



Poltekkes Kemenkes Malang's Organizational Response In Facing The Implementation of Performance-Based Remuneration System (A Case Study on Public Service Institution within *Resource Dependence Theory Perspective and New Institutional Sociology*)

Mintarsih Puji Rahayu

Ali Djamhuri

Rosidi

Universitas Brawijaya Malang
miminpoltekkesmlg@gmail.com

Abstract : This study is aimed at revealing the organizational response of Polkesma in facing pressure on the implementation of remuneration system and the way to continue the sustainability of remuneration system through Resource Dependence Theory and New Institutional Sociology perspective. This research uses post positive paradigm with qualitative approach and case study research strategy. The results showed that the Organizational response which was initially shown in the form of *Acquiesce* met regulatory compliance (*coercive isomorphism*). In addition to the *Acquiesce*, the Polkesma showed a compromising response towards institutional pressure through the initiative to develop performance appraisal system by following the institution that had successfully applied (mimetic isomorphism) and used consultant service (normative isomorphism) to develop Key Performance Indicator (KPI). Efforts to continue the sustainability of Polkesma remuneration system were done by optimizing the escalation of main educational income, asset utilization, the principle of "smart" in the use of budget and the improvement of *Tri Dharma Perguruan Tinggi's* quality. Polkesma had been successfully considered as the role model of remuneration implementation in the Ministry of Health.

Keywords: Public Service Institution, New Institutional Sociology, Remuneration, Resource Dependence Theory

INTRODUCTION

Bureaucracy is the foundation of a governmental system in a country (Saputra, 2016). Bureaucracy is the main factor that has an important role in realizing clean governance and good governance (Mustopadidjaja, 2011). If we look at the problems that exist in the bureaucracy in Indonesia, there will be a pessimistic attitude even cynical about the complexity of the bureaucratic problems that occur. Bureaucratic problems such as organizational structure that is too fat and not in accordance with its function, a contradictory and ambiguous legal umbrella, recruitment that is not

objective, rampant corruption and illegal collections, low remuneration rates and not associated with performance, still low quality of discipline and work ethic the state apparatus, the perceived quality of public services is not yet fully accountable and transparent, and the quality of government management has not been productive, effective and efficient is a portrait of the bureaucracy that requires change and renewal to be implemented (Moeheriono, 2014).

HR reform of the apparatus is one area of change that is a priority agenda in the implementation of bureaucratic reform. The formulation and determination of the payroll system policy is an issue that is the main reference in the reform of Apparatus HR. The low level of welfare of civil servants influences their performance, behavior and integrity. Although in Law No.5 of 2014 concerning the State Civil Apparatus, principally adheres to the merit system, in the regulation and practice of payroll civil servants in Indonesia still do not reflect this. The payroll system has not been fully connected with performance appraisal. It is common knowledge that the salaries of civil servants in Indonesia are paid equally without regard to the performance carried out. Finally, the salary received by civil servants does not provide incentives for the implementation of better performance so that it can turn off the creativity and innovation of employees in the work.

Some notes made by Bekke et al.(1996) stated that the payroll system reform must be based on "individual based workers, competency training, experience, productivity or some other attributes". Payroll levels for civil servants must be based on one's job performance, training that has been followed, competencies possessed, experience, productivity, and some important attributes as well as described in Law No. 5 of 2014 concerning State Civil Apparatus that the merit system is the implementation of ASN policies and management based on fair and reasonable qualifications, competencies and performance. Raising salaries without paying attention to these factors will not have an effective impact on improving the performance of the entire bureaucracy and will even cause inefficiencies (Prasojo, 2009: 91). One sub-system that has a crucial and vital role in the HR HR management system is the implementation of an employee compensation system or what is known as a performance-based remuneration system.

Health Polytechnic of the Ministry of Health Malang (Polkesma) is an educational institution under the Ministry of Health that implements a Public Service

Agency Financial Management Pattern with full BLU status. Polkesma was determined based on the Decree of the Minister of Finance No. KMK.292 / KMK.O5 / 2011 dated September 5, 2011 concerning the Establishment of the Health Ministry Polytechnic of Malang as an Institution that applies the Public Service Agency Financial Management Pattern. The change to become a BLU work unit opened the opportunity for Polkesma to provide remuneration to its employees which later became an obligation for the BLU satker in accordance with the legislation.

Employees for the Health Polytechnic of the Ministry of Health in Malang are human capital who determine the success of facing challenges in producing health workers with character and excellence and facing increasingly complex business competition by both domestic and foreign private health Polytechnics. Polkesma should implement a remuneration policy that can motivate employees. The motivation will build a strong commitment for employees to work with a high work ethic so as to demonstrate the performance expected by the organization and support Polkesma as a BLU work unit in the face of global competition.

Reform of the performance-based remuneration system is a consequence of the implementation of the New Public Management (NPM). An effective remuneration system will provide outcomes important for the organization. However, a remuneration system that is not based on fair performance for individuals and organizations can cause jealousy. The pattern of performance measurement is a key requirement for realizing fair remuneration (Widyastuti, 2010). Decent and fair remuneration needs to be developed as a motivator for employees as stipulated in Article 36 of Government Regulation No. 23 of 2005 concerning Financial Management Patterns of Public Service Agencies. Remuneration policy requires arrangements in such a way that the implementation can be carried out clearly and in control so that employees will get a sense of security, value and feel treated fairly. Employees can have high motivation to support the business objectives and direction of the development of the Poltekkes BLU. Ultimately this remuneration policy will control accountable financing expenditures (Permenkes, 2014).

