

# Optimizing the Use of Government Assets: A Case Study in the Regional Government of East Java Province

Nurbaiti Isnaini  
Universitas 17 Agustus 1945  
Surabaya

H UJIANTO  
Universitas 17 Agustus 1945  
Surabaya

Indrawati Yuhertiana  
UPN Veteran Jatim

**Abstract:-** This study discusses the Optimization of the use of Land Assets Owned by the Regional Government of East Java Province as one of the sectors having economic value. So far it has been recorded that there are lands or land assets which are "dormant" and not utilized optimally. In fact, East Java as a strategic province for investment is a magnet for investors, specifically for those who want to develop business in eastern Indonesia. This study applies the theory of asset management popularized by Siregar (2004). In asset management theory, five fundamental activities are mentioned: inventory, legal audit, valuation, optimization and development of asset management information. This research uses qualitative method with a case study approach. The results of the study indicate that the Regional Government of East Java has carried out overall asset management. Nevertheless, there is a need for commitment, reward / punishment, and local government regulations for the implementers and users of assets towards the implementation of asset utilization. In addition, it is necessary to have a strategy to apply, among others, integration of regional asset management systems, collaboration between users of goods or communication in asset management organizations, Management of Asset Management with Application Systems (e-Asset applications that facilitate coordination, communication, and integration of data of asset in East Java region) so that management will be more comprehensive and synergistic. The sectoral ego also must be eroded so that the welfare of the community can be maximally felt. In this condition, horizontal communication between equal regional devices in a hierarchical manner must be managed properly

**Keywords:-** Optimization of Regional Assets, Asset Management, commitment, reward and punishment, collaboration, Strategy.

## I. INTRODUCTION

One way to maximize revenue from the state treasury for public welfare is to optimize the role of government-owned assets. The assets that have not been used optimally must undergo new management techniques so that they can provide material benefits which ultimately contribute to state revenues. Indonesia, in line with the enactment of Law Number 22 Year 1999 concerning Regional Government and Law Number 25 Year 1999 concerning Financial Balance between Central Government and Regional Government which was later revised to Act Number 32 Year 2004 and Act Number 33 Year 2004 gives broad, real and responsible authorities to the regions which are proportionally realized by the regulation, distribution and utilization of equitable national resources as well as central and regional financial balance.

Consequently, local governments have an obligation to improve services and welfare of the people in a democratic, equitable and sustainable manner. The obligation can be implemented by local governments if local governments are able to manage all potential resources optimally in increasing Regional Original Revenue. Regional Original Income is one of the sources of income obtained from various business sources, which are carried out by the regional government to finance routine and development activities, as stated in Law 33 of 2004 concerning Financial Balance between the central government in article 6 which is stated that the Source of Revenue Regional Original Is Regional Tax, Regional Retribution, Separated Regional Wealth Management Results, and Other Legitimate Local Original Revenue.

Regional Original Revenue of East Java province in its development each year has overall increased. It shows that the regional government of East Java province is always trying to explore the potential sources of local revenue in order to finance the implementation of development and the conduct of government. The spirit of the government of East Java province to increase the target of local revenue reflects the independence of the region in creativity, in exploring the potential of local revenue that does not burden the community. The amount of revenue of the original local revenue greatly influences the performance of the government in carrying out its activities, because part of the expenditure of the regional government

is financed from the original regional revenue. An area is able to implement autonomy if it has its financial capacity of the region, which means the region has the ability and authority to explore financial resources, manage and use its own finances to finance the conduct of government. In addition, the dependence of local government on central assistance must be minimized, so that PAD will be the largest financial source in running the wheels of government in East Java Province (even though the APBD owned by the East Java government is supported by central and regional financial balance policies.)

The 3 (three) law packages issued in the field of State Finance became a locomotive for the change in the asset management paradigm in Indonesia. These laws are Law Number 17 of 2003 concerning State Finances, Law Number 1 of 2004 concerning State Treasury, and Law Number 15 of 2004 concerning Audit of State Financial Management and Responsibility. Law number 1 of 2004 concerning the State Treasury, is a legal umbrella for the Government of East Java Province of which regulates the function of Regional Property Management.

