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ACTUALIZATION OF PERFORMANCE MANAGEMENT MODELS FOR THE DEVELOPMENT OF HUMAN RESOURCES QUALITY, ECONOMIC POTENTIAL, AND FINANCIAL GOVERNANCE POLICY IN INDONESIA MINISTRY OF EDUCATION

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ABSTRACT

Performance management is a process in which a manager and his employees work together to plan, monitor and review the objectives or work goals of his employees in order to make an overall contribution to the organization or company. In other words, it can also be interpreted as an ongoing process of setting goals, assessing progress and providing guidance and feedback to ensure that each employee can meet their career goals and objectives. An organization or company needs performance management to measure the results of activities that have been carried out, how the quality meets the goals that have been set, and determine what needs to be done to improve performance according to organizational goals. Performance management is a communication process, carried out in the context of a partnership, between an employee and his/her supervisor which involves clear expectations and understanding of: a. expected work function of employees; b. how the work of employees can contribute to the goals of the organization or company; c. what are the indicators of success or work success with more specific standards; d. what will be done to maintain and improve employee performance; e. how to measure employee performance; and f. identify and address barriers to employee performance. The main objective of performance management as a whole is to ensure that all elements of the organization or company work together in an integrated manner to achieve goals. While the goals of performance management in human resource

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management (HRM) are as follows: 1. assist employees in identifying the knowledge and skills needed to do their jobs efficiently, and can encourage them to do the right tasks in the right way; 2. improve employee performance by encouraging employee empowerment, motivation and implementation of effective reward mechanisms; 3. improve the two-way communication system between supervisors or company managers and employees to be able to clarify company expectations regarding employee roles and accountability in carrying out work, communicate functional and organizational goals and provide regular and transparent feedback so as to improve employee performance and continuous development; 4. identify barriers to more effective performance and resolve these barriers through monitoring, coaching, and development; 5. creating the basis for several administrative decisions regarding strategic planning, succession planning, promotion, compensation and performance-based remuneration; and 6. improve employees' personal self-development and advancement in employees' careers by helping them to acquire the desired knowledge and skills. Performance management is one of the subject areas of interest that underlies the subject of expertise, especially the subject of human resource management. After attending the Performance Management course, in general, students have comprehensive competency on the basic concepts of performance management and the importance of performance for an organization.

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1 INTRODUCTION

Many difficulties occur in tracing the history of management, but it is known that the science of management has existed for thousands of years. This is evidenced by the sights in Egypt. The pyramid was built by more than 100,000 people over 20 years (Mannan, 2005; Ali, A., Auvinen, M. K., & Rautonen, J. (2010). The Giza Pyramids would not have been built successfully if there had not been someone—regardless of what the manager was called at the time—who planned what to do, organized the people and materials, led and directed the workers, and improved certain controls to ensure that everything was done according plan (Henny, C., & Meutia, A. A., 2014; Kumar, S. S., & Raghavendra, B. K. (2019).

Productivity of Human Resources (HR) in Indonesia is still low and difficult to increase. Where the level of productivity is still relatively poor when compared to neighboring countries such as Thailand and Malaysia. This has been confirmed by the size of the gross domestic product (GDP) since 2011 (Darvishi, S., Sheisi, G., & Aghaei, J., 2020), when Indonesia's position tended to be stable. One of the things that makes it difficult to increase the productivity of human resources (HR) is not supported by the right skills in overcoming the challenges of industrialization, especially technology and digitalization.

And again, the lack of human resource (HR) skills and low educational (Kuzminov, Y., Sorokin, P., & Froumin, I., 2019) attainment are still problems related to HR in Indonesia. According to the Society for Human Resource Management (SHRM), which represents 258,000 members in more than 165 countries (Solano, P., & Massey, D. S., 2022; Martin, P. 2020), one of the main challenges of Human Resources today is the growth or competition of talent. They believe that the demand for qualified and trained human resources around the world has increased, but the productivity and quality of human resources is still very low at the moment.

According to Kinasih, P. S., & Nihayah, D. M. (2022), in Indonesia alone, data shows that the number of workers has a low level of education. As of August 2018, 58.78% of workers in Indonesia still have a low level of education. Meanwhile, data for

February 2019 was recorded at 58.26%. Because most of the Human Resources (HR) have limited skills and a low level of education, Vahdat, S. (2022) and Tambe, P., Cappelli, P., & Yakubovich, V. (2019), it will be difficult to increase the productivity and quality of human resources to compete (Sedyastuti, K., Suwami, E., Rahadi, D. R., & Handayani, M. A., 2021; Collins, C. J., 2021; Mahapatro, B. B., 2022).