The remuneration system in the Public Service Agency work unit at the beginning of the implementation and implementation phase raises the pros and cons. The pros and cons of the initial implementation arose as a concern for the ability of the BLU Poltekkes to ensure the continuation of remuneration because most of the income

only came from the education sector. Poltekkes BLU does not all have a large income to finance their remuneration. Jealousy will arise where the non-BLU health polytechnic continues to receive performance benefits derived from the Ministry of Health's budget while the BLU Poltekkes must depend on their own financial capacity to be able to offset the amount of the performance allowance. In the implementation phase the challenges faced are how to provide understanding and acceptance by employees and how Polkesma can design a remuneration system scheme with good performance measurement so that its implementation can be effective.

Research on remuneration carried out by previous researchers was carried out using a quantitative approach and most of them linked the remuneration system to improving employee performance. Among others, Sancoko (2010); Karami et.al. (2013); and Hameed et.al.(2014). Allez et al.(2006) conducted research and showed that compensation policies can increase legitimacy but not necessarily improve performance. Cardinaels (2009) revealed that the determination of hospital CEO compensation in The Netherlands has not been based on work complexity and job attributes, besides the function of the Supervisory Board in carrying out its duties related to compensation policy has not been effective, Sopp and Baumuller (2012) conducted a management remuneration system research on companies registered in Austria. as a basis for an ambiguous assessment, institutionalization of performance measures is still a challenge that must be addressed. Research by Wilfred et al. (2014) conducted a study at one of the ministries in Kenya. The study illustrates the performance of employees is still low due to low employee remuneration. constant salary un For a long time it degrades employee morale and leads to poor performance in the Ministry.

This study will analyze how organizational response in the face of the demands of implementing the remuneration policy with the analysis tools Resource Dependence Theory and New Institutional Theory. The implementation of the remuneration system is part of Polkesma's efforts to gain legitimacy from the environment in which it is located. Djamhuri (2009) states that an organization attempts to institutionalize environmental elements namely ideas, logic, practices, techniques and habits into the organization so that environmental elements become part of the organization. Institutionalization of the remuneration system which is a demand as a BLU work unit will have implications for changes and dynamics within the Polkesma organization. The organization seeks to install environmental attributes, the more appropriate the actions

of the organization with its characteristics and environmental needs, the more trustworthy its existence will be (Djamhuri, 2009; Hariadi: 2013).

Researchers used two theories in this study as explained by Oliver (1991) in his paper entitled "strategic responses to institutional processes". The use of institutional theory and resource dependence theory is expected to provide sufficient explanation and as an analytical tool in describing how the organizational response of Polkesma faces the institutional process of its remuneration system and how to proceed with the sustainability of the remuneration system. Institutional theory and resource dependence theory have the potential to complement each other in explaining organizational resistance and adjustment to institutional pressure. The harmonization of institutional theory and Resource dependence theory identifies strategic responses to institutional pressure (Oliver, 1991).

Oliver (1991) identifies various strategic responses that the organization adopts as a result of institutional pressure on the suitability of the organization. Oliver (1991) illustrates that the level of choice and activity shown by the organization in responding to institutional constraints and expectations is not assumed to be the same in all institutional conditions. Both of these theories will provide an overview of the implementation of Polkesma's remuneration including factors that can show the form of Polkesma's organizational response to regulatory demands and demands for performance improvement, whether the Polkesma organization will refuse or adjust to institutional pressure. There are five forms of active and passive responses to different institutional pressures as explained by Oliver in his writings covering the actions of the organization whether it will approve, compromise, avoid, oppose or even manipulate (Oliver, 1991: 152).

This study took place in vocational colleges under the Ministry of Health namely the Health Ministry of Health Malang Polytechnic. President Joko Widodo has expressed his appreciation for the mother of Polkesma namely the Ministry of Health as a pioneer in the implementation of BLU Financial Management and good BLU governance. The reason for object selection is because Polkesma is one of the Health Polytechnics in Indonesia which has high income from services, and starting in 2016 on its readiness in terms of its financial capabilities, Polkesma is a pioneer and Health Polytechnic with the status of the first BLU to implement the policy of providing remuneration in return for employee performance. Polkesma becomes the Health

Polytechnic that is most prepared in implementing remuneration so that it becomes a reference for other health polytechnics that will implement it.

LITERATURE REVIEW

Resource Dependency Theory

Resource Dependency theory is a theory that explains how an organization's external resources influence organizational behavior. Pfeffer and Salancik (1978) suggest that none of the organizations can meet their own needs, all organizations must utilize resources that come from the environment. Resources are the basis of the power of the organization. So strong is the relationship between organizations and resources that the relationship is dependent. Organizations also depend on human resources as internal resources that support the achievement of organizational goals. The most important resource in the organization is its people. Each participant, the human resources of the organization, will contribute if they have the perception that the organization will provide high values inducement for their contributions (Gudono, 2016: 109). That is why Barnadr (1938) emphasized the need to motivate people to work well and achieve the highest performance for the organization.

