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### AMO DEVELOPMENT STRATEGY IN IMPROVING THE PERFORMANCE OF BUMD IN EAST JAVA PROVINCE

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#### **ABSTRACT**

Increasing the contribution of Regional-Owned Enterprises (BUMD) in East Java is very necessary; this is because to increase regional income from the elements of regional wealth management, which is separated by the government, must be transparent and accountable—based on good corporate governance. Expectations regarding the increase in the contribution of BUMDs in East Java to increase regional income from the separated elements of regional wealth management can be explained that BUMD has an essential role for the economy in East Java, especially concerning the contribution of Regional Original Income to the East Java Provincial Government. The purpose of this study is to understand and reveal ways of developing BUMD performance and improving the performance of BUMD employees in East Java in facing global challenges and the era of disruption by using the perspective of the AMO theory (Ability, Motivation, Opportunity). The results showed that the ability of BUMD employees to improve employee performance. BUMD employees have done this motivation in enhancing employee performance, opportunities owned by BUMD in enhancing employee performance. Seeing AMO's development in BUMD employees, BUMD's performance will increase with the AMO development system model for employees. The BUMD also conducts the periodic evaluation of financial performance, Diagnostic Good Corporate Governance (GCG), and evaluates the Company's Work Plan and Budget.

#### **INTRODUCTION**

BUMD or Regional Owned Enterprises are business entities that can play an essential role in regional development in particular and national in general. As a source of Regional Original Income, in addition to taxes and levies, BUMD requires serious and professional handling. Its management is based on the principles of Good Corporate Government (GCG), which include:

transparency, accountability, responsibility, independence, fairness.

BUMD East Java Provincial Government is divided into several fields, namely finance, other business, water, and oil and gas. The Governor of East Java, Khofifah Indar Parawansa, conveyed at a plenary meeting held in June 2019 in the discussion of the Regional Regulation on the Responsibility for Implementation of the 2018 APBD that BUMDs in East Java contributed to East Java Regional Original Revenue (PAD) worth more than Rp 384 billion during 2018. According to data from the East Java Provincial Government's Economic Administration Bureau in 2019, PT Bank Pembangunan Daerah Jawa Timur (Bank Jatim) provided the most considerable contribution to PAD was IDR 338.5 billion. In second place was PT Bank Perkreditan Rakyat Jawa Timur, which provided PAD realization of Rp. 13.6 billion. Then, in third place is PT Surabaya Industrial Estate (SIER), which recorded Rp's completion. 12.2 billion. Meanwhile, PT Jamkrida Jatim (Regional Credit Guarantee) recorded the lowest PAD realization with Rp 700 million.

Seeing the strategic position of BUMD towards PAD, deposits from the BUMD are a part of the contribution to East Java PAD in 2018. However, with the increasingly rapid competition in business and industry globally and the revenue source from the BUMD sector that must continue to be increased, it is necessary to improve employee performance in BUMD East Java. Employees must achieve the company's targets by mastering more information and communication technology (skills soft), providing career opportunities and achievement, reducing lags, and self-development, which has been lacking so far.

The study as proposed intends to examine problematic situations that must be faced in the development and improvement of employee performance during global challenges and the era of disruption, how to develop the performance of BUMD in East Java Province and how to improve the performance of BUMD employees in East Java Province to face global challenges and the era of disruption and the industrial revolution. 4.0. This study is important to do, because currently many BUMD companies that are still burdened by the APBD, cannot survive the competition from the business and industry globally so that local governments are burdened by continuing to pour out an injection of APBD funds because they continue to experience losses that can erode the APBD from year to year. In addition, local governments have not found the correct and correct formula to handle it.

For the development of the AMO development model or system, it is explained as follows: Ability has indicators including Knowledge, Attitudes, Experience, Education, Skills. Motivation, The indicators include: Responsibility, Progress (advancement), work itself, achievement, recognition. Opportunity, the indicators include: Involving employees and Empowering employees.

### **BUMD / BUMN**

Performance is a multidimensional construct, which varies depending on

various factors (Armstrong, 2000). A more comprehensive view of performance is achieved if defined as embracing behavior and results (Armstrong, 2000).

Employee performance is an essential factor that contributes to improving employee outcomes, behavior, and traits. This helps increase organizational productivity. Performance is considered to be related to the concepts of ability, opportunity, and motivation.

