

## **Political Will Moderation On The Effect Of Government Strategic Management On Government Performance**

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**ABSTRACT:** *This study is conducted to analyze the effect of strategic management towards government performance and analyzing political will as moderating variable to the effect of strategic management to performance of the government of Southeast Sulawesi. The study objects are OPD (Regional Apparatus Organizations) within the Southeast Sulawesi Government. Primary data is used as the main data. Total of the research sample is 168 people (4x42 OPD = 168). Partial Least Square (PLS) based Structural Equation Modeling (SEM) is used as the analysis model. The results showed (1) The implementation of strategic management (SM) will be able to improve the performance of the Government of Southeast Sulawesi; (2) Political will and strategic management can both improve the government performance directly, political will are even able to encourage the improvement of government performance (quasi moderation). To boost performance improvement, the government needs to use political will sustainably and prioritizing collaboration strategy between the OPD (Regional Apparatus Organizations), in accordance to the organization's function.*

**KEYWORDS:** *Strategic Management, Political Will, Government Performance.*

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### **I. INTRODUCTION**

Performance is an important issue to study on organizations, be it private or public sector. This condition cannot be separated from the organization goal that yearns sustainable performance improvement. Performance improvement will give merit to both the organization and the stakeholder. Performance as one of the organization goal becomes an inseparable unity in totality (Zunaidah & Budiman, 2014). Measurement of an optimum performance is those appropriate with the organizational standard and sinergize with the organizational goal (Masrukhin & Waridin, 2004).

Issues regarding performance has becoming a main concern for the regional government. Government Bureaucracy Organization as public service organization (Undang- Undang Nomor 22 Tahun 1999 tentang Pemerintahan Daerah dan Undang-Undang Nomor 32 Tahun 2004 tentang Otonomi Daerah), is a challenge for the regional government to give the best performance to the public.

Performance measurement is needed to measure how advanced the government in carrying out their tasks. Evaluation achieved by the government on its performance can be carried out in a certain period such as once every two years. Referring to the data from Kementerian Pendayagunaan Aparatur Negara dan Reformasi Birokrasi (The Ministry of Empowerment of the State Apparatus and Bureaucratic Reform), there are not more than 30 provinces and 180 districts/cities taking the performance accountability evaluation. Three provinces: (a) **Southeast Sulawesi**, (b) North Maluku, and (c) West Papua, along with 317 district/cities government are not taking the performance evaluation with clear reason. The rank and performance status of the regional administration of Southeast Sulawesi is ranked 21 with a score of 2.7472 with a high status.

Optimizing the performance of public sector is highly related to the formulation of strategic management done by organization to reach their common goal. Use of the principles of strategic management in formulating strategy in the public sector is important to pay attention to the clarity of the strategy, the correct performance indicator, usage of resources in setting goals and direction of future policy. Strategic management can be used to analyze opportunities and threats in both internal and external environment by adjusting strength, weakness, opportunity, and threat faced by the organization.

Studies regarding strategic management is still very limited to the public sector, focusing on two aspects, which are environmental aspect and strategic implementation aspect. The majority of studies regarding strategic management in the public sector is still under the qualitative research level and literature review, which is why it is important to implement the dimensions of strategic management in the public sector using quantitative research. Therefore, strategic formulation and good strategic implementation are able to improve the performance of the public sector, especially in the stability of economic performance, responsiveness and innovation of the government bureaucracy, the performance of profit and non-profit organizations (Ugboro et al,

2011; Zaei et al, 2013; Genc & Sengul, 2015; Omale et al, 2016; Otieno et al, 2016; Rylkova, 2017; Mungai, 2017; dan Padovani et al, 2018 using approach model 'Six C').

Performance of the public sector usually is associated with accountability and transparency. Public sector performance is usually associated with elements of accountability and transparency. One of the important prerequisites in improving government performance is the political will from the government. Political will as a form of commitment of actors to take action to achieve goals, which is manifested by Brinkerhoff (2007) as a phenomenon that has five characteristics; locus of initiative, degree of analytic rigor, mobilization of support, application of sanctions, and continuity of effort. These characteristics are supported by elements that strengthen political will through political desire, political wish, and political necessity. Political will is not sufficient in improving government performance, it must be accompanied by political action, which in this study is referred to as political will. If the government has a political Will that is believed by the public, the public will give a good assessment of the government's performance.