New Institutional Sociology

New Institutional Sociology (NIS) can be used to understand the processes of change that occur within an organization. This theory is not a theory of organizational change but its existence is developing along with the issue of organizational change (Rahayu, 2015: 26). New Institutional Sociology (NIS) views organizational change more because of pressure from external organizations. These changes are implemented not necessarily to achieve efficiency but rather to maintain legitimacy (Meyer and Rowan, 1997). New Institutional Sociology (NIS) is part of an institutional theory that explains whether adopting certain practices is carried out for ceremonial purposes or can actually show an effective change. NIS will provide better understanding of cases including changes that occur in public sector organizations (Djamhuri, 2009)

Institutional pressure can force organizations to resemble (isomorphic) other organizations in order to remain accepted by their institutional environment. When organizations adopt structures and behaviors that are accepted in their environment, then isomorphic phenomena will take place (DiMaggio & Powell, 1983). These phenomena

are isomorphic coercive produced due to the demands of the regulatory framework, symptoms mimetic which are the behavior of imitating / adopting normative best practices, and isomorphic which occur in response to professional demands.

Harmonization perspective of resource dependence and new institutionalism

Harmonization New Institutional theory with resource dependence theory shows how organizational behavior can be different from passive to active resistance adjustment responding to institutional pressures. Both of these theories have the potential to complement each other in explaining the organization's resistance or self-adjustment to institutional pressure (Oliver, 1991: 146). New Institutional theory with Resource dependence theory, organizational choice is limited by various external pressures (Meyer et.al., 1983; Pfeffer & Salancik, 1978), sharing the same and interrelated environment (DiMaggio & Powell, 1983; Pfeffer & Salancik, 1978), organizations must be responsive to external demands and expectations in order to survive (Meyer & Rowan, 1977; Pfeffer & Salancik, 1978).

The organization's strategic response will vary from adjusting to fighting / challenging, from passive to active, from unconscious to controlling, from helpless to influential, and from being done because habits become opportunistic, depending on institutional pressure on the suitability that is urged on the organization. This explicit introduction to potential variations in the dimensions of organizational behavior lays a conceptual foundation for identifying alternative strategies in response to the institutional environment. The five types of strategic responses conveyed by Oliver (1991: 152) vary in organizations from passivity to increased activity in the fight that is an approval strategy without protest, compromise, avoidance, insubordination and manipulation.

Table 1.1
Strategic Response toward the Institutional Process

Response/Strategy	Taktik	Contoh
Approval	The habit to obey the rules	Following invisible norms and taken-for-granted norms Imitating institutional models Complying with accepted rules and norms
Response/Strategy	Tactic	Example
Compromise	Balancing Soothing Bargaining	Balancing expectations of several constituents Considering and accommodating institutional elements Negotiating with stakeholders of institutional
Avoidance	Hide Buffer	Hiding discrepancy Loosening of attachment institutional

	escape	change objectives, activities or authority
Insubordination	Dismiss (disband) Challenging Against	Ignoring explicit norms and value Against rules and requirements Attacking sources of institutional pressure
Manipulation	Influence (influencing) Control	Importing influential constituents Forming values and criteria Dominate institutional elements and processes

Source: Oliver (1991:152)

The above strategies and tactics identify behaviors that might be demonstrated by the organization in response to institutional pressure and expectations. The theoretical reasons underlying the suitability or obstacles to institutional rules and expectations include the willingness and ability of the organization to adjust to the institutional environment. The condition of the scope in which the organization is willing to adjust to the institutional environment is limited by organizational skepticism, personal interests, politics and organizational control, including related to the remuneration policy which the researchers will carry out its implementation.

Remuneration

Remuneration has a literal meaning as salary or reward. The remuneration policy is carried out in an effort to restructure the payroll system of civil servants in order to have a better performance. Government Regulation No. 23 of 2005 concerning Article 36 of the Public Service Agency states that remuneration is an employee benefit which can be in the form of salary, permanent allowance, honorarium, incentives, bonuses for achievements, severance pay and / or retirement. Management officials, supervisory boards and BLU employees can be given remuneration based on the level of responsibility and the demands of professionalism needed. Determination of remuneration as referred to in this regulation must consider the principles of proportionality, equality and propriety. The public service remuneration system is implemented as a service fee managed by the financial and regulatory system and is intended for permanent employees of the Public Service Agency. In general, the purpose of the organization to provide remuneration is to assist the organization in achieving the successful implementation of the organizational strategy and the creation of internal and external justice. The purpose of being given remuneration according to PK BLU is: (1) Remuneration is a reward / compensation given in proportion to the achievements achieved by employees; (2) Remuneration is given as a reflection of the

existence of justice that underlies the calculation of compensation payments for each job in accordance with the different contributions to the BLU work unit; (3) Remuneration is a management tool to increase productivity; (4) remuneration as an attraction for employees needed by the BLU work unit; (5) remuneration is expected to maintain employees to continue to join the BLU work unit

METHOD

This study uses a qualitative approach with a case study research strategy. Through a naturalistic approach in a qualitative approach, researchers are expected to construct emic from the informants and take a complete and complete picture of the implementation that occurs in the field. The qualitative approach used in this study uses the paradigm post positive because it is based on theory verification. This study uses theory references, namely resource dependence theory (RDT) and new institutional sociology (NIS). This research can only approach the real reality and is not able to obtain results that are fully in accordance with the facts that occur in the field, this is in accordance with the characteristics of the paradigm post positive. This research will be carried out by realizing a close and neutral interaction between reality that is the object of research by interviewing the interaction with close and neutral research objects is also one of the characteristics of the paradigm post positive.

