Performance Management in Anti-Corruption Authorities: Indonesian and Swedish Cases

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ABSTRACT

This paper investigates how Anti-Corruption Authorities (ACA) make use of performance measurement in order to improve performance management. The research framework has been developed from Ferreira and Otley (2009). The authors used a qualitative method with multiple case study in order to perform comparative research. Indonesia's Komisi Pemberantasan Korupsi and Swedish National Anti-Corruption Unit were chosen as the sample of the study. The research found that both of the authorities has a greatly different performance management system and performance measurement. It can be seen from the use of key performance indicators and its role in the management control system, as well as the target setting, performance evaluation, and rewards.

Keywords: corruption, anti-corruption authorities, management control, performance measurement, performance management, public sector.

ABSTRAK

Makalah ini menginvestigasi bagaimana Anti-Corruption Authorities (ACA) menggunakan pengukuran kinerja untuk meningkatkan manajemen kinerja. Kerangka penelitian telah dikembangkan dari Ferreira dan Otley (2009). Para penulis menggunakan metode kualitatif dengan beberapa studi kasus sebagai perbandingan. Komisi Pemberantasan Korupsi dan Swedish National Anti-Corruption Unit dipilih sebagai sampel penelitian. Penelitian ini menemukan bahwa kedua otoritas memiliki sistem manajemen kinerja dan pengukuran kinerja yang sangat berbeda. Hal ini dapat dilihat dari penggunaan indikator kinerja dan fungsinya di pengendalian manajemen serta pengaturan target, evaluasi kinerja, dan penghargaan.

Kata Kunci: *Korupsi, otoritas antikorupsi, pengendalian manajemen, pengukuran kinerja, manajemen kinerja, sektor publik.*

I. BACKGROUND

Corruption is considered as the number one of the biggest public enemies that must be handled in a very strategic, efficient, and effective way. The ACAs in a country play important roles in reducing and preventing the corruption practices. However, it is not easy to measure the overall impact of anti-corruption authorities. This happens not only because the authorities may be affected by political issues, but also because there may be other institutions that are involved in anti-corruption law enforcement, which makes the whole procedure more complicated.

In general, a decrease in the number of corruption cases may produce ambiguity regarding the performance measurement of ACAs. Indeed, it is difficult to ascertain whether the decrease is a result of the effectiveness of the ACAs or stems from the fact that many corrupt cases are not actually traceable. The researchers believe that performance measurement is not adequate by itself and it should be integrated with performance management in order to support the

ACAs in anti-corruption law enforcement operations. Therefore, the role of performance management is very crucial to increase the effectiveness of ACAs.

Previously, research has been done regarding the performance measures of anti-corruption authorities in different countries. Bolongaita (2010) compares anti-corruption agencies from two countries which include Indonesia and Philippines. The research focuses on six key success factors that affect the effectiveness of the anti-corruption agencies. Those factors are jurisdiction, power and capacities, operational differences, human resources, accountable management, courts, and performance measurement. The performance measurement is not the major part of the study, but it points out that ACAs generally face difficulties to determine relevant performance measures. The study suggests that specific measures are needed to assess the effectiveness of ACAs.

Choi (2011) deals with the performance measurement of KPK, the ACA that operates in Indonesia. The study categorizes and analyses the performance measures used by KPK that focused on three aspects as follows: investigation and prosecution activities, compliance with wealth reporting, and public complaints management. The research provides evidence that through the use of key performance indicators, KPK can successfully perform three anti-corruption strategies which include repression, prevention, and public relation. However, there are some challenges created from structural limitations and political pressure that may affect the ACA's functions.

Additionally, another research is done by Doig et al. (2007), which indicates some reasons for which ACAs in developing countries mostly failed to deal with corruption. One of these reasons is related to the absence of performance management system within the ACAs. Doig et al. (2007) propose a solution that involves the use of appropriate performance measurement and evaluation.

Overall, it can be seen that research focuses on performance management of anti-corruption agencies is still limited. A comparative study between the main anti-corruption authorities of countries with different corruption levels as well as other differentiating factors, is needed to provide deeper understanding of how the performance measures are used and affect the performance management within ACAs and in general the anti-corruption law enforcement. Therefore, the purpose of this research is to investigate the performance

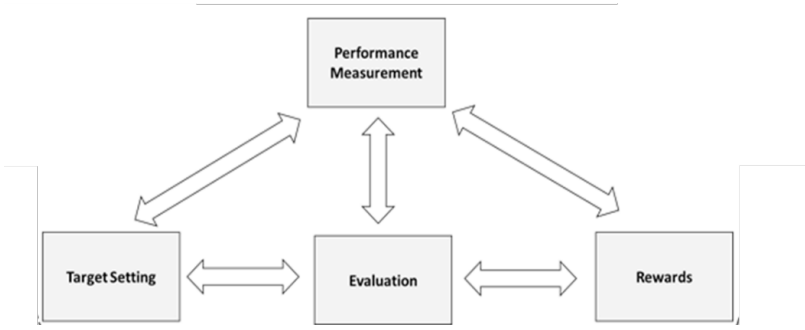
management within the ACAs. It focuses on the comparison of the performance measurements used in order to identify the similarities and differences, also to improve the performance management and the effectiveness of the anti-corruption law enforcement by the ACAs.

