

Public Service Performance In Small Islands: Does Management Matter?

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Abstract

The objective of research is to review, describe and analyze the development process in small islands of Indonesia and its implication to the availability of public service facilities. The Directorate of Small Islands Empowerment (DP2K) is the main actor behind this development through each program which involves various affected sectors. Method of research is qualitative approach, whereas type of research is descriptive. Data source is derived from observation, informants and documents. Data analysis technique is interactive model analysis suggested by Miles & Huberman (2014) which includes data collection, data reduction, data presentation, condensation and conclusion. Such approach is supported by Sugiyono (2011) and Nasir (1988). Focus of research is pursuant to Moleong (2007). Data collection technique is in conforming to Singarimbun and Effendi (1989). Research instrument is aligning with Sugiyono (2011). Result of research indicates that main activities done by the government for the interest of small islands are self-management, contractual, devolution and DAK. Result also shows that facilitation program in small islands is not effective unless there is a flexible and corporate-based managerial system. In general, the process already engages the development actors (private sector), and its implementation is underlined by the principles of efficiency, effectiveness, transparency, responsibility and accountability. This process is also supported by a performance management technique because such managerial effort is needed to investigate the achieved target of facilitating public sector in small islands that are vulnerable and backward in their development.

Keywords: small islands, public service, change and performance management.

1. Introduction

The development program executed in small islands needs a caution since the making of planning until the implementation of program. Specific characteristic of small islands is that the islands are susceptible to any changes, either naturally or causally due to wrong development order (Kelman, 2014; Sharpley dkk, 2014). The islands are surrounded by waters, and their location is quite isolated with limited accessibility. Such conditions lead to more expensive cost for delivering public service in the islands if compared to the development in *mainland* (Pevcin and Rakar, 2015). Besides, geographically, small islands are mostly positioned in the isolated area with limited accessibility or no access at all. The waters may be not friendly. The development in small islands, such as procuring public service, always needs extra resources, either in finance, planning, access or implementation (Kelman, 2014b; Butcher-Gollach, 2015). For more optimum development in small islands, which is effective, efficient and accountable, then good management is needed in the realms from planning to execution. Some specific approaches may be proper such as sharing responsibility (Ibell, 2015), Integrated Coastal Zone Management (ICZM) (Farhan and Lim, 2013), Local Initiative (Ruane, 2014), and clearly defined performance measurement framework (Foo et al, 2015; Kaiser-Bunbury, 2015; Andrews, 2014).

Small islands management policy in Indonesia has been stated in Law No.27/2007 on The Management of Coastal Regions and Small Islands. To ensure that this law is implemented, this law is supported by regulation, including Government Regulation No.62/2010 on The Utilization of The Outmost Small Islands (PPKT) and the Regulation of The Minister of Marine and Fishery No.20/2008 on The Utilization of Small Islands and Surrounding Waters. Through the presence of such law umbrella, then the development activities in small islands can be made more effective and sustainable.

For executing the strategic plan of the Minister of Marine and Fishery (2011-2014), the managerial activities must be arranged in tiers (Bappenas, 2014). The General Directorate of Marine, Coast and Small Islands (Ditjen

KP3K) has made a grand design for a key program, called the Management of Marine, Coast and Small Islands Resources, and the execution is done by the Directorate of Small Islands Empowerment through the annual plans for projects and activities. In executing the program, the Directorate has used some approaches including self-management, contractual and deconcentration.

Aligning with the issues above, the coordinator for programs and activities at the Directorate of Small Islands Empowerment has said that:

“The annual plans for projects and activities in the Directorate are set for term of four years (2010-2013) and realized through self-management, contractual, and deconcentration. It differs from previous years that only include self-management and contractual. Policy made by leadership has encouraged the implementation of activity planning through deconcentration. Infrastructures in small islands are procured and facilitated in integrated manner through specific funding called DAK (Specific Allocation Fund). All these approaches ensure that targets will be achieved or possibly exceeded.”

Pursuant to data from the documents of the Recapitulation of Development Main Activities in Small Islands in Year 2011-2013, there are 13,466 islands reported. Each budget year always encloses the number of islands to be managed by the Directorate. Efforts are made to increase the number of small islands that can be managed by the Directorate. As said by an officer at the Directorate of Small Islands Empowerment,

“We have worked optimally, effectively and efficiently to carry out the plans for activities and budgets to ensure that targets given to the Directorate are achieved or exceeded. However, main key consideration is the consistency in the availability of fund and budget. Punctuality is also important because the implementation must directly touch with the natural condition which is sometimes not friendly to the development activities in small islands.”