Problems often arisen in the field in the management of regional assets include the occurrence of a mismatch between the needs of assets with the performance of the

regional apparatus organization (tupoksi), the allocation of assets and the use of existing assets. In supporting the main tasks and problems that are often encountered are the number of assets in some OPDs that are not used (Idle), assets that are not used optimally for services (underused), and the presence of assets that are not used according to Highest and best use (underutilize). In addition there are problems that must be addressed immediately such as the unclear legal status of the assets (ownership status) or control of the assets (not yet certified), so that there are often conflicts of ownership, control, use and utilization of assets between OPD / district / central government, or also disputes with other parties (the public). This suboptimal use of assets can result in and will always burden local governments in terms of maintenance budgets.

Further researchon the use of assets belonging to the government of East Java province is neededsince the government of East Java province has not done optimally in making use of assets.Accordingly, many assets are not used (sleeping). Until the time of this research the realization of the assets used by the regional government is very small compared to the total assets consisting of land and buildings. The realization of the leases in 2013 until 2017 can be seen in table 1 as follows:

MISCELLANEOUS GENERAL REVENUE INCOME	2013	2014	2015	2016	2017
Rental Income	1.997.919.760	2.084.557.912	2.260.343.312	3.080.970.112	4.079.189.872

Table 1:- Rental Income of Government of East Java Province’s Utilization of Owned Assets (rupiah)  
Source:East JavaBPKAD

From table 1 above it can be seen that the acquisition of PAD on the use of assets (land) per year is very small. The Government of East Java Province 's financial report in 2018 showed that the realization of rental / retribution income from the utilization of regional assets in the form of land and buildings was Rp. 4,079,189,872, - with the value of fixed assets in the form of land and buildings in the balance sheet amounting to Rp. 13,693,419,671,430, - then only yields a figure of 0.029%. Therefore, it is necessary to immediately develop a more optimal development strategy, and require a reliable asset management strategy for users of Regional Property, because with good management and good strategies, the utilization of these assets can become an icon of local revenue. According to Siregar (2004: 523), the strategy of developing asset optimization can be done in two ways, namely the study of asset optimization and investment intermediaries. Asset optimization studies can be carried out, among others, by identifying assets, developing an asset database, Highest and Best Use (HBU) studies which are defined as the most feasible, possible, and legal uses of vacant or built up land that are physically

possible, appropriately supported, feasible financially, and which produces the highest value from the land.

To realize the successful utilization of land assets of the Government of East Java Province, it is necessary to have a political will from the regional government, in this case the commitment of the regional head, and the OPD.A win-win solution to implement the asset optimization requires a change (innovation) program (adoption or new innovation).The quality of human resources and the availability of infrastructure in each region are likely to influence the level of success in optimizing the development of the utilization of regional assets. For local governments in general, regional capacity in innovation (optimization) in the regions appears to be positively correlated with community support for local governments to improve the utilization of land and building assets owned by local governments so as to produce PAD.

Based on the background above, it is necessary to conduct an in-depth study to improve the PAD of East Java Province. This study aims to describe the implementation of asset management in optimizing the utilization of assets belonging to the Regional Government of East Java Province and describing strategies to optimize the utilization of assets belonging to the Provincial Government of Java in order to support the structure of PAD in East Java Province.

## II. LITERATURE REVIEW

There are some previous studies used as references from this research. Among others, written by Markus et al (2013). This research focuses on how to optimize information technology resources through strengthening institutional coordination. The object was the state government in the United States. There are a number of similarities with this dissertation, namely, both want to provide recommendations on how to develop aspects of information technology for the sake of optimizing government resources. However, in this dissertation, the focus is not only on information technology resources. Human resources in government, which use the perspective of organizational communication, and land asset resources that have economic value, are also discussed in detail, in the management aspects of the East Java Provincial Government.

Also, Kaganova&Telgarsky's research (2018) In general, this research shows the importance of managing local government assets for the development of a country. The research has similarities with this dissertation which examines how to optimize land assets for the advancement of the province, and community welfare and in the end, for the sake of contributing to the national economy. The difference is that Kaganova and Telgarsky's research uses quantitative methods, by taking samples of how to optimize assets in a number of developed countries, in Europe, America and Asia Pacific. The goal is to formulate important points of the asset management effort. Meanwhile, this dissertation focuses on qualitative methods within the scope of the Government of East Java Province.