II. LITERATURE REVIEW

2.1 Theoretical Framework

Otley (1980) in the contingency theory discusses the absence of a global performance measurement system that is applicable to all organizations of both different or even the same kind. In general, the mission and plans of each organization should constitute the guidelines in the planning of the performance measurement system. Based on that perspective, it can be argued that Anti-Corruption Authorities may have different performance measures and ways to use them, even though their main duties are similar and directly related to the anti-corruption law enforcement. In doing so, research tries to investigate the performance measurement of anti-corruption authorities and the use of it for setting targets, evaluating performance, and rewarding the employees. For this reason, the researchers present a framework as illustrated in the figure below in an attempt to conduct analysis and discussion of the empirical data. Each component of this framework is elaborated more in the following sections.

Figure 1. Performance Management System (PMS)



2.2 Performance Management System (PMS)

In general, PMS plays an important role in determining how well an organization operates (Hopper et al. 2007). Ferreira and Otley

(2009) introduce an extended PMS framework that provides broader perspectives in managing organizational performance. They argue that this framework could be used as a tool to ensure that plans and strategies are implemented effectively.

Specifically, public sector organizations should also implement appropriate PMS in order to support their operation. One of the PMS approaches that are commonly used by them is the New Public Management (Hood, 1991). This approach emphasizes on the role of performance measurement in target setting, evaluation, and rewards. The implementation of NPM can be effective under certain conditions which include clear organizational goals, measurable performance, and competent management (Hofstede, 1981; Otley and Berry, 1980).

2.3 Performance Measurement

As a part of Performance Management System, performance measurement is the process adopted in order to assess the efficiency and effectiveness of actions in an organization (Neely, 2005). Hopper et al. (2007) argue that performance measurement is important to determine how well an organization achieves its objectives and identify the improvements needed. The concept of performance measurement should be integrated with management control system. According to Malmi and Brown's (2008) Management Control System (MCS) framework, performance measurement is categorized as a part of cybernetic controls that will provide useful information for decision making. Moreover, performance measurement can also be classified as diagnostic control system in Simon's (1994) levers of control, as the purpose of diagnostic control system is to provide relevant information, motivation, and resources in order to ensure the organizational strategies and goals can be achieved. Additionally, performance measurement can also be related to Ahrens and Chapman's (2004) theories about enabling and coercive controls. Enabling controls aim to empower and increase the autonomy of employees, whereas coercive controls expect the employee to comply.

Even though, as mentioned, the central idea of performance measurement is comprehensively clear, in public sector organizations the concept of performance measurement seems to be problematic. Bruijn (2002) argues that in general it is difficult to measure the performance of the government. As far as the outcome is concerned, it generally depends on various factors which makes the performance more difficult to be quantified. The most feasible way to do it according

to Bruijn (2002), is by measuring the output. Another issue is related to the fact that even when the government is able to determine the measures, it is most likely to measure too many and wrong things (Atkinson et al., 1997).

Performance measurement in public sector is somehow still in debate as it provides various advantages and disadvantages. On one hand, performance measurement brings positive effects for public sector organizations (Bruijn, 2002). At first, performance measurement can bring transparency. In this way, public sector institutions are able to have a clear picture on what products or services they have to provide and present an input-output analysis. Moreover, performance measurement can be used as an incentive for better output when it is linked to a reward system. Thus, this will probably encourage an improvement in performance. In addition, performance measurement is one of the most sophisticated ways to shape accountability. Aside from transparency, accountability is also one of the important values in public sector organizations. In general, when the organizations tend to have complex tasks, the distribution of autonomy is necessary. Those who are granted the autonomy must be responsible for their performance. Therefore, performance measurement is essential in order to provide and communicate information related to the performance.

On the other hand, performance measurement seems to have several drawbacks. Indeed, it adds to internal bureaucracy (Bruijn, 2002). As the nature of public sector tends to be bureaucratic, organizations with a high score in a system of performance measurement, usually make heavy investments related to procedural and organizational provisions, in their attempt to meet its needs (Leeuw, 1996). For instance, they have distinct departments which are bureaucratically competent to all the different kinds of activities "auditable". Furthermore, performance measurement sometimes seems to be unfair due to the possible existence of co-production performance results, in which other parties are involved (Bruijn, 2002)

Performance measures consist the means mainly used in order to carry out the performance measurement. They can be defined as metrics used to quantify the effectiveness and efficiency of an organization (Neely, 2005). They can also be categorized in various ways. The following text summarizes and compares the frameworks

and dimensions from previous research related to the dimensions of performance measures.

