

THE IMPLEMENTATION OF ORGANIZATION DEVELOPMENT AT PT PEMBANGKITAN JAWA-BALI (CASE STUDY APPLICATION OF PROPER-BASED PERFORMANCE ASSESMENT SYSTEM IN CORPORATE SOCIAL RESPONSIBILITY DEPARTMENT)

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ABSTRACT

Background – PT Pembangkitan Jawa-Bali (PT PJB) is a subsidiary of PT PLN (Persero) which participates in the Business Performance Rating Program in Environmental Management (PROPER) organized by the Ministry of Environment and Forestry (MoEF) of the Republic of Indonesia based on Ministry of Environment Regulation No 06 year 2013. As a subsidiary of PT PLN (Persero), PT PJB establishes management contracts which aim to get a Gold PROPER rating from the MoEF. Even so, the company still has some challenges as it encounters several problems of managing CSR internally. As a first step, PT PJB, especially in CSR Department, has made improvements in its organization by implementing a PROPER-based performance appraisal system in managing CSR in all PT PJB Power Plants.

Purpose – Examining the phenomenon which has been occurring for the past several years, researcher decided to conduct observations and interviews. This study tries to explain descriptively how changes have been designed and implemented through the "Performance Management Model" approach.

Design / Methodology / Approach – This study is a qualitative field research. The data for this research were collected through observation and interviews. Focus interview were about CSR concept, Company's goal and target, integrated CSR management to Company's vision and mission, CSR management problems in different area, and social-environment national issue. Data collected were then analyzed using content analysis method

Result and Discussion – Positive impacts were found after the implementation of change in management model at the CSR Department, such as maturity level in CSR management increased, charity program decreased, and human resources capability increased. The result that One of the company's Power Plants, Paiton Power Plant, won the Gold PROPER rating. It could be considered as the biggest achievement since the company became the only power plant in the PLN (Persero) Group which first obtained a Gold PROPER rating.

Conclusion – The establishment and implementation of PROPER-based governance system would not be optimum if it did not involve employees (Head Department, Managers, Supervisors, and staff) mastering in CSR.

Research Limitations – This study has limitations in reference, namely the limited researches and previous journals on organizational change, particularly in the management of its CSR activities, which researcher found as reference material.

Keyword : Social, Development, Organization, Intervention, Human, Performance

ABSTRAK

Latar Belakang - PT Pembangkitan Jawa-Bali (PT PJB) merupakan anak perusahaan PT PLN (Persero) yang mengikuti Business Performance Rating Program in Environmental Management (PROPER) yang diselenggarakan oleh Kementerian Lingkungan Hidup dan Kehutanan (KLHK) Republik Indonesia berdasarkan Peraturan Menteri Lingkungan Hidup No 06 tahun 2013. Sebagai anak perusahaan PT PLN (Persero), PT PJB mengadakan kontrak manajemen yang bertujuan untuk mendapatkan peringkat PROPER Emas dari KLHK. Meski demikian, perusahaan masih menghadapi beberapa tantangan karena menghadapi berbagai kendala dalam pengelolaan CSR secara internal. Sebagai langkah awal, PT PJB khususnya bagian CSR telah melakukan perbaikan dalam organisasinya dengan menerapkan sistem penilaian kinerja berbasis PROPER dalam pengelolaan CSR di seluruh Pembangkit Listrik PT PJB.



Tujuan - Menelaah fenomena yang telah terjadi selama beberapa tahun terakhir, peneliti memutuskan untuk melakukan observasi dan wawancara. Penelitian ini mencoba menjelaskan secara deskriptif bagaimana perubahan telah dirancang dan diimplementasikan melalui pendekatan "Performance Management Model".

