, to find articles, keywords or long search words search is done by getting some search terms, such as pay for performance, P4P, merit pay, performance-related pay, performance-based payments, pay for performance in Indonesia, etc. Next, we search for relevant journal articles, such as the Human Resources Management Journal, Organizational Behavior, Management, Public Administration, etc. This procedure yields about 3,639,513 results that have relevance. Not all journal articles are used in writing. The writer keeps storing several articles with a focus on pay for performance as the main research focus of the saved journal article. The author independently reviews the titles and abstracts of all identified pay for performance publications.

For the examination of articles that have relevance to the literature review, we in reading the literature ask the following questions: 1) does the article empirically explain the implementation and consequences of pay for performance, and 2) what is the research contribution of this article (the author's interests, often quotations, journal impact ratings? At this stage, we adopted an outlined technique from Wolfswinkel, Furtmueller, and Wilderom (2011), namely by carrying out a five-step method for reviewing the literature, for more details, see the figure below:

Figure 1.
The Five Stage Grounded-Theory Method for Reviewing Literature

Number	Task
1. DEFINE	
1.1	Define the criteria for inclusion/exclusion
1.2	Identify the fields of research
1.3	Determine the appropriate sources
1.4	Decide on the specific search terms
2. SEARCH	
2.1	Search
3. SELECT	
3.1	Refine the sample
4. ANALYZE	
4.1	Open coding
4.2	Axial coding
4.3	Selective coding
5. PRESENT	
5.1	Represent and structure the content
5.2	Structure the article

Sources: (Wolfswinkel, Furtmueller, & Wilderom, 2011)

Each author carefully reviews all articles and sorts of articles that present concrete empirical findings. But some conceptual articles were also taken to strengthen the theoretical basis of the researchers themselves. The final sample in the review consisted of 20 articles, published above 2000.

To identify the consequences of implementing P4P, an analysis was carried out using "open coding" variants (Corbin & Strauss, 1990). First, we read and scan the article about the consequences of P4P. Then we re-read the articles that have been successfully sorted, then look for whether the factors highlighted in the journal article and whether it is relevant to the theme of our writing. Next, we complete the analysis by conducting mind mapping to help identify, label, categorize our findings.

Findings and Discussion

Implementing

Indonesia is one country that applies a pay for performance approach to improve employee performance. Along with the swift flow of bureaucratic reform, the state apparatus is required to improve performance to improve public services. One effort to assess employee performance to increase individual productivity by assessing and also influencing traits related to work, behavior, and results including the level of absence by performance appraisal (Simamora, 2004). This is done periodically and systematically (Schermerhorn, Hunt, & Osborn, 2002). The implementation of P4P in Indonesia, in fact, went through many events before finally, the Indonesian bureaucracy adopted the P4P scheme. The trigger was a monetary and political crisis in 1998 which subsequently pushed Indonesia towards reform by making changes to the administrative system to New Public Management or reinventing government (Blondal, Hawkesworth, & Hyun-Deok, 2009).

As a result of reforms and the New Public Management, Indonesia undertook various forms of reform ranging from freedom of the press, decentralization, free and fair elections, to reduce the political and economic role in the military (Brinkerhoff & Wetterberg, 2013). The public sector reform program chosen by Indonesia aims to support the decentralization program, increase the efficiency and effectiveness of administration, and increase the bureaucratic response to public demand (Brinkerhoff & Wetterberg, 2013). This was adopted from the private sector which had applied it first. One of Indonesia's reform programs is performance-based payments or pay for performance, which is then shortened to P4P.

P4P in Indonesia began with several trials focusing on the health sector. This was published in the literature (Brinkerhoff & Wetterberg, 2013), that in 2000-2003, the Ministry of Health, the National Family Planning Coordinating Board, and the World Bank collaborated as a pilot program in Central and East Java, by giving vouchers to women who are categorized as poor to encourage their visitors to the village midwife to obtain health services and arrange family planning. As a result, 74% use, thereby increasing demand to double the number of midwives in the pilot district (Brinkerhoff & Wetterberg, 2013). The conclusion is that demand-side incentive payment mechanisms using government funds are "appropriate to improve service delivery to the poor" (World Bank, 2005). But the

disadvantage is that maintaining performance-based payments requires high costs, given that both district and provincial level institutions are still weak (Brenzel, Measham, Naimoli, Batson, Bredenkamp, & R, 2009).