One of the well-known frameworks is developed by Kaplan and Norton (2001), that is Balanced Scorecard (BSC). The framework introduces four perspectives of measures which include financial, customers, internal process, and learning and growth perspectives. BSC was initially constructed as a performance measurement tool, but nowadays it has been shifted into a performance management tool. In general, the concept of BSC puts financial perspective as the end-point of all the perspectives. However, as already mentioned, public sector organizations tend to be non-profit oriented. This indicates that they do not prioritize financial objectives. Therefore, the concept of BSC should be restructured. For this reason, Kaplan and Norton (2001) suggest that for public sector organizations, the BSC can be adopted by simply place the customer perspective at the top of the priorities. In public sector organizations, the term 'customer' should be replaced by stakeholders, as these organizations mostly provide and do not sell their products and services. This perspective focuses on measuring how the organizations expect to be viewed by their stakeholders. The second perspective is internal process, which reflects on the areas where the organizations have to be adept in order to satisfy their stakeholders. Third, there is the perspective related to learning and growth, which focuses on improving the development that the organizations need in order to implement their strategies and achieve their visions.

2.4 Target Setting

Every organizational target should be S.M.A.R.T (Specific, Measurable, Assignable, Realistic and Time-related) according to Doran (1981). More specifically, they should be related to the improvement of a specific target area and it should be possible to quantify their degree of progress and attainment. What is more, the targets should have a specific deadline to be achieved and clarity regarding who will try to accomplish it. Last but not least, they should be realistically achievable within the available resources of each organization. In the passage of time, the acronym S.M.A.R.T.E.R. is also used instead of S.M.A.R.T., with E refers mainly to the fact that the targets should be ethical or exciting, while R is principally associated with relevance that should describe them according to the organizations' strategies and priorities (Wade, 2009).

The researchers argue that SMARTER seems to be a more complete package of criteria that describes more accurately how the targets set for performance measurement by the organizations in the public sector should be. Indeed, especially ethics is a matter of crucial significance in the public sector that must characterize every single target, whereas relevance is always important because targets should be aligned with the organizations' plans.

2.5 Performance Evaluation

The field of performance evaluation is inextricable to management control sector and forms a part within the performance measurement system (Franco-Santos et al. 2007). Performance evaluation can be conducted in subjective and objective way. Under subjective evaluation, the evaluators are unable to identify the dimensions of performance. In contrast, objective evaluation tends to avoid ambiguity because the input-output relationship of performance has been clearly identified (Ferreira and Otley, 2009).

Hsee, Lowenstein, Blount and Bazerman (1999), argue that two main evaluation methods are used. The first one is the joint method, where a several alternatives exist and the evaluation is based on their comparison, while the second one is the separate method, which refers to alternatives whose presentation and evaluation happen in isolation. They summarize that evaluators' preference between joint and separate evaluation is principally determined by the existence or the absence of options. Indeed, when different options are available, evaluators usually prefer to implement the joint evaluation, and vice versa (Hsee et al., 1999). Bohnet et al. (2015), claim that evaluators tend to focus on individual performance in joint than in separate evaluation and on group stereotypes in separate than in joint evaluation.

One of the procedures that can contribute to the setting of standards on which evaluation will be based, is benchmarking. In particular, benchmarking is directly connected to the measurement and evaluation of organizations or services. It is also one of the techniques related to management control used in public and private sector (Knutsson et al. 2012). It can take place not only internally, by comparing two or more units, but also externally, by including more organizations in the comparison.

2.6 Rewards

Rewards are given as a recognition toward an achievement. Malmi and Brown (2008) discuss the use of rewards systems, in

order to motivate and enhance the performance of both individuals and groups in organizations. In this way it is usually expected that the employees could be able to have higher performance in order to achieve the strategic goals of the organization. Ferreira and Otley (2009) categorize rewards into two types. The first type is financial rewards, such as bonuses and increases in salary. The second type is non-financial rewards, like career promotion.

Ferreira and Otley (2009) mention that rewards are the outcomes of evaluation, a process which is basically based on performance measures. This statement supports the argument of Ittner (1998) that reward systems should be integrated with financial and non-financial measures which could provide information on management effort. Therefore, it can be said that performance measures are used as determinants for employees' reward. However, although performance measures are linked to rewards, Bovaird and Loffler (2009) argue that rewards in turn are not linked to increased performance or productivity in public sector institutions.

III. RESEARCH METHOD

The researchers used a qualitative approach as this method enabled the readers to realize that some obvious features of today's world, like corruption, are deeply rooted and rely on intricate social organization (Silverman, 2013). Through the processes of data collection used, the researchers would like to get informed about corruption through the participants' perspective. They believed that this is particularly beneficial and enlightening, taking into consideration that the participants are people who work in the anti-corruption sector and therefore have more specialized knowledge on this topic.

Multiple case study was conducted in order to achieve the research objectives to compare the performance management of the two selected anti-corruption authorities. Bryman and Bell (2015) point out that multiple case study can be considered in comparative design as it enables the researchers to compare the findings from each case. This could also support the researchers' effort to figure out the uniqueness and similarities of each case and reflect on their findings with the theories.

To provide multiple case study, two samples with different characteristics were chosen. The main criterion for the authorities' selection was the different levels of corruption that of the countries

where they operate in according to Corruption Perception Index, as presented by Transparency International. In particular, the samples that were chosen are: the Swedish National Anti-corruption Unit (SNACU) and the Indonesia's Corruption Eradication Commission (KPK).