Data obtained from interviews, observations and documentation. The selection of informants is based on the suitability of the research questions, analytical framework, and explanations that will be developed in the study. The informants in this study were the parties involved in the implementation of Polkesma's performance-based remuneration system, among others, Director of Polkesma, Assistant Director II as PPK, Head of Planning and Information System Unit, Head of Remuneration Unit, Member of Assessor Team assessor performance.

The process of data analysis carried out by researchers is guided by data analysis according to Yin (2014), which begins with preparing and organizing data, namely the results of interviews, observations and review of documents. The next step is to reduce data to a theme by coding and summarizing the code. The final step is to present data in the form of discussion.

RESULT

Poor Health Ministry Polytechnic (Polkesma) began implementing a performance-based remuneration system in 2016. The Ministry of Health's Health Polytechnic Remuneration System is a reward system managed by the Poltekkes financial system and regulations. The remuneration system is for permanent employees of the Ministry of Health Poltekkes Public Service Agency. The remuneration system is a bridge that connects the interests between Polkesma and the work implementers, namely employees. This employee will support the achievement of goals and institutional development.

The implementation of BLU remuneration applied by Polkesma refers to the Minister of Finance Regulation Number 10 / PMK.02 / 2006 concerning Guidelines for Determining Remuneration for Management Officials, Supervisory Board and Public Service Agency Employees; Regulation of the Minister of Health of the Republic of Indonesia number 68 of 2014 concerning Guidelines for Preparing Remuneration Systems for Employees of Health Polytechnics in the Ministry of Health that Establishes Public Service Agency Management Patterns; Minister of Finance Decree number 262 / KMK.05 / 2016 dated April 8, 2016 concerning Determination of Remuneration for Management Officials, Supervisory Board, and Employees of the Public Service Board of Health Polytechnic Malang at the Ministry of Health.

Regulation of the Minister of Health No. 68 of 2014 describes the 4 (four) obligations of the Health Polytechnic of the Ministry of Health of Malang to implement a remuneration system in accordance with their needs and abilities. The stated obligations of Polkesma and Permenkes No. 68 of 2014 are: (1) guarantee the implementation of a proper and fair remuneration system so as to benefit employees; (2) remuneration rewards employees in the form of opportunities for developing their competence in accordance with Polkesma's needs; (3) Institutions must commit and demonstrate the implementation of a consistent remuneration system in accordance with applicable regulations; (4) Institutions guarantee smoothness in terms of availability of remuneration funding.

Organizational Response to the Implementation of the Remuneration System

Polkesma a work unit of the Public Service Agency has a remuneration system based on the Decree of the Minister of Finance of the Republic of Indonesia Number

262 / KMK.5 / 2016 concerning the determination of remuneration for management officials, the Supervisory Board, and Employees of the Public Service Agency Health Polytechnic Malang Ministry of Health . This decree was established on 8 April 2016 but has been retroactively effective from 1 January 2016. The Director then determines the Director's decision as a technical guide to the implementation of remuneration. This implementation guideline regulates technical matters that are only generally contained in the Remuneration KMK. Polkesma in order to ensure that a system is running well, it is necessary to engage and communicate it to all levels of employees through socialization. Socialization is important so that employees have an understanding of the remuneration policy then can run according to the rules that have been set. Remuneration socialization is carried out to the management to the level of the study program, then to all employees openly. According to Mr. Setyo as Pudir II, in fact the employees are more interested in the amount they should get and then compare the current remuneration value with the performance allowances previously obtained by employees.

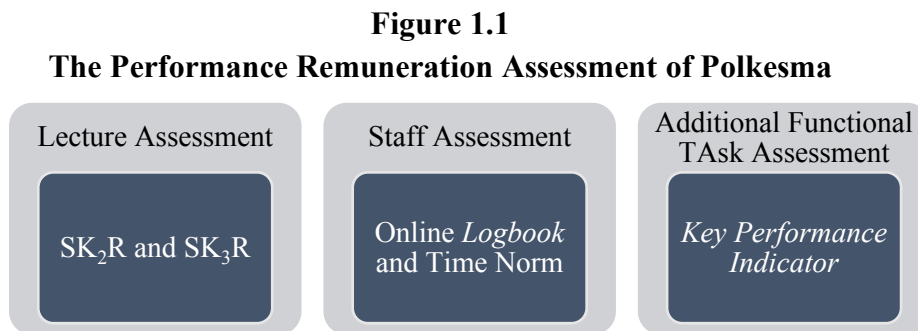
"The employee doesn't really like being associated with umbo rampe, which is **seen only by got how much, employees are more interested in numbers**. So the performance must be measured ... but in fact it is not too focused, which is seen only if you want it to be so much, if it is rotten it can be so much. So employees are more likely to be there. **But lately the employee has noticed, it just happened that I want it or not.**

Employees must also understand that Tukin's performance appraisal is clearly different from the remuneration system. Remuneration performance evaluation measures employee performance and cannot only be based on level grade and attendance as is done in providing performance benefits.

