

CHAPTER I INTRODUCTION

I.1 Research Background

Strategic planning is an organization's process of defining its strategy and making decisions on allocating its resources to pursue some specific future plans. Strategic planning will also doubt an organization to address such questions as: where should the organization go next; how to get there; and what to do now (McKenna, et al, 2007).

A strategic planning describes the present and the future of an organization (Gates, 2010). The reason why the strategic planning should describe the future is because there is no guarantee that the previous strategy will work as well as in the past for the future. Therefore, the organization should maintain its strategy to be well thought and appropriate (Olsen, 2007).

In Indonesia, a lot of organization has taken a big consideration regarding its strategic plan. An organization that is doing so is Indonesian Government. This is critical because its strategic planning will determine the future state of Indonesians. Indonesian Government has stated a very specific rule about its strategic planning from the top level of regional government organization to the lower departments. The lower department within a regional government organization is called SKPD (*Satuan Kerja Perangkat Daerah*). Specifically, Act number 25 of 2004 explained that each SKPD should have its own strategic plan.

DISKOPERINDAG as it stands for *Dinas Koperasi, UKM, Perindustrian, dan Perdagangan* is one of SKPDs in Bandung Regency Government. DISKOPERINDAG is in charge of doing all the local government affairs in industry and commerce sectors. As mentioned that each SKPD be required to have a strategic planning, DISKOPERINDAG also has to construct a strategic planning called Renstra (*Rencana Strategis*) that later will be reported to the BAPPEDA as the local technical department in the field of research and regional planning in Bandung Regency. The activity of constructing the Renstra is

regulated in the Minister of Home Affairs Regulation number 54 of 2010 about stages, preparation procedures, control, and evaluation of regional development plan. This regulation stated all the requirements and guidance regarding the any kind of strategic planning within a regional government. The planning hierarchy at the local regional government is shown in Figure 1.1.

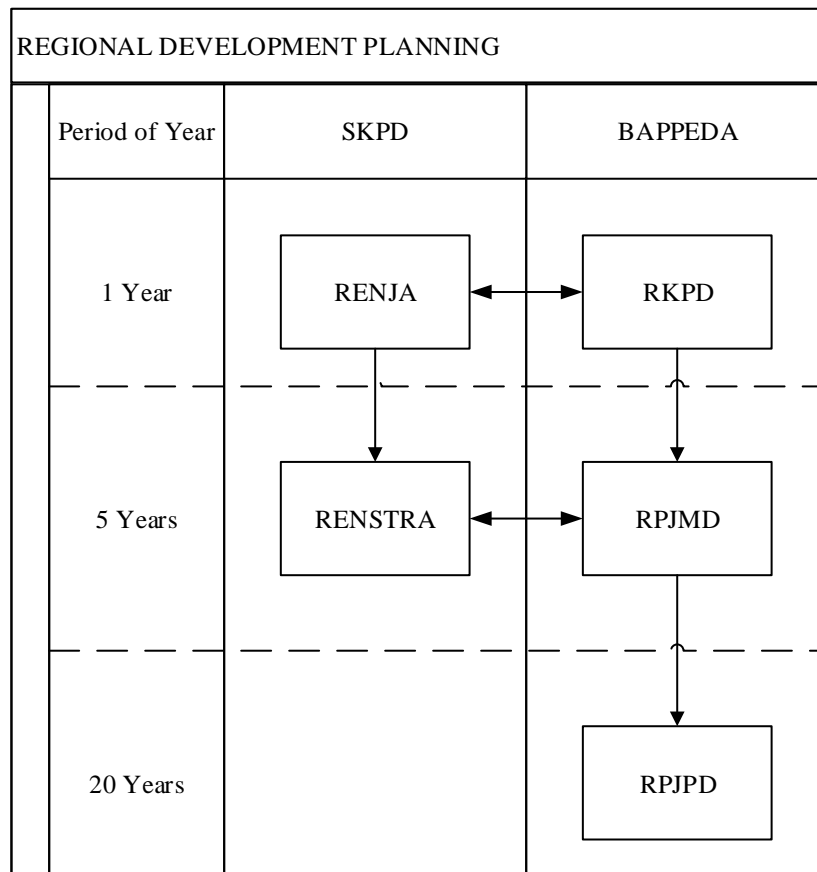


Figure I.1 Contents of Regional Development based on Minister of Home Affairs Regulation number 54 of 2010

The Figure I.1 portrays the sequence of making a regional development planning. It is started when a SKPD construct the Renja, some work plans that will be done implemented by the SKPD for 1 year period and Renstra for 5 years period. Renstra and Renja of DISKOPERINDAG will cover the development planning in industry and commerce sectors only. Later, the Renstra will be reported to the BAPPEDA as an input consideration to construct the RPJMD.