Moreover, the theory used in this study is about asset management strategies in optimizing the utilization of regional asset. Park et al. (2016) defines asset management as a rational decision-making process with the aim of satisfying the demand for asset services of various parties including infrastructure that considers increasing yields and reducing costs. Asset management is an ongoing process in an effort to increase the availability, reliability (reliability or consistency of a series of activities), security and the lifespan of assets consisting of systems, processes, equipment and public facilities.

Siregar (2004) defines asset management as a way to optimize the use of assets with the aim of obtaining service benefits and financial benefits so that the process of asset management must minimize the cost of ownership, optimize the availability and use of assets. Strategic Assets

Management is based on a planning process that adjusts prospective asset demand with an asset supply profile.

Strategy is a concept that needs to be understood and applied by every entrepreneur in all kinds of business fields. Every day the leadership of an organization is trying to find a match between the company's internal strengths and external forces (opportunities and threats) of a market. Its activities include careful observation of competition, regulation, business cycles, desires and expectations of consumers and other factors that can identify opportunities and threats. The American Association of State Highway and Transportation Officers (AASHTO, 2004) say that asset management represents an approach to managing strategic infrastructure. Graham et al. (2007) also states that a roadmap to determine priority uses of a system's needs is a Strategic Asset Management (SAM). In line with this, it is as stated by the Australian Asset Management Collaborative in AAMCoG (2012). SAM integrates the conceptual framework of government policy with asset management in order to achieve organizational goals.

Good asset management in government according to the Department of Treasury and Finance Government of Victoria (2000) includes five things, namely planning, acquisition, utilization and disposal, and monitoring and managing performance (monitoring and performance management).

## III. RESEARCH METHODS

This research is a qualitative research with a case study approach. Creswell (2015) explains that a research can be referred to as a case study if the research process is carried out in depth and thoroughly on the case under study, and follows the structure of case studies such as: contextual issues, issues and lessons that can be taken in quantitative research. It must be viewed specifically, so that the results of his research are able to explore the detailed and comprehensive substance behind the facts. The object of such research, referred to as a "case" must be seen as a unified restricted system associated with a particular place and period of time as a closed system, cases formed from many parts, components, or units that are interrelated and form certain functions.

Qualitative research can start from a theory that has been acknowledged for its truth and can be compiled at the time the research takes place based on the collected data. In accordance with the research objectives stated earlier, this research emphasizes a detailed, in-depth and comprehensive descriptive analysis of the real conditions of optimizing the use of assets belonging to the government of East Java province and the strategic efforts undertaken in the implementation of asset optimization belongs to the regional government. The data were collected through observation, interviews, and document. Observations were made to check the condition of regional assets in the field. Interviews were conducted with stakeholders regarding the optimization of regional assets. Document studies are

carried out to find valid information, regulations, and similar cases regarding the optimization of regional assets.

#### IV. RESULTS AND DISCUSSION

Interpretation of the results of the study will be described based on the results of interviews with participants. Based on the purpose of the research there are five themes to be discussed:

##### A. Implementation of Asset Management in Optimizing the Utilization of Assets.

The results of the interview provided 5 themes, namely institutional, asset management, communication within the organization, work environment and job satisfaction.

- *First theme: Institutional*

It is informed that the institutional structure in the Regional Apparatus Organization applies two kinds of rules. The first is the regulation on the management of regional property based on Regional Regulation number 10 of 2017, and the second is Regional Regulation of East Java Province Number 11 of 2016 concerning Formation and Composition of Regional Apparatus as amended with the Regional Regulation of East Java Province Number 3 of 2018 concerning Amendment to the Regional Regulation of East Java Province Number 11 of 2016 concerning Formation and Arrangement of Regional Apparatus. It becomes a separate obstacle for BPKAD to conduct socialization to the Regional Apparatus Organizations to equate the perception that the two regulations must be carried out in harmony and can be accounted for both as an entity of a government organization, and a complaint from informants that BPKAD cannot conduct its own asset management without OPD assistance of the government of East Java province because the locus of assets and inventory belongs to the East Java provincial government and it is available in each OPD.