Implementation of the Employee Performance Assessment System

Polkesma's performance appraisal is conducted on 3 (three) remuneration objects, namely Assessment of educators using the rubric contained in the Remuneration Performance Credit Unit (SKKR / SK2R) and the Remuneration Special Credit Unit (SKKKR / SK3R), while for Remuneration for Educators (Lecturers) and Education with Additional Assignments is carried out by measuring the achievement of key performance indicators (KPI) that are in the process of developing using consulting

services. Assessment of Education Personnel uses standard time norms and is obliged to document the work they do in logbooks online employee



Source: Polkesma Remuneration

Dynamics of Implementation Logbook and Time Norms as Tools and Standards Performance Evaluation of Education Personnel

Remuneration in the Malang Health Ministry Polytechnic environment is given to Educators and Education Personnel both PNS and Non PNS. The remuneration given to the two groups is: (1) Remuneration of Educators (Lecturers) and Education with Additional Tasks; (2) Remuneration of Educator Personnel (Lecturers) in this case consists of lecturers who have received certification and lecturers who have not received certification from both PNS and non PNS lecturers; (3) Remuneration for educational staff both civil servants and non-civil servants. Assessment of the performance of education personnel refers to 3 things, namely standard time norms, results norms, service norms. Standard time norms are guidelines for each appraiser and assessment team in carrying out the results of performance evaluation and performance appraisal. The standard time norm is a reasonable time and is obviously used effectively with normal conditions by an official to complete one stage of the process of completing the work. Result norms are obtained from data collection on time norm workload based on the process process norms. Service norms are to carry out excellent service, service time, please pay attention to the suitability of SOPs and customer satisfaction.

Every education worker must document the performance per day in a diary (logbook). Logbook is a record of education staff that records in detail every activity in the process of completing the work which contains a description of activities, starting hours and hours of completing activities, duration in processing an activity, quantity or volume, and writing down information / constraints and obstacles experienced. The

minimum percentage achievement for education personnel is 26% or equivalent to 26 hours per month and a maximum of 150% or equivalent to 150 hours monthly. The dynamics that occur are the pros and cons of education personnel on performance appraisal based on time norms. Whether we realize it or not, the phenomenon that occurs in education personnel is that they are "extraordinarily busy" to document their performance in logbooks employee.

An employee performance appraisal system for education personnel (logbook) has requirements that must be met by employees, namely: (1) employees must do work in accordance with the main tasks and functions; (2) the implementation of additional duties is only recognized at 30% and additional tasks that can be recognized are only those that have been stated in the performance contract; (3) the implementation of the main duties and functions (tupoksi) must be in accordance with the prescribed time norms which will be carried out by direct supervisor verification and verification team of the time norm; (4) Redactional filling in of the logbook according to what has been contracted in the Employee Performance Target (SKP) document

"for certain people the logbook may be considered cruel. Performance allowance (tukin) is immediately disbursed, there is no evidence. **Now, if we disburse it, it is possible to prove that if it is from the employee's side, the employee is the same criteria as before.** But somehow we can't possibly disburse if there isn't any evidence of performance. (Mrs. Rizki Fadila - Head of Remuneration Affairs).

Designing a performance appraisal system is indeed not a simple thing and weaknesses may still be found in the implementation, but as long as it is still in process, the tools and standards used can still be improved and improved so that later they can reflect with the right results of work that is the success of employees in the execution of work (output) and usually this must be measured.

"But it's really good how we will go there **in the future, so not only in quantity but in quality.** We are gradual, yes, this has started, after this we have the quality. **Do not let this person is new, before that it was never measured, now measured, added quality.** Right now we are gradual, even there are already employees who are excluded, the exclusion cannot follow a frivolous pattern. Yes, that is to propose an early retirement "do not play" yes indeed natural selection. Because we have left it to their direct supervisors, they are trying to be encouraged plus other jobs, but they don't want to, can't afford it, after a long period of early retirement, it's not good."

The implementation of Educator Performance Assessment

Lecturer Work in addition to preparing SKP and LKD also compiles lecturer performance reports in the form of Remuneration Performance Credit Units (SKKR / SK2R) and Remuneration Special Performance Credit Units (SKKKR / SK3R) in the framework of remuneration. The implementation of the teaching staff assessment is conducted per semester. According to the explanation of Ms. Astuti as the Lecturer Performance Assessment Team, the performance of lecturers is mostly in the aspects of education and teaching and supporting aspects. This is because the assessment of aspects of research and community service consists of an assessment with performance that extraordinary is difficult to achieve by the Lecturer. The public lecturer performance assessment contained in SK2R and SK3R refers to the guidelines issued by DIKTI. If you can, the researcher describes the percentage as follows:

Figure 1.2
Composition Percentage of Achievement of Educator Workforce Performance
From the Tri Dharma of Higher Education and Supporting Elements
Health Ministry Polytechnic Malang



Source : Lecture Assessment Performance Team

Minimum payment of performance incentives that are recognized is a minimum of 25 percent and institutional policies for lecturers who have not been able to reach 25 percent, the performance incentives for remuneration will not be paid. Performance achievement for lecturers is given space, up to 200%consisting of 100% derived from routine lecturer certification performance, 100% is the achievement of remuneration performance. however, the performance of this remuneration is not allowed only from teaching. The provision of maximum education and teaching is 40%, research is a maximum of 40%, civil service is 10%, and research is 10%.

