

The Model Strategy of Improvement of the Public Services Quality and Optimization of the District Own Source Revenue to the Government of Palembang, Indonesia

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Abstract: This study aims at finding a strategy model for improving the quality of public services in order to optimize region own-source revenue by using descriptive qualitative research method through strategic management approach and through internal and external analyses of the organization. Techniques of collecting data are observation, interview and documentation. The results showed that the strategy model of improving the quality of public services in order to optimize the receiving of the region Own-Source Revenue (OSR) of Palembang Government is a series of activities related to each other and connect to various elements and parts that can not be separated from one another, according to the vision, mission, regulation, information technology, the role and quality of State Civil Apparatus (ASN) in giving public service. If the quality of service can be fulfilled, people will become satisfied. The satisfaction of the community will have an impact on their adherence to pay taxes and levies as a source of revenue. If the receiving of OSR can be optimized in accordance with the targets that have been set, then any form of accountability over the use of funds of the OSR is to provide high quality public services.

Key words: Strategy, quality of public services, OSR receiving, Palembang, series

INTRODUCTION

Since the heads of local governments (governors, regents and mayors) are directly elected by popular election, the issue of the quality of public services becomes the main theme of prospective heads of local governments to gain the sympathy of the community or constituency in local elections today. Explanations and documents regarding the improvements of the quality of public services have been delivered and published by the prospective heads of local government with their supporters, either directly through dialogues, campaigns and through the mass media such as newspapers, television, radio or other social media. The ability to cover and promote the campaign theme of “improving the quality of public services” turns out to be able to change the public image of the hope for a better life. It is undeniable that there are heads of local governments who are able to realize their political promises during the campaign but many campaign promises related to public service quality improvement program have not been optimally brought into reality.

Heads of local government now face a dilemma. On the one hand, they have to fulfill what they have already promised to the people who have chosen and support

them. However, on the other hand they also seek ways to increase revenue as an integral part of the implementation of regional autonomy. Being too focused on the efforts to increase the OSR will put aside the quality of public services or vice versa. Rather, these can be run simultaneously and there will be no problem. One indicator of the success of the leadership of the heads of local government is that people's welfare is improved. This kind of improvement is directly related to the quality of service to the community and also the region's ability to finance various development programs that have been planned in advance.

Ideally, the higher OSR is the higher quality of local government services will be. On the other way around, the higher quality of service provided by the government to the people, the higher OSR will be. However, it doesn't always work this way. These two things often fall into a collapsed condition, i.e., low service quality and low OSR or high OSR but low quality of public services or otherwise. According to Article 27 of Law No. 32 of 2004 on Regional Government, there are eleven points of the duty of the heads of local governments. Two points are directly related to the public, namely: improving people's welfare and promoting and developing regional competitiveness. The two points above are part of the

government's efforts to serve the community by enhancing the welfare of society and the improvement of quality of life.

Palembang as the second largest metropolitan city in Sumatra after Medan city is also facing various problems as outlined above. Sumatra Daily Express online reported that the realization of Palembang own source revenue from taxes and retribution has not reached the target. The retribution revenue barely reached 9.94 billions Rupiahs or 11.61% of the target of 85.65 billions rupiahs. This value doesn't reach 13.39% of the desired target based on a calculation of 12 months. Meanwhile, the tax revenue only reached 44.22 billion rupiahs or 15.93% of the target of Rp 277.57 billions. This was revealed in a Coordination Meeting (Rakor) on Own Source Revenue of Palembang, 2012 at the Local Revenue Office of Palembang. Furthermore, in August 2013 it was reported that the OSR target in 2013 of Rp.509.788.435.389,1 was barely realized for Rp. 345,389,836,909.51 or 67.75%. (<http://dispenda.palembang.go.id>).