The researchers adopted a semi-structured interview where they initially provided a list of questions based on Ferreira and Otley (2009) whereas additional relevant questions were asked during the interview. Generally speaking, in the semi-structured interview, although there is typically a list of questions that have to be followed, the researchers are allowed to be more flexible and intelligent (Brymann and Bell, 2015). Moreover, the researchers also used self-completion questionnaire in order to provide time flexibility for the respondent.

The first respondent is the Vice Chief Public Prosecutor of the Swedish National Anti-corruption Unit (SNACU). By using this method, he would have the possibility to provide more detailed answers by giving clarifications when required, enabling at the same time the researchers to gain more thorough knowledge over their topic of interest. The second respondent is Deputy Commissioner of Indonesia's Corruption Eradication Commissions (KPK). In contrast to the previous case, the data collection method that was the filling of the self-completion questionnaire that the writers included in their initial email. The respondent chose to follow this method as it offers him greater flexibility than a possible phone interview, in terms of time.

In the previous section, the researchers have developed the framework used based on Ferreira and Otley (2009). In doing so, the questions for respondents are also derived from their research as a guideline for primary data collection. This journal also used secondary data from previous research and other relevant documents that are available online.

IV. EMPIRICAL DATA

4.1 Sweden

4.1.1 Country Background

Sweden, located in Northern Europe, is one of the Scandinavian countries and its current population is estimated to be roughly 10

million people. The country became an EU member since January 1995, but it has not adopted Euro and still has its own currency, which is the Swedish krona SEK.

Sweden continues to be among the countries with the lowest levels of corruption. However, although still quite good, the Swedish position is decreasing. This can be justified by the fact that the country's corruption index constantly deteriorated in the past 6 years and reached 84/100 points in 2017 (Trading Economics, 2018).

Generally speaking, government transparency in Sweden is considered to be an important feature and mechanism in the country's attempt to evade abuse of power and corruption incidents. Moreover, there are key laws that safeguard the confidentiality of information from civil servants to the media (Andersson, 2002).

4.1.2 Organization

The Swedish Prosecution Authority formed the National Anti-corruption Unit in 2003, a special national public prosecution office which responsible for the cases regarding corruption. In addition to the investigative activities, the Anti-corruption Unit fosters uniform legal proceedings by taking actively part in the solution of judicial issues. It also takes part in the development of international cooperation regarding the corruption field. The Unit contributes to the international efforts made by OECD for instance, and cooperates with foreign countries' authorities with the purpose of improving the overall efficiency of judicial collaboration. Moreover, it constantly tries to increase knowledge, awareness and perception ability related to corruption cases, thus making their recognition easier and more efficient (Aklagare.se, 2018an). To achieve all these goals, the Unit provides training against corruption. Last but not least, SNACU has initiated the establishment of a national network, aiming at the revelation and fight of corrupt actions.

As far as the Unit's internal structure is concerned, it consists of eight prosecutors, one of which is the Chief Prosecutor, and 25 investigators who also participate in potential corruption cases. However, all the prosecutors are equal in their workplace and every single prosecutor acts independently in the way that he/she is handling his/her own cases and carries out the investigations.

Therefore, each prosecutor is more or less his/her own authority and remains independent of the Chief Prosecutor as well.

4.1.3 Performance Management

Performance Measurement

Performance measurement is commonly used in any types of organization as they are one of the important parts of management control system. However, the prosecutors who work in SNACU do not have any internal official performance measurement system, even though it is admitted that the cases they handle are quite challenging by their pure content. This perception related to high level of difficulty of each case.

The main reason for the absence of a formal performance measurement system, according to the Vice Chief Prosecutor, is the fact that only 8 prosecutors work within SNACU and they do not handle a large number of cases. As a result, they do not make use of any mathematical indicators officially to measure their performance, regarding that their small number allows them to have great knowledge over the progress of their cases and their performance-related details. Moreover, the fact that all the prosecutors work in the same corridor, offers them the possibility for conducting immediate internal and informal communication related to work topics, without any formal procedures required.

Within the Unit, some internal meetings are held once almost every 2 months. Indeed, there are 5-6 meetings annually, in which all the 8 prosecutors, including the Chief, participate. However, they are entirely informal processes, taking into consideration that there is neither any protocol, nor any agenda concerning the discussion topics in advance. The purpose of the meetings is completely informative and they are held in a simple dialogue form, whereas no official reports should be given to the Chief.

With respect to the way the Unit communicate its measures, the prosecutors try to communicate with the media in order to provide some information regarding their cases. That happens owing to the high significance that most cases have for both the media and the Swedish citizens. However, they act in a very careful way and ensure that they do not reveal any confidential information. As far as external parties are concerned, every year there is a report that indicates the results of the performance of the authority. The

prosecutors have also some participation in the composition of these reports.

Target Setting

As it is already mentioned, the final target of the SNACU is to solve all the cases that have proved to require investigation beyond the preliminary one, that takes place for each complaint that the Unit receives. These cases constitute about 40% of the overall number of complaints, as the rest are anonymous or lack sufficient information. SNACU achieves its final target and manages to solve all the cases, although it should be understood that there are some incidents which despite being fully investigated, lead to non-guilty incidents (when the evidence is not enough). Therefore, these cases are solved without the enforcement of any punishment, as people who take part in them are considered innocent and no criminal activity is recognized.