Constraints faced by Polkesma in Implementation Remuneration System

Remuneration is something new. Something new so that it becomes a challenge for the institution to be able to change the mindset where previously the employees

were in a comfort zone. Changing mindset this is actually not easy. With the implementation of remuneration inevitably employees must have the readiness to "boost" their performance. All the rewards they earn are in balance with the performance that employees give to the institution. The remuneration system will reward employees' performance through a kind of positive competition that must be managed. This positive competition in order to show performance. Remuneration is considered more attractive because the stigma of rewarding on the basis of PGPS (Pinter Goblage of Same Income) is no longer valid. The implementation of the remuneration system is indeed not 100% running without shortcomings, there are still weaknesses and obstacles faced in determining the "equal pay for performance of equal value" as mandated in the regulations.

Constraints faced by the institution in the period of implementation of remuneration as explained by the informant are the first constraints on this issue because previously employees were not in conditions that were "not ready with the remuneration rhythm, performance was not ready". The second obstacle is that there are still employees who are "clueless". Some employees are not familiar with computers and online systems must start learning and adjusting because their performance evaluation is based on what they can report in an logbook online or performance report. The obstacle in implementing remuneration for educators is that lecturers have not been trained and are not accustomed so that in the implementation of this remuneration some lecturers have difficulties in collecting remuneration performance data.

Continuing the Continuity of the Remuneration System

Efforts to maintain the sustainability of remuneration from the aspects of financial resources submitted by Mr. Tanto as Head of Planning and Information System Unit is the first is an effort to increase the Rupiah Index Points. The increase in PIR is done by increasing Polkesma's income through the core business of education. the second thing that Polkesma has to do is to provide remuneration in accordance with Polkesma's budget capability. The third way is through "smart" actions in implementing the budget. Budget leaks on activities that do not support the achievement of the vision and mission cannot be realized. This is done with both managerial, implementing and SPI commitments as supervisors of Polkesma programs and activities.

Financial resources come from the main customers of the organization, namely students. Services provided to students must be done optimally so that this satisfaction can improve the image of Polkesma in the eyes of the community. Increasing the "organizational value" in the eyes of the public must be carried out to improve the quality of the tri dharma of higher education, increase institutional accreditation and support the improvement of service performance of education personnel so that it can bring Polkesma to produce superior and characterized graduates in accordance with its vision and mission.

Impact of remuneration implementation on improving employee performance and institutional performance

The implementation of the remuneration system has an impact on the performance and behavior changes both on the education staff, lecturers, and on the performance of the institution itself. Improved performance of education personnel can be seen from the achievement of percentage of logbooks employeewhere most of them can reach 100%. Improving the performance of lecturers, namely learning is increasingly organized, from aspects of international publications are also increasing, and this increase will contribute to excellent performance for institutional performance. Improved institutional performance is seen in the improvement of the main indicators of institutional performance both in the aspects of education, teaching, research, and community service. The increase in the value of the Malang Ministry of Health Polytechnic's accountability system increased to 97.75 in 2016 and earned the AA - Good title. Polkesma has been considered to be a mecca for the implementation of the Ministry of Health's remuneration

"many indicators and data to state that the Malang Ministry of Health Poltekkes refers to 38 Poltekkes in Indonesia. We have dared to say that because there is a lot of data. How many guests have our Poltekkes come to us. The Inspector General of the Ministry of Health compares to us specifically on remuneration. So that's an indicator that we have succeeded too thanks to Blu's remuneration. If not, we can't be like this. the impact is already very visible ". (Mrs. Astuti, lecturer assessor team)

DISCUSSION

The framework New Institutional Sociology (NIS) and Resource Dependence Theory (RDT) illustrates that universities as organizations are rooted in the institutional environment. Higher education depends on resources both financial, student and organizational staff. The state can put pressure on the BLU Polytechnic because the state provides financial resources. In this case dependence on the state must be understood in the context of resources provided by the state not only funding but also legitimacy. NIS and RDT explain that organizational choices are limited by various pressures. Polkesma as a Public Service Agency work unit also faces pressure, the pressure for the implementation of remuneration comes from external organizations namely the Central Government, internal pressure from employees to implement a good scheme of remuneration systems and appropriate performance measurement so as to motivate Employees to improve performance.

Organizations depend on different resources so this causes differences in internal organizational dynamics. Dynamics shows that organizations may respond in different ways to internal changes that occur in the institutional environment. Oliver (1991) explains that organizational response shows behavior carried out by an organization. Organizational behavior can differ from passive adjustment to active resistance to institutional pressure. Both of these theories have the potential to explain whether the organization opposes or adapts to institutional pressure. The implementation of the remuneration system is an effort by Polkesma to gain legitimacy. Poltekkes BLU institutionalized remuneration into the organization so that it became part of the organization. Regulatory demands are the main reason underlying the implementation of the remuneration system. performance-based at BLT Poltekkes. This pressure made the BLU Poltekkes especially Polkesma establish an approval response in the form of compliance to make organizational adjustments.

Adjustments made by the organization will cause homogeneity to occur. This homogeneity is in the form of adoption of new innovations so that they are institutionalized in the organization. The adoption of a remuneration system that was originally carried out by Polkesma is not necessarily for the purpose of improving performance but rather to fulfill the compliance with regulatory demands showing isomorphic symptoms coercive. Coercive isomorphism occurs because Polkesma changes its routine namely the procedures and organizational structure

through the implementation of the remuneration system as a result of the power to dictate the Central Government. What the government demands is what Polkesma must run through remuneration Institutionalism.