The implementation of development program in small islands encounters with the specific conditions and characteristics of small islands (Baldacchino, 2011; Butcher-Gollach, 2015). Besides, the components needed to support public service at small islands are lacking, such as:

- data and information of potentials in small islands;
- development resources;
- commitment and synergy from local government;
- synergy and focus on policy-making;
- facility of public service; and
- planning process or its implementation (Farhan and Lim, 2014; Sjostedt and Povitkina, 2015; Bennet and Lossa, 2005).

Such weakness factors are theoretically considered as the innate problems that induce the failure of small islands development (Russell et al, 2011) and that constrain the procurement of public service facilities (Beuermann and Amelina, 2014; Bennett and Lossa, 2005). By these statements, research problems are determined as follows: How is the execution of program implementation method? How is the administration or management of government programs? and What is the implication on public sector, especially on public service performance at small islands?

1.1. Research Objective

For understanding the performance of public service at small islands implemented by the Directorate of Small Islands Empowerment with fund source derived from APBN, thus, the objective of research is to understand and analyze: (a) method and approach used to implement development program in small islands; and (b) program management done by the government and its implication on public sector, especially the performance of public service at small islands.

2. Research Method

Research method is using qualitative approach with descriptive research type. Data source is obtained from observation, informants and documents. Data analysis technique is Miles & Huberman's (2014) interactive

model analysis involving data collection, data reduction, data presentation, condensation and conclusion. This approach is supported by Sugiyono (2011) and Nasir (1988). Focus of research is in accordance with Moleong (2007). Data collection technique conforms to Singarimbun and Effendi (1989). Data exploration activities include interview, documentation and observation. Participatory research is conducted from February 2014 to January 2015.

3. Result

3.1. Method of Small Islands Empowerment Program

3.1.1. Self-Management

Self-management is an activity for the procurement of Goods/Services where the related work is planned, executed and/or supervised by the Group/Agency/Official/Individual as the responsible entity for budgeting, or by other governmental agency, and/or community group (Selfman, 2006). Self-management activity represents the execution of activity plan using National Budget (APBN) and referring to the Strategic Plan from the Ministry of Marine and Fishery. Both are translated into work plan/annual plan (BAPPENAS, 2014). Activity plan represents a manifestation of the sub-program of small islands empowerment and the main program of the management of marine, coast and small islands resources.

The implementation of activity plan by the Directorate of Small Islands Empowerment through self-management is involving relevant stakeholders. Main Activities are then used as the indicator of performance achieved of the Directorate. Every sub-directorate is required to have managerial capacity to achieve targets predetermined in planning and performance contract. As revealed by the Head of the Sub-Directorate of Small Islands Identification that:

“This Sub-Directorate through self-management fund may have managed annual activity plan based on predetermined targets. Every three months, there is an evaluation. This evaluation must be conducted to ensure that the control is present and immediate correction can be done when there is a trouble. In the end of budget year, the expected targets can be achieved. Self-management activities in the Sub-Directorate are concentrated on *leading sector*. Data and information about the targeted small islands are used as the reference for the planning in the next budget year by other sub-directorate”.

The implementation of development in small islands, either inmost or outmost islands, is done by the Directorate of Small Islands Empowerment through self-management. It concerns with two Main Activities, respectively Facilitation for Environmental Rehabilitation, Mitigation and Adaptation to Disaster in Small Islands, and Facilitation for Investment into Small Islands. The achievement of self-management is increasing from Budget Year 2010 to Budget Year 2013 (Table 1).

Table 1. The Recapitulation of Development Main Activities in Small Islands in Budget Year 2010-2013, with Self-Management Approach

No	Main Activities	Location (Islands) Per Budget Year			
		2010	2011	2012	2013
1	Identification and Mapping of Small Islands Potentials	20	14	52	22
2	Facilitation for Environmental Rehabilitation, Mitigation and Adaptation to Disaster in Small Islands	20	22	14	33
3	Facilitation for Investment into Small Islands	5	5	5	21

Source: Processed from LAKIP on Period 2010-2013 of The Directorate of Small Islands Empowerment

The benefit of self-management activities is to warrant the availability of information about the potentials of small islands and also the procurement of public structures after regionalism and location of the small islands are considered. This method is a managerial strategy for the evenly distribution of development outcome by involving relevant stakeholders and raising local potentials and strategic values of certain islands. Geographically, small islands in Indonesia are differentiated into two regions, the border region islands (the outmost islands/ PPKT) and the interior region islands. Border region islands are those that are geographically

and directly bordered with the region of other countries, either bordered in waters or lands. The interior region islands are those remaining within national territory of Indonesia (Farhan and Lim, 2014).