In line with the above facts and data, based on the report on the supervision of public services presented the deputy chairman of ombudsman, Hj. Azlaini Agus, at the Hotel Grand Zuri Palembang on 4 September 2013, it was found at least there were 8 public offices of Palembang Government which had bad quality of public services such as the Office of Integrated Licensing Services (KPPT), SAMSAT POM IX, the Office of Traffic Police, Immigration Office Class I, Office of Population and Civil Registration, Bari Hospital, the District Office of Religious Affairs and Class 1 Prison of Palembang (Tribunsumsel, 09.05.2013).

The above phenomena, facts and data show that the efforts to increase own source revenue are still not optimal. Such conditions are of course related directly or indirectly to the public service performed. Many heads of local government in the period the campaign promised that they wanted all kinds of services can be done quickly, easily and inexpensively. Even if it is possible such services should be free of charge. However, soon after they get elected, those heads of local government are faced with a different situation that they are demanded to increase the OSR as one of the instruments in financing regional development. One source of OSR are taxes and local retribution through the services provided to the public. For example, services for building permit (IMB) with the issuance of the building permit, the public should pay an amount for the retribution, including industrial permit, trade license and others. Both of the above circumstances seem to contradict one another and create new problems.

One indicator of quality service is the service that is fast, easy and inexpensive even free of charge. Because it has been the people's demand that all kinds of services can be obtained easily, affordable and even free of charge. Especially that this has been promised by the heads of local government during the campaign in the elections. Low cost or free of charge services will of course have an impact on OSR. Meanwhile, local governments are expected to generate sources of OSR in accordance with the potential of the region concerned.

So far, the budget revenues and expenditures (budget) is still dominated by central funds in the form of General Allocation Funds and Special Allocation Fund. Results of research Putera (2009) result of the research shows that the revenues from hotels and restaurant taxes contributed to Bukittinggi OSR ranged between 17-20% each year. Increasing OSR through the provision of services and licensing to the public has to be careful because there is a dichotomy of people's demand in general. Efforts to increase the OSR should not be charged to the public through a variety of public services. Eventhough the local government is given the authority to issue various regulations in order to increase revenue, it does not mean that public services become more expensive, longer and uncooperative. There are many other sources of OSR which shouldn't have been charged in the form of taxes and retribution through public service. If it must be through the public service, it must be pursued in such a way through a variety of strategies, so that only public services of high economic value are worth levied taxes or retribution.

With regard to this circumstances, according to Law No. 25 of 2009, public service is an activity or series of activities in order to meet the needs of the service in accordance with the laws of every citizen and resident in the goods, services and/or administrative services provided by public service providers. Due to a very broad scope of public services, the focus of this research is directed at administrative services performed by the city government. This study intends to find a A Strategy Model of Public Service Quality Improvement in Relation to the Optimization of Region Own-Source Revenue of Palembang Government, Indonesia. The strategy model in question is a business strategy in order to improve the quality of public services provided by local governments such as a service that is fast, easy and inexpensive and the efforts to optimize OSR can still be carried out.

MATERIALS AND METHODS

The researchers used qualitative research method with descriptive approach with strategic management

approach through the analysis of internal and external environment of organizations in order to find the strengths, weaknesses, opportunities and threats as well as phenomena and facts that occurred. The data used are primary data through observation and in-depth interviews. They include: data about public service, data on own source revenue, data on the performance of employees, data on the irregularities that occurred. The secondary data are about public service and the reception of OSR of Palembang including: monograph study area, the organization and administration of Palembang City Government and related local government agencies, Palembang budget Strategic Plan for the City of Palembang and related working units, other data which supports research themes. Informants in this study were the ones who were requested the information in accordance with the social status or position and were considered to be familiar with the themes raised in this study.

The informants are: Advisor to the Mayor; Chairman/member of Commission B (Economy and Finance) and Chairman/member of Commission D (People's Welfare) of Palembang Legislative Body; Head of Investment and Onne Stop Integrated Service Office; Head of Tax Billing and Bookkeeping Office and Palembang Local Revenue Office. The main instrument in this study is the researchers themselves and aided by additional instruments such as recorders, cameras, mobile phones, stationery such as pencil, ballpoint pen, paper, books, rulers, markers, etc.