According to (Mangkunegara, 2009; 67), factors that affect performance are ability factors and motivation factors. Job ability factor: Psychologically, employees' ability consists of potential abilities (IQ) and reality abilities (knowledge + skills). This means that employees who have an IQ above average (IQ 110-120) with adequate education for their position and do daily work will be more accessible for them to achieve the expected performance. Therefore, employees need to be placed in jobs according to their expertise. Motivation factors: Motivation is formed from the attitude of an employee in dealing with work situations. Motivation is a condition of employees who move on their own to achieve organizational goals. On the other hand, the organization's performance or company also plays an important role in determining the company (Almatrooshi, Singh & Farouk, 2016; Kosasih, 2017, 2018; Vintila&Nenu, 2015). The performance measure of an organization or company also reflects how much the organization or company's ability to use its human resources.

According to Hasibuan (2008: 95), the performance appraisal elements are as follows:

First, the assessment of work performance both in quality and quantity that employee can produce. Second, discipline assesses discipline by existing rules and performs work under the instructions given to it. Third, creativity assesses employees' ability to develop creativity to complete work to work more efficiently and effectively. Fourth, Working Together. Assessment of employees' willingness to participate and work with other employees vertically or horizontally inside and outside so that their work is better. Fifth, Skills Assessment in bringing together and aligning the various elements involved in formulating policies and management situations. Sixth, the responsibility for assessing employees' willingness in accounting for policies, jobs, results, the facilities and infrastructure used, and their work behavior.

According to Mangkunegara (2009; 75), the indicators for measuring individual employee performance are: First, Quality. Quality of work is how well an employee is doing what is supposed to be done. Second, Quantity. Work quantity is how long an employee works in one day. The amount of work can be seen from the work speed of each employee. Third, The implementation of tasks. Task implementation is the extent to which employees can do their job accurately or without mistakes. Fourth, responsibility. The responsibility for work is the awareness of the employee's obligation to carry out the work the company provides.

Hersey and Blanchard (2011) argue that three basic types of work skills must be possessed in-process production, either as a manager or as an implementer. First, technical skills include using the knowledge, methods, techniques, and tools needed to perform specific jobs gained from experience, education, and training. Second, social skills include the ability to work with others' motivation, which includes understanding motivation and applying effective leadership. Third, Conceptual Skills is the ability to understand the organization's complexity as a whole. This allows one to act according to and in harmony with the organization's overall goals rather than based on the group having goals and wholeness alone.

According to Davis (Mangkunegara, 2009, 67), the workability factors are: first, knowledge is information that has been processed and organized to gain understanding, learning, and accumulated experience, so that the work of the employee itself can be applied. Secondly, skills employees' ability to complete the job effectively and efficiently in certain occupations implementation techniques associated with the individual tasks within an organization.

Hostager, Neil, and Lorents define individual job abilities (Priadana and Ruswandi, 2013; 55) which consists of:

First, knowledge, namely, knowledge of consumers' needs and choices. Second, skills, namely skills in communication and information technology. Third, Creativity is the creativity of thinking individually and in groups. Fourth, experience is knowledge in reading (scanning) and evaluating new opportunities.

Forms of Motivation Employees at work have motivation from outside and inside, which is a form of inspiration according to (Hadari 2003): First, Intrinsic Motivation: This motivation is the driving force for work that comes from within the employee as an individual, in the form of awareness of the importance or benefits of him working. In other words, this motivation comes from the work done, either because it can fulfill a need or pleasure or allows it to achieve a goal and therefore gives certain positive expectations for the future. Second, extrinsic motivation: This motivation is the driving force for work that comes from outside the employee as an individual in the form of a condition that requires him to do work optimally.

Motivational goals are as follows: First, increase employee morale and job satisfaction. Second, increase employee productivity. Third, Maintain employee stability. Fourth, improve employee discipline—fifth, effective employee procurement. Sixth, create a good atmosphere and relationship. Seventh, increase employee loyalty, creativity, and participation. Eighth, increasing the level of employee welfare. Ninth, Increase employees' sense of responsibility for their duties. Tenth, effectiveness, and efficiency in using the initial or basic methods and sources of individual motivation (Dodi Fahrurozi, Suharto, 2017); (Andriani et al., n.d.; Gunawan W, Degeng INS, Utaya S, 2019).

### ***Ability***

Resource management and competency skills are the keys to achieving sustainability. Fahy (2003) states that performance can be improved through access to financial resources using the following three primary constructs: resources, strategic marketing capabilities, and company performance. Furthermore, another opinion found that the increase in company performance was achieved because companies could improve their competitive position through effectiveness in transferring resources to expand the network. Several studies that have been conducted by marketing and strategic management researchers have identified several factors that generate and improve company performance (Augusty, 1999).

Strategic assets, strategic resources, strategic capabilities, and strategic capabilities are the main terminology used to identify several factors that result in old goods' performance. Mangundjaya (2014) states that organizational change's success is influenced by various things, including individual characteristics, especially commitment to change. Employee commitment is a condition in which an employee sides with a particular organization and has goals and desires to maintain his membership in the organization (Robbins and Judge, 2017). Individuals' ability to fully understand cultural differences and make adequate behavior adjustments is seen as one of the critical success factors in international operations (Johnson et al., 2006).