Other benefit of self-management activities is to help the preparation of *blue-print* by the government along with the private for the development of Nipa Island. This island becomes a priority because not only the existence of this island is threatened to sink, but also the position of the island has high strategic value for security defense and economic. This land is bordered directly with Singapore, and Singapore is recognizable for its strategic path of sea trade. Until 2014, the execution of blue print is made through auctioning investment spot in economic zone by requiring that investment must be minimally valued to 4.5 trillions for 30-year management by private entity. Auction process is handled by a joint committee comprising of the Ministry of Politic, Law and Security (Polhukam) and the Ministry of Marine and Fishery.

3.1.2. Contractual

The implementation of development at remote area is always identified with contractual and program. Contractual is the efforts by government organization (bureaucracy) to procure goods/services necessary to achieve government goals (Cococeaunu, et al, 2011; Batievaskia, V.B., 2013). Its budgeting system is called contractual activity (Parahakaran, 2016). Normatively, the implementation of such activity has been regulated by the laws. In Indonesia, a normative or law umbrella for contractual activity is President Decree No.70/2012 on The Manual for The Procurement of Governmental Goods and Services as the perfection for President Decree No.54/2010.

The Directorate of Small Islands Empowerment since 2011 has been active to undergo contractual activities using electronic-based system for procurement of goods and services (*e-procurement*). Such system is usable during the auction of goods/services in 2012 onward (2014) organized by LPSE of the Ministry of Marine and Fishery. The Director of Small Islands Empowerment, as also the Authorized Officer of Budget Use at the Task Force in The Directorate of Small Islands Empowerment, has said that:

“Normatively, the execution of the Directorate’s activities must be done through contractual if the ceiling has exceeded the allowance given within President Decree No.70/2012 on The Manual for The Procurement of Governmental Goods and Services. Since the middle of Budget Year 2011, the auction using APBN-P has applied electronic-based auction (through *e-procurement*). Until now, *e-procurement* is very helpful because it is effective, efficient, transparent and not draining the budget. The auction is focused on the procurement of goods and the construction.”

Every good and infrastructure provided by the activities will be distributed into the location of targeted islands. Main Activities are implemented with the budget derived from APBN, APBN-P and DAK.

Table 2. The Recapitulation of Development Main Activities in Small Islands in Budget Year 2010-2013, with Contractual Approach

No	Main Activities	Location (Islands) Per Budget Year			
		2010	2011	2012	2013
1	Identification and Mapping of Small Islands Potentials	0	0	17	11
2	Facilitation for Integrated Infrastructures in Small Islands	20	47	102	120

Source: Processed from LAKIP on Period 2010-2013 of The Directorate of Small Islands Empowerment

The implementation of main activities through contractual is showing the inclination toward laggardness. This lag is obvious for the activity of Identification and Mapping of Small Islands Potentials especially in Year 2012. Related to the activity of Facilitation for Integrated Infrastructures in Small Islands, annual budget is not allocated punctually due to the impact of contractual system implementation. It is caused by unfavorable natures of contractual such as a long confusing procedure and process of e-procurement and its susceptibility to the abuse. It forces the field executor to use great cautious measures to reduce the risk of divergence and procedural error (Simpser et al, 2016).