Desain / Metodologi / Pendekatan - Penelitian ini merupakan penelitian lapangan kualitatif. Pengumpulan data dilakukan melalui observasi dan wawancara. Fokus wawancara membahas tentang konsep CSR, tujuan dan sasaran Perusahaan, pengelolaan CSR yang terintegrasi dengan visi dan misi Perusahaan, masalah pengelolaan CSR di berbagai bidang, dan masalah sosial-lingkungan nasional. Data yang terkumpul kemudian dianalisis dengan menggunakan metode analisis isi.

Hasil dan Pembahasan - Dampak positif ditemukan setelah diterapkannya perubahan model manajemen di Departemen CSR, seperti tingkat kematangan dalam pengelolaan CSR meningkat, program amal menurun, dan kemampuan sumber daya manusia meningkat. Hasilnya, salah satu Pembangkit Listrik perusahaan, Pembangkit Listrik Paiton, meraih peringkat PROPER Emas. Pencapaian tersebut bisa dikatakan sebagai pencapaian terbesar karena perseroan menjadi satu-satunya pembangkit listrik di Grup PLN (Persero) yang pertama kali memperoleh peringkat PROPER Emas.

Kesimpulan - Pembentukan dan implementasi sistem tata kelola berbasis PROPER tidak akan maksimal jika tidak melibatkan pegawai (Kepala Departemen, Manajer, Supervisor, dan staf) yang menguasai dalam penguasaan CSR.

Batasan Penelitian - Penelitian ini memiliki keterbatasan rujukan yaitu terbatasnya penelitian dan jurnal sebelumnya tentang perubahan organisasi, khususnya dalam pengelolaan kegiatan CSR-nya yang ditemukan peneliti sebagai bahan rujukan.

Kata Kunci : Sosial, Pengembangan, Organisasi, Intervensi, Manusia, Kinerja

INTRODUCTION

PT Pembangkitan Jawa-Bali (PT PJB) is a subsidiary of PT PLN (Persero) which engages in electric power industry. As a subsidiary of PT PLN (Persero), PT PJB received a management contract from PT PLN (Persero). One of them managed to get a Gold PROPER rating from the MoEF of the Republic of Indonesia. PT PLN (Persero) sets a goal that PT PJB In running the business, PT PJB and its operational activities give big impacts on the communities around the plants owned by the company. The impacts are on the environment and social life for the society.

To manage these impacts, there are departments that help maintain the company's sustainable business, namely Corporate Social Responsibility (CSR)

Department and Health Safety Security Environment (HSSE) Department. In the HSSE Department, they strive to manage the environment due to the power plant operation. The actions taken are B3 waste management (Hazardous and Toxic Materials), non-B3 waste management, exhaust emissions management, water pollution management, and energy efficiency. Besides, the CSR Department focuses on empowering communities around the power plants.

Based on the Ministry of Environment Regulation No. 06 year 2013 about the Business Performance Rating Program in Environmental Management (PROPER) article 09, the ratings of business performances and/or activities are determined as follow.



1. Gold is for businesses and/or activities that have consistently demonstrated environmental excellence in terms of production or service processes, conducted business ethically and been responsible towards society.
2. Green is for businesses and/ or activities that have performed environmental management beyond compliance through the implementation of environmental management systems and efficient utilization of resources, as well as carrying out social responsibility in a fine manner.
3. Blue is for businesses and/or activities that have performed environmental management as required in accordance with any applicable laws.
4. Red denotes that the environmental management effort does not meet the requirements stipulated in the law.
5. Black is for businesses and/or activities that intentionally perform any act or omission that leads to pollution or environmental damage and violations of laws and regulations or do not carry out administrative sanctions handed down to them.

To achieve the target of a Gold PROPER rating is a difficult challenge. In the PROPER ratings for the period of 2011-2012, from a total of 1.317 companies from manufacturing, mining, energy, oil and gas,

agro-industrial, industrial estates and services sectors, there were only 12 companies (1%) that received Gold ratings, 119 companies (9%) received the Green ratings, 771 companies (59%) were rated as Blue, and 331 companies (25%) were rewarded with the red ratings. In the period of 2011-2012 there were as many as 79 companies (6%) that were rated as Black by the MoEF, as a result of waste management that might cause environmental pollution (Karliansyah and Reliantoro, 2013). The following picture shows the performance of PROPER ranking at PT PJB's Power Plants.