Robbins defines workability as an individual's capacity to perform various tasks in a job (Robbins, 2006; 50). The ability to work in a situation exists in workers who are genuinely empowered and influential in working under their field of work (Hersey and Blanchard, 1995; 5). According to Hetami, job skills are skills that a person has (in Adietya, 2008, 69). The success or failure of an organization mainly depends on the human resources that are members and capabilities.

Hersey and Blanchard (2011) argue that three basic types of work skills must be possessed in the production process, either as a manager or as an implementer, including:

1. Technical skills include using the knowledge, methods, techniques, and tools needed to work and gain experience, education, and training.
2. Social skills include the ability to work with others' motivation, which includes an understanding of motivation and the application of effective leadership.
3. Conceptual Skills is the ability to understand the organization's complexity as a whole. This allows one to act according to and in tune with the organization's overall goals rather than based on the group's own goals and wholeness.

### ***Work ability factors***

According to Davis, the factors that influence workability are knowledge and

knowledge (skills) factors (Mangkunegara, 2009). First, knowledge is information that has been processed and organized to gain understanding, learning, and accumulated experience to be applied to the work of the employees themselves. Second, skills are the employees' ability to complete work effectively and efficiently in specific job execution techniques related to individual tasks in an organization.

In connection with the concept of workability, Hersey and Blanchard suggest that three basic types of work abilities must be possessed in the production process, both as a manager and as an implementer (Herlani, 2011): First, Technical Skills include the ability to use knowledge, methods, technical, and equipment needed to perform a particular job that is gained from experience, education and training. Second, Social Skills include working through others' motivation, which provides for an understanding of reason and applying effective leadership. Third, Conceptual Skills are the ability to understand the organization's complexity as a whole. This allows one to act under and in tune with the goals of the organization as a whole rather than based on the purposes and integrity of the group itself.

The readiness of individuals to change is an essential factor in an organization's success in making change. In line with Ersoy (2014), Zulkarnain and Hadiyani (2014) state that organizational commitment and employee involvement affect employee readiness to change. However, other research conducted by Bianda and Fajrianti (2012) states that commitment only has a shallow effect on employee readiness to face change.

Training involves various activities created to improve project team members' skills and abilities (Project Management Institute, 2017). Organizations usually become more sensitive and aware because they need to provide some evidence about the positive impact of training on project performance to justify training costs (Kagona, Shukla, & Oduor, 2015). and the project schedule specifies when and how to provide training to project team members and develop the skills required at different phases (Project Management Institute, 2017).

### ***Motivation***

According to Jones (1955) argues that "motivation is related to how behavior is started, energized, maintained, directed, stopped, and what subjective reactions are in the organization when all this happens. Huczynski and Buchanan (2007) argue that "motivation" is "the combination of goals that direct human behavior; the process by which those goals are pursued and achieved and the social factors involved." Motivation is a fundamental problem in psychology, both in terms of motivation. Biological and social influences In the corporate scenario, where interest is directed at improving employee performance to achieve organizational goals, motivation remains a major challenge given the coexistence of different interests and motivations (Bergamini, 1990).

Motivation is a set of attitudes and values that influence the individual to achieve specific individual goal. Attitudes and values are invisible that provide the power to encourage someone to behave in achieving goals. Maslow's opinion about motivation is based on the level of need consisting of (1) Physiological, among others, the need for clothing, food, shelter and other physical needs nya, (2). Safety, including the need for safety and protection against physical and emotional damage, (3). Social ownership, including affection, sense of belonging, friendship and acceptance, (4). Self-esteem, among others, gets a higher promotion, feels honored for achievement, status, recognition, and attention, and (5). Self-actualization is an incentive to become someone by their ambition, including growth, achieving potential, and self-fulfillment.

The indicators include responsibility, advancement, the work itself, achievement, recognition.

### *Opportunity (Chance)*

The indicators include the involvement of employees and empower employees. The dimension of opportunity reflects a means to practice their abilities and an effort for employees to be converted into results. In particular, the opportunity dimension at the individual level includes authority, the meaning of the task, and the impact that employees feel they have a job that generally reflects their opportunity to spread their skills and contribute to its success. Opportunity is gained when the work environment provides the support and avenues needed to express talent.

The opportunity represents an available prospect for employees to contribute to organizational success, including sharing information, flexible work assignments, teamwork, and decision-making. Options represent environmental conditions and contextual mechanisms that enable action in which the work environment provides the necessary support and space for employees to express them. Employees have involvement in problem-solving or broader engagement schemes.