RESULTS AND DISCUSSION

Based on the results of the study as stated in the previous description, it can be identified that there are various strengths, weaknesses, opportunities and threats in an effort to improve the quality of public services in order to optimize the reception of the OSR of Palembang. the various strengths, weaknesses, opportunities and threats are described in details below.

Strength: There is a consistency of Mayor’s vision and mission on the conditions of the demand for quality public services and OSR increase; there are efforts done by the local government agency in relation to the implementation of the mission in the achievement of the vision through its programs and activities; Most of public services have utilized information technology and communications media or the internet, especially through <http://bpmptsp.palembang.go.id/> for some types of administrative services; and there is a commitment of the head of local government in improving the quality of

Table: Profile of Civil State Apparatus (ASN) based on education level in Palembang city governments

Level of education	Number	Percentage
Elementary school/equivalent graduate	72	1,65
Junior high school/equivalent graduate	52	1,20
Senior high school/equivalent graduate	1098	25,29
Associate degree	740	17,05
Bachelor degree	1683	38,78
Master’s degree	694	15,99
Doctorate degree	1	0,02
Jumlah	4340	100,00

Palembang Dalam Angka (BPS, 2014)

public services and increasing the OSR. Haque (1994) states, “The hallmark of public bureaucracy is its accountability to the public for its policies and actions. Without the realization of such accountability, public bureaucracy loses its identity of publicness, surrenders its public legitimacy and may relegate itself to the fetish of self-seeking private interests”.

Weaknesses: There is an inadequacy of civil servants’s quality, 28.14% of them are only high school educated (Table 1) In terms of education level, some do not match with their work; their work ethic and morality are still low; The absence of a special training program on improving the quality of public services and also training to increase OSR; There is a lack of coordination among working units in the efforts to improve the quality of public services and increase the OSR; They are also still lack of the ability to collect OSR (some did not achieve the target), particularly revenues from retributions and separate local assets management; The officers are less friendly, slow, not transparent and convoluted. The complaints are on various forms of service such as uncertain procedures, long service time, the amount of fees that are not clear, there are sometimes discriminatory treatment by the officer, unfriendly officers, inadequate facilities and others. According to Zeithaml *et al.*, (1990) there are five dimensions of service quality, namely: Tangibles. Appearance of physical facilities, equipment, personnel and communication materials; Reliability. Ability to perform the promised service dependably and accurately; Responsiveness. Willingness to help customers and provide prompt service; Assurance. Knowledge and courtesy of employees and their ability to Convey trust and confidence; and Empathy. The firm Provides care and individualized attention to its customers.

Opportunities: The society economic conditions were pretty good based on the data of Gross Regional Domestic Product (GDP); There are stable living conditions and political situation; the conditions of social life, culture and society are relatively well; the existence of clear regulations from the government on public service

(Act No. 25 of 2009 on Public Services); The development of science and technology for public services and increased OSR. Siswadi (2006) in his research revealed that radical changes, restructuring, utilization and efficiency of information technology services have a significant influence on the improvement of service quality.

Threats: Lack of cooperation with investors and funding issues in efforts to improve the quality of public services and increase OSR can not be overcome; There are still many thugs and touts that the public services are obstructed and the collection of OSR became stagnant, especially traditional market retribution and parking.

On the basis of internal and external environment analysis above, various strengths, weaknesses, opportunities and threats are described in the SWOT matrix as set forth in

Strategy S-O: Utilizing the vision-mission, regulation, science and technology and IT and for improving the quality of public services and local revenue optimization PAD.

Strategy W-O: Improvement of human resources by taking advantage of the economic, social, political stable.

Strategy S-T: Utilizing media information and communication technology to increase the number of investors in order to increase quality of service and local revenue PAD

Strategy W-T: Improvement of human resources and minimize the number of thugs and touts in the market and a parking lot services.