3.1.3. Devolution and Outsourcing

Within the development context of small islands, devolution means the transfer of power, resources and responsibility (for planning and delivery of services) from central government to local government (Golooba-Mutebi, 2003). The approaches used by the Directorate of Small Islands Empowerment in managing small islands are not only centralized-program but also devolution. The latter means provincial government is involved within the implementation of activity plan made by central government. Outsourcing has two broad objectives, respectively to reduce the cost of service delivery and to improve the quality of services delivered (Batley, 2006; Marsh, 2009). It is hard to secure sufficient information to make judgments about the cost of service delivery before and after devolution. However, based on interviews and observations, judgment can be made about the effectiveness and efficiency of service delivery before and after devolution and outsourcing, as well as the prospects for outsourcing to succeed in the long term. As explained by a senior implementer staff and also by a fourth echelon officer at the Directorate of Small Islands Empowerment,

“Devolution policy is very effective and efficient in achieving target. Many challenges must be dealt with during the development of small islands. The central is not necessary to handle all activities, especially for self-management and contractual approaches that drain too much times and costs”

Devolution activity is a trigger for local government, especially provincial government, to be more attentive and willing to manage small islands that currently abandoned. Central government, in this case, the Directorate of Small Islands Empowerment, is directly assisted in realizing its main task and function.

Table 3. The Recapitulation of Main Activities from the Directorate of Small Islands Empowerment through Devolution Activity

No	Main Activities	Executer (Province) Per Budget Year			
		2010	2011	2012	2013
1	Identification and Mapping of Small Islands Potentials	0	11	14	20
2	Facilitation for Environmental Rehabilitation, Mitigation and Adaptation to Disaster in Small Islands	0	0	12	2
3	Facilitation for Investment into Small Islands	0	0	3	2

Source: Processed from LAKIP on Period 2010-2013 of The Directorate of Small Islands Empowerment

Table 3 shows that the frequency of Main Activity of Identification and Mapping of Small Islands Potentials, that is done through devolution funding, is growing in every budget year with the increasing number of local government participated. However, the other two main activities are declining. One reason is that Island Adoption Program is challenged by coordination problem because the program involves 6 colleges and 1 NGO. Other reason is that the facilitation for procurement of structures and infrastructures in small islands is hindered by the budget, possibly because the budget is concentrated more on grand-in-aid for other sectors in small islands.

3.1.4. The Achievement of Public Service Facilitation in Small Islands

Public service implementation is considered as good or bad after measurement is conducted against the achieved targets stated in the planning. The achievement of main activities by the Directorate of Small Islands Empowerment is periodically reported for monitoring and evaluation, usually by internal entities of the Directorate or by external entities such as Ditjen KP3K and UKP4. Final result of monitoring and evaluation in every budget year is LAKIP (Report of Government Accountability Performance). It can be LAKIP from the Directorate of Small Islands Empowerment, LAKIP from Ditjen KP3K, and Final Report from UKP4.

LAKIP from the Directorate of Small Islands Empowerment reveals the achieved performance of four main activities in small islands development. LAKIP from Ditjen KP3K only explains three main activities of the Directorate but these are used as main indicators for the performance achievement of other directorates (second echelon in the environment of Ditjen KP3K). Final Report from UKP4 exposes the activities of small islands development in one (1) budget year and the target achieved by the Directorate.

In LAKIP from the Directorate of Small Islands Empowerment on period 2010-2014, it is reported that a performance could be assessed as good or bad only after measurement is conducted against performance.

Performance measurement is aimed to understand success rate of the performance if compared to the predetermined planning. Performance measurement is done by the following equation:

Equation : Higher realization means better achievement

$$\% \text{ achievement} = [\text{Realization} / \text{Plan}] \times 100 \%$$

The achievement of public service at small islands is done by the Directorate through 3 (three) methods of assessment or measurement, such as: The Achievement of Main Performance Indicator (IKU), The Achievement of Program Indicator, and The Achievement of Activity Indicator. In detail, the overview is given as following.

3.1.5. *The Achievement of Main Performance Indicator (IKU)*

Main activities done by the Directorate of Small Islands Empowerment and used as Main Performance Indicator are the elaboration of successful achievement against strategic targets from Ditjen KP3K and also the form of supportive action to the achievement of main activities of the Ministry of Marine and Fishery. The Directorate already has two (2) main activities since 2010 and one (1) main activity in 2013. All of them are Identification and Mapping of Small Islands Potentials, Facilitation for Environmental Rehabilitation, Mitigation and Adaptation to Disaster in Small Islands, and Facilitation for Investment into Small Islands. Main Performance Indicator for its achievement is few, such as the number of small islands that can be identified and mapped for their potentials, including the outmost small islands; the number of small islands facilitated for integrated infrastructures; including the outmost small islands; and the number of small islands facilitated for environmental rehabilitation, mitigation and adaptation to disaster in small islands, including the outmost small islands. Shortly, Main Performance Indicator of the Directorate of Small Islands Empowerment in 2010-2013 is displayed in Table 4.