In the field, participants informed that by the existence of two organizational structures, there was ineffectiveness in the implementation of both organizational structures in the Regional Government Organization, so that the institutional structure in the field of financial management especially the management of regional assets was more supportive than the institutional structure which is in harmony with the name of the nomenclature of the Organization Regional officials, and participants informed further that financial reports or more specifically about assets owned by local governments do not become the main indicator of activities in OPD except BPKAD is binding with the existing asset management process. The existence of the institutional management of regional property and the institutional organization of the regional apparatus must be reviewed again and again. The existence of an institutional structure which is an instrument of an organization cannot be separated from the authority and responsibilities of an institution. Its existence is not solely due to textual concept as mandated by the law but it is also due to the institutional management of these regional assets

as an extension of the government on how the existing organizational structure can carry out its functions and authorities in conducting its duties in order to optimize the assets of local governments.

- *The second theme: Asset management*

The results of this study show that asset management is carried out by applying the theory of the New Public Management, which positions the concept of business management to the public sector. In this case a managerial (leader) must have the entrepreneurial spirit of how a leader can perform managerial functions with all the different tasks and functions and can flexibly do simultaneously in making a breakthrough (innovation). Participants informed that the implementation of asset management for the Government of East Java Province has been carried out as stipulated in the Regional Regulation of East Java Province Number 10 of 2017 concerning Management of Regional Property, but it is not optimal yet (especially legal audit). In line with the participants information, the asset management procedures are based on the opinion of Siregar (2004, 518-519) that the series of asset management procedure activities in East Java Province are as follows:

- *Asset Inventory,*

The Inventory of Asset contains data including location, type / brand, type, quantity, size, price, year of purchase, origin of goods, condition of goods and so on. Inventory recording can be used according to its function and role, so the implementation must be neat, set orderly and sustainable, based on true, complete, and accurate data so as to be able to provide the right information. In accordance with the results of this study, participants informed that the total assets of the Government of East Java Province are 4,281. of land., with an area of 94,121,753 with a value of Rp. 12,799,123,093,971. Asset inventory is one of the main programs conducted by BPKAD. In its implementation, detailed planning is carried out. This inventory data is used as a reference in determining what programs will be implemented in connection with the utilization of land assets, but participants informed that the overall data has not been identified or grouped as can be used or not.

- *Legal Audit*

Based on the Decree of the Minister of Home Affairs No. 152 of 2004 concerning the Guidelines for Regional Goods Management, legal audit is also a security or control measure. It is controlling the physical, administrative and legal handling of regional goods (article 45). The safeguard focuses on controlling physical and administrative safeguards, so that the regional goods can be used / utilized optimally and it is to avoid being seized by expropriations or claims from other parties. Participants informed that of the total assets belonging to the province of East Java of 4,281 parcels of land, the certified ones are as many as 1,731 and the uncertified ones in the name of the government of East Java province are as many as 2,550. The reason is there were approximately 962 transfers of authority from the Regency / City to the East Java province (since the issuance of law 23 of 2014, high schools are

equal to provincial authorities including their assets). The truth of the data from these participants is supported by the statement of the Governor of East Java (Ms. Khofifah IndarParawansa) on 25 September 2019 in the daily Kompas Surabaya.

From the results of this study, participants informed that the legal audit (asset status / certificate) is the first step that must be strengthened. It means how existing assets can be promoted or cooperated and benefit, if the existence of the legal audit of existing land and buildings is not clearly known as investors are more inclined to invest in assets that have a clear legal audit. It is understood that the implementation of legal audit fulfillment is not like turning the palm of the hand, because there are processes that must be fulfilled especially those related to third parties (disputes). However, it is known that the acceleration of the legal audit process has been carried out with the East Java Governor Decree Number 188/231 / KPTS / 013/2019 regarding the East Java Provincial Government Acceleration of Land Certification Team, and is targeting as many as 100 completed certificates in a year.

#### ➤ *Appraisal of Assets*

Based on the results of this study, participants informed that valuation is the process of providing an opinion on the value of an object of valuation of regional assets. Valuation of the assets of the regional government of East Java Province is carried out by independent parties based on their competence, so that we can see the value of wealth and information for pricing for land assets that will be utilized. Based on the results of an asset valuation study which has been conducted since 2008, there are rules that require local governments to make Financial Statements, so that it can be seen from the number of 4,281 parcels of land with an area of 94,121,753.13 m<sup>3</sup> with a value of Rp. 12,799,123,093,971, - The above valuation is an appraisal in order to make a non-price financial report to make use of assets belonging to the government of province.