The importance of political will in improving the government's performance has been done by Kapoutsis, 2016 (political will as a moderating variable); Kamili et al (political will as a mediation variable); Moshikaro, 2015 and the results are significant. On other research, political will is insignificant to public sector performance (Kwon, 2019; Nadeem et al, 2015). Most research related to political will and performance is still using qualitative analysis studies (ethnographic, dialogic, and holistic methods, interpretive, phenomenology, and ethnomethodology). The formulation of the description, the purpose of this study is: (1) Analyzing the influence of Strategic Management on government performance. (2) Analyzing Political Will as a moderation variable on the influence of Strategic Management on government performance.

## **1.2. Literature Review**

### **Agency Theory**

Agency theory is a performance measurement system trying to meet the needs of different stakeholders of the company's organization, by creating strategic measures, namely the size of results and triggers, financial and non-financial measures, as well as internal and external measures (Anthony & Govindarajan, 2004). The agency theory states that if there is a separation between the owner as the principal and the manager as the agent running the organization, there will be problems for the agency because each of these parties will always try to maximize the function of its utility. In government organizations, the principal-agent model is very easy to observe, where the entire hierarchy in government is an agency relationship, ranging from the people to the legislature, and the legislature to the executive that provides services directly to the community. Agents, in government organizations such as provincial / district governments that act on behalf of the Regional Head who later advance the interests of the actors and their own interests in the organization.

### **Public Interest Theory**

The Theory of Public Interest put forward by Posner (1974). This theory is part of the theory of regulation. The Theory of Public Interest (PIT): considers that regulation should maximize social prosperity. This theory suggests regulation is the result of public demands for a correction of market failures. In this theory, the central authority as well as regulatory bodies, are assumed to have the best interests in the hearts of the public. It is the best thing to use to regulate the public interest so as to maximize social welfare. This view is ideal about how regulations should be conducted.

### **Decentralization Theory**

Decentralization is a consequence of democratization the goal is to build good governance starting from the political grassroots (Imawan, 2008). Decentralization as a principle of governance that is disputed by centralization (Haris, 2005). Decentralization results in local government and the availability of sufficient space to define the authority given to lower government units (local government) is the most important difference between the concept of decentralization and centralization.

### **Strategic Management**

Strategic management relates to how to strengthen the viability and effectiveness of public sector organizations both in terms of substantive policies and long-term management capacity. This strategic management integrates all other management processes to provide a systematic, coherent, and effective approach to building, achieving, monitoring, and updating an agency's strategic objectives. Strategic management is integrated with actions: (1) Focusing across functional divisions and all levels of the organization on common goals, themes and issues; (2) Internal management processes bind and program creation for desired outcomes in external environments and (3) Connect operational, tactical, decision-making for strategic long-term objectives (Poister & Streib, 1999). Furthermore, Poister & Streib (1999) explained, strategic management is the process of planning, implementation, and evaluation but more than that strategic

management is the process of managing the organization, in this case the public sector, through a strategic and sustainable perspective to ensure the strategic plan is always updated and able to move other management processes.

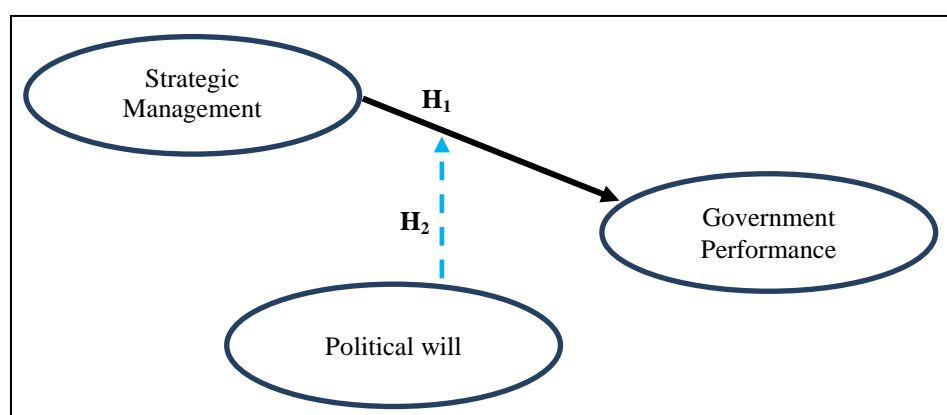
### **Political Will**

Political will be defined as: the commitment of the actors to take action to achieve a set of goals (Brinkerhoff, 2007: 231-252). This commitment is manifested by elected or appointed leaders and senior officials of public institutions. There are several indicators that can be used to measure the political will of the government (Brinkerhoff, 1999): initiatives, priorities, mobilization of political support, law enforcement, and business sustainability.