Table 4. Data of The Achievement of Main Performance Indicator from the Directorate of Small Islands Empowerment

Years	Targets	Main Performance Indicator	Targets (Islands)	Realization (Islands)	Achievement (%)
2011	There are 30 small islands to be managed through potential mapping, facilitation for infrastructure procurement, and also facilitation for environmental rehabilitation, mitigation and adaptation to disaster, as well as for investment.	1. Number of small islands identified and mapped for their potentials, including the outmost small islands.	30	35	116.67
		2. Number of small islands facilitated for integrated infrastructure procurement, including the outmost small islands.	30	30	100
2012	There are 60 small islands to be managed through potential mapping, facilitation for infrastructure, and also facilitation for environmental rehabilitation and disaster mitigation, with 5 islands facilitated for investment.	1. Number of small islands identified and mapped for their potentials, including the outmost small islands.	60	74	123
		2. Number of small islands facilitated for integrated infrastructure procurement, including the outmost small islands.	60	102	170
2013	There are 60 small islands to be managed through potential mapping, facilitation for public infrastructure,	1. Number of small islands identified and mapped for their potentials, including the outmost small	60	62	103.3

	environmental rehabilitation and disaster mitigation, with 5 islands facilitated for investment.	islands.			
		2. Number of small islands facilitated for integrated infrastructure, including the outmost small islands.	60	120	200
		3. Number of small islands facilitated for environmental rehabilitation, mitigation and adaptation to disaster in small islands and the outmost small islands.	7	9	128.6

Based on data of the achievement for two (2) items in Main Performance Indicator in 2011-2013 in the table above, it is shown that the Directorate of Small Islands Empowerment has exceeded the target or more than 100 % achievement. Starting in 2011, the Directorate has successfully exceeded target stated in the strategic planning for small islands development in 2011-2014. The achievement in facilitation for environmental rehabilitation, mitigation and adaptation to disaster, in small islands, including the outmost small islands, is also exceeding the predetermined target. The achievement for the performance in 2014, that is the final year in period of 5-year implementation of strategic plan, however, cannot be measured because the target of main activities to achieve in that year is still undergoing.

The determination of location and grant type for public structures-infrastructure is depending on community demand and local government commitment. The conferment of structures-infrastructure grants in small islands must be sustainable by considering the capacity of communities in managing the grants, at least in pursuance of strategic plan made by local government. One facility or structure in small islands that is considered as useful for the communities is *desalination* (refining saltwater into freshwater) to meet the principal demand of clean water/freshwater for consumption. In 2012, there are 2 models to develop, precisely the power generation with solar energy (*solar cell*) and PLN-based electricity. Each model is equipped with generator set for the backup. As shown by the result of monitoring and evaluation from Ditjen KP3K, desalination with solar cell is more effective than with PLN-based electricity, and therefore, in 2013, with funding source from APBN and APBNP, desalination device is redefined with solar cell and positioned at 66 locations.

Besides clean water, electricity is also the immediate demand in small islands. The usage of diesel and generator set at night in small islands without electricity is very burdensome to the communities of the islands. Other kind of grant for structures-infrastructure has been given to the communities of the islands, and this is a Centralized-System Solar Power Plant (CSSPP). Communities feel quite accommodated because communities only spend for IDR 50,000 to obtain the supply of 450 W for every house, and the charge has covered operational cost and installation maintenance cost.

3.1.6. The Achievement of Program Indicator

The achievement of Program Indicator is the assessment on performance based on the percentage of the sheer number of islands after activities are conducted. According to Hale (2013), an achievement must be then recognized through performance certification. In the program of public sector development in small islands, the achievement indicator is detected through Main Performance Indicator (IKU) of The General Directorate of Marine, Coast and Small Islands (Ditjen KP3K) against the target determined in strategic planning. One indicator is to determine a location in the island that has been minimally treated with two main activities. Briefly, the achievement of program performance in 2010-2013 by the Directorate of Small Islands Empowerment has

achieved target of 100 %, except for Budget Year 2011, that exceeds the target for 123.33 %. It is concluded that the Directorate of Small Islands Empowerment is averagely achieving the predetermined minimal target.