Apart from that, the problem of human resources in Indonesia also arises due to the culture of society which is quite conservative in dealing with time. Indonesia with a relatively large population certainly has various types of Human Resources (HR). And about mindsets, skills, qualities and more (Mazurchenko, A., & Maršíková, K., 2019; Doz, Y. (2020). Fostering strategic agility: How individual executives and human resource practices contribute. *Human Resource Management Review*, 30(1), 100693; Wan, H. L., 2019)).

Community culture certainly has an impact on the development of human rights (Banks, M., & O'Connor, J., 2021). This is evidenced by the fact that there are still many community groups in Indonesia that can hinder human resource development, refuse to act and think ahead, abandon conservative lifestyles and mindsets (Kretschmer, S., Langfeldt, B., Herzig, C., & Krikser, T., 2021).

Other management practices can be witnessed during the 1400s in the city of Venice, Italy, which was then a center of economy and commerce. Venetians developed early forms of business enterprises and undertook many of the activities that are common in today's modern organizations. For example, in the arsenal of Venice, warships were launched along the canals; at each stop, raw material and line were added to the ship. This is similar to the assembly line model developed by Henry Ford to assemble his cars.

In addition to assembly lines, the Venetians had storage and warehousing systems to monitor contents (Nhouchi, Z., Botosoa, E. P., Chene, C., & Karoui, R., 2023), human resource management to manage the workforce, and accounting systems to track revenues and costs. Daniel Wren divides the evolution of management thought into four phases (Wren, D. A., & Bedeian, A. G., 2020), namely early thought, the management science era, the social human era, and the modern era.

Before the 20th century, two important events occurred in management science. The first event occurred in 1776, when Adam Smith published a classic economic doctrine, *The Wealth of Nations*. In his book, he argued for the economic advantage that would be obtained by the organization from the division of labor, namely the breakdown of work into specific and repetitive tasks. Using the safety pin manufacturing industry as an example, Smith says that with ten people—each doing a specific job—a safety pin company can produce approximately 48,000 safety pins a day (McGuinness, B., Duke, M., Lim, S. H., & Au, C. K., 2022; Samanta, S., Saha, R. K., Chakrabarty, P. B., & Kumar, H., 2022)). However, if everyone worked alone completing each part of the work, it would be great if they could produce twenty pins a day. Smith concluded that the division of labor could increase productivity by (1) increasing the skill and dexterity of each worker, (2) saving time wasted in changing tasks, and (3) creating machines and other inventions that could save labor.

The second important event that influenced the development of management science was the Industrial Revolution in England. The Industrial Revolution marked the start of the use of machines, replacing human labor, which resulted in the shifting of production activities from homes to special places called "factories." This shift resulted in managers needing theories that could help them predict demand, ensure sufficient supply of raw materials, assign tasks to subordinates, direct daily activities, etc., so that management science began to be developed by experts.

This era was marked by the development of management science from engineers such as Henry Towne, Frederick Winslow Taylor, Frederick A. Halsey, and Harrington Emerson. Scientific management (Merkle, J. A., 2022) was popularized by Frederick Winslow Taylor in his book, *Principles of Scientific Management*, in 1911 Taylor described scientific management as “the use of the scientific method to determine the best way to get a job done.” Some authors, such as Stephen Robbins, consider the year this book was published as the year modern management theory was born.

The development of scientific management (Prasad, L. M., 2020) was also driven by the emergence of new ideas from Henry Gantt and the Gilberth family. Henry Gantt, who had worked with Taylor at the Midvale Steel Company, initiated the idea that a foreman should be able to educate his employees to be industrial and cooperative. He also designed a chart to help management called a Gantt chart which is used to design and control work. Meanwhile, husband and wife team Frank and Lillian Gilbreth succeeded in creating micromotion, a tool that can record every movement made by workers and the length of time spent making each movement. This tool is used to create a more efficient production system (Korchagin, A., Deniskina, A., & Fateeva, I., 2019).