At the same time, BAPPEDA will construct the RKPD for 1 year period. RKPD is actually same as Renja, It contains the work plans for a whole year, but in the cover of preparation and implementation of regional policy in the field of regional planning in Bandung Regency. Besides RKPD, there are RPJMD and RPJPD. RPJMD contains strategy of regional development, financial policies, work plans, programs and general policies for BAPPEDA to live their operational function for the next 5 years. RPJPD is more general than RPJMD. It contains policies, vision and mission, and rules of implementation of how Bandung Regency will be in the next 20 years.

The Minister of Home Affair Regulation number 54 of 2010 already set the steps of constructing a Renstra which are:

- a. Preparation of SKPD's Renstra
- b. Preparation of SKPD's draft of Renstra
- c. Preparation of SKPD's final draft of Renstra
- d. Establishment SKPD's Renstra

Refers to The Minister of Home Affair Regulation number 54 of 2010, DISKOPERINDAG has a practical guidance regarding how to construct the Renstra, but DISKOPERINDAG doesn't have the technical guidance. The impact of not having this technical guidance is that there may be a possibility of failures and errors to occur while executing the processes. Based on the interview with the Head of Economic Development Planning subfields of BAPPEDA of Bandung Regency, there is no evaluation along the implementation of Renstra, so DISKOPERINDAG does not know whether their plans in Renstra are completed or not. BAPPEDA also noticed that the drafting team of DISKOPERINDAG's Renstra does not understand about the flow process of how to construct the Renstra. This was happened because the Minister of Home Affair Regulation number 54 of 2010 is not implemented yet within the DISKOPERINDAG at the time when DISKOPERINDAG was making the last period of Renstra.

DISKOPERINDAG did not put the indicators of achievement. This brings issues that the Renstra doesn't have a clear direction of development. Indicators of achievement can help measure and calibrate the progress toward sustainable

development goals (EPA, 2007). Therefore, the Renstra should include the indicators of achievements.

Based on an interview with Mr. Riyan as a staff of Kasubag Program DISKOPERINDAG never has some documentation of what the organization has done regarding the Renstra. As the strategic planning is so important for an organization to continue its business process life in the future, it needs to be well documented. The organization must spare some effort on how the document reflects the strategic planning (Adams, 2005).

The Renstra 2010-2015 that made by DISKOPERINDAG is not aligned with the RPJMD as mentioned in the Circular Letter of Regent of Bandung Regency No. 050/65-BAPPEDA. The content of the Circular Letter stated the points that are needed to be improved by DISKOPERINDAG regarding the process of constructing Renstra. The sample content of the Circular Letter No. 050/65-BAPPEDA can be seen below:

1. The procedure for the preparation of the Renstra SKPD 2010-2015 refer to appendix 4 in The Minister of Home Affair Regulation number 54 of 2010.
2. The result of verification from BAPPEDA shows that the draft of Renstra does not correspond with the RPJMD. The SKPD is expected to fix the Renstra within 7 days after the results of the verification is received and submit it back to the Head of BAPPEDA.

Aside from the Circular Letter of Regent of Bandung Regency No. 050/65-BAPPEDA, BAPPEDA as the customer of DISKOPERINDAG is already certified by ISO 9001:2008 in term of regional planning process of RKPD and desired that the business process of constructing the Renstra also comply with the requirements of ISO 9001:2008. Therefore, another guidance that can be applied to this making Renstra activity is the ISO 9001:2008, Clause 7.3 in particular. ISO 9001:2008 Clause 7.3 describes the steps and the requirements of an ideal process of designing and developing activities. ISO 9001:2008 Clause 7.3 can complete one another with The Minister of Home Affair Regulation number 54 of 2010 to perform a better business process of DISKOPERINDAG. Having ISO 9001:2008

in the process, can ensure that DISKOPERINDAG's products and services consistently meet customer's requirements and the quality is consistently improved (www.iso.org).

Table I.1 below shows the example of how ISO 9001:2008 Clause 7.3.1 can fill what's not mentioned in The Minister of Home Affair Regulation number 54 of 2010 in terms of review, verification and validation of each stage. The review helps to identify if there is any problem with the design and development. While the purpose of verification is to ensure that the design and development have met the requirements. And the purpose of validation is to ensure that the Renstra is capable of meeting specified intended to use. All of those activities and the complete list of ISO 9001:2008 Clause 7.3 are necessary to be implemented by DISKOPERINDAG in order to fulfill the requirements of ISO 9001:2008 Clause 7.3.