3.1.7. *The Achievement of Activity Performance Indicator*

The achievement of Activity Performance Indicator is the instrument to describe the implementation of main activity plan by the Directorate of Small Islands Empowerment against the predetermined target stated in main activity planning. Activity Performance Indicator differs from Main Performance Indicator. Activity Performance Indicator refers to output of main activities as stated in *Term of Reference* (TOR) in every budget year. Meanwhile, Main Performance Indicator concerns with *customer value* stated by first echelon, precisely Ditjen KP3K.

Result of the achievement from the implementation of four main activities by the Directorate of Small Islands Empowerment in term of 4 budget years (2011-2014) indicates that the achievement has exceeded the target stated in planning. The achievement of Activity Performance Indicator by the Directorate is above 100% in average. However, there is one main activity which its performance indicator in 2011 does not achieve the target, and this activity is Facilitation for Environmental Rehabilitation, Mitigation and Adaptation to Disaster in Small Islands. The reason is the policy for budget reallocation and efficiency which impacts on the cease of activities in the targeted location. Taking this into account, the Head of the Sub-Directorate of Ecosystem Management, as the authorized officer for main activity implementation, has asserted that:

“The unsuccessful target achievement in 2011, in the realm of activity implementation, especially in the middle of budget year, is related with the budget cutting which forces the reduction of number of location (island) for main activity implementation. As a result, performance indicator is not achieving the target.”

Based on the visualization of distribution of small islands that accept development treatment, the development is not evenly distributed. Development is highly concentrated in central and western parts of Indonesia territory. The proportion of development for eastern part is lacking. It is an ironic finding because the number of islands in eastern part of Indonesia is more enormous than those in central and western parts. The eastern part covers 24 % of total islands registered, respectively counting for 13,466 islands. Data also show that budget absorption by the Directorate to be used into public sector facilitation program in small islands, also through main activities, is ranging between 94.74% to 99.7%. The unabsorbed budget is 5.26% in maximum. Moreover, the budget allotted to the Directorate is fluctuated depending on the availability, and not based on the achieved budget absorption.

4. Discussion

4.1. *The Management for Small Islands Empowerment Program*

The development in small islands to encourage the procurement of public service facility, as what is done by DP2K, is a manifestation of a corporate action which of course needs a strong change management. According to change management theory, an organization can be defined as two or more individuals or entities working in concert to achieve a common goal (Jones, 1995; Galloway, 2007). Under this definition, when state and local governments cooperate with or give directions to private sectors or others, all involved entities can be seen to form a conglomerate that can be considered then as a single entity. Thus, theories of change management that have worked at the corporate and executive levels can be applied to the development of small islands in Indonesia.

Many programs, such as self-management, contractual, devolution-outsourcing, and DAK, used by the Directorate of Small Islands Empowerment, are already good in term of their purposes. Therefore, if trouble shall rise, the thing to consider is the capacity of the government in restructuring the programs. Due to the nature of multi-programs and the presence of various stakeholders, then change management is a success key for restructuring the programs for small islands empowerment. The work model is shown as following:

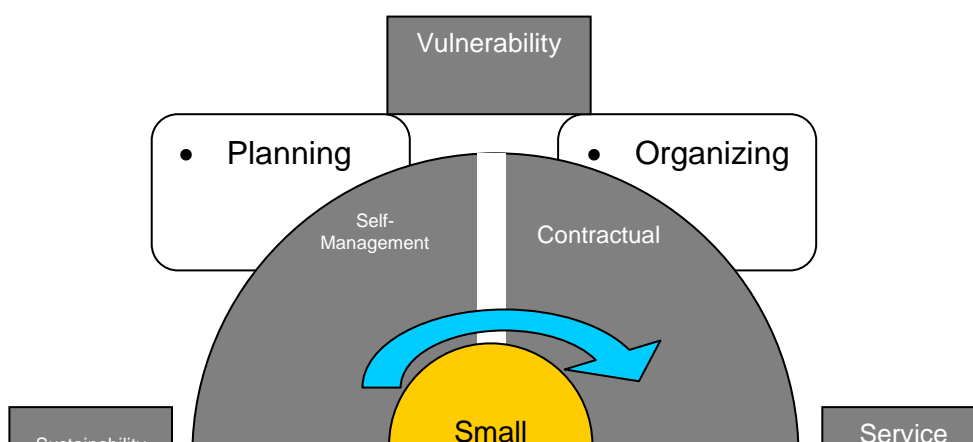


Figure 1: The Scheme of Change Management in Small Islands

In the context of change management in small islands, there are five aspects considered as success keys:

- a. The target or object of development program is small islands or those vulnerable.
- b. Methods to implement activities are Self-Management, Contractual, Devolution-Outsourcing, and Funding through DAK.
- c. The core of management involves planning, organizing, controlling and corporation.
- d. Goal/Mission: vulnerability reduced, service delivery increased, performance program achieved, and sustainability program ensured.