The implementation stage of remuneration starts with a response in the form of agreement in the form of compliance by Polkesma by instituting an employee performance appraisal system then Polkesma shows a more active response that is by "compromising" with institutional pressure. Polkesma's active response was realized by taking the initiative to make improvements to the performance appraisal system that has been running through continuous improvement. Employee performance appraisal/measurement system is an absolute requirement that must be met by Polkesma so that it can provide rewards in accordance with the performance achieved by employees. Although the implementation of the performance appraisal system applied experienced both the dynamics of support and dissatisfaction among employees. Polkesma still has to implement it by doing developments.

Institutionalization refers to an adaptive process to instill values beyond the technical requirements of an existing task (Selznick, 1996). The organization must design a means of setting goals. Organization is a product of interaction and adaptation. According to the New Institutional Sociology (NIS), organizations seeking to institutionalize routine activities or practices are not always motivated to seek efficiency but rather to achieve organizational legitimacy, stability, survival and are accepted by their social environment (Meyer and Rowan, 1977).

Polkesma as an effort to develop a remuneration system with a good scheme also describes the symptoms of mimetic isomorphism. Mimetic attempts to imitate other successful organizations. Polkesma in this case conducts a comparative study to BLU universities that have succeeded in implementing remuneration. The implementation of remuneration to develop its implementation with a good scheme is carried out with the initiative of Polkesma to develop Key Performance Indicators by cooperating with professional consultants. This strategy is normative isomorphism. This is needed to provide improvements in institutional performance targets so that Polkesma employees can contribute effectively, efficiently and optimally and can provide the best results for the institution. This KPI can also find out which aspects of institutional targets that are still not running optimally will further determine the appropriate program and antipative actions. KPI is a system of control or supervision of the target of Polkesma institutions

in an effective, objective, transparent and comprehensive manner to support the management to control the achievement of institutional targets.

Pfeffer and Salancik (1978) explained that the main key to an organization that wants to survive is its ability to utilize the resources available in its organizational environment. Resources are the basis of organizational strength. Organizations depend on resources both human resources, equipment resources, and financial resources. Efforts to increase Polkesma's dependence on human resources are carried out by implementing a good remuneration scheme starting from the development of clear performance measurements. Dependence on financial resources in Polkesma is carried out through efforts to increase income and effectiveness of budget use.

Continuity (sustainability) means that Polkesma will be able to exist with certain policies, namely remuneration. This certainly requires a high commitment from employees and management to contribute to developing the remuneration system. Continuity can also be achieved if there is support of resources for the implementation of the remuneration which include support the financial resources so that payments are not constrained, while the human resources organization also menyesuaikan themselves by demonstrating performance improvement, IT resources must also support so that the development of IT systems In the future, it can make measurement more objective because it is not directly dealing with people or interests.

CONCLUSION

The remuneration carried out by Polkesma is a demand that must be carried out as a public service agency work unit. Polkesma's organizational response to implementing a good scheme of remuneration systems was initially carried out through an approval response in the form of compliance and a "compromise" response which was an active resistance to Polkesma facing institutional pressure. The "compromise" response was carried out with the Polkesma initiative through the preparation of technical guidelines for the implementation of remuneration in the form of Director's regulations. The director's regulation contains matters that can guide the implementation of the remuneration system. Polkesma also conducts socialization to employees so as to provide adequate understanding of the policy.

The performance appraisal system has been prepared by Polkesma based on performance achievement with standard time norms for education personnel,

achievement of SK2R and SK3R performance rubrics for lecturers. Whereas for personnel with additional job positions, the development still carried out Key Performance Indicators (KPIs) involving consultants. The effort to maintain continuity is done by institutionalizing the remuneration system in the form of learning at institutions that have been successful in carrying out, as well as the role of consultants. The compromise response was also shown by developments in management in the aspect of employee performance measurement. Dependence on resources is related to efforts to maintain remuneration sustainability by increasing income through education. In addition, Polkesma also acts "smart" in work programs that have an impact on the efficiency and effectiveness of budget use.

The implementation of the remuneration system has an impact on the performance and changes in good behavior for lecturers, education personnel and on the performance of the institution itself. Improved institutional performance is seen in increasing the achievement of key indicators of institutional performance both in the aspects of education, teaching, research and community service. The increase in the value of the Malang Ministry of Health Polytechnic's accountability system increased to 97.75 in 2016 and earned the AA - Good title. Polkesma has been considered to be a mecca for the implementation of remuneration within the Ministry of Health.

REFERENCES

- Fernandez-Alles, M., Cuevas-Rodríguez, G., & Valle-Cabrera, R. (2006). How Symbolic Remuneration Contributes To The Legitimacy Of The Company: An Institutional Explanation. *Human Relations*, 59(7), 961-992.
- Barnard, Chester I. (1938). *The Functions Of The Executive*. Cambridge, Massachusetts: Harvard University
- Bekke, H. A., Perry, J. L., & Toonen, T. A. (1996). Introduction: Conceptualizing Civil Service Systems. *Civil Service Systems In Comparative Perspective*, 1-10.
- Bielefeld, W. (1992). Non-Profit-Funding Environment Relations: Theory And Application. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 3(1), 48-70.
- Cardinaels, E. (2009). Governance In Non-For-Profit Hospitals: Effects Of Board Members' Remuneration And Expertise On CEO Compensation. *Health Policy*, 93(1), 64-75.
- DiMaggio, P. J. (1988). Interest And Agency In Institutional Theory. *Institutional Patterns And Organizations: Culture And Environment*, 1, 3-22.
- Djamhuri, A. (2009). *A Case Study Of Governmental Accounting And Budgeting Reform At Local Authority In Indonesia: An Institutional Perspective* (Doctoral dissertation, USM).