Apart from the solution of the cases, one of the significant targets of the Unit is the ability to find money involved in corrupt actions and achieve as much as asset recovery as possible. According to OECD, the definition of asset recovery is "the process by which the proceeds of corruption are recovered and returned to the country of origin" (OECD, 1997).

Evaluation

With respect to the evaluation of the prosecutors, they mainly have an informal sort of evaluation, and not any official individual or group evaluation processes. This is the informal internal meetings that take place, as already mentioned in the performance measurement section of this chapter. The main reason for this, as the Chief Prosecutor opined, is that they achieve to solve all the cases in the end, even if they have to move any case internally to another prosecutor sometimes, due to their heavy workload.

In addition, even during the international meetings and seminars, formal performance evaluations and benchmarking processes do not take place. Indeed, the existence of many differences among the anti-corruption authorities all over the world,3 such as the differences in the legislative systems that every country has, make these sorts of comparison unequal and meaningless.

Rewards

The employees of the Anti-corruption Unit neither receive any special rewards for successful case investigations, nor they face any kind of punishment. They simply have a fixed salary without any bonuses tied to their performance.

4.2 Indonesia

4.2.1 Country Background

Indonesia is a member of the ASEAN (Association of South East Asia Nation) with a population of 261.1 million according to the World Bank Group (2018). The fact that Indonesia is a member of G20 indicates that the country has a large and emerging economy. In the fourth quarter of 2017, the World Bank Group stated that the Indonesia's Gross Domestic Product reached its peak at 5.2%. This was triggered by several factors such as heavier investments and net exports due to the global trade improvement and commodity prices recovery.

In spite of the economic growth, Indonesia faces some challenges in 2018. One of them is related to the corruption practices. According to the survey conducted by Transparency International, Indonesia ranked 96 out of 180 on the Corruption Perception Index in 2017. Indonesia's Presidential Staff Office (2018) claims that this challenge that would significantly harm the country. Indonesia Corruption Watch (2018) concludes that there is a significant increase in the amount of losses caused by corruption from IDR 1.4 Trillion in 2016 to 6.5 Trillion in 2017. The majority of the corruption cases are related to politicians in various government institutions including the legislative and executive one. This fact was stimulated by the post-reform of political industrialization. When it comes to the pre-election periods, politicians tend to make huge amount of investment which can guarantee up to a great extent that they will get their desired positions within the government institutions.

4.2.2 Organization

The Corruption Eradication Commission (KPK) is an independent government institution that was established in 2002. KPK is responsible to eradicate corruption in a professional, intensive and continuous manner. Its vision, according to

KPK's accountability report (2017) is to make the country free of corruption, along with the participation of all elements of the nation. This vision can be achieved by fulfilling its mission to improve the effectiveness and efficiency of the law enforcement activities and repress the corruption practices in Indonesia through coordination, supervision, monitoring, prevention, and enforcement with the support of all elements of the nation. KPK has five principles and values. More specifically, the principles include: legal certainty, transparency, accountability, public interest, and proportionality. Additionally, the values include: religiosity, integrity, justice, professionalism, and leadership. KPK is responsible to regularly and publicly provide reports to the president, audit board, and the house of representatives. In performing its responsibility, KPK coordinates with other law enforcement institutions including the national and foreign authorities.

4.2.3 Performance Management

Performance Measurement

According to the Accountability Report 2017, all the Key Performance Indicators (KPI) are publicly accessible in the Accountability Report that is published annually in KPK's website, according to Presidential Law number 29 (2014) and Regulations from Ministry of Administrative Reform. Some of the reports are published in English. External parties may be able to use them for any kind of purposes. Moreover, the KPIs are also internally used to ensure that the performance is aligned with organizational objectives and goals. KPK determined the performance measures used based on its strategic objectives and categorized them into four perspectives according to BSC approach as shown in table 1 below:

Table 1. KPK's Strategic Objectives and KPIs

PERSPECTIVES	STRATEGIC OBJECTIVES (SO)	KEY PERFORMANCE INDICATORS (KPI)
Stakeholders Perspective	SO 1 : Reduction of the corruption level	KPI 1 : Corruption Perception Index
	SO 2 : Effectiveness of anti-corruption law enforcement	KPI 2: National Anti-corruption Law Enforcement Index
		KPI 3 : Percentage of Asset Recovery
	SO 3 : Effectiveness of integrity building between government, society, political and private sectors	KPI 4 : Kementerian, Lembaga, Integrity Index
	SO 4 : Effectiveness of partnership	KPI 5 : Partnership Index
		KPI 6: Public Participation Index
Internal Process Perspective	SO 5 : Integration of repression	KPI 7 : KPK's Law Enforcement Index
	SO 6 : Integration of corruption prevention effort	KPI 8 : Implementation of Corruption Prevention System
	SO 7 : Integration of corruption prevention and repression effort	KPI 9: Implementation of Integrated Prevention and Repression
	SO 8 : Coordination, supervision, and monitoring of corruption eradication	KPI 10 : Percentage of Case Status Supervised to Obtain Legal Certainty
		KPI 11: Percentage of the Implementation of Coordination and Supervision of Corruption Prevention
		KPI 12: Percentage of Implementation of Action Planning
Learning and Growth Perspective	SO 9 : Realization of effective organization	KPI 13: KPK's Integrity Index
		KPI 14: Percentage of Bureaucratic Reform Component Completion
		KPI 15: Value of Performance Accountability
	SO 10 : Optimization of Human Resources	KPI 16: Percentage of Optimal Employees' Performance
		KPI 17: Percentage of Engaged Level Employees
	SO 11: Development of integrated and adaptive operational system	KPI 18: Percentage of Completion and Obedience of SOP
		KPI 19: Percentage of Completion of Service Level Agreement
		KPI 20: Percentage of Completion of Data and Information