In this system, the dynamic of organizational main task and function is arranged in such away to ensure (through strategy) that the responsibility of the Directorate toward its performance and target can be fulfilled. In the realm of implementation, the use of several implementation methods (self-management, contractual, devolution and DAK) by the Directorate also includes the participation of non-government sector. Active roles from local (provincial) governments and privates are necessary in applying the system of goods/services procurement (through *e-procurement*). It also may give opportunity to the private sector to participate into the implementation of small islands public service. Corporate-oriented activity can also benefit the Directorate, because there would be concrete attention and action from the privates through their CSR funding to help the development small islands in Indonesia, especially in procuring public facility in small islands.

The positioning of small islands is always remote from the governing center, and therefore, local government must have more understanding and comprehension about anything in the local rather than central government or ministry. Private sector has the capacity to provide the needed human resource, skill, equipment and funding. Logically, in the future, central government shall be contented with controlling and evaluating the goal and mission of the program. Normative submission has been regulated within President Decree No.70/2012 on The Manual for The Procurement of Governmental Goods and Services. Through this normative order, then efficiency, effectiveness and accountability of the activities at small islands can be made sustainable.

4.1.2. Performance Management in Public Service Delivery Issues

The facilitation of activities in small islands requires performance management from the government. Performance management can improve the effectiveness of public services (Andrews, 2014). This management also gives a positive impact on the outcomes used by service users. In the management of small islands, performance management must create an effective decentralization, which involves building the cooperation across stakeholders and providing public service. It has been argued that decentralization improves governance and public service delivery, by increasing:

- *Allocative efficiency* – through better matching of public services to local preferences; and
- *Productive efficiency* – through increased accountability of local governments to citizens and lower levels of bureaucracy, and also through better knowledge of local costs (The World Bank, 2001).

The procurement of public sector facility in small islands is implemented by the Directorate of Small Islands Empowerment through four main activities. This implementation is assessed to ensure whether allocative efficiency and productive efficiency are met already based on the result of monitoring and evaluation. Indeed, monitoring and evaluation can be carried out by the internal of the Directorate or by external entities such as Ditjen KP3K and UKP4. Final result of monitoring and evaluation in every budget year is called LAKIP (Report of Government Accountability Performance), and several LAKIP are known such as LAKIP from the Directorate of Small Islands Empowerment, LAKIP from Ditjen KP3K, and Final Report from UKP4. Within such report, there are several key issues concerning with Service Delivery, such as mission, accountability, efficiency and equity (Besley and Ghatak, 2007).

4.1.3. Mission

The development program for small islands empowerment is one leading program from the Ministry of Marine and Fishery which is mission-oriented. It is expected that this program will help small islands in Indonesia to have good management to increase its economical value. Because the development program has been given an important status, the increasing economical value of these small islands shall be one of Main Performance Indicator (IKU) of the Ministry of Marine and Fishery. However, in the responsibility documents (LAKIP and Annual Report) and within information obtained from interview, there is a lacking of understanding among stakeholders about what mission is and how can small islands be managed well. The understanding of mission and goal must be important to determine direction, strategy and planning in order to achieve the development goals of small islands.

4.1.4. Accountability

Regarding to data and information, either those obtained through interview, documentary study, and observation, it is shown that accountability (performance) is a main issue that must be attended by the Directorate of Small Islands Empowerment (DP2K). It can be concluded that accountability has an important position in the dynamic of public sector development. Indirectly, the Directorate attempts to establish a bureaucracy in *good governance* category. In aligning with Tjokroamidjojo (2001), the application of principles into development dynamic is a characteristic of *good governance*, which means that accountability is the main principle of the characteristic. Decentralized development program for small islands may stimulate public accountability. The empirical literature shows a strong, unconditional and positive relationship between decentralization and accountability. Bardhan and Mookherjee (2007) suggest that decentralization and devolution of public service provision are complementing pro-poor governance reforms in developing countries. The World Bank's World Development Report (in Husain, 2012) argues that the accountability of governments to local communities and marginalized social groups will improve by assigning service delivery functions to politicians who are closer to the people.