Table I.1 Comparison between ISO 9001:2008 Clause 7.3.1 and The Minister of Home Affair Regulation number 54 of 2010

7.3.1 Design and development planning	The Minister of Home Affair Regulation number 54 of 2010
a. The design and development stages	<ul style="list-style-type: none"> a. Preparation of SKPD's Renstra b. Preparation of SKPD's draft of Renstra c. Preparation of SKPD's final draft of Renstra d. Establishment SKPD's Renstra
b. The review, verification and validation for each stage and design.	-
c. The responsibilities and authorities for design & development.	The responsibilities are mentioned in the appendix 4 of The Minister of Home Affair Regulation number 54 of 2010

In the situation where DISKOPERINDAG doesn't have the written practical guidance regarding the business process of constructing Renstra , a SOP is needed as the technical guidance to allow all the process of making Renstra is assured works in. The SOP will make sure that every activity is well-documented, providing any documents needed, so it can minimize the opportunities for miscommunication among the employee. SOP ensures that a PIC will be responsible to a specified activity. The SOP will create a standard measure of performance that will provide concrete ways to improve performance and help to evaluate the efforts that have been made as it facilitate consistent conformance to a guidance (EPA, 2007). The SOP can also indicate compliance with organizational and governmental requirements which in this study is The Minister of Home Affair Regulation number 54 of 2010.

The role of SOP as a strategic document that represents the numbers of activity can be obtained if it's harmonized with the organization's business process. Therefore, DISKOPERINDAG should strive to form an ideal business process within its organization. The characteristics of an ideal business process are effective, efficient and adaptive (Harrington, 1991). Those conditions can be achieved by implementing BPI (Business Process Improvement) into organization's business process. The purpose of BPI is generally to improve productivity and competitiveness of an organization (Aura, 2005). Therefore, BPI method will be applied to help DISKOPERINDAG achieve those conditions by improving DISKOPERINDAG's current business process into a business process according to the Minister of Home Affair Regulation number 54 of 2010 and the requirements of ISO 9001:2008 Clause 7.3.

This research will generate a SOP based on the ideal condition of constructing the Renstra after improving DISKOPERINDAG's business process using BPI Method. The ideal condition will be intended to fulfill the Minister of Home Affair Regulation number 54 of 2010 and the requirements of ISO 9001:2008 Clause 7.3.

I.2 Problems Definition

The problem that will be appointed in this research is as listed below :

1. How to map the proposed business process to construct Renstra DISKOPERINDAG in Bandung Regency in accordance with Minister of Home Affairs Regulation Number 54 in 2010 and ISO 9001:2008 Clause 7.3 using BPI method?
2. How to design Standard Operating Procedure (SOP) to construct Renstra DISKOPERINDAG in Bandung Regency in accordance with Minister of Home Affairs Regulation Number 54 in 2010 and ISO 9001:2008 Clause 7.3?

I.3 Research Objectives

Based on the problem formulation above, the research objectives can be defined as follow:

1. Mapping the proposed business process to construct Renstra DISKOPERINDAG in Bandung Regency in accordance with Minister of Home Affairs Regulation Number 54 in 2010 and ISO 9001:2008 Clause 7.3 based on BPI.
2. Designing Standard Operating Procedure (SOP) to construct Renstra DISKOPERINDAG in Bandung Regency in accordance with Minister of Home Affairs Regulation Number 54 in 2010 and ISO 9001:2008 Clause 7.3.

I.4 Research Limitation

The limitations of this research are as follow :

1. The data used in this research is the data at the time of the research from November 2014 to June 2015
2. This study will be conducted until the suggestion stage. Implementation stage us not included.

I.5 Benefits of Research

The benefits of the research conducted are:

1. Give recommendation about the business process of constructing the Renstra in DISKOPERINDAG of Bandung Regency to fulfill the requirements of Minister of Home Affairs Regulation number 54 of 2010 and ISO 9001:2008 clause 7.3.
2. Give recommendation about Standard Operating Procedure of Renstra construction in DISKOPERINDAG of Bandung Regency that can be applied to fulfill the requirements of Minister of Home Affairs Regulation number 54 of 2010 and ISO 9001:2008 clause 7.3

I.6 Writing Systematics

This research will be described through this systematics writing below :

Chapter I Introduction

This chapter contains a description of the research background, problem formulation, research objectives, limitation of the study, benefits of the research, and systematics writing.

Chapter II Literature Review

This chapter contains a relevant literature under the research conducted and also covered the previous studies related to this research. The research method used is Business Process Improvement (BPI).

Chapter III Research Methodology

In this chapter described the conceptual model in systematic problem solving to investigate the problem observed. The stages that will be carried out includes: the preliminary stages of research, data processing stages, and the stages of analysis.

Chapter IV Data Collecting and Processing

This chapter describes the data collecting and processing stage. There are two kinds of data which are primary and secondary data, these data will be put in this chapter and processed to bring

out the result that will be designed in Chapter V

Chapter V Design and Analysis

This chapter contains the activity of designing the business process of constructing Renstra DISKOPERINDAG based on The Minister of Home Affairs Regulation number 54 of 2010 and ISO 9001:2008 clause 7.3 using BPI Method and RACI matrix. This chapter also contains the analysis of the business process design. The result of this stage is the proposed business process of constructing Renstra DISKOPERINDAG.

Chapter VI Conclusion and Suggestion

This chapter contains the conclusion of this research and the suggestion for DISKOPERINDAG and for the next research