This era was also marked by the emergence of administrative theory, namely the theory of what managers should do and how to establish good management practices. At the beginning of the 20th century, a French industrialist named Henri Fayol put forward the idea of five main functions of management: planning, organizing, commanding, coordinating and controlling. Fayol's idea was then used as a framework for management science textbooks in the mid-1950s, and continues to this day. In addition, Henry Fayol also initiated 14 management principles which are the basics and values that are at the heart of the success of a management.

2 LITERATURE REVIEW

Management is the science of planning (Van Maarseveen, M., Martinez, J., & Flacke, J., 2019), organizing, compiling, directing, and supervising activities in order to achieve the common goals that have been set (Zaruba, V., & Parfentenko, I., 2020; Sharifi, A., & Khavarian-Garmsir, A. R., 2020). All organizations or companies need management knowledge. Because without it, organizations or companies will find it difficult to achieve common goals. According to Hari Sucahyowati in the book about the management (Waters, D., 2019), management knowledge is needed to achieve organizational goals, maintain a balance between various goals, and to achieve efficiency and effectiveness.

Management knowledge is important because it can help organizations or companies achieve their goals in a predetermined way. Management helps humans organize and develop the right strategy. Quoting from the book *Introduction to Management* (2018) by M. Anang Firmansyah and Budi W. Mahardhika, the science of management facilitates human work through the knowledge and knowledge learned (Hair Jr, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., & Ray, S., 2021). That said, management knowledge plays a big role in the success or failure of a job. If the management is good, the work will be organized and successful. Conversely, if the management is not good, work will be hampered and disorganized (Patil, V. V., Gogate, P. R., Bhat, A. P., & Ghosh, P. K., 2020). Management is a stage of activities that are interconnected with one another. This means that management includes the stages of activities from start to finish, namely the achievement of common goals (Rock, C. L., Thomson, C., Gansler, T., Gapstur, S. M., McCullough, M. 2021; Fancourt, D., & Finn, S., 2019).



Figure 1 Flowchart of General Performance Assessment as Key Indicators

In general, performance management is a communication effort that is carried out on an ongoing basis between employees and their superiors with the aim of achieving the main goals of a company (Helmold, M., & Samara, W., 2019; Aguinis, H., 2019). The presence of this management is really needed in a company because it can help align employees with other resources so that the company's goals are achieved optimally.

Potential is an ability that has the possibility to be developed, strength, ability, power. Economic potential is the economic capacity that exists in a region that is possible and feasible to develop so that it will continue to develop as a source of livelihood for the local people and can even encourage the regional economy as a whole to develop independently and sustainably (Maliszewska, M., Mattoo, A., & Van Der Mensbrugge, D., 2020; Weber, M., 2019).

Potential in economic activities means having the meaning of understanding something that can be developed or its value utilization can be increased (Flath, D., 2022). Exploring the value of the benefits of natural resources which are more directed to economic forms of economic activity (Carrier, J. G. (Ed.), 2022). To explore this potential, activities or activities in economic forms are needed that can explore and increase it. Utilization of natural resources has been carried out in various forms of activities and adjusted to the natural resources owned. Activities to utilize the potential of natural resources to improve the economy.

Utilization of Saleh, H., Surya, B., Annisa Ahmad, D. N., & Manda, D. (2020), the potential of natural resources in Indonesia is dynamic because many activities can be carried out to develop the potential of natural resources such as activities to increase agricultural potential, plantation potential, fishery potential, mining potential, and forestry potential (Wisnujati, N. S., & Patiung, M., 2020; Roe, S. el al., 2021; Akbar, A., Adriani S. & Privanto, F. 2021).

Financial management is a vital and very important activity in every organization (Shim, J. K., 2022; Shapiro, A. C., & Hanouna, P., 2019). Financial management is the process of planning, organizing, controlling and monitoring financial resources to achieve company goals and targets. This management is an ideal and effective way to control financial activities. The use and management of finances is one example, the use of funds includes payments, risks, and all other things related to money (Tresch, R. W., 2022; Shafer, G., & Vovk, V., 2019).

Financial management is basically all efforts starting from planning, managing, storing, and controlling company assets and funds (Giglio, S., Kelly, B., & Stroebel, J., 2021).. All activities must be carried out carefully, thoroughly and carefully, this is enabled to reduce the risks that may occur. Therefore, companies need qualified supporting equipment, such as bookkeeping applications and financial reporting applications (Robinson, T. R., 2020).