PERSPECTIVES	STRATEGIC OBJECTIVES (SO)	KEY PERFORMANCE INDICATORS (KPI)
Financial Perspective	SO 12: Managing financial accountability	KPI 21: Audit Board's Opinion on Financial Statements of KPK

SOURCE: KPK'S ACCOUNTABILITY REPORT 2017

Target Setting

KPK sets its targets for every strategic objective and performance indicators for 2019 as it can be found in the accountability report of 2017. The Deputy Commissioner of KPK confirmed that the targets are set during the strategic planning development process. Some of the targets derived from the President's Mid-term Development Plan (2015-2019) and some of them derived from the National Strategy of Corruption Prevention and Eradication (2012-2025). However, not all the targets initially set are adopted. KPK consults the National Planning Agency, as the Agency is responsible to review all the strategic plans of other agencies and ministries. After the targets are agreed by all internal stakeholders, the strategic objectives and KPIs should be formulated. Then, the process is continued by formulating strategic initiatives, targeting trajectories and other elements. The accountability report of 2017 mentioned that target and strategic initiatives are set within the relevant units with the approval of supervisors.

As the current strategic planning concerns the decrease of corruption level in Indonesia, the overall performance is measured by the Transparency International's Corruption Perception Index (CPI). The Deputy Commissioner of KPK mentioned that the target set for the CPI is 45, which is 9 points higher from the index of the first year of the implementation of the strategic plan (2015). He considered this as a challenging target because of two reasons: first, the average annual increase of CPI of Indonesia is only 1.4 which is still far from the targeted index. Second, KPK is not the only authority that is responsible to reduce the corruption practices in Indonesia. Other authorities such as State Audit Agency as well as Inspectorate General at central and regional government also play important roles in reducing the corruption level. When Ministry of National Development Planning fails to map and set performance to those agencies and ministries, KPK is expected to reduce the corruption alone. Although KPK has

its own coordination and supervision authorities, the attempt to eradicate and prevent corruption in general, still depends on the Government's political will to control the corruption forms within its agencies and ministries.

Evaluation

KPK presented its evaluation process in the accountability report. According to this, the evaluation is conducted bottom-up, from the working unit to the directorate until the authority level. The units' performance is discussed during the evaluation meetings that are held twice per year, also attended by the Deputy Commissioner of KPK. The Deputy Commissioner discussed that KPK also has evaluation meetings in its monitoring stage, that are usually held quarterly. In the meetings, the participants discuss about the problems they are facing and their causes. These will be reviewed in the next period. At the end of the year, performance and adjustment of strategy will also be reviewed. He also affirmed that due to bureaucratic regulation, KPK has never succeeded to amend and adjust its strategic plan, unless there's a commissioners' replacement. Finally, the evaluation results will also be used and combined with strategic analysis mapping the strengths, weaknesses, opportunities and threats, to gain comprehensive data in order to prepare future plans. Moreover, evaluation results will be reported to secretariat general. The report includes information about target achievement, explanation about unachieved targets, and action planning for the next period.

In the evaluation process, KPK also benchmarks its performance with other foreign anti-corruption authorities. The Deputy Commissioner confirmed that CPI indicates the efficiency of the government and it is comparable to other anti-corruption authorities. Moreover, he also opined that each country has its own uniqueness characteristics related to authorities, organizational structure, number of people, area coverage, size of budget, law, regulation and technological advantage and many other features. Hence, benchmarking about overall performance might be less useful without having been aware of the differential factors that contributed to the result. Usually, benchmarking activities in KPK do not fully adopt the performance indicators. Instead, they focus more on the business model, technical aspect of operation,

law, regulation, technology implementation, leadership and management style, and human resource and organizational arrangement. Once their excellences are learned, then KPK has to adapt those to Indonesia and KPK's resources in order to ensure that best-practices can be best-fit and contribute benefits to the organization.

Rewards

Rewards constitute one type of control that normally motivates the employees' performance. The Deputy Commissioner confirmed that KPK has financial incentives for individual employees that are able to have outstanding performance. More specifically, the desired performance evaluation result is one of the prerequisites for employees, so that they will be able to get promotion and have opportunities to participate in employee development programs, such as scholarships and special training. On the other hand, employees with poor performance will not get any direct penalties or punishments. Instead, they will be deprived of the opportunities to get additional financial incentives, promotion, and take part in employee development programs.

V. ANALYSIS AND DISCUSSION

As it is already stated in the research, the differences related to the way that performance is measured in each one of the two authorities are manifest. In particular, the SNACU has only some kind of informal performance measurement system, whereas KPK makes use of BSC and 21 KPIs that contribute crucially to the measurement of its performance.