### **Local Government Performance**

Mahsum (2012), “performance is an overview of the level of achievement of the implementation of an activity / program / policy in realizing the objectives, goals, mission, vision of the organization contained in the strategic plan of the organization”. Mardiasmo (2018:51), suggests the post-budget operationalization stage is a performance measurement to assess the performance of managers and organizational units they lead. Audit Commission (2000) in Sihalolo (2005), explained that performance measurement needs to be done to improve services to the public and improve accountability.

The Conceptual Framework of this research can be seen in Figure 1 below.



**Figure1. ConceptualFramework**

### **The Effect of Strategic Management on Government Performance**

The importance of strategic management for the public sector in achieving the objectives, manifested in the synergy of programs and activities (Joyce, 1999). The first step in the evolution of strategic management is known as the strategic formula, starting in 1950, a systematic approach was created that together formulated a strategy known as strategic planning that included environmental assessment and strategic implementation (Zaei, *et al.*, 2013). Thus strategy management is defined as strategic planning combined with strategy implementation. Barry (1986) in Zaei, *et al.* (2013) argues that strategic planning and management can help organizations clarify future direction. Research on the importance of strategy management to performance still varies, and has been significantly proven by Ugboro, *et al.*, 2011; Zaei, *et al.*, 2013; Genc and Sengul, 2015; Omale, *at al.*, 2016; Mungai, 2017; Rylkova, 2017; and Padovani, *et al.*, 2018, with different indicators of management strategy and government performance and different analytical methods. Researches whose results are still not supportive (insignificant) related to the importance of strategy management to government performance has been proven by Nadeem, *et al.*, 2015; Liao, *et al.*, 2016; Otieno, T and F. Theuri, 2016; Ake and Olowojolu, 2016.

**H<sub>1</sub> : Strategic Management has a significant impact on government performance**

### **Impact of Political Will Moderation on Strategic Management's Impact on Government Performance**

A key element of political will outlines a framework for building a political will that suits participatory government. This political definition describes the concept of political will into four components or sub-conceptual areas (Post, Raile & Raile, 2010: 653-676), namely: optimal decision makers; a shared understanding of specific issues on the formal agenda; committed to support; and perceived policy solutions are potentially effective. Research on the influence of Political Will (PW) on government performance has been conducted by

several previous researchers with insignificant results (Nadeem, & S.R. Batool, 2015) and (Ake, & Olowojolu, 2016). This study tries to examine the importance of political will as a moderating variable (which can strengthen or weaken) in Strategic Management to improve government performance. Based on the theoretical and empirical description, the research hypothesis is proposed as follows.

**H<sub>2</sub> : Political Will (PW) significantly moderates Strategic Management (SM) on government performance**

**1.3. Research Methodology and Data Analysis**

The location of this research was conducted on all OPD Scope of The Government of Southeast Sulawesi which amounted to 42 OPD sourced from BKD of Southeast Sulawesi in 2020. The population in this study is all civil servants (ASN) that ranked Echelon II, III, and IV within the scope of the Level 1 Regional Government of Southeast Sulawesi which amounts to 1089 officials. Due to the number of samples, researchers conduct samples in accordance with the purpose of this study and in accordance with the variables to be studied, namely officials who make policies, among others: 1) Head of OPD / SKPD throughout the Regional Device Organization; 2) Secretary of OPD/SKPD of all Regional Device Organizations; 3) Head of Finance and 4) Head of OPD/SKPD Planning of all Regional Device Organizations. So the amount of sample is (4x42 OPD= 168). So the size of the sample is 168 respondents. Sampling technique is using purposive sampling techniques that are sampling members of the population based on a certain criteria (Hartono, 2013). The data analysis technique used in this study is quantitative analysis technique. The analysis model used is a Partial Least Square (PLS) based Structural Equation Modeling (SEM) Model. PLS is one of the variant-based structural equation modeling (SEM) statistics methods designed to complete multiple regression analysis when specific problems occur in the data, such as small research sample sizes, the presence of missing data and the occurrence of multicollinearity (Abdillah dan Jogiyanto, 2009).

**Variable Validity and Reliability Test**

Sugiyono (2007), instrument is said to be valid and reliable, if it meets the value of the cronbach alpha parameter greater than 0.6 (reliable) and the correlation coefficient is greater than 0.3 (valid). Based on the results of the test of validity and reliability of instruments on 3 (three) research variables, namely: Strategic Management (X), Political Will (M) and Government Performance (Y), then sequentially can be explained each as follows.