Law Number 5 of 2014 concerning State Civil Apparatus (ASN Law) in Article 75 to Article 78 expressly regulates performance appraisal which is then rearranged through Government Regulation Number 11 of 2017 concerning Management of Civil Servants as a derivative of the ASN Law. Based on the paradigm of Government Regulation (PP) Number 11 Year 2017 Article 134 paragraph 2, Performance Appraisal is one element of the merit system which is carried out objectively and transparently to provide awards and sanctions. Therefore, the results of this performance evaluation will later be used as consideration in career development, competency development, career patterns, mutations and promotions as well as the provision of benefits and rewards.

In this regard, this paper will discuss how the performance appraisal system as regulated in PP No. 11 of 2017 to guarantee the objectivity of civil servant development based on the achievement system and career system with the theory that has been mentioned as a knife of analysis. The following will discuss the compensation system carried out by the Indonesian government from time to time. Historically, during the colonial period, the compensation system in question was heavily influenced by the interests and mindset of the colonizers. The payroll system that was implemented during the Dutch colonial era was payroll politics based on the "unification" mind, that is, payroll for the same positions did not have a salary difference between perfecting the ASN performance appraisal which originally used DP3 as the Employee Performance Target (SKP) stipulated in PP Number 46 of 2011 concerning Assessment of Work Performance (Haposan, 2012).

During the Japanese occupation, the employees were classified into four groups, namely the working class, the lower employee class, the middle-class employee and the high employee class. The four groups are in essence only given one measure of salary (Haposan, 2012). Then enter the old order period, three years later precisely on May 1, 1948, was born Employee Salary Regulations (PGP) which adopted the working period or horizontal system during the Dutch colonial era (Haposan, 2012). There are several changes to the payroll system such as the number of salary groups/employee spaces which are then divided into six groups (groups I to VI) (Mariyanti, 1988). Besides, there have been developments such as

the provision of financial liability benefits, representative benefits, overburden benefits, job benefits, dangerous job benefits, and other benefits.

As for the shortcomings of this system, namely the granting of employee salaries only based on rank without considering other things such as work, work performance or the weight of responsibility in doing work. Besides, in the old order, the evaluation and classification of positions had not been done. Therefore, during the new order, there was an improvement in giving compensation to employees seeing some of the shortcomings that existed in the past. Improvement efforts can be seen through the enactment of the 1968 PGPS (Civil Servants Salary Regulation) as a substitute for PGPN 1961. The following are important things contained in the 1968 PGPS is salary giving adjusted to (1) the extent of work assignments; (2) the severity of responsibilities; (3) position dignity; and (4) terms of appointment in office.

Determination of salary based on PGPS 1968 still uses the tenure or horizontal system and does not specify the names of positions, but only determines the names of ranks and classes, of which the rank and class most vulnerable are young interpreters, I / a, while the highest is main employee, IV / e (Haposan, 2012) . Instead of improving the payroll system in the old order, the new order still has shortcomings in the payroll system, including giving equal salaries to employees of the same rank and class. Besides, it is true that it takes into account the length of service but does not consider the nature and workload, responsibilities and performance of work in carrying out the work carried out by each employee. During this period, civil servant positions were not evaluated. Then the government revised the system by replacing PGPS 1968 with PGPS 1977. Law No. 8 of 1974 specifically article 7, namely "every civil servant has the right to obtain a decent salary following his work and responsibilities" became the basis of the 1977 PGPS enactment (Undang-Undang Nomor 8 Tahun 1974 about Pokok-Pokok Kepegawaian). The main points set out in the PNS payroll system through PGPS 1977 are as follows::

1. Determine the ratio of the lowest to highest civil servant base salaries is 1:10 (Rp.12,000; Rp.120,000)

2. Enlarge the basic salary, so that pension income will also be even greater.

3. Extending the salary scale that was previously 18 years to 24 years.

4. Implement a combined scale payroll system by adding the previous payroll scale ie single scale and double scale. In this system, the basic salary is determined to be the same for civil servants with the same rank. Also given benefits to high employees or do certain jobs.

5. The types of benefits provided consist of family allowances, position allowances (structural and functional), food allowances and other benefits such as regional expensiveness benefits, price index adjustment allowances, allowances due to occupational risks and others.