According to several researchers (Appelbaum; Boxall and Macky, 2000), Hutchinson defines that opportunity is influenced by engagement initiatives, teamwork, autonomy, communication, job design, and job rotation. So, the opportunity here describes a means for an employee to implement their abilities in their work field. The dimensions that can be used to measure opportunity consist of involving employees and empowering employees.

According to the self-determination theory, all human beings share three basic and universal psychological needs for autonomy, competence, and connectedness (Deci& Ryan, 1985a, 2000, 2002, 2008). "Autonomy" reflects the need to actively determine one's behavior and experience mastery in the workplace based on self-determined behavior without the influence of others. "Competence" reflects the need for efficient use of energy and effectiveness in the workplace and for experiencing having an excellent job assignment. "Connections" reflect the need to have meaningful relationships with

significant others. SDT defines these needs as essential nutrients for the survival, growth, and integrity of people (Ryan, Sheldon, Kasser, & Deci, 1996).

Organizational members perform at a higher level when asked to meet specific high-performance goals. Asking corporate members to step up, work harder, or do their best will not help because such purposes do not provide them with a focused target. The main factor in achieving goals is self-efficacy (Bandura, 1997). These are internal beliefs about the abilities and competencies associated with one's job.

If employees have high self-efficacy, they will tend to set higher personal goals under the belief that they can be achieved. A person with a learning goal orientation wants to develop competence by mastering challenging situations. Conversely, people with a performance goal orientation wish to demonstrate and validate competence by seeking favorable judgments. Many studies have shown that learning goal orientation has a positive impact on work-related behavior and performance (Button, Mathieu, & Zajac, 1995; VandeWalle, 2001; VandeWalle, Brown, Cron, & Slocum, 1999; VaneWalle, Cron, & Slocum, 2001; Van Yperson & Janssen, 2002).

Organizational commitment is a drive from within individuals to do something to achieve the goals and success of the company. It prioritizes the interests of the company over its claims. Budget support from staff can increase the closeness of the relationship between employees and organizational commitment to affect performance (Arsalan et al., 2018). Employee participation in budgeting and the budget role as a tool for measuring managerial performance have a close relationship. Based on Shields (1998), staff are expected to provide information to design a budget-based arrangement that is more efficient. Participation is generally seen as a managerial approach that can improve employee performance and organization. High organizational commitment is required in an organization.

High commitment will affect professional work situations to achieve performance goals. Organizational commitment includes three attitudes, namely: (1) a sense of identification with corporate goals, (2) a sense of involvement with administrative tasks, and (3) a sense of loyalty to the organization (Anola, 2011 in Apriyansyah et al., 2014). Organizational culture is often analyzed on three fundamental dimensions: Weak compared to good, Low Performance, plus Adaptiveness (Johnson, 1998). Great societies encourage employee bonding through widely shared values and beliefs.

Employee engagement is a distinct and unique construct, usually described as a great mental state associated with an employee's job (Macey and Schneider, 2008). Engagement is not an attitude (Saks, 2006). It is all about individual perceptions, consisting of thoughts, opinions, and behavioral tendencies towards goals (a person's job function, groups, or perhaps behavior and groups). This attitude directly generates plans (i.e., an attentive program for dealing with behavior) and, subsequently, for specific actions (Solinger et al.,

2008).

### *AMO development in improving BUMD performance*

According to Robbins (2001), employee work performance is a function (f) and the interaction between ability (A) and motivation (M), so that job performance = (AxM). If something is inadequate, the work performance will have a negative effect. Furthermore, Robbins suggested adding the opportunity factor in work performance so that the equation becomes job performance = f (AxMxO).

Mashuri, M. A., & Adam, S. (2019) is to describe the motive and construction of millennial generation that has independence, competence, and innovation in improving the service based on electronics located in the Department of Investment and Integrated Service One Door Sidoarjo regency. Millennials who can and are capable of developing human resources through increased competence, independence, and soft skill by taking into account the characteristics of the millennial generation. So, Motivation theory in this article is to improved soft skills millenials. AMO the basic of motivation millenials in the government public services.

Tabin (2017) argues that the AMO theory's basic assumption is that an employee's performance is determined by the ability, motivation, and opportunity functions. AMO theory proposes that human resource management should be designed to meet employees' needs for skills and motivation for employees to use their abilities in various roles. The basic idea is that employees will perform if they have the necessary abilities when motivated and get self-actualization.

The essence of the book Performance Management (Aubrey C. Daniels and Jon S. Bailey, 2014) is that ability, motivation, and opportunity (AMO Theory), which was initially proposed by Bailey and developed by Appelbaum, has become a generally accepted framework for explains how Human Resources (HR) policies can work and have an impact on performance and is very helpful in deciding which HR policies should be developed and implemented. According to some researchers, Appelbaum in Macky and Boxall says that most studies on high-performance work practices use the AMO framework, either explicitly or implicitly. The model suggested that HR practices contribute to improving employee performance by developing skills and abilities employees to do their jobs, improve motivation for employees, and give it a chance to employees to make full use of their skills.