The implementation of BSC can be considered as a useful tool to measure KPK's performance. This tool supports KPK to define what should be achieved according to the strategic objectives and how to achieve them by having multidimensional performance measures. Moreover, KPK also discloses its BSC on its accountability report, in order to show its responsibility and accountability to the stakeholders. This is consistent with the findings of Kaplan and Norton (1992) about the role of BSC. KPK modifies the BSC perspectives so that they are aligned with the KPIs used as well as its strategic objectives. In this

way, KPK achieves to implement BSC approach in a more successful way.

Performance measurement is a part of management control system. As described in the literature review, there are several MCS frameworks that have been developed by the previous research. In Simon's Levers of Control framework, performance measurement can be categorized as one of the diagnostic control systems. This is consistent with the evidence of KPK, as they have a formal process to measure its performance. Even though both KPK and SNACU use their performance measures as a feedback system, it is only SNACU that has informal performance measures and thus it cannot be aligned with Simon's Levers of Control (1994).

From Ahrens and Chapman (2004) perspective, it can be said that performance measurement systems in both authorities play different roles in the management control. The informal performance measurement that is adopted by SNACU acts as an enabling control, to empower, inform, and give autonomy to the prosecutors as they are independent decision makers. On the other hand, the formal performance measurement that is implemented by KPK presents coercive control, where employees are required to comply so that the organization can achieve its strategic objectives. Additionally, from Malmi and Brown (2008) MCS package, it can be seen that the performance measures of the two authorities reflect the role of cybernetic controls that provide information and decision support systems for the managers.

Both SNACU and KPK measure their performance based on the output or direct effect that they can create. KPK has some formal measures related to how many cases are investigated and prosecuted during the year, whereas SNACU makes use of informal performance measures to measure its solved cases. In this way both authorities are similar in using the output measures. This is consistent with the finding of Bruijn (2002) regarding the possible way to measure the performance of public sector organization from its output.

Moreover, KPK attempts to measure its outcome or impact to the society by setting CPI as the main performance measure above the others. The expected impact that KPK has to create is the reduction in corruption level as stated in the first strategic objective, in order to fulfill stakeholders' demands. In fact, the responsibility of achieving this objective does not only belong to KPK, but also belongs to other

parties. Some of the measures like the corruption perception index and others, are based on perception. Therefore, they can be characterized as relative measures, thus making it more difficult to measure KPK's absolute performance. This is consistent with the argument of Bruijn (2002) who mentions the difficulties in performance measurement of public sector organizations due to the existence of other factors.

Indeed, KPK has 21 measures and it can be claimed that the authority measures a wide variety of things. However, as the measures are derived from strategic objectives, it can be said that KPK measures the right things because each of the measures has its own role in order to assess its performance. This is inconsistent with the research of Atkinson et al. (1997) in which it is stated that public sector organizations have tendencies to measure too many and wrong things.

In general, performance measurement in public sector, which is mostly done within KPK, is considered to be one of the key tools that contribute not only to the evaluation of the present performance of the organizations, but also to the process of decision making in order to enhance the quality of their service (Balaboniene et al., 2015). Therefore, this indicates that the use of performance measures contributes to the existence of a more effective management control system in many organizations. This conclusion accords with Malmi and Brown's (2008) findings.

More specifically, the use of performance measures provides KPK with various of advantages. To begin with, a performance measurement system entails a greater level of transparency within the organization, which in turn leads to increased knowledge regarding the fields that are performing effectively within KPK and where enhancements are required. In addition, it is a way that could add accountability, which is especially needed in complex cases in order to guarantee that involved parties are aware of their responsibilities and need to provide reasons for their performance. What is more, the system provides further motivation to employees for increased performance and better output, especially regarding that performance within KPK is directly linked to rewards that are desirable by employees. The aforementioned benefits are consistent with Brujin's research (2002).

On the other hand, the researchers believe that the use of performance measures, also brings some negative impact on KPK's overall operation. This is mainly related to the increased amount of bureaucracy that is created within the organization's departments,

which typically makes procedures more complex and time-consuming. Brujin's (2002) findings accord again with the drawback of bureaucracy owing of the use of performance measures.

With respect to SNACU, it seems that it constitutes an exceptional case compared to the majority of the public services organizations, that has its own unique characteristics. It can be argued that the use of formal performance measures related to the amount of cases solved, would not bring any significant advantages to the organization. For this reason, their current use is only limited and informal without really affecting the Unit's operation. However, the researchers suggest that the Unit could make use of performance measures related to the quality of its investigations, as it is probably the most important feature/factor that should be taken into consideration in solving corruption cases

The existence of performance measures and performance management systems in general by itself, is not enough for the ACAs to provide them with the necessary information and explain their overall performance. Indeed, the use of performance measures allows them to measure their results, but provides no information related to the way that they should use these results further. Hence, it is understandable that the ACAs should link in an appropriate way the use of their performance measures with other components, in order to manage their performance more effectively. This accords with Hopper et al. (2007) who argue that a broader feedback control system, into which performance measurement would be incorporated and corrective actions would occur, is required to make the measurement meaningful. The main procedures that are linked to the use of performance measures by the ACs in their attempt to manage their performance are target setting, evaluation and rewards, according to the researchers' belief.