**Table 1. Instrument Validity Test Results**

Variable	Instrument Variable	Correlating Coefficient (r)	Sig. r	Conclusion
Strategic Management	X.1.1	0.708	0.000	Valid
	X.1.2	0.799	0.000	Valid
	X.1.3	0.760	0.000	Valid
	X.1.4	0.805	0.000	Valid
	X.2.1	0.813	0.000	Valid
	X.2.2	0.841	0.000	Valid
	X.2.3	0.835	0.000	Valid
	X.2.4	0.839	0.000	Valid
	X.3.1	0.844	0.000	Valid
	X.3.2	0.818	0.000	Valid
	X.3.3	0.739	0.000	Valid
	X.4.1	0.838	0.000	Valid
	X.4.2	0.875	0.000	Valid
	X.4.3	0.790	0.000	Valid
	X.5.1	0.828	0.000	Valid
	X.5.2	0.861	0.000	Valid
X.5.3	0.923	0.000	Valid	
X.6.1	0.914	0.000	Valid	
X.6.2	0.813	0.000	Valid	
X.6.3	0.674	0.000	Valid	
X.6.4	0.876	0.000	Valid	
Political Will	M.1.1	0.565	0.001	Valid
	M.1.2	0.631	0.000	Valid
	M.1.3	0.665	0.000	Valid
	M.2.1	0.923	0.000	Valid
	M.2.2	0.874	0.000	Valid
	M.3.1	0.912	0.000	Valid
	M.3.2	0.828	0.000	Valid
M.3.3	0.906	0.000	Valid	

Variable	Instrument Variable	Correlating Coefficient (r)	Sig. r	Conclusion
	M.4.1	0.621	0.000	Valid
	M.4.2	0.584	0.001	Valid
	M.5.1	0.887	0.000	Valid
	M.5.2	0.818	0.000	Valid

**Table 1. Instrument Validity Test Results**

Variable	Instrument Variable	Correlating Coefficient (r)	Sig. r	Conclusion
Government Performance	Y1.1	0.789	0.000	Valid
	Y1.2	0.927	0.000	Valid
	Y1.3	0.929	0.000	Valid
	Y1.4	0.927	0.000	Valid
	Y1.5	0.700	0.000	Valid
	Y2.1	0.823	0.000	Valid
	Y2.2	0.880	0.000	Valid
	Y2.3	0.871	0.000	Valid
	Y2.4	0.920	0.000	Valid
	Y2.5	0.894	0.000	Valid

Source: Processed Primary Data, 2021.

Based on the results of data processing related to variable instruments Strategic Management (X), Political Will (M) and Government Performance (Y), the results of the instrument validity test show that the correlation coefficient value (r) in all Y instruments is greater than 0.3. This indicates that all instrument variables used are valid.

**Table 2. Instrument Reliability Test Results**

No.	Variable	Cronbach's Alpha	Conclusion
1	Strategic Management	0.975	Reliable
2	Political Will	0.975	Reliable
3	Government Performance	0.975	Reliable

Source: Processed Primary Data, 2021.

Based on the results of data processing related to variable instruments government Strategic Management (X), Political Will (M) and Government Performance (Y), the results of the instrument reliability test show that the value of Cronbach's Alpha on all Y instruments is greater than 0.6. This indicates that all variable instruments used are **reliable**.

### Hypothetical Results

Evaluation of structural models (inner models), conducted to test the influence between latent variables in the structural equation model. The evaluation of this structural model is also a test of the influence between latent variables can be seen in Table 3.

**Table 3. Evaluation of Structural Model (Inner Model) Results**

	Coefficient	Mean (M)	Standard Deviation	T-Statistics	P-Values
SM -> KP	0.602	0.607	0.072	8.319	0.000
PW*SM -> KP	0.175	0.169	0.068	2.582	0.010

Source: Processed Primary Data, 2021.

Based on Table 3 shows that:

1. Strategic management has a significant impact on the government's performance as seen from the value of P-Values  $0.000 < 0,05$  or T-statistic Value of  $8,319 > 1,96$
2. Political will be able to moderate strategic management in improving the government's performance as seen from the value of P-Values  $0.010 < 0,05$  and T-statistic value of  $2,582 > 1,96$

## II. CONCLUSION

1. Implementation of strategic management (SM) is able to improve the performance of the Government of Southeast Sulawesi.
2. Political governance and government management strategy are both able to improve the government's performance directly, even political governance at the same time can encourage the improvement of government performance. To encourage the improvement of its performance, the government of Southeast Sulawesi must conduct political will by prioritizing collaboration strategies between regional apparatus organizations (OPD).



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