- Gudono. (2016). *Teori Organisasi*. Yogyakarta : BPFE.
- Gunartin & Zhafri, M.(2016). Pengaruh Sistem Remunerasi dan Motivasi Terhadap Prestasi Kerja Pegawai Kerja Pegawai Negeri Sipil (Studi kasus Direktorat Bina Pembangunan Daerah Kementerian Dalam Negeri). *Jurnal Pendidikan, Ekonomi dan Bisnis*. Vol 2 Nomor 2 Oktober 2016.
- Hariadi, B. (2013). *Revitalisasi Pabrik Gula Rajawali Mengungkap Dinamika Proses Institusionalisasi*. Disertasi Tidak Dipublikasikan. Universitas Brawijaya, Malang.
- Hameed, A., M. Ramzan, dan H. M. K. Zubair. (2014). Impact of Compensation on Employee Performance (Empirical Evidence from Banking Sector of Pakistan). *International Journal of Business and Social Science*, 5(2).
- Keputusan Menteri Keuangan Nomor KMK.292/KMK.05/2011 tanggal 5 September 2011 tentang Penetapan Politeknik Kesehatan Kemenkes Malang Sebagai Institusi yang menerapkan Pola Pengelolaan Keuangan Badan Layanan Umum.
- Meyer, J. W., & Rowan, B. (1977). Institutionalized Organizations: Formal Structure As Myth And Ceremony. *American Journal Of Sociology*, 83(2), 340-363.
- Moehariono.(2014). *Pengukuran Kinerja Berbasis Kompetensi*. Jakarta : Rajawali Pers.
- Mustopadijaja. (2011). *Reformasi Birokrasi Sebagai Syarat Pemberantasan KKN* (online) diakses dari [tps://syafanton.wordpress.com](https://syafanton.wordpress.com) pada tanggal 24 Maret 2017
- Oliver, C. (1991). Strategic Responses To Institutional Processes. *Academy Of Management Review*, 16(1), 145-179.
- Peraturan Menteri Kesehatan RI Nomor 68 Tahun 2014 Tentang Pedoman Penyusunan Sistem Remunerasi Pegawai Politeknik Kesehatan di Lingkungan Kementerian Kesehatan yang Menerapkan Pola Pengelolaan Keuangan Badan Layanan Umum.
- Pfeffer, J., & Salancik, G. R. (1978). *The External Control Of Organisations*. New York, 175.
- Prasojo. (2009). *Reformasi Kedua : Melanjutkan Estafet Reformasi*. Jakarta : Salemba Humanika.
- Rahayu, S. (2015). *Penganggaran Dana Bantuan Operasional Sekolah (BOS) Dalam Perspektif New Institusionalisasi Sociology*. Program Doktor Akuntansi. Universitas Brawijaya Malang
- Sancoko, Bambang. (2010). Pengaruh Remunerasi terhadap Kualitas Pelayanan Publik dalam bisnis dan Birokrasi. *Jurnal Ilmu Administrasi dan Organisasi*, Vol 7, No 1. Januari – April.
- Saputra, Herdis A. (2016). *Reformasi Birokrasi : Pondasi Wujudkan Good and Clean Government*. (online) diakses dari www.menpan.go.id pada tanggal 24 Maret 2017
- Selznick, P. (1996). Institutionalism" old" and" new". *Administrative science quarterly*, 270-277.
- Sopp, K. and Baumuller,J. (2012). Remuneration System of The Management Board and Corporate Governance Reporting- Evidence From Austria (2nd Annual International Conferrence on Accounting and Financa (AF 2012). *Procedia Economics and Finance* 2 (2012). Page 35-44.

- Waluyo, I. (2011). Badan Layanan Umum Sebuah Pola Baru Dalam Pengelolaan Keuangan Di Satuan Kerja Pemerintah. *Jurnal Pendidikan Akuntansi Indonesia*, 9(2).
- Widyastuti, Yeni. (2010). Pengaruh Persepsi Remunerasi Pegawai, Motivasi Kerja dan Disiplin Kerja terhadap Kinerja Pegawai di Kantor Pelayanan Perbendaharaan Negara (KPPN) Percontohan Serang Provinsi Banten. *Jurnal Administrasi Publik*. Vol 1 No 2 Desember 2010.
- Wilfred, O. N., C. M. Elijah, dan W. Muturi. (2014). Effect of Remuneration on Employees Performance in the Ministry of Internal Security: A Case of Kisii County. *International Journal of Human Resource Studies*, 4(1), 223-231.
- Yin, R, K. (2014). *Case Study Research: Design and Methods*. Mudzakir, M Djauzi (penerjemah). Studi Kasus: Desain & Metode. PT Raja Grafindo Persada.