One expert suggested, Metrick, A., & Yasuda, A. (2021), finance in a company is a strong foundation for building a company. Finance is also very risky. If it is not managed properly, it will become chaotic and of course it will stop the running of a company. In a company it takes its own field that takes care of the finance section or it can also be called financial management. Reporting from the Netsuite page, financial management or financial management is the activity of planning, managing, storing, and controlling funds and assets owned by a company. Financial management must be carefully planned so that problems do not arise in the future (Kirowati, D., & Amir, V., 2019). Gao, J. (2022).

This financial management must have clear objectives, there are several objectives of financial management. First, maintaining cash flow. In a company, the entry and exit of cash must be monitored continuously so that expenses do not swell. As a result, it can cause company losses. Cash money is usually issued to buy raw materials, pay employees, and other expenses. Secondly, maximizing company finances. The task of financial management is not only to oversee finances, but also to see budget activities that are not profitable for the company that can be eliminated and replaced with activities that are more profitable for the company.

Thirdly, preparing the capital structure. Financial managers in planning the capital structure must be able to balance the budget they have with the funds borrowed by the company (Brigham, E. F., & Houston, J. F., 2021; Bhalla, V. K., 2020). Fourthly, maximizing profits. Proper financial management will be able to maximize profits in the long term. Fifthly, increase efficiency. By budgeting the right funds in all aspects, the efficiency of the company's funds will continue to increase (Shaturaev, J., & Bekimbetova, G., 2021). Sixthly, optimizing company wealth. Financial managers must also be able to read the stock market. By providing the maximum possible distribution of profits to shareholders, of course, it will improve the company and give shareholders confidence to continue investing in the company.

Seventhly, reducing operational risk. The right decisions made by financial managers will affect uncertain business risks at any time. Eighthly, ensuring the continuity of company life. The financial manager plays an important role in the running of a company. The right decisions will be able to make a company survive in business competition, but on the contrary, decisions that are not careful will cause a company to go bankrupt. Ninthly, reducing the cost of capital. The financial manager must make proper capital planning, so that the use of capital can be minimized in such a way (Zhang, W., Wang, Y., Yang, L., & Wang, C., 2020).

3 METHOD

This research is a descriptive qualitative research. Descriptive qualitative research is a field-based phenomenon research process, namely the object at an institution (Adu, P., 2019). This is to see firsthand the phenomena that occur. The purpose of this research is to fully and clearly describe the actualization of the performance management model for developing the quality of human resources, economic potential, and financial governance policies of the Indonesian Ministry of Education.

The research subjects are the elements of workers involved in an institution. As for those involved, among others, elements of leadership, managers, staff, employees, and customers and work partners. Everything involved follows the rules enforced in the institution. Therefore, the process of collecting research data is. First, the interview. The interviews conducted were to provide structured questions to be answered by them. The answers submitted will be processed in full so that they can provide answers to each problem raised in the research. Interviews in research are very important because they can corroborate data. This is in line with the opinion of de Villiers, C., Farooq, M. B., & Molinari, M., (2022), that interviews are the main source of convincing data (Hopf, C., 2004).

Next, record the field. Field recording is the same as documentation. Documentation is an important part of data collection. Recording or documentation as a form of conducting a written review of everything that happens at the institution as the main object of research. Documentation according to Newman, I., Benz, C. R., & Ridenour, C. S. (1998) and Mariampolski, H. (2001) is very important because of the nature of physical evidence in research so that it provides evidence of what has been recorded, carried out, reviewed, and arrived at conclusions in the field during research.

4 RESULT AND DISCUSSION

Every organization and company must have their own goals and targets which are driven by the employees in the company. In order for the goal to be achieved optimally, it requires performance management. Maybe this term sounds foreign to ordinary people. However, employees in a company certainly understand that this division has a very crucial role.

This performance management consists of various components, including the following. Making clear job descriptions and adjusting to employee recruitment planning. Select prospective employees who meet the requirements to be able to conduct interviews. Conduct interview sessions for all prospective employees as one of the selection stages so they can enter the next stage. Ask prospective employees about their willingness and ability to achieve goals and fulfill the job descriptions set by the company.

Conduct selection of prospective employees through various processes in accordance with the company culture. Offering jobs to prospective employees who have been selected including matters relating to the advantages of the company, such as facilities, benefits, salaries, and others. Welcoming new employees who have been selected, appointing employee mentors, conducting the orientation stage, and also introducing the company culture to selected employees.