To begin with, the process of target setting should be interrelated with performance measurement in the ACAs. In particular, through the use of performance measures, the ACAs can identify up to which point the targets already set are fulfilled. Moreover, the interpretation of the measurements provides them with useful guidelines regarding the way that they should set their future targets, as well as the improvements that should be made compared to the present targets. In this way, next targets that will be set is possible to fulfill up to a greater extent the SMARTER criteria, thus contributing to enhance the manner in which ACAs manage their overall performance

The evaluation that is conducted by both authorities seems to be inconsistent with the argument of Bohnet et al. (2016) about the tendency of focusing on separate individual evaluation than joint evaluation. The informal evaluation process that is conducted by SNACU can be categorized as separate evaluation that focuses on individual prosecutors, whereas KPK conducts both separate evaluation within the authority itself as well as joint evaluation with other authorities. The aforementioned evidence cannot reflect the preference of joint evaluation instead of individual evaluation.

As far as the benchmarking is concerned, only KPK conducts this process for learning purposes. Based on the categories that have been identified by Neely (2005), KPK's benchmarking can be classified as functional due to the comparison with other similar authorities. At the same time, it can be categorized as generic as well, since it compares internal processes.

Overall, from Ferreira and Otley's (2009) perspective, both authorities encourage objectivity in their performance evaluation. Indeed, there is probably low chance for ambiguity within the evaluation process because the authorities define a clear input-output relationship. The input is based on performance measurement and targets, whereas the output is related to future planning and rewards.

With respect to the use of a reward system, it is a means to provide the employees with additional motivation in order to improve their performance. Notwithstanding Bovaird and Loffler (2009) mention that it is not always effective and cannot guarantee any success, the existence of financial or non-financial rewards based on the results of performance measurement could offer ACAs the possibility to manage a higher level of overall performance. This potential improvement would stem from the performance of more satisfied or even knowledgeable employees, depending on the kind of rewards that they received.

VI. CONCLUSION

6.1 Research Summary

The purpose of this research is to investigate and compare the Performance Management System (PMS) within the ACAs in general affect the overall operation of the Anti-corruption authorities in Sweden and Indonesia. This was achieved by analyzing the similarities

and mainly the differences that exist not only in the performance measures used by the two authorities, but also in other factors that differentiate the performance management system such as target setting, evaluation and rewards. The selection of the topic has been inspired by the previous literature which mentions the significance of performance measurement and management in the public sector, combined with the universality of corruption problems in today's world and the crucial negative impact that they often create.

The researchers found that both the Anti-corruption authorities made use of performance measures and PMS, but in a very different way. More specifically, SNACU makes limited use of performance measures but only in an informal way, whereas KPK has 21 formal KPIs that are related to different perspectives BSC supported by well-defined PMS.

All in all, both authorities similarly seem to have concern on the importance of performance management system. However, there is no universal performance management system that is applicable for all organizations. In this case, each authority has their own performance management system that differ from one to another. SNACU adopts less complex performance measures and performance management system, whereas KPK prefer to utilize the more complex ones. This probably occurs owing to several factors related to the organizational structure, organizational size, scope of responsibilities, and workload within the two authorities.

6.2 Contributions

The main contribution of this research is to provide a deeper understanding of performance measurement and management in public sector organizations, and more specifically within the ACAs. In addition, the complexity of performance management in ACAs has been pointed out by presenting the factors that differentiate it.

In accordance with the purpose of this research, the theory, the empirical findings, the analysis and the discussion provided in this thesis could be beneficial for managers and employees who work in anti-corruption authorities worldwide. Indeed, it could be a possibility for them to get inspired over the degree of necessity of the use of performance measures and the way that they should be designed, in order to enhance their overall performance and the anti-corruption law enforcement.

Furthermore, the framework provided by the researchers could be a useful tool for further research related to performance management within public sector organizations. Lastly, the topic itself could be considered as some kind of contribution towards the global attempt to increase public awareness related to corruption, one of the most important issues that today's world faces.

6.3 Limitation and Recommendation

This research has some limitation related to the research scope and number of samples which makes it difficult to make a generalization. Firstly, the researchers carried out only one interview with only interviewee of each ACA, although they tried to interview more people What is more, they also attempted to receive information from ACAs of more countries, and not only from the two presented in this thesis. The aforementioned limitations restricted the depth of their knowledge, as they entail that the researchers are aware only of these people's perspectives on the topic, and have no knowledge about more employees' point of view, that could probably be different. Another important factor that should be taken into consideration is that the authorities which were examined do not have the same organizational structure and the same degree of dependence upon each country's government. As a consequence, this may affect their overall operation and thus their answers in the interview.

Therefore, it is suggested to have further research related to how performance measurement and management are designed within ACAs that operate in environments which have common characteristics, such as countries with the same or similar corruption level. Moreover, organizational type, dependency and number of employees in ACAs participating in the research as interviewees could also be considered in the sample selection in order to provide a better comparative research.

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