In addition to fulfilling the management contract with PT PLN (Persero), complying PROPER's performance was one of PT PJB's strategic objectives in 2013-2018. Specifically, it intended to be an attractive company to partner/ investor and other stakeholders. Furthermore, it was to ensure SHE (Safety, Health, and Environment) and Regulatory Compliance. Because of these issues, PT PJB must make an improvement in the CSR Department, especially in management system of CSR. CSR management maturity level was still low due to several factors:

1. CSR activities were still dominated by charity events. Meanwhile, to get a Gold PROPER Rating, CSR programs must focus on community development or empowerment program.



2. CSR programs executed were still in the forms of proposal from the surrounding communities and did not properly address some problems encountered by communities around Power Plants. Meanwhile, a good CSR program should be proposed after did a social mapping.
3. CSR programs performed were not sustainable and lack of community empowerment as it was dominated by “hit and run” programs.

Based on the discussion above, CSR Department of PT PJB made some improvements by constructing a governance system based on evaluation carried out on PROPER in early and late 2014. The highlights were regulation, budget management, planning,

implementation, monitoring and evaluation, internal-external relationship, as well as publication. Afterwards, the governance system was applied to performance appraisal system of power plants contracts which was carried out every semester in the current year. If CSR Department could not meet the target established in the contracts, there would be a reduction in points of power plants performance. Thus it could affect overall employee compensation in the power plants. This condition then drove an action of change carried out by CSR Department.

In this study, researcher would only describe how a change is designed and implemented using “Performance Management Model” approach.

| UP MUARA TAWAR | | | |
|----------------|---------|---------|---------|
| 2009/10 | 2010/11 | 2011/12 | 2012/13 |
| BLUE | BLUE | BLUE | BLUE |

| UP PAITON | | | |
|-----------|---------|---------|---------|
| 2009/10 | 2010/11 | 2011/12 | 2012/13 |
| BLUE | BLUE | BLUE | BLUE |

| UP GRESIK | | | |
|-----------|---------|---------|---------|
| 2009/10 | 2010/11 | 2011/12 | 2012/13 |
| BLUE | BLUE | BLUE | BLUE |

| UP MUARA KARANG | | | |
|-----------------|---------|---------|---------|
| 2009/10 | 2010/11 | 2011/12 | 2012/13 |
| RED | BLUE | BLUE | BLUE |

Figure 1. PJB's PROPER Achievement Award
 Source : Company Internal data year 2019

LITERATURE REVIEW

Organization Development

Organization development is a system-wide application and transfer of behavioral science knowledge to the planned development, improvement, and reinforcement of the strategies, structures, and process that lead to organization effectiveness (Cummings and Worley, 2015).

Human Resources Management Interventions

An organization development intervention is sequence of activities, actions, and events intended to help an organization improve its performance and effectiveness. Interventions design, or action planning, derives from careful diagnosis and is meant to resolve specific problems and to improve particular areas of organizational functioning identified in the diagnosis (Cummings and Worley, 2015).

There are four major organization change methods used in OD today, such as: human process interventions, techno-structural interventions, human resource management interventions, and strategic change interventions (Cummings and Worley, 2015). For this case, researcher used Human Resources Management Interventions with “Performance Management Model” approach.

Performance Management Model

Performance management is an integrated process of defining, assessing, developing, and reinforcing employee work behaviors and outcomes (Lawler and Boundeau, 2012); (Mohrman et al., 1990); (Lawler, 2008).