Provide training for employees. Establish performance standards that can be measured by selected employees. Routinely hold discussions related to performance development with employees. Provide coaching and feedback for employees. Provide training for employees. Offer promotions or career development, including position shifts, employee transfers, and so on. If an employee resigns, the company must evaluate and find out the cause. There are at least four performance management cycles that need to be followed on

an ongoing basis. The following is an explanation regarding the four cycles of performance management.

Quality Human Resource Planning

At this stage, the management and also the directors of the company will hold discussions related to the goals and things that the company wants to achieve, both within a certain period of time and as a whole. This is a very important stage to do because every employee has a guide in designing goals in detail.

These goals don't have to be about business strategy, but can also be about achievement indicators for employee performance in teams, such as targets, tasks, actions, development, and so on. Usually this goal uses the SMART method or is specific, measurable, achievable, relevant, and time-bound. At this stage, the company can also make plans for employee development (Mattoni, B., Gugliermetti, F., & Bisegna, F. (2015).

Human resource planning is a series of activities carried out to anticipate business and environmental demands on the organization in the future and to meet the workforce requirements posed by these conditions. Broadly speaking, the HR planning process is divided into 4 steps which include (1) recognizing current labor availability; (2) calculating future hr needs (3) determine estimated hr demand; (4) designing hr search strategies and implementation; (5) growth; (5) change.

HR Planning or Human Resource Planning (HRP) is a forecasting process that is systematic in nature by linking a company's HR needs with the company's strategy and objectives. Human resource planning may be described as a process that seeks to ensure that the right number and kinds of people will be at the right place at the right time in the future, capable of doing those things that are needs so that the organization can continue to achieve its goals.

Human Resources Performance Monitoring

Table 2 shows that the majority of respondents are aged 30 – 35 years, reaching 52.27%; and aged 40-45 years reached 9.09%. This shows that the company, in order to achieve its vision and mission, recruits young employees, so that the Indonesian Ministry of Higher Education has excellent resources and creativity so that they are not hampered in facing challenges in the workforce.

The form of monitoring can be in the form of direct observation, studying daily reports, or a combination of both. Can be written and unwritten. Direct observation is very useful because at that time control can also be carried out so that deviations do not occur which are increasingly widened. Meanwhile, just studying the daily report is less effective because you don't see firsthand what happened. The ideal is a combination of both. In addition to immediately knowing what happened, it was also reinforced with complete notes. For this reason, the aspects that are monitored include work hours, work processes, product defects, length of work processes, social relations, employee health conditions, and work hours.

Monitoring that is carried out in a planned and regular manner can be carried out every day or weekly. It really depends on the work process. If there is demand from consumers and customers so that results can be quickly fulfilled, then monitoring is carried out intensively. If necessary do one to two hours. If the work process is routine, it can be done once or twice a day. Especially if the employees are relatively experienced and highly skilled at work. Meanwhile, irregular monitoring is carried out on a sudden basis, for example when a problem is found in a particular work unit.

Monitoring results can be used by the company for short term or immediate and relatively medium and long term needs. The accumulation of the results of the monitoring process is processed to be used as material for evaluating the company's performance. Feedback from monitoring and evaluation results is then used as a basis for preparing a new business strategy plan as well as preparing human resource and infrastructure support. This includes improving human resource management such as recruitment and selection of new

employees, training and development, career development strategy, compensation management, performance management, and termination of employment.

Reviewing Human Resources Performance

The third cycle is a two-way review or study. Usually this stage is carried out at the end of the year, where the management and employees will discuss whether the company's goals set from the beginning can be achieved properly. Reviewing is an important stage because later the manager can collaborate with employees. Involving workers can also make employees feel motivated to provide maximum contribution and performance for the company.

In addition to reviewing work results, each company will also generally conduct a Performance Review on each of its employees. This activity is carried out and claimed as an annual meeting to discuss employee performance and employee goals in working up to the employee's career plans in the past year.

Basically, Performance Review is a tool that many companies use to run their business effectively and achieve business success. In addition, there are also managers who provide continuous feedback and training. These managers will provide annual performance reviews, even to the point of offering valuable opportunities for each employee who has achievements. This is done by monitoring the performance of each employee, during a specific period, usually for a year. Then, the manager will compare work results with the target of conducting discussions and also planning opportunities for improvement.

By conducting a Performance Review, it will help every manager and their employees in responding to performance trends at any time. However, these new trends within the Performance Review technique have started to gain interest and interest in the form of ongoing performance checks. This ongoing performance check is a meeting activity that is scheduled regularly by managers, such as once a week or once a month.