#### • *The third theme: Work Environment*

The work environment is always understood as a set of attributes that give color or character, spirit, motivation, work ethic, inner atmosphere in an organization. (Fisher & Fraser, 1990: 66) a conducive work environment provides a sense of security and allows employees to work optimally. Work environment can affect employee emotions. If the employee likes the work environment of where he works, then the employee will feel comfortable at his work place so that working time is used effectively and optimally and that the employee's work performance is also high. The work environment includes work relationships that are formed between fellow employees and work relationships between subordinates and superiors in providing good motivation in the workplace of employees.

For participants, this category informs that a comfortable work environment, communication between fellow employees, subordinate relations and superiors as a form of one's leadership style provides encouragement / motivation or role models for subordinates in order to

increase work productivity and to influence the optimization of the assets of government of East Java Province. This is in line with and supports the studies conducted by ApandiSaputra & Seno Andri (2017). In addition, participants also informed that the constraints caused inconvenience in working had no support in the appraisal / asset appraisal activity, so an estimate had to be made to provide the amount of rent to be issued by the user of the asset. This has become a fear for asset users to make transactions (leases) to third parties.

In order to encourage enthusiasm for work and (budget) support in improving the optimization of the use of assets, we need a work environment that can provide motivation and encouragement of employees. Leadership style is an inseparable element in determining comfort in working and it is being a role model (enthusiasm) in increasing work productivity and stimulating (encouraging) employees to do as stated by the rules (tupoksi) in the organization. Environmental conditions can affect employee performance as stated by Robbins (2002: 36) that employees pay great attention to their work environment, both in terms of personal comfort and ease of doing a good job.

Participants informed that the existence of this regional goods management officer as an element in the management system ensures alignment of objectives (consistent patterns of behavior applied at work) so that the system created must be able to make employees/ employees in the system feel / see that their interests is also in the interests of the organization. It means that in addition to the institutional structure specified in the legislation, the leadership style occupying the institutional position also has a role in increasing the optimal use of assets belonging to the government of East Java province.

#### • *The fourth theme: Communication in Organizations*

The results of this study show that communication within the organization is very supportive towards optimizing the utilization of assets. It can be seen from the results of the interviews that communication between managers and users of goods in the ranks of regional organizations is important. This is to collaborate the integrated OPD as the users of the assets of regional. This integration is needed as an effort to achieve a more effective, efficient and optimal regional financial management. Coordination between BPKAD and OPD is an element for successful implementation of the planning of regional property needs. Besides, the integrated data application management system regulates the management of data of assets concerning the procurement, management and utilization of data of assets (data acquisition, data analysis, and use of information). The resulting data is very important to improve the reliability, security, availability, utilization, and the return of investment which increases. This is the reason why conducting an inventory and identification of regional assets (data of assets) as the first step in asset management reform is important. This is done to get the initial data that is correct and it is correct as a basis for creating a complete regional asset database. This

database on the application of assets is expected to be accessible to parties who need information (stakeholders, and asset providers) regarding regional assets in order to make use of the policies. In addition, these data of assets can provide information on various aspects of asset portfolios, for example decision makers want to see assets that have potential services and / or capacity to provide economic benefits through their use in service delivery, or which assets have the potential to invest in the interests of utilizing milk assets. Regions is basically integrating the application of assets to reveal all important data about assets belonging to the region efficiently or in other words this application can capture any choice of assets that can indeed be optimized in accordance with existing demand. The use of methods with electronic systems has an impact which is significant for controlling the asset management, especially for the accounting patterns for recording regional assets, so that the failure to provide regional assets is quite low.