Organizations with a well-developed performance management process often outperform those without this element of organization design (Lawler and Boundreau, 2009); (McDonald and Smith, 1995); (Bernthal et al., 1997). As shown in Figure 2, Performance management includes practices and methods for goal setting, performance appraisal, training and development, and reward system. These practices jointly influence the performance of individuals and work groups (Cummings and Worley, 2015). Goal setting specifies the kind of performances that are desired, performance appraisal assesses those outcomes, training and development systems build individual competences; and reward systems provided the reinforcement to ensure that desired outcomes are repeated (Cummings and Worley, 2015).

Then, there are at least three contextual factors that determine how these practices affect work performance: business strategy, workplace technology, and employee involvement (Riedel et al., 1988); (Earley et al., 1989); (Perry, 1988); (Lawler III, 1986); (Mohrman et al., 1990).

A Performance Management Model

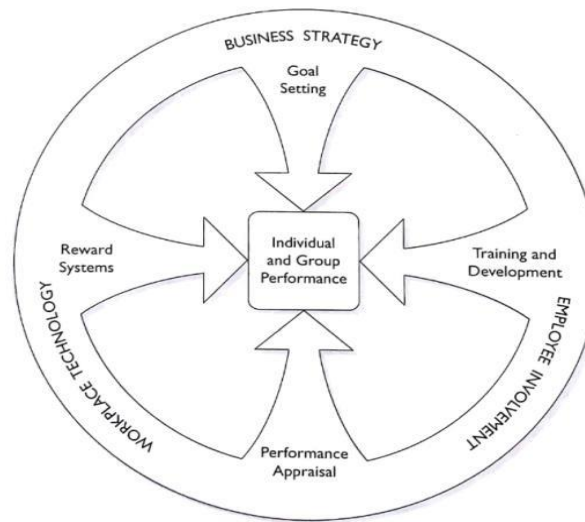


Figure 2. Performance Management Model.
Source : Adapted from Cummings and Worley, (2015)

RESEARCH METHODS

Technique of Data Collection

This study is a qualitative field research. A descriptive method is used to examine the status of human being, an object, a set of condition, a system of thought, or a set of occurring events. The objective of descriptive research is to describe facts, characters, and relationship between phenomenon being investigated systematically, factually, and actually (Nazir, 2009).

The data for this research were collected through observation and interviews. Total respondent that being interviewed was four persons such as CSR Manager Head Office, CSR Supervisor of Paiton power plant, CSR staff of Muara Karang Power Plant, and External CSR Expert. Focus interview were about CSR concept, Company's goal and target,

integrated CSR management to Company's vision and mission, CSR management problems in different area, and social-environment national issue. So, this research can be seen how far the company's understanding of CSR, and its application, as well as the existing problems.

This study has limitations in reference, namely the limited researches and previous journals on organizational change, particularly in the management of its CSR activities, which researcher found as reference material.

Technique of Data Analysis

Data collected were then analyzed using content analysis method, which attempts to summarize comments into meaningful categories. When well done, a content analysis can reduce hundreds of interview comments into a few themes that effectively

summarize the issues or attitudes of a group of respondents (Cummings and Worley, 2015).

RESULT AND DISCUSSION

Implementation of Goal-Setting

In order to make the governance system accepted and implemented with full responsibility by all power plants, its establishment had to involve supervisors of CSR serving as person in charge and administrator/staff of CSR in power plants.

The process of drafting the governance system started with the making of draft system by CSR team in head office. The draft system was then discussed cooperatively with all CSR team. It took 2 days for the discussion which addressed the establishment of standards used for CSR management. In arranging the governance system, CSR team from head office was assisted by external consultant who masters PROPER and its standards of evaluation. The external consultant was needed to minimize gap in fulfillment of standards required in PROPER. The main element of goal setting is defining target to be achieved. The target should be challenging and realistic at the same time in order to make it achievable. In addition, high commitment was needed (Cummings and Worley, 2015). After the new governance system of CSR approved by all Power Plants, each supervisor established the target of stream performance contracts

or key performance indicator (KPI) named by “Community Involvement and Development.” That was a good signal to implement the KPI model because it was integrated to PROPER Evaluation Model used to by MoEF. Also, CSR KPI model was the new form in PJB Group after doing CSR activity since 1995. So, PT PJB could do self-assessment, evaluate, and improve its maturity level of CSR management.