4.1.5. Efficiency

The selection of proper program and technique, and the priority given to the main activities that directly benefits communities, will contribute to the efficiency (Hsu, 2010; Mihaiu, 2010). Small islands development program is still dominated with technical activity. Technical efficiency refers to the extent that resources are being wasted. It measures the degree of producing the maximum amount of outputs from a given amount of input or, conversely, using the minimum amount of inputs to produce a given output (Farrell, 1957; Hsu, 2010). Budget efficiency and budget reallocation to support the main activities in small islands and also to ensure that the communities of small islands will receive the benefit shall be a meaningful breakthrough to produce a good-behaved bureaucracy (*good governance*). Such concrete action is consistent to Adrisani et al (2002, Page.14) who say that "*Government must become more efficient, effective, equitable, and responsive, and eliminate the practices that result in bad government. Government must redefine their role and seek a better balance vis-a-vis the private institutions of society*". Aligning with this statement, Prasad (2008) through a research entitled *Institutions, good governance and economic growth in the Pacific Island Countries*, asserts that the challenge encountered by the government is how to establish appropriate institution to reduce corruption and bad management in the government or in the management of natural resource. If this challenge is successfully mitigated, it may improve the role of institution to be more efficient and effective.

4.1.6. Equity

If reviewing the distribution of small islands managed by the Directorate of Small Islands Empowerment through its main activities on period 2010-2013, it seems that development treatment is not evenly distributed from Sabang (Aceh) to Merauke (Papua). Mostly, development activities are concentrated on central and western parts of Indonesia. If compared to the distribution of number of islands in Indonesia (13,466 islands), West Papua Province has a highest percentage (24%) of all other provinces. Ironically, small islands in this province (or eastern part of Indonesia) are given with relatively low development treatment. It induces an impression of inequity in the decision-making of development location. Evenly distributed development shall be a reasonable rationale for whole regions of Indonesia. Inequity also defies one principle of *good governance*, namely *equity* (MacCarthaigh, 2008). In the context of small islands development, the communities of small islands have similar chance to see their welfare improved through development done by government. The participation of the communities also determines the success of this development.

5. Conclusion

Small islands empowerment program done by the Directorate of Small Islands Empowerment involves several approaches such as self-management, contractual, deconcentration and DAK. It is expected that all these processes will improve public sector condition because it help facilitating the delivery of public service to the communities in the remote area. This research attempts to present findings related to what communities expect and perceive about how far public service is given by the government. Main finding of this research is about the investigation on public service setting in small islands which can be accelerated through four main activities (empowerment activities) in small islands. In the process, generally, there is a participation of development actors (or corporation) who bring public service issues such as mission, accountability, efficiency and equity, into a prominence. In accord with the result of data analysis, the ability of small islands developers to create the value of service can be assessed through performance measurement. Normative performance measurement must be considered because it is an efficacious step to ensure the achievement of targets which have been determined in the planning, or that are consistent with allocative efficiency or productive efficiency.

By the fact, the development process for small islands is still constrained with some factors. These constraining factors include the inadequacy of internal system to support the consistency and sustainability of the program, and the inadequacy of government capacity to cover all small islands in Indonesia. All these constraints result in a development gap between eastern, western and central parts of Indonesia. In other words, good program will not be effective unless it is backed up with proper management approach. Closing the gap between program implementation and government capacity, then government organization (including DP2K) needs to accommodate and increase their understanding about the approaches to change management. Besides the activities of planning, organizing and controlling, it seems that change management is oriented toward the collaborative empowerment among stakeholders or across corporate-based activities among all levels of government and also private sector. The scope of the work is quite extensive, and therefore, other instrument, such as performance management, shall be needed to help the Directorate of Small Islands Empowerment in identifying the detail of demand of the communities in small islands and to ensure the possibility of service quality improvement.

5.1. Limitations and Future Research

There are limitations in this research that need to be acknowledged. First, research is limited to one public sector department (DP2K), and therefore, the reliability of the results restricts the extent to which the findings can be generalized across the government service. Secondly, research looks at the perceptions of public (people in small islands) and customers, thereby excluding the views on service quality values. Given the management constraints under which public sector organization operate, it can be argued that it is crucial to measure managerial perceptions on public sector practices so that the management can also understand the expectation of people in small islands.

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