In the province of East Java information in the form of a system called Simbada has been implemented. The existence of Simbada and the Regional Financial Executive Information System "in which there is an e-Asset application that facilitates the coordination, communication, and integration of data of assets in the East Java region is very helpful. It means with the application of e-assets the status of existing land, the location of the land, the benefits used against the land of the government of East Java province can be seen. There is also coordination and communication in question carried out by BPKAD and the Regional Apparatus Organization as users of goods (land assets). The existence of e-assets is in response to the need for appropriate instruments to manage assets in a professional, transparent, accountable, efficient and effective manner. Land assets as objects that have economic value, cannot be separated from attention. Although until now, the inventory is still ongoing or not yet finished, e-Assets used in the internal government of East Java Province continue to be developed. With hope, all stages of asset optimization, starting planning, distribution and utilization and supervision, can be done more optimally.

In accordance with this research, the principle of optimizing local government assets is good and correct asset management. In addition there are supporting factors that are also very important named sustainability, sophisticated information, communication and always evolved technology and more demanding and complex information and capability with the proposed integrated approach system combining and expanding the framework and performance of asset management (integrated approach). Therefore, it is important to integrate OPD as users of goods belongs to the government of East Java province. Integrated information and technology systems are very important in the optimization of regional assets. The failure of asset management reforms and inadequate use of assets are due to a lack of information of data or incomplete data on assets to the public, and not all the community (stakeholders) and asset providers know about the existence of assets owned by the regional government.

Starting from that perception, the use of communication and information technology for the management of regional land assets has become absolute. The Government of East Java Province should not stop the use of the e-Asset application, which is still in the process of being improved. In the future, there could be other uses in the field of promotion and other cooperation. With the development of an integrated system of asset users' OPD in one application utilized by many people, it will have an impact on the increasing of asset utilization. This application is also used as a means of communication between users of goods. In optimizing the assets, organizational communication plays a very important role in determining the output of an institution.

East Java Province which is a very large organization makes it possible to develop applications based on promotion of existing data of assets and through several existing organizations (bureaus / agencies / offices) as the responsible parties. The Governor Regulation number 115 year 2018 concerning changes to the governor regulation of East Java number 58 of 2016 concerning the position, organizational structure, job descriptions and functions and work procedures of the regional secretariat of the province of East Java is a very complete regulation and the government is the person in charge of developing assets in East Java. Examples of the regional secretariat of the province of East Java are as follow: an Economic Administration Bureau, sub-sectors that deal with trade and promotion, Government Administration bureaus, and also divisions that handle the infrastructure of government cooperation with business entities.

Integrating and enhancing cooperation in managing asset utilization by as soon as possible taking into account the capacity and capability of assets is important so that each OPD can immediately upgrade assets to remain competitive in obtaining revenue from PAD. But all of these efforts must also be accompanied by human resource management as the user of implementation of asset applications to help in increasing productivity of asset management. It provides valuable insights related to developing and maintaining asset information storage and knowledge integration of assets.

Siregar (2004) Strategic Assets Management bases on a planning process that adjusts prospective asset demand with an asset supply profile. So based on that opinion, technically it can be underlined that after the three points (asset management) above have been carried out by the provincial government, subsequent efforts in the context of optimizing assets through three ways are necessary to set: (a). specific proposal and feasibility study (a study that aims to assess the feasibility), (b) calculation of benefits and risks and (c). implementation of collaborative utilization. The specific proposal for assets belonging to the regional government of East Java province is used as an effort to pick up the ball to the entrepreneurs who are expected to invest their capital in the management of regional assets. The contents of this proposal are describing internal factors such as a comprehensive map of potential

land and building assets and supporting resources. (The gap analysis process) in the proposal is also accompanied by a complete analysis including risk analysis, so that entrepreneurs as potential investors will understand the opportunities and benefits including the risks, if they will invest and collaborate in the utilization of assets owned by local governments. No less important is the problem of external geographical, economic, socio-political, market and competition factors (feasibility study).

- *Theme five: Job Satisfaction*

The study shows that participants informed job satisfaction in question is the existence of the application of rewards and punishments to employees in order to increase work productivity generated, and it has an influence on performance in the context of utilizing regional assets and this is in accordance with the opinions of Nawawi (2005 : 319), "reward is an effort to foster a feeling of being accepted (recognized) in the work environment, which touches on aspects of compensation and aspects of the relationship between workers with one another". Likewise with the implementation of punishment, the application of proper punishment will have an impact on the level of OPD compliance in the utilization of regional assets, as well as in informing that the mechanism of punishment applied must be related to the OPD budget, and the punishment factor (sanctions) should be firmly applied. The reason is that the OPD budget is a very vital component in running an organization, so that the OPD will always be careful and enthusiastic to make use of its assets. Applying appropriate rewards will also encourage OPD to carry out the utilization of regional assets in accordance with applicable procedures or regulations. There is a bright spot (new enthusiasm) that will be obtained for users who will carry out the utilization of assets

*B. Optimization Strategy for Utilization of Regional Assets*

The implementation of the strategy for optimizing the use of assets produces two themes, namely Commitment and Optimization Strategy.