In it, managers and employees will have a question-and-answer discussion, any concerns, problems or constraints, and any ideas they have. The performance review is carried out not without purpose, in which there are many benefits that can be felt by managers and employees. So, the benefits of Performance Review are as follows.

In a company, an important role is not only held by the top brass, but everyone who is in the company. Because, employees are one of the elements that are the main concern in HR management lately. By carrying out Performance Review activities, it will be easier for you to evaluate their involvement in the company. Kegiatan *Performance Review* yang dilakukan di akhir tahun memang bisa menjadi suatu momok yang menakutkan. Namun, hal tersebut tidak seharusnya dijadikan sebagai tekanan pada karyawan.

Awarding of HR Performance

This last stage should not be ignored by the company because the award is an important cycle to increase the morale of the employees. If employees do not get enough appreciation, then this will affect their performance so that they are more likely to look for another job. The various forms of awards that companies can give employees include promotions, salary increases, bonuses, additional projects, increased leave allowances, and so on.

Award or reward is a supporting medium that is used by a company or an organization to maximize the performance of its employees. Thompson (2002) argues that compensation includes not only quantitative factors such as salary and wages, but also non-monetary factors, as concrete examples are opportunities for greater responsibility, career opportunities, learning and development opportunities, and also includes quality of life. It also emphasizes that a good form of reciprocity has been carried out by a company or an organization (Indah et al., 2019).

Mathis and Jackson (2006) expressed the opinion that reward is a form of implementation in the provision of rewards given by a company or organization in order to recruit, motivate, and retain people who are painstaking and have a history of qualified performance in an organization. company (Arianto & Erlita, 2021).

Multicultural Education

The effect of awards or rewards on employee performance has also been sufficiently proven in several previous studies. Njoroge and Kwasira (2015) in their 4 studies found indications of attachment and a fairly close relationship between compensation and rewards on employee performance in their research finding that rewards significantly affect employee performance.

Giving awards and motivation is an aspect that is quite crucial in the performance of an employee. An employee will maximize their performance if a company is able to provide an appreciation that employees want in the form of reward or motivation. Companies are expected to be able to provide rewards that are proportional to the performance that employees provide for the company. (Prabu & Wijayanti, 2016).

In order to realize good governance, the special government of the Ministry of Public Works and Public Housing (PUPR) is currently carrying out bureaucratic reform. There are at least 9 (nine) main principles in the management of good governance. Two of them are closely related to the management of state finances, namely the principles of transparency and accountability.

Education is simply said to be a process of "humanizing humans", Abdurrahman Shalih (t.th; 47) says "man is the core of the educational process", that humans are the essence of an educational process. This shows that humans are objects and actors of education at the same time. Therefore, the extent to which education is formulated and implemented must always be based on the conception of human nature.

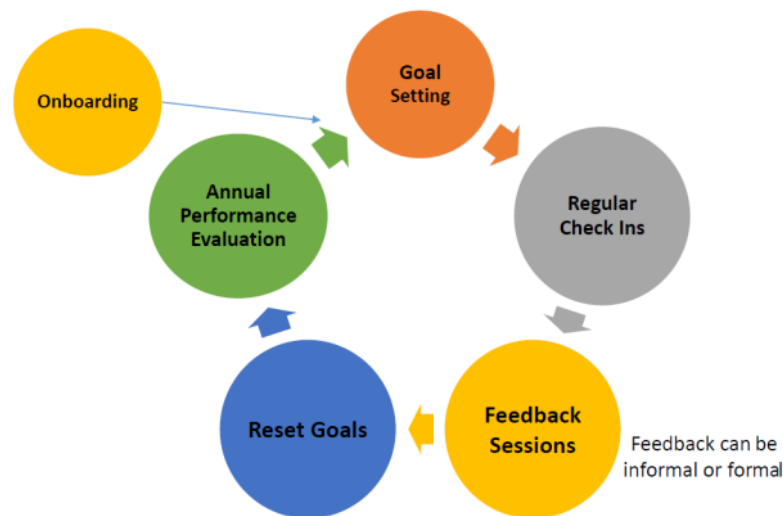


Figure 2 Pattern of Human Resources Performance Assessment

Formulating and developing educational goals, educational materials, methods, curriculum, educational evaluation, and so on must always be consulted on the philosophy and understanding of human nature itself. This discussion seeks to understand human nature as an ontology study of Islamic Education. There are several things studied in this paper, namely; understanding of human nature; process of human events; basic human potentials; tasks and functions of human creation; and its implications in education.