Strategic Issues: Based on the SWOT analysis, it can be identified and defined several strategic issues. According to Bryson (2011) identification of strategies faced by organizations is done through the following stages: reassessing the mandate, mission, strengths, weaknesses, opportunities and threats of the organization to determine indicators of the organization with its environment; choosing quick approach according to the situation at hand; discouraging strategic issues by using the criteria of priority and logic; Using Litmus Test to measure the level of strategicness of existing issues; Discussing and revising the strategic issues if necessary; Formulating strategies to address the issues associated with the mission that has been set by the organization.

In relation to the identification and analysis of the internal and external environment, the researchers

obtained four strategic issues in efforts to improve the quality of public services and the optimization of the increase in OSR. They are as follows: Utilizing the suitability of the vision, mission, science and technology and regulation to public service quality improvement and optimization of OSR receiving; Improving human resources by making use of good and stable economic, social and political situations.; Utilizing media information and communication technology to increase the number of investors in order to increase the quality of service and OSR receiving; and Improving human resources and minimizing the number of thugs and touts in traditional markets and parking lots.

Next is determining which of the above four strategic issues that can be taken as a strategy. Based on the Litmus test results, there are three strategies obtained, namely: Utilizing the suitability of the vision, mission, science and technology and regulation to public service quality improvement and optimization of OSR receiving; Improving human resources by making use of good and stable economic, social and political situations. Utilizing media information and communication technology to increase the number of investors in order to increase the quality of service and OSR receiving.

According to Bennis and Mische (1995) there are a number of major changes that can not be restored to the original condition that swept the world today. These changes redefine the way people work and interact. In fact, the changes happen so fast where heads of local government and private organizations discover that they are dealing with a string of puzzling challenges that constantly occur. To successfully meet these challenges, they will need new methods, new skills, new structures - in short, the new organization. In line with this, Hubeis and Najib (2008) suggest that in the life cycle of the organization, it will be seen which organization that can or can not survive as well as which organizations that are capable of standing for hundreds of years, in addition to those which fail to maintain its existence before the growth begins, This requires continuous research and development.

The study result done Parvzian *et al.*, (2016) suggests that managers with insight on how they can improve financial performance through improving service quality and customer loyalty. The research results indicated that the improvement of service quality affected the improvement of the financial performance. Local finance is a strategic factor that determines the quality of local governance, given its ability will reflect the carrying capacity of local government management in conducting of government responsibility. The level of region financial capacity can be measured by the capacity of district own

resource revenue, expenditure efficiency and effectiveness of funding for financing in the area. To understand the level of local financial capacity, it is necessary to observe the condition of the financial performance of both past financial performance and underlying management policies.

Based on the results of research and discussion, it was found that the strategy model of improving the quality of public services in order to optimize the receiving of OSR of Palembang City Government is a series of activities related to each other and connect to various elements and parts that can not be separated from one another, according to the vision, mission, regulation, information technology, the role and quality of State Civil Apparatus (ASN) in giving public service. If the quality of service can be fulfilled, people will become satisfied. The satisfaction of the community will have an impact on their adherence to pay taxes and levies as a source of revenue. If the receiving of OSR can be optimized in accordance with the targets that have been set, then any form of accountability over the use of funds of the OSR is to provide high quality public services.

CONCLUSION

Based on the results of research and discussion previously, it could be concluded that the strategy model of improving the quality of public services in order to optimize the receiving of OSR of Palembang City Government is a series of activities related to each other and connect to various elements and parts that can not be separated from one another, ranging from the utilization of vision, mission, science and technology, regulation, improvement of the quality of personnel and information technology, enhancements to the role of civil apparatus of the state in providing services to the public. If the civil apparatus can realize the quality of service, the community will become satisfied.

The satisfaction of the community will be seen and proven from their adherence to pay taxes and retribution to the Government of Palembang as a source of revenue. If the acceptance of OSR can be optimized in accordance with the targets that have been set, then one form of accountability over the use of funds of the OSR is to provide quality public services

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