- *Theme six: Commitment*

The results of this study show that the commitment of regional asset managers in the scope of the Government of East Java Province needs to be strengthened by binding regulations relating to the existence of reward and punishment, and the existence of an organizational structure (especially on the Main Indicators). Consequently, the OPDs will not be more concerned with the implementation of the optimization of assets belonging to local governments. The research supporting commitment affecting the level of employee performance was a study conducted by Stephen P Robbins and Judge quoted by Sapitri (2016) that employee commitment is related to various actions that will be taken by employees in achieving organizational goals. Based on this research, there is a major problem in asset management which stems from the lack of solid regulation governing performance achievement. The most striking problem according to participants was the absence of rules regarding reward and punishment for performance achievements in the East Java

Provincial Government, in terms of asset management. Strong commitment is influenced by job satisfaction of employees who have carried out even increased productivity performance in an organization. There are no special rewards for employees who successfully utilize assets optimally. There is no special punishment for employees who leave their assets neglected. The governor has a prerogative role to issue regulations like this, as a form of positive support in creating a good work environment so as to produce a good commitment in order to optimize the assets of the government of East Java province.

To implement and change the paradigm of asset management, it is the government's responsibility to produce PAD as supporting element to the development in East Java. Commitment in this research is not only in the WTO but it is from all lines of regional government in the province of East Java, starting from the Governor as the holder of the management of regional property to the head of the WPC as the user of the goods.

The application of reward and punishment which is still weak and counterproductive should be supported by clear rules, therefore the availability of regulations is absolutely necessary. With the reward and punishment, we will find out the role of the user of asset as the asset manager in managing and utilizing the assets which are outside his main duty and responsibility. Eventually, it can be concluded that Organizational Commitment (individuals or groups) has a very big effect on improving the optimization of assets belonging to the government of East Java Province, but the commitment is used as an expression or promise both written and unwritten (which is the concern of members or employees) towards the organization that has a correlation with job satisfaction (rewards obtained / earned) by members or employees in an organization.

- *Theme seven: Optimization Strategy*

Utilization of assets of the government of East Java province can be done by using asset management referring to the perspective of the New Public Management. This mindset change is a trigger for managers and users of regional assets to continue to make changes in order to improve asset optimization as the second icon after local taxes in contributing income native to the area in East Java. It can be seen from this study that a lot of performance needs to be developed and continued in order to optimize the utilization of regional assets. The role of commitment from leaders and all managers or users of regional assets to continue to create more productive and creative performance is essential.

It is informed by the study that the constraints faced in implementing asset optimization in East Java included:

1. Integrating the regional asset management system. This integration has not been carried out optimally, this integration is needed as an effort to achieve more effective, efficient and optimal regional financial management. Coordination between BPKAD and the OPD is an element of successful implementation of

planning regional property needs. Besides the integrated data application management system regulates the management of data of asset concerning the procurement, management and utilization of data of asset (data acquisition, data analysis, and use of information). The resulting data is very important to improve the reliability, security, availability, utilization, and the return of investment which increases. This is the reason why conducting an inventory and identification of regional assets (data of asset) is the first step in asset management reform. This is done to get the initial data that is correct and it is correct as a basis for creating a complete regional asset database. This database on the application of assets is expected to be accessible to parties who need information (stakeholders, and asset providers) regarding regional assets in order to make use of policies. In addition, this data of asset can provide information on various aspects of asset portfolios, for example decision makers want to see assets that have potential services and / or capacity to provide economic benefits through their use in service delivery, or to see which assets are potential to invest in the interests of utilizing milk assets regions. It is basically integrating the application of assets to reveal all important data about assets belonging to the region efficiently or in other words this application can capture any choice of assets that can be optimized according to existing demand.

