

Identify The Key Performance Indicators (KPI) for Badan Usaha Milik Desa (BUMDes) Raharja

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ABSTRAK

The purpose of this study is to identify key performance indicators (KPI) in the type of village-owned enterprise (BUMDes) organization. This research is a case study research which is the result of Community Service activities (PKM) with the object of research being the Raharja Village Owned Enterprise (BUMDes Raharja). The research conducted is a qualitative research that aims to identify BUMDes Raharja using the latest version of the "key performance indicator" method developed by [1]. The results showed that BUMDes Raharja has been able to identify the type of KPI in the form of KPIs. However, BUMDes Raharja is still not sufficiently able to identify the types of KPIs in the form of KRIs, RIs, and PIs. Researchers suggest that BUMDes Raharja immediately identify KPIs immediately, because KPIs are the most important key indicators to control so that organizations can achieve success and avoid failure. The researcher also suggested that BUMDes Raharja also re-identify KRIs, RIs, PIs and KPIs so that the number of performance indicators each approaches the recommended 10/80/10 standard (parmenter, 2015).

Keywords : Key Performance Indicator, BUMDes, Raharja

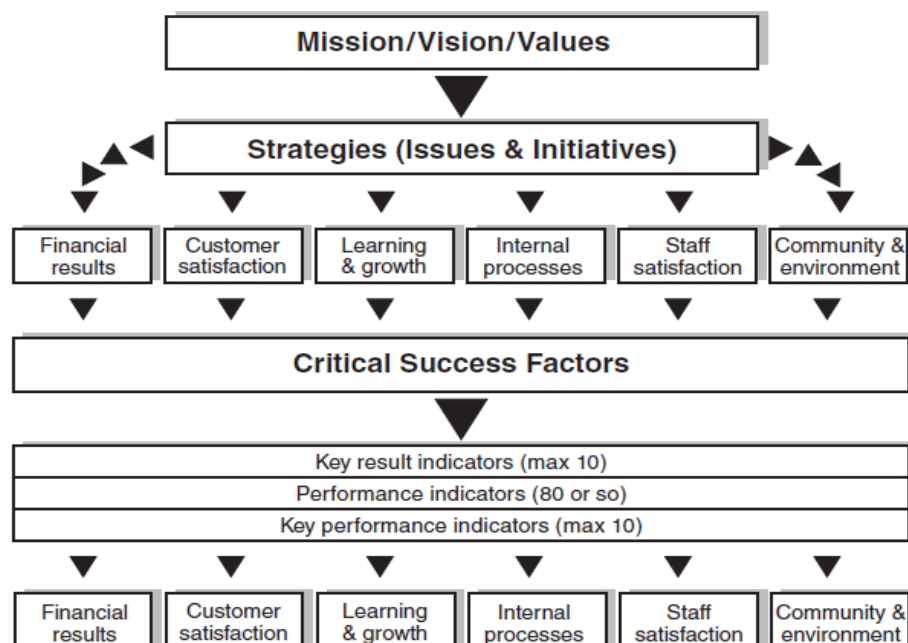
INTRODUCTION

Key Performance Indicators or KPIs are tools to detect and evaluate the performance achievements of a company's key activities [2]. Developing or updating KPIs is an important and continuous work that must be carried out by every company manager, because KPIs are largely determined by changes in the environment, changes in business processes, and types of business [3, 4], [5]. Certain KPIs may

be important for one company but may not be important for another. This study aims to identify KPIs for organizational forms in the form of universities, especially private universities. This research is a case study with the object of research, namely the Raharja Village Owned Enterprise or known as BUMDes Raharja. BUMDes Raharja was chosen because it is one of the village-owned enterprises that is the foundation for the community in Rancaekek Wetan Village, Rancaekek District, Bandung Regency, West Java Province.

RESEARCH METHODOLOGY

This research is a qualitative research [6]. The research method used is descriptive exploratory [6]. The data processing technique used in this study is a triangulation technique (qualitative data processing technique) in the form of interviews, questionnaires, and observations [7]. Two sources of data were used in this study, namely secondary data and primary data. Secondary data used in the form of strategic plans, work programs, budgets, minutes and others. Primary data obtained through interviews, personal communication and questionnaires. This research is a case study of the application of the latest version of the "Key Performance Indicator" method [1], thus the research steps and detailed data analysis refer to the Key Performance Indicator method. The picture below shows the steps of the research carried out:



Picture 1 Process of Translating Vision, Mission, and Values into Performance Measures

LITERATURE REVIEW

Concepts, Definitions, and Types of Key Performance Indicators

The concept of non-financial performance measurement was popularized initially by [8] in the concept of the Balanced Scorecard (BSC) and followed by [1] with the name Key Performance Indicator (KPI). [9] explains that KPI is divided into three types, namely Key Results Indicators (KRIs), Performance Indicators (PIs), and Key Performance Indicators (KPIs). In his latest article [1] develops or adds another type

of KPI, namely Results Indicators (RIs). KRIs give the board an overall summary of how the organization is performing. RIs tell management how teams are combining to produce results. PIs tell management what teams are delivering. KPIs tell management how organization is performing 24/7, daily, or weekly in their critical success factors, and taking action management is able to increase performance dramatically. KPIs are also basically performance indicators that are urgent and operationa [1, 9, 10]

According to [11], the proportion of each type of KPI is KRIs (10 indicators), RIs and/or PIs (80 indicators), and KPIs (10 indicators). The proportion of each type of KPI is certainly not something standard, especially for RIs-PIs which can number less or even more than 80 and it really depends on the type or form and scale of the company's business. The number of KRIs and KPIs according to [9] is not recommended, each more or less too large than 10. Too many KRIs and KPIs will make the company potentially fail to identify and focus on its critical performance indicators. The number of KRIs and KPIs that are too few also has the potential to make important indicators not adequately accommodated.

