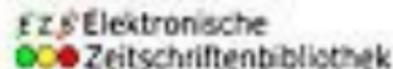


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# Institutional Revitalization in Public Sector: A Case Study at State Electricity Company in Gorontalo Province, Indonesia

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## Abstract

This study aims to analyze and to explain the importance of institutional revitalization in public sector. The study used qualitative method in the form of case study where the focus of research was at the State Electricity Company (henceforth called PT.PLN) in Gorontalo Province. There were two main data sources namely informants (PT.PLN manager as the key informant and employees and customers as additional informants) and documentation. The data were collected through in-depth interviews, observations, and documentation. They were then analyzed by classifying, clarifying and interpreting. The results showed that firstly human resources in PT. PLN are still dominated by those who have relatively low formal education level. Besides, areas and levels of expertise are less than ideal. Secondly, structural revitalization was merely done to rearrange the change of positions without paying more attention to sharpen and to deepen the roles and functions in the new position, which cause rigidity, and inflexibilities in performing their work. Third, the use of developed technology is not supported by the availability of access at the working area of PT.PLN which slowing the work performances. Last is that the implementation of company's business processes is not optimally done because there is no split of new electricity connection fee which is the responsibility of PT.PLN and other charged fee which make the fee of getting new electricity connection is more expensive.

**Keywords:** Revitalization, Institutional, Public Service.

## Introduction

This article describes an overview of the institutional revitalization process of getting new connection of electricity in PT. PLN Gorontalo. The institutional revitalization here refers to the changes of Decree No. 30 in 2009 about electricity. The decree makes PT.PLN has no longer position as the only Holder of Electrical Business Rights (henceforth called PKUK). Thus, it opens a new market for other companies to provide and to engage in the field of electricity. The other basis of this policy is the Regulation of the Minister of State Owned Enterprises No.01/MBU/2009 about the implementation of restructuring and revitalizing State-Owned Enterprises. Those regulations should be considered by PT.PLN as positive challenges to improve its performance. It should be able to meet the costumers' needs on the appropriate level of reliability and services given. This must be supported by high competence human resources who appropriately behave based on the norms and principles of good governance in Business Corporation.

Institutionally, there are some problems faced by PT.PLN. One of them is in delivering services which become the final stage of business process or activity in PT.PLN. Power crisis that hit PT.PLN in Gorontalo area since 2005 resulted in a long waiting list of having new electricity connection. Since 2009 PT.PLN has been making organizational transformation to overcome the electrical problems by fixing and improving the reliability system of the engine power to be able to meet the electricity needs in Gorontalo Province. When power crisis has been resolved, then the revitalization program involves institutional service function in PT.PLN is begun by giving opportunity to the costumers to have a new electrical connection particularly for those who have been waiting about five years which reached 14.879 potential customers.

The core of administration is the organization. According to Peters & Pierre (2007:77); Denhardt & Denhardt (2006:164) administration is a form of cooperation among people in certain group or organization based on the specific knowledge to achieve goals. With a multidisciplinary nature and administrative reform as a development

focus of extensive studies at the macro level, administration can begin the transform of the organization as the main point at the micro level (Caidenorm, 1969:183 & Leemans, 1976:7).

In addition, Gouillart & Kelly (1995) stated that companies or institutions empowerment can be done through a transformation to regularly redesign the genetic architecture of a firm as an organization. Besides, Anderson & Anderson (2001: 32) define the transformation is a radical shift from one circumstance to the others so that it requires a significant cultural shift, behavior, mindset to execute successfully and continues all the time. Organizational transformation may occur in the structure, technology and people (Greenberg & Baron, 2003: 590). Meanwhile, according to Robbins (1994: 428) the human intervention strategy, structure, technology and organizational processes undertaken to implement the transformation in organizations.

Another opinion expressed by Potts & LaMarsh (2004: 37) argued that there are four aspects of the transformation target in which two of them similar to Robbins & Greenberg & Baron, the structure and people while two other aspects are the processes and culture. Harvard Business Review (2003: 8) suggests the presence of four targets, namely the transformation of structural change, cost cutting, process change, and cultural change. In addition, Hussey (2000:6) stated that there are six factors that drive the need for transformation, they are: technological improvement, intensive and global competition, more demanding customers, the increasing of public-owned businesses privatization, shareholders demand more value. Meanwhile, Kreitner & Kinicki (2001:659) noted that the need for transformation is influenced by two factors, namely external forces derive from outside the organization and internal forces comes from within the organization.