Seeing business conditions that are currently fluctuating, with the development of AMO on BUMD employees, it will make the sustainable performance of 10 East Java BUMDs namely PT Petrogas Jatim Utama, PT. Asuransi Bangun Askrida, PT. East Java Regional Development Bank, Tbk, PT. East Java BPR, PT. JamkridaJatim, Regional Clean Water Company, PT SIER, PT. Jatim Grha Utama (JGU), PT. JatimKrida Utama (JKU), PT. PancaWira Usaha (PWU).

## RESULTS

### *Overview of regional financial management and BUMD funding framework*

The strategic role of Regional Owned Enterprises (BUMD), which is demanded to be more professional in improving services and increasing the contribution of regional income, is built through the development direction of BUMD East Java, which includes: first, strengthening the duties and functions of BUMD, namely providing services or producing products for the public interest and making a profit to fulfill company objectives; and developing the regional economy, which means that it must be able to become a motor of development and economic growth in the regions;

Furthermore, increasing regional income which means that it must be able to become a source of Regional Original Income. Thus to carry out its primary duties, BUMDs must be truly able to function optimally in: first, managing themselves efficiently and effectively, namely by applying the principles of a healthy and professional corporate economy, to be able to position themselves as reliable PAD contributors. Second, realizing mutually beneficial cooperation between BUMD, BUMN, private sector (especially MSMEs) to encourage increased regional economic growth.

Entering the era of an increasingly competitive free market, it requires a particular strategy carried out by BUMD, including through strategic alliances to face global challenges and increase competitiveness to meet changes and new competitors. Facing the changes that are currently hitting the business world, three key words can be used as a reference in improving the performance of BUMD in the scope of the East Java Provincial Government, namely: Restructuring, Prioritization, and Privatization. Restructuring is intended to improve the company's competitive position by sharpening its business focus, improving business scale, and creating core competencies. Prioritization is an effort to aggressively increase the company's efficiency to achieve optimal profitability and company value. Meanwhile, privatization is an increase in distributing company ownership to the general public and the private sector so that it makes it easier for companies to access funding, technology, modern management, and international markets. The Restructuring Program Prioritization and Privatization is known as the Optimization of BUMD Performance (Source: RPJMD 2014-2019).

### *Performance of BUMDs during the last five years and its role in increasing pad the*

The government provides answers to questions related performance to BUMD to the Indonesian Democrat Party of Struggle (PDIP) faction regarding performance BUMD during the last five years in increasing PAD, obstacles and recommendations for the future, we can explain that:

First, the role of BUMD is not assessed solely from dividends paid to the Regional Treasury. In addition to the contribution of compensation in the form

of PAD, BUMD also provides indirect benefits in the form of income tax, body or corporate tax, and value-added tax and levy from the company's activities, labor absorption, and fertilization of regional wealth as well as creating multiplayer effects capable of moving the local economy. In general, BUMD has demonstrated the positive performance of one of the benchmark performance enhancement of BUMD is the trend of the dividend increase deposited into the regional treasury. During the last five years, dividend that have been deposited to the treasury as the PAD as follows:

**Table 1** Fluctuating PAD number from BUMD sector

No	Years	NUMBER PAD	Increase
1	2014	340,020,271,075.28	-
2	2015	350,223,333,471.00	+ 3.00%
3	2016	364,325,988,476.00	+ 4.00%
4	2017	374,274,618,110.19	+ 2.73%
5	2018	384,285,224,116.99	+ 2.68%

**Source:** Books of laws LKPJ AMJ FY 2019

Secondly, although all BUMD are required to generate profit, there are some BUMD who also carry out social functions and assignment missions from the local government. BUMD, which has a social role and helped the East Java provincial government in the public service, greatly benefits the community. For example, PT. Jamkridais a regional company that provides a guarantee to small micro-enterprises and cooperatives (UMKMK), primarily the feasible but not bankable, and supports the implementation of government programs such as KUR, Dagulir, and Loan Agreement. Similarly, the PDAB that has the task of supporting the development of water supply and service to the people in the province of East Java through the management of Regional SPAM and the project of corporate government Cooperation (KPBU) SPAM Umbulan, which is the primary capital of financing the national infrastructure development.