Unfortunately, in this system, there is not yet a complete analysis, classification, and evaluation of positions or work. So that the government continues to improve the system and enter the compensation system in the reform era (1988-present). At this time Law number 8 of 1974 was changed to Law no 43 of 1999. In the new shrimp precisely in article 7 there is a demand for changes in the civil servant payroll system, namely:

1. Every civil servant includes civil servants, members of the military and the Indonesian National Police are entitled to receive a fair and proper salary in accordance with the workload and responsibilities.

2. Salaries received by horrified employees must be able to spur productivity and ensure their welfare.

3. Fair and proper civil servant salaries are determined by government regulations.

Then there is also the civil servant payroll system as mandated by Law number 43 of 1999, basically, the principles adopted under the law are as follows:

1. Salaries received by civil servants can fulfill the living needs of civil servants and their families properly.

2. Fair payroll civil servants, both internally and externally according to their workload and responsibilities.

3. Payroll for civil servants can spur productivity and work creativity of civil servants

4. Government

The government made improvements to the ASN performance appraisal which originally used DP3 to become the Employee Performance Target (SKP) regulated in PP No. 46 of 2011 concerning Performance Evaluation. However, in its implementation, the

inventory of SKP documents and the results of their assessments takes a long time because there are still many officials and employees who do not understand the importance of SKP documents, so that many submit SKP documents, beyond the specified time limit.

In line with the development of information technology and to facilitate the process of employee performance appraisal, since 2014 the SKP online application has been used as a tool for the preparation of SKP and ASN work achievement assessment within government agencies. This was then followed up by the BKN through the SE of the Head of BKN Number: K.26-30 / V.104-4 / 99 in item 3 which states that "Reporting on the Performance Appraisal of Civil Servants starting in 2016 must use the e-lapkin application (report electronic performance). This e-lapkin application is used to input annual individual performance reports that contain the value of work performance and work behavior of each employee in the Agency. The functions of e-lapkin include facilitating the Agency in submitting an annual individual performance report and presenting agency profiles, employee work performance, annual comparison chart and employee status.

In 2017, the e-lapkin application is still in the trial phase and its implementation will be effective in 2018. With the obligation to report PNS performance electronically, it is expected that each PNS can work together to deliver the results of work performance appraisal according to the specified time target. It should also be noted that civil servants who do not prepare SKPs will be disciplined according to the provisions of the laws governing PNS discipline, in this case PP No. 53 Year 2010. Implementation of SKP-based PNS performance management is very important because it is useful in the process of managing resources human power better. Assessment using SKP can be a reference in improving organizational performance which in turn can increase productivity and work motivation of civil servants.

Consequence

Indonesia seeks to reform one of the reasons is to increase effectiveness and efficiency in the service sector (Brinkerhoff & Wetterberg, 2013). In fact, after reforms, Indonesia has experienced several important developments related to democratic reform and service improvement (Brinkerhoff & Wetterberg, 2013). However, several other studies also found that for the case in Indonesia, patron-client culture is still ingrained, so that elites

emerge in areas where they control public service delivery organizations (Bueno de Mesquita & Smith, 2010). This is referred to in the literature as economic impacts the politics of reform (Brinkerhoff & Wetterberg, 2013). Furthermore, the impact of the political economy will then be a stop for the sustainability of performance-based public management reforms, this is because Indonesia is supported by political forces that drive change (Brinkerhoff & Wetterberg, 2013). Based on data from the Central Statistics Agency (BPS) published by the State Personnel Agency (BKN), ASN in Indonesia in 2017 reached 4.3 million with 80% of them being local government employees, and the rest are central government employees such as ministries or other departments that under the central government (State Personnel Agency, 2019).

Many literature reviews have concluded that the implementation of P4P in the public sector often has more failures than the private sector which is almost all successful. This finding is partly due to differences in views on organizational salaries, for the public sector tends to provide salaries for the efficiency of the private sector to increase company results or profits. Furthermore, salaries for the public sector tend to be given less than salaries of private organizations, especially in developing countries (Banuri & Keefer). The implementation of P4P itself is known to have weaknesses related to high costs, job specifications are not structured and intrinsic motivation can be lost from the ASN itself, whereas intrinsic motivation becomes an important point for bureaucratic services for the community (Frey & Oberholzer-Gee, 1997). Based on the results of a literature study it was found that the administration of P4P to ASN Indonesia tended to be concentrated on employees who lack motivation, so that the impact was that the benefits of performance payments could not be fully felt (Banuri & Keefer).