Administrative reforms in the micro level can be started by doing organizational reformation or transformation. Akib (2011:227) stated that organizational transformation can be achieved simultaneously through 5-R models namely: reframing, restructuring, revitalizing, renewal, and re-inspiring. This opinion gives the understanding that organizational transformation can be done in various ways which are based on the changes or updates to the organization. In addition, according to Gouillart & Kelly (1995) revitalization in organization means changes within the organization intended to boost the growth of the organization by aligning the organization with its environment.

Every transformation effort particularly in the form of revitalization should have a clear direction that leads to the expected conditions. Thus, revitalization should have clear goals and objectives. The purposes of the planned revitalization are to improve the organization's ability to adapt to changes of the environment and to seek the change of employee behavior (Robbins, 1994: 420).

## **Method**

The method used in this study is qualitatively by using a case study approach. This case study is also intended as a research approach to the study, explain, or interpret a case in the context of institutional public sector revitalization naturally without the intervention of outside parties.

Sources of data obtained through two sources, they are: (1) the informants which consists of key informant namely PT. PLN Manager of Gorontalo area, and the secondary informants namely employees and customers of PT. PLN in Gorontalo area. The informants were chosen based on the information given by the selected informants. These first informants knew and showed other possible informants who considered know more about the issues to be examined. (2) The documentations are used to solicit the information, such as written policies, procedures or mechanisms and other information related to the research. Data were collected through in-depth interviews, observation, and documentation. The instrument in this study is the researchers themselves who examined and explored the data carefully, orderly and freely on the implementation of the revitalization in PT. PLN as institutional public sector.

## **Findings and Discussion**

### *Institutional Revitalization of New Electricity Connection*

On the implementation of the GRASSS program, PT. PLN has made a policy to maximize the service to revitalize the new connection services. Revitalization towards the process on new electricity connection are performed in several stages, they are the revitalization of human resources, structure, technology, and process. Thus, the services can be done easily, quickly and affordably.

### **Human Resources Revitalization**

PT. PLN revitalizing its human resources by having a wide ranges of education and training to employees both locally and nationally. However, it has not been able yet to overcome the problems of a new electric connection because of the age gap composition, expertise and the complexity of procedures. Some employees are less responsive to customers' needs. This problem occurred due to the unbalanced ratio between the number of

employees and the number of existing customers. However, since 2003 PT. PLN have recruited new employees but still it cannot overcome this problem.

The current condition of the existing employees in March 2013 shows that the education status of employees is dominated more by high school graduates by 70.86 %, and the rest 29.14 % are undergraduate. This illustrates the gap of knowledge, skills, and expertise of employees due to formal education acquired which can enhance the ability of the individual. The higher the education level, the better the employees' creativity and ability to carry out their duties and responsibilities. This is in line with Ulrich (1995) (as cited in Hutapea & Thoha, 2008: 6) who stated that knowledge, skills and abilities gained from an educational process are the competencies possessed by the individual to be demonstrated in doing their jobs.

This condition indicates the need of systematic steps to increase employees' knowledge to support effectively the implementation of the tasks and roles in achieving the vision and mission of the company. In line with this statement, Gibson & Goleman (2003) stated that there are some theories in each level of education, which are important regarding to the development in solving the problems faced.

#### Structure Revitalization

This can be done by giving the authority of handling new electricity connection to the lower level sub-regions. In this revitalization, there should be Standard Operating Procedures to be performed and complied by all parties. In Gorontalo, PT. PLN working area is divided into 4 regions. To make it is easier, these regions are broke down into 21 sub-regions. From these sub-regions, there are only 10 sub-regions led by permanent PT. PLN Employees, while the rest are led by outsourcing employees. This condition illustrates the employee shortages as the agent of community service.

Therefore, there are some cases happened. The most common case is the diversion of cost of installing new electricity connection in sub-regions due to some reasons. First, the installation of new services are collected and saved until several days and then brought to the region office for further processing. Second, the distance between region office and sub-regions is far away which influence service cost and time processing. Third, the heads of sub-regions office are dominated by outsourcing employees. This condition is contradict to the rules of the company where strategic positions and tasks should be done by PT. PLN Permanent employees and not by outsourcing workers.