BUMD, as a business entity that demanded profit-oriented, sometimes also experienced obstacles in developing its business both from internal and external, such as weak management, personnel limitation, increasing quantity and quality of business competition, and global economic conditions that impact on the national economy. To encourage BUMD to improve its performance so that the dividend deposited to the regional treasury is maximal, East Java provincial government has conducted an evaluation, coaching, and supervision to BUMD. East Java Provincial government seeks to make effective coaching to BUMD on strategic planning aspects of regulatory and institutional policies and identification and problem resolution, strengthening the capital sector in the BUMD based on the needs and potential of business development BUMD, and evaluating the performance of the management up to the replacement of the assessed managers have less performance and restructuring BUMD.

***Organizing local government affairs in the Bureau of Economic administration of East Java Province***

The purpose of the development of AMO here is that BUMD experienced sustainability and the realization of economic policy in East Java. Besides, the target of the development of AMO models in BUMD employees there is table below:

**Table 2** Realization of performance Indicators Economic Administration Bureau year 2019

Target	PERFORMANCE INDICATORS	Target	Realization	Percentage
Increasing Coordination, synchronization, facilitation, and evaluation of economic	Number of macroeconomics policies, financial means, industry, and trade	4 Policy	4 Policy	100
	Number of BUMD coaching policies	3 Policy	3 Policy	100
	Number of economic development policies, cooperatives, SMEs, creative economy, and investing	4 Policy	4 Policy	100

**Source:** LKPJ Gov. TA 2019 EAST JAVA PARLIAMENT

In the year 2019, Performance Bureau of Economic Administration that has been achieved based on each target is the first target: increased coordination, synchronization, facilitation and evaluation of the economic field, set 3 performance indicators are:

First, the target indicators number of macroeconomic policy, economic means, industry, and trade in the year 2019 with a target of 4 policies and realized by four policies or 100 percent; Already meet the target.

Second, the number of target indicators of BUMD's coaching policy in 2019 with three policy targets and realized by three policies or 100 percent; Already meet the target.

Third, target indicators number of economic development policy, cooperatives, SMEs, creative Economics, and investing in 2019 with a target of 4 policies and realized by four policies or 100 percent.

BUMD coaching Program with a budget of Rp. 6,338,335,000.00 and realized amounting to Rp. 5,640,167,844.00 or 88.99%. With performance indicators: Indicators Program Number formulation BUMD coaching policy with a target of 3 formulations of policy and realization 3. (Formulation of policy%) 3 activities support the Program.

The first, synchronization of financing development and partnership of BUMD with a budget of Rp. 1,787,340,000.00 and realized Rp. 1,535,414,021.00 or 85.90%. With performance indicators are: First, the number of documents/materials formulation policy on financing and partnership development BUMD with a target of 2 materials formulation policy and the realization of 2 materials policy formulation. (100%)

Second, the synchronization of BUMD planning and institutional development in East Java with a budget of Rp. 1,363,555,000.00 and realized Rp. 1,239,321,398.00 or 90.89%. With performance indicators are:

The number of documents Telaahan/materials formulation policy on the institutional development of BUMD in East Java with a target of 2 materials formulation policy and realization of 2 materials formulation policy. (100%)

Third, the evaluation of BUMD with a budget of Rp. 3,187,440,000.00 and realized Rp. 2,865,432,425.00 or 89.90%. With performance indicators are: Number of Telaahan documents/materials formulation policy on evaluation of BUMD in East Java with a target of 1 material formulation policy and realization of 2 materials formulation policy. (200%).

Based on the summary of the financial statement of the provincial government of East Java Province in 2019, at the banking level, there is a regional company in the year 2019, namely PT. BPD Jawa Timur, TBK which has total assets of 76,715,290,000,000.00 trillion and total liabilities of 67,529,638,000,000.00 trillion. Meanwhile, PT. BPR Jawa Timur has total assets of 2,572,023,733,177.00 trillion and total liabilities amounting to 2,074,964,339,670.00 trillion with sub-total assets of 79,287,313,733,177.00 trillion and sub-total liabilities amounting to 69,604,602,339,670.00 trillion.

Furthermore, at the level of financing, there are regional companies, namely PT. Jamkrida Jatim that has total assets of 241,007,897,887.00 billion and total liabilities amounting to 44,810,138,170.00 billion. Next, at the construction support level, there are regional companies, namely PT. Jatim Grha Utama, which has total assets of 834,562,691,079.00 billion and total liabilities amounting to 11,801,101,245.00 billion. Furthermore, on the other level of service, there are regional companies, namely PT. Air Bersih Jatim has total assets amounting to 162,490,977,442.00 billion and total liabilities amounting to 15,121,108,633.00 billion. Next, at the mining level, there are regional COMPANIES, namely PT. Petrogas Jatim Utama which has total assets amounting to 1,445,810,692,673.00 trillion and total liabilities amounting to 660,626,136,142.00 billion. Furthermore, at the business level of various industries, there is a regional company, namely PT. Panca Wira