Characteristics of Key Performance Indicators

To determine the right type of KPI, management must understand correctly the characteristics or characteristics of each type of KPI ([12]. In general, KPIs are divided into two categories, namely outcome KPIs and activity KPIs or driving KPIs [1, 8]. KRIs and RIs are KPI results while KPIs and PIs are KPIs for activities (drivers). The following table presents the different characteristics of each type of KPI:

Table 1.

Difference between KRIs, RIs, PIs, and KPIs

KRIs	Ris	PIs	KPIs
Can be financial or non financial	Can be financial or non financial	Mainly non financial measures	Non financial measures
Monthly, bimonthly, or quarterly	Measured more frequently as monthly or sometimes quarterly measures	Measured more frequently as daily, weekly, biweekly, or monthly.	24/7, daily, or weekly
Reported at the board meeting	-	-	Available to all staff so action can be taken
It dose not help staff or management because nowhere dose it tell you what you need to fix	Dose not tell you what you need to do more or less of	All staf undertand what action is required to improve performance.	Eassy to understand by All Organizational Elements
Commonly, the only person responsible for a KRI is the CEO	-	-	Responsibility can be tied down to a team or a cluster of teams working closely together

A KRIs is designed to summarize progress in a particular area.	Designed to summarize overall performance	Tied to a discrete activity, and thus to a team, or a cluster of teams who work closely together.	Significant impact
A KRIs is result of many activities managed through a variety of performance measures	A result of more than one activity	Focus on a specific activity	Focus on specific activity
Normally reported by way of a trend graph	Normally reported in a division / department	Normally reported in a team	Normally reported quickly through various media and displays

Source : Parmenter (2007); Parmenter (2015)

RESULTS & DISCUSSION

Key Performance Indicator BUMDes Raharja has its own characteristics. Its business which is a service business as well as trading will make the KPI of BUMDes Raharja different from the KPI of manufacturing companies, KPIs of trading companies and even the KPIs of other service companies. The following table presents the KPI BUMDes Raharja:

Table 2.

BUMDes Raharja Key Performance Indicators

No	Key Results Indicators (KRIs)	Key Performance Indicators (KPIs)	Results Indicators (RIs)	Performance Indicators (PIs)
1	Annual Sales	Service Quality	Monthly Sales	Consumer Needs Survey
2	Annual Profit	Merchandise Recap Not Available	Monthly Profit	Discount Program Plan
3	Merchandise Turnover	Pengisian Ulang Barang Dagang	Monthly fee	
4		Merchandise Refill		
5		Store Cleanliness and Tidiness		
6		Transaction failure		
7		Transaction Returns		

Sources :

1. Focus Group Discussion (Aug 24, 2021)
2. BUMDes Raharja Strategic Planning (2021)
3. Head of BUMDes Raharja (Allan, Personal Communication, Aug 24, 2021)
4. Secretary of BUMDes Raharja (Personal Communication, Aug 24, 2021)

Referring to Table 1. above, it can be seen that KRIs, KPIs, RIs, and PIs in BUMDes Raharja have been identified. However, in terms of quantity, the number of

each type of performance measure is not in accordance with the KPIs criteria from [1], namely 20 (KRIs) /80 (RIs/PIs)/20 (KPIs). The number of each performance measure identified in BUMDes Raharja, namely KRIs as many as 3 indicators (should be 10 indicators), KPIs as many as 7 indicators (should be 10 indicators), RIs-PIs as many as 5 indicators (should be 80 indicators).

The categorization or basis for determining the type of KPI carried out in this study is ultimately more likely to be determined based on the "measurement period" criterion and the "type of outcome or activity measurement" criterion [1]. KPIs. BUMDes Raharja as presented in table 2 above is compiled in reference to the BUMDes Raharja Strategic Planning 2021 and confirmed by interviews with the Head of BUMDes Raharja and the Secretary of BUMDes Raharja. The flow of strategic planning (key success factors / key performance indicators) from BUMDes Raharja refers to the results of the BUMDes deliberation which is then translated by the Head of BUMDes Raharja together with other management in the form of BUMDes Raharja Strategic Planning.

CONCLUSION

The results of this study indicate that BUMDes Raharja has been able to start identifying with its Key Performance Indicators, especially for the type of Key Key Performance Indicators (KPIs), but is still unable to identify Key Result Indicators (KRIs), Results Indicators (RIs), and Performance Indicators (PIs). KPIs are very important because they are the main foundation so that KRIs, RIs, and PIs can be achieved. Raharja BUMDes managers from leadership to staff must be very familiar with the term Key Performance Indicators, but most of them understand Key Performance Indicators only as Key Results Indicators (KRIs).

Researchers suggest that the manager of BUMDes Raharja to identify and standardize KPIs immediately. KPIs or operational indicators or activity indicators need to be immediately identified and standardized by MAIN MM managers with the aim that important activities or actions that greatly affect the success or failure of the organization can be controlled properly and adequately. Other things that need to be considered by the manager of BUMDes Raharja, namely that the KRIs, KPIs, RIs, and PIs that are arranged in the future must be able to accommodate various time horizons of performance measurement, namely past performance, current performance, and future performance. The number of indicators for each type of KPI that exists is also highly recommended by researchers to be equalized or at least close to the 10/80/10 rule [1]

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