Quality service process is strongly influenced by HR factors as the subject of the realization of the process. HR competencies (hard competency and soft competency) are absolutely necessary as an effort to create quality services. This competence is not only for each employee in carrying out service duties, but also for how the employee is able to become extension workers and companions of the work unit so that they have the ability to manage fi-

nances. This condition will create a superior service process. Excellent service will be created if there is equality of understanding and competence between the two parties (service providers and those who are given the service).

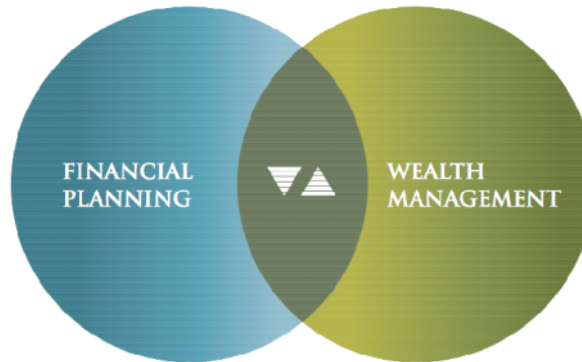


Figure 3 Key Formulas of Financial Management

Figure 3 shows the role of financial governance management. The goal of financial management is to maximize the value of the company. If one day the company is to be sold, its value can be set as high as possible. It is the manager's job to suppress the flow of money within the company in order to avoid risks that could harm the company.

The scope of financial management includes. Funding decisions, which include management policies when seeking corporate funds. Investment decisions, usually a company investment policy for fixed assets. For example, buildings, tools, land, and others. Or it could be financial assets in the form of securities such as stocks and bonds. Asset management decisions, is a policy to manage the assets owned by the company as efficiently as possible to achieve the main goals of the company.

The development of MSMEs in Indonesia has continued to increase from year to year. However, the high interest of the community in starting a business of this scale was not matched by their skills in managing a company. This activity itself aimed to help overcome the problems faced by MSME actors in Cibodas Jasa, Tangerang City in managing the business they run. In addition, this activity also aimed as a means of training for MSME actors, especially in the management of human resources and MSME financial governance. The results of the training showed that this training activity was quite effective in fostering MSME actors. This can be seen from the enthusiasm and understanding of the participants towards the description of the material presented. Thus, MSME actors better understand the importance of human resource management and financial management and their application in managing the business they run.

5 CONCLUSION

The concept of "Good Governance" or "Good Governance" is the embodiment of predictability, openness, and enlightenment in decision making; professional bureaucracy full of work ethic; the government as an executive who is accountable in every action; and strong participation of community institutions in public affairs; and all elements act according to laws and regulations. Good Governance includes participation, transparency and accountability, including effectiveness and fairness, as well as compliance with laws and regulations.

Basically, the characteristics of good governance include participation, oriented to the wider community, accountable, transparent, responsive, effective and efficient, fair and in-

clusive, and compliance with laws and regulations. These characteristics should be applied in regional financial management. Participation is one of five planning approaches (political, technocratic, participatory, top-down and bottom-up). Participation is interpreted as involving the community in making decisions, both directly and indirectly through representative institutions that can convey their aspirations. The second characteristic, being oriented to the wider community, means that the APBD is oriented to public services in the regions.

Accountable in accountability to the public for programs and activities along with budgeting. Accountable financial management is the effort of the Regional Government as an Accounting Entity in presenting its financial reports so that they comply with government accounting standards, are disclosed adequately, comply with laws and regulations, and have an effective internal control system. Be transparent with reporting on the implementation of the APBD online as part of efforts to implement information disclosure to the public.

Good planning is needed in order to create effective, efficient, and precise budgeting. Fair and inclusive, as stated by Joko Widodo, "We are no longer oriented to process and output, but to impact and outcome. We continue to manage our fiscal system so that it is healthier, fairer and supports independence." We maintain it in a healthy, inclusive and strengthen our competitiveness" (www.cnbcindonesia.com). Inclusive and sustainable high economic growth is obtained by maintaining national stability and improving the performance of regional economic management so as to be able to encourage equitable regional economic growth, by improving good governance.

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