Usaha, which has total assets of 448,023,212,525.00 billion and total liabilities amounting to 224,399,397,660.00 billion. Furthermore, in BUMD with minority shares, there is a regional company, namely PT. Asuransi Bangun Askrida which has total assets of 2,931,348,686,615.00 trillion and total liabilities amounting to 1,971,414,923,721.00 trillion. Meanwhile, PT. Surabaya Industrial Rungkut which has total assets of 949,011,498,229.00 billion and total liabilities amounting to 94,835,116,472.00 billion. The last is PT. Jatim Krida Utama which has total assets of 6,672,846,749.00 billion and total liabilities amounting to 5,470,838,135.00 billion, with sub-total assets of 86,306,242,236,103.00 trillion and sub-total liabilities of 72,633,081,099,848.00 trillion.

Based on the summary of local government enterprises' financial statements in East Java in 2019 at the banking level, there are regional companies in 2019, namely PT. BPD Jawa Timur, TBK which has a profit (loss) held by 4,270,070,000,000.00 trillion, total equity of 9,185,652,000,000.00 trillion, with regional shares of 51.17%, and regional ownership of 4,700,298,128,400.00 trillion. Meanwhile, PT. BPR Jawa Timur has retained profit (loss) of 78,560,433,507.00 billion, total equity of 497,059,393,507.00 billion, with regional shares of 86.12%, and regional ownership of 428,067,549,688.23 billion, with sub-total profit (loss) withheld by 4,348,630,433,507.00 trillion, subtotal equity of 9,682,711,393,507.00 trillion, and sub-total area ownership of 5,128,365,678,088.23 trillion. Furthermore, at the level of financing, there is a regional company PT. East Java Jamkrida which has a profit (loss) withheld amounting to 16,197,759,715.00 billion, total equity of 196,197,759,715.00 billion, with regional shares of 99.72%, and regional ownership of 195,648,405,987.80 billion.

Next, at the construction support level, there is a regional company, namely PT. Jatim Grha Utama, which has the profit (loss) withheld amounting to 36,937,475,834.00 billion, the total equity of 822,761,589,834.00 billion, with the regional shares 99.98%, and the area ownership of 822,597,037,516.03 billion. Further on the level of the other services, there are local companies, namely PT. Air clean Jatim, which has a profit (loss) withheld amounting to 20,692,128,548.00 billion, total equity of 147,369,868,809.00 billion, with the stake of the region 100.00%, and the area ownership of 147,369,868,809.00 billion. Furthermore, at the mining level, there are regional companies, namely PT. Petrogas Jatim Utama, which has the profit (loss) withheld amounting to 183,751,458,377.00 billion, total equity of 785,184,556,531.00 billion, with the regional shares of 100.00%, and the area ownership of 785,184,556,531.00. Furthermore, at the business level of various industries, there is a local company, namely PT. PancaWira Usaha, which has the profit (loss) withheld amounting to 77,696,756,091.00 billion, the total equity of 223,623,814,591.00, with the region's stake 99.99%, and the area ownership of 223,601,452,209.54 billion.

Furthermore, in BUMD with minority shares, there is a regional company, namely PT. Asuransi Bangun Akrida which has profit (loss) withheld amounting to 69,210,417,815.00 billion, total equity of 876,034,718,828.00

billion, with regional shares 3.14%, and regional ownership of 9,420,000,000.00 billion. Meanwhile, PT. Surabaya Industrial Rungkut which has a profit (loss) withheld 660,088,731,579.00 billion, total equity of 854,176,381,757.00 billion, with a stake of 25%, and regional ownership of 213,554,095,439.25 billion. And the last one is PT. Jatim Krida Utama who has a profit (loss) withheld amounting to (2,687,991,386.00) billion, total equity of 1,202,008,614.00 billion, with a regional stake of 46.27%, and regional ownership of 556,169,385.70 million, with sub-total profit (loss) of 726,611,158,008.00 billion, subTotal equity of 1,731,413,109,199.00 trillion, and sub-total area ownership of 223.520, 264.824,95 billion

Based on the summary of the financial statements of local government enterprises of East Java province at the banking level there is a regional company in the year 2019 namely PT. BPD JawaTimur, TBK which has a business income of 6,312,966,000,000.00 trillion, a business burden of 4,561,417,000,000.00 trillion, profit (loss) before tax of 1,864,133,000,000.00 trillion, and net profit (loss) of 1,376,505,000,000.00 trillion. While PT. BPR JawaTimur has a business income of 342,663,546,796.00 billion, operating expenses amounting to 314,607,385,348.00 billion, profit (loss) before tax of 25,452,559,610.00 billion, and net profit (loss) of 18,304,637,610.00 billion, with sub-total revenue of 6,655,659,546,796.00 trillion, sub total operating expenses amounting to 4,831,024,385,348.00 trillion, sub-total profit (loss) before tax of 1,889,585,559,610.00 trillion, and the sub total net profit of 1,394,809,637,610.00 trillion.