This condition causes some unscrupulous cases regarding to the cost of new electricity connection committed by fraud leaders of sub-regions. Thus, the management of PT. PLN must find a way to realize a new electricity installation for customers who have already paid. As a result for accountability issue, the punishment is imposed to the PT. PLN employees based on the regulation. However, for the outsourcing workers, the process will be longer due to their job status, which make it is difficult for the PT. PLN manager to get their accountability either morally or financially.

The phenomenon above is different from the theory proposed by Kast & Rosenzweig (2002) who argued that the formalization would direct the behavior of employees to be programmed in the performance of duties and roles. However, in the reality, the internal employees ignore and violate the rules. This is because there is an opportunity for them to commit an offense.

#### Technology Revitalization

In delivering their services, revitalization of the technology has been conducted by using a call center 123 and PT. PLN website. This is done to limit the opportunities of brokering practices that ruin the image of PT. PLN. Nevertheless, these programs are less optimal since the costumers are preferably get any third parties do the process of having new electricity connection rather than do themselves by utilizing the provided sophisticated technologies.

There are some reasons why this happen. First, the information of the new electrical connection procedures is not clear enough for the costumers. Second, there is a common belief that it takes time if they manage having new electrical connection by themselves. The last is that there is still some limitation of the internet access connections across Gorontalo province due to geographical, financial and accessible reasons. Therefore, it is important to socialize PT. PLN programs directly to the community and strengthen the Internet connection in sub-region offices.

Besides, Kast & Rosenzweig (2002) stated that the organization must be able to unite people and technology in the implementation of complex tasks and functions to achieve its objectives. In addition, Creech (1996) stated that the presence of technology would help the employees to be more creative to design and develop positive thinking strategies to improve their good or even best performance. However, these two theories will be difficult to be implemented since most of the employee work if there are managerial forces to do something or to set any decisions for the betterment of the organization to achieve its objectives.

### The Process Revitalization

Dealing with the revitalization of process, there are still some problems dealing with the process of getting new electricity connection. One of the problems is the total cost which must be paid is more expensive than that written and published in PT PLN counters. It raises a debatable issue in the community and future customers, which cause a negative impression towards PT. PLN services. The price among PT. PLN sub-regions is varying. However, it is supposed that PT. PLN has similar price for the new electrical connection. It should only charge the connection fee, which becomes its responsibility. But, there are still some employees who billed additional charges such as installation cost and other expense for installers beyond the actual costs given by PT. PLN. This happens because it becomes their bad habits, which must be diminished for the betterment of PT. PLN services and image.

Ideally, the work mechanism of giving service to the customer should be based on the technology information, which becomes the main reference and service processes, especially in the electrical service activities. In addition, Potts & LaMarsh (2004) stated that the organization should be able to overcome problems or obstacles, which may slow down the services which can be delivered quickly and accurately.

### Conclusions

After describing the case study on the revitalization of the public-sector institutions in the implementation of the new connection of electricity in PT. PLN of Gorontalo area, it can be concluded that it is important to foster an integration of proposition on the implementation of institutional revitalization.

To revitalize the new electricity connection, the human resources who are spearheading the program should be forced to change. Changes made by strengthening the organizational culture that values organizational culture affects how people behave which will have an impact on the provision of servant to the community or customers. Enhancing the duties and roles which have been divided should be well implemented by utilizing effective communication and coordination through technological facilities that have been provided to back up the company's activities. Internal factors that determine institutional revitalization is to strengthen the leadership of area managers to Sub -District level which acts as an agent of change and a consistently focus on the simplification process of getting a new electricity connection fast, easily, and affordably.

The undertaken strategies should be reinforced by the socializing the products, programs, and policies of PT. PLN continuously to the remote regions. This needs to be done to avoid any irresponsible brokers to get a chance of public ignorance about the new electrical connection procedures. Thus, the public and potential customers become aware that PT. PLN, consultant, and installers are different institution or agents. All those beneficial things should be done to revitalize PT. PLN for its betterment for both images and services above all.

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