Based on Presidential Regulation No. 81 of 2010 concerning the Grand Design of the 2010-2025 Bureaucracy Reform, Performance Allowances as a form of P4P in Indonesia are given to ASN in the ministries and institutions that have carried out bureaucratic reforms. The leading sector for P4P is the Ministry of PAN-RB, where the system is by evaluating the quality improvement of bureaucratic reforms of each ministry, then the Ministry of PAN-RB performs a score calculation by giving a rating category namely AA => 90-100, A => 80-90, BB => 70-80, B => 60-70, CC => 50-60, C => 30-50 and D => 0-30 (Gumiwang, 2017). Furthermore, the Government of Indonesia through the Ministry of Finance plans to raise

the ASN performance allowance in 2019 to reach 70-90% from the previous. The Indonesian government has issued a budget of around Rp. 215 trillion in 2019, for the needs of ASN salaries, where the budget includes salary and benefits with the calculation of basic salaries rising 5%, 13th salary and holiday allowances. The amount of the ASN salary budget is 8.7% of the total expenditure in the 2019 State Budget (Daud, 2019). But is the performance allowance following its original purpose, namely to improve overall organizational performance so that the output is an improvement in the quality of service that is felt directly by the community?

Based on several studies, various conclusions can be obtained. For example, in the case of regional allowances in Gorontalo Province, through the implementation of P4P the level of absenteeism or absenteeism of employees can be suppressed and able to increase productivity. This is evidenced by the reduction in poverty levels, but it should be noted that it is also influenced by the provision of a large General Allocation Fund with a relatively small population (Kumorotomo, 2011). P4P has consequences for the community to get good public services, but the application of P4P policy is considered to be successful if ASN Indonesia has good motivation to serve the community (Harahap, 2011). Some public opinions, for example, the Organization of All Indonesian Trade Unions (OPSI) assess bureaucratic reforms carried out by the government especially the Ministry of Labor, in general, can provide benefits to workers, but they also assess that not all directorates generals in service can create a good service process (Gumiwang, 2017). Furthermore, in the Police or POLRI institutions where this institution also receives a performance allowance through Presidential Regulation Number 103 of 2018 concerning Employee Performance Benefits in the Police Environment. The Indonesian National Police currently occupies the third position in the level of public trust under the TNI and KPK, then the rate of crime resolution in 2017 rises, but it should be noted that the Indonesian Police ranks second in terms of alleged maladministration of public services after local government (Gerintya, 2019).

Conclussion

Summary

Indonesia has a legal basis for implementing P4P through Law Number 5 of 2014 concerning State Civil Apparatus and Government Regulation Number 11 of 2017 concerning PNS management. Based on this legal basis, Indonesia also applies a payroll system with a pay for performance approach. Paying with the P4P approach is done by evaluating performance, which is one element of the merit system that is carried out objectively and transparently to provide sanctions and rewards. Previously Indonesia used a salary determination based on PGPS 1968, which still uses the tenure system and does not specify job titles (class and rank). Then made some changes to regulations related to the ASN payroll system in Indonesia and arrived at PP No. 46 of 2011 concerning Work Performance Assessment, which is the forerunner to the implementation of P4P in Indonesia. This regulation has weaknesses in its implementation, for example the recommendation of Employee Performance Targets (SKP) which takes a long time in its assessment, because many employees still do not understand the importance of SKP documents.

Shifting PP No. 46 of 2011 with Law No. 5 of 2014 and also PP No. 11 of 2017 brought a breath of fresh air to the development of P4P in Indonesia. Legally P4P is then realized by providing compensation in the form of performance benefits. Then the assessment conducted for the implementation of P4P uses the online SKP application. Beyond that, the assessment is also done with the e-lapkin application (Electronic Performance Report) which is used to fill in an annual individual performance report and contains the value of work performance and work behavior of each agency employee. Some electronic news sources, for example, tirto.id, cite the opinion of the Organization of All Indonesian Trade Unions (OPSI) which considers that bureaucratic reform with a new payroll system can provide benefits for workers, but not all of them have created a good public service process.

Suggestion

The writing of this journal article uses the literature review method and does not directly conduct research on the subjects studied. So the limitation of this paper is the limited perspective of us as writers when faced with the actual conditions in the field. Also related to the subject of our research which is still not specific to several government

organizations in Indonesia, so that it still does not get a more comprehensive level of effectiveness and consequences. Based on our limitations as the writer, we hope for further research to research primary data by engaging in the field directly. Then we also suggest researching specific government organization specifications so that they can obtain comprehensive data on the implementation and consequences of the implementation of P4P itself.

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