The second element from Goal Setting process was negotiating with employees and supervisors regarding to resource availability which might affect the goals achievement process (Cummings and Worley, 2015). The process of determining target had been through a heated discussion between CSR Department of Power Plants and CSR Department of Head Office. Most of the CSR managers settled low target and tended to play “safe.” The negotiation further ended with selecting middle value or median between target proposed by CSR Department of Power Plants and CSR Department of Head Office.

Training and Development Implementation

After the settlement of performance contract for all CSR units, CSR team from head office coordinated with Human Resource Department (HRD) to organize trainings for all CSR officers in Power Plants. The trainings were categorized based on necessity; basic, moderate and advance. By

202



inviting some providers, all the CSR personnel were required to attend trainings of CSR management. The participation in trainings then became a mandatory component in CSR governance system.

Reward System and Performance Appraisal Implementation

The results from each employee played a big role in helping achieve the target of performance contracts and contributed to Power Plants in attaining desired PROPER rankings (Green or Gold rating). In every semester, PT PJB has been applying performance appraisal system for every employee. The evaluation was done by leaders of each employees. From the results of the evaluation, each employee would get rewards based on their performance.

Impact of Change

The process started showing positive impacts gradually such as maturity level in

CSR management increased, charity program decreased, and human resources capability increased. Finally, some Power Plants owned by PT PJB managed to achieve a green PROPER rating in 2013-2014. Furthermore, the achievement of gold PROPER rating by PT PJB Power Plants Paiton in 2017 proved that the changes had a great positive impact.

The target was unexpectedly achieved faster as the company priory aimed to achieve it in 2018. This achievement marked the company's biggest accomplishment as it became the first and only electricity generator within PLN Group to get the gold PROPER rating. This attainment made the programs of CSR UP Paiton become interesting and could possibly attract other corporates, especially within PLN Group, to conduct benchmarking.

| 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---------|---------|---------|---------|---------|---------|
| BLUE | BLUE | GREEN | GREEN | GREEN | GREEN |

Figure 3. PJB's Achievement of PROPER at Unit Pembangkit Muara Tawar
 Source : Company Internal data year 2019

| 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---------|---------|---------|---------|---------|---------|
| BLUE | BLUE | GREEN | GREEN | GREEN | GOLD |

Figure 4. PJB's Achievement of PROPER at Unit Pembangkit Paiton
 Source : Company Internal data year 2019

| 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---------|---------|---------|---------|---------|---------|
| BLUE | BLUE | GREEN | GREEN | GREEN | GREEN |

Figure 5. PJB's Achievement of PROPER at Unit Pembangkit Gresik
 Source : Company Internal data year 2019



| 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---------|---------|---------|---------|---------|---------|
| BLUE | BLUE | BLUE | BLUE | GREEN | GREEN |

Figure 6. PJB's Achievement of PROPER at Unit Pembangkit Muara Karang
Source : Company Internal data year 2019

CONCLUSIONS

In conclusion

1. The establishment and implementation of PROPER-based governance system would not be optimum if it did not involve employees (Head Department, Managers, Supervisors, and staff) mastering in CSR.
2. The competence of CSR field workers increased after they participated in CSR programs management trainings from basic level, medium and advance.
3. The positive impacts of changes were experienced by all CSR employees, both in head office and Power Plants.

RESEARCH IMPLICATION

PT PJB should update regularly PROPER-based governance system and adjust in accordance with the newest regulations from the Ministry of Environment and Forestry (MoEF). Then, PT PJB should develop the new model CSR evaluation. Not only evaluate the CSR Management, but also evaluate the CSR Program that meet criteria of MoEF. For future research, in observing about organizational development study, should try different approaches to find other perspectives.

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