Furthermore, at the level of financing, there are regional companies, namely PT. Jamkrida Jatim which has a business income of 38,447,651,742.00 billion, operating expenses of 36,511,518,372.00 billion, profit (loss) before tax of 25,452,559,610.00 billion, and net profit (loss) of 4,218,573,526.00 billion. Next, at the construction support level, there is a regional company, namely PT. Jatim Grha Utama which has a business income of 23,124,963,822.00 billion, operating expenses of 15,320,118,452.00 billion, profit (loss) before tax of 8,118,630,655.00 billion, and net profit (loss) of 6,883,982,464.00 billion.

Further on the level of other services, there are regional companies, namely PT. Air BersihJatim which has a business income of 23,935,167,733.00 billion, operating expenses of 22,270,242,087.00 billion, profit (loss) before tax of 5,673,453,035.00 billion, and net profit (loss) of 4,600,785,840.00 billion. Next, at the mining level, there are regional companies, namely PT. PetrogasJatimUtama which has a business income of 2,108,283,689,292.00 trillion, operating expenses amounting to 1,776,290,710,897.00 trillion, profit (loss) before tax of 347,468,856,858.00 billion, and net profit (loss) of 83,664,948,371.00 billion.

Furthermore, in the business level of various industries there are regional companies namely PT. PancaWira Usaha which has a business income of 249,089,240,666.00 billion, operating expenses of 222,721,991.070, 00 billion, the income (loss) before tax amounted to 17,730,301,851.00 billion,

and net profit (loss) of 14,184,241,481.00 billion. Furthermore, in the level of BUMD with minority shares there is a regional company namely PT. AsuransiBangunAkrida which has a business income of 3,030,995,598,638.00 trillion, operating expenses amounting to 2,938,294,275,309.00 trillion, income (loss) before tax of 68,513,096,207.00 billion, and net profit (loss) of 69,302,557,365.00 billion. Meanwhile, PT. Surabaya Industrial Rungkut which has a business income of 661,919,541,748.00 billion, operating expenses of 520,400,065,406.00 billion, profit (loss) before tax of 152,225,128,428.00 billion, and net profit (loss) of 135,302,635,056.00 billion. And the last is PT. JatimKridaUtama which has a business income of 1,113,927,169.00 billion, operating expenses amounting to 1,224,280,364.00 billion, the profit (loss) before tax amounted to (110,353,195.00) million, and net profit (loss) of (110,353,195.00) million, with sub-total revenues of 3,694,029,067,555.00 trillion, the subtotal of operating expenses amounted to 3,459,918,621,079.00 trillion, the subtotal of profit ( loss ) before tax of 220,627,871,440.00 billion, and net profit Subtotal (loss) of 204,494,839,226.00 billion.

## **DISCUSSION AND CONCLUSION**

BUMD employees' ability to improve employee performance, the motivation that has been done at BUMD employees in enhancing employee performance, opportunities that are being held by BUMD in improving employee performance. Seeing the development of AMO in BUMD employees, BUMD performance will increase with the AMO development system model in employees. In addition to the body of BUMD also conducted a periodic evaluation of financial performance Diagnostic Good Corporate Governance (GCG) and evaluate the work plan and Company budget (RKAP).

Knowledge, attitudes, experience, education, skills are part of the individual's abilities. This is part of developing skills that every employee must have because, with employees who have a reliable capability, BUMD JG company performance is ensured to increase.

On the other hand, no less important is the value of motivation is significant to know the employee's Motiv or mind to work. Motiv here varies greatly depending on the principle of each personally. For employees in the 10 BUMD East Java province that employees have a performance motivation, the participation of the company, Motiv Reward, Motiv gets success or professionalism in working in the company that has been in the old idly so that it is very successful organization culture and very loyal to the company BUMD.

Last is related to the opportunity value, which is the opportunity for employees to make the company sustainable. In addition to the chance of employees to succeed personally, it has the support of the company's change management team to accommodate the idea, innovation, and creativity of the employees to increase the company's chances to perform well. Then, increase East Java province BUMD with collaboration between stakeholders and a vast

area to think about the company's expansion to be better in the future and able to endure the globalization, disruption, and issues of the revolutionary era Industry 4.0.

Based on the exposure of several statements above that the AMO theory is very likely to increase the performance of BUMD East Java Province to compete in the era of globalization and sustainability. The development of the era and plague pandemic Covid19 is expected to survive and boost the BUMD industry in East Java province.

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