The change in the paradigm of administration to management must have an impact on the changing of mindsets in order to realize revenue optimization through the management of regional assets. Strengthening the data base is very important especially in the face of the Industrial Revolution 4.0 in the era of abundant information in which the government implements collaborative and network governance. Currently, the Industrial Revolution 4.0 is in front of us, the government must change its governance using the concept of digital-era governance (Dunleavy, et al. 2005) where open government becomes a matter that is necessary to face the needs of the people in this era. Facing the challenges of the Industrial Revolution 4.0, echelon II units under the government of East Java province immediately made various innovations in order to improve services to stakeholders, for example by developing a database concept integrated with business process automation to minimize input errors manually, which was built to support this implementation, merge from several applications that have been used at the level of the work unit (OPD) before. In addition to combining several applications that is used to be fragmented, government is also adopting new business processes in accordance with the business process of accessing a shared database, so that there will be no more duplication of data.

Based on the results of the research, the Government of East Java Province has used an information system known as SIMBADA as a facility to provide accurate and transparent information, although this information is still internal in the environment of users of goods. The e-asset application is to find out the location of land assets owned

by the government of East Java province, yet not all facilities are included in the application. Therefore, it is important to integrate OPD as users of goods belonging to the government of East Java province. Integrated information and technology systems are very important in the implementation of optimizing regional assets. The failure of asset management reforms and inadequate use of assets are due to lack of information or incomplete data on public assets, so that not all communities (stakeholders) and asset providers know about the existence local government assets. The process of managing asset management in integration was once popular with the term ISAM (Integrated Strategic Asset Management) in 2011. ISAM combines all dimensions in asset management into one unit and pays attention to the interactions between each dimension (Laue, et al, 2012). This dimension reflects the relationship between internal factors and external factors of assets and organization, not only internal factors of the organization that are considered in the implementation of the utilization of local government assets, but it is external factors that must also be accommodated for sustainable use.

2. Collaboration between users of goods has not been maximized. It is informed by the participants that East Java Province which is a very large organization makes it possible to develop applications based on promotion of existing data of asset and it is through several existing organizations (bureaus / agencies / offices) as the responsible parties. The Governor Regulation number 115 year 2018 concerning changes to the governor regulation of East Java number 58 of 2016 concerning the position, organizational structure, job descriptions and functions and work procedures of the regional secretariat of the province of East Java is a very complete regulation. and the government is the person in charge of developing assets in East Java. Examples of the regional secretariat of the province of East Java are as follow: an Economic Administration Bureau, sub-sectors that deal with trade and promotion, Government Administration bureaus, and also divisions that handle the infrastructure of government cooperation with business entities.

Integration and collaboration in order to improve cooperation in managing asset utilization is very necessary by considering the capacity and capability of assets so that each OPD can immediately upgrade assets to remain competitive in obtaining revenue from PAD. But all of these efforts must also be accompanied by human resource management as the user of implementation of asset applications is able to assist in increasing the productivity of asset management. It provides valuable insights relating to the development and maintenance of asset information storage and the integration of knowledge about assets. This is in line with the research of Milala (2018) that interprofessional collaboration can improve the quality of service

### C. Management of Asset management using Application System

It is found that this system already exists, but it is still used internally, and it has not been published to the wider community as a means of promoting asset utilization.

## V. CONCLUSION AND SUGGESTIONS

Asset management is a process of maintaining / maintaining and utilizing public capital. Through good asset management, the regional government is expected to be more creative in managing and opening opportunities to improve the regional economy by utilizing it optimally. The Government of East Java Province has carried out asset management, but its implementation has not been carried out optimally. This is due to the lack of commitment of the users of goods who still needs to be regulated by changing the local government regulations (reward and punishment), the collaboration of Property Managers and Users of asset management, and the integration of systems management of assets belonging to the region and the budget, and also the implementation of a strategy to optimize the utilization of assets belonging to the Regional Government of East Java Province. Accordingly, although these applications (SIMBADA application and e-asset applications) have not been published yet, they are all to support the structure of PAD in East Java Province. The system has not been used as a means to market the existing assets owned by the government of the province. Implementation of optimization is conducted manually in which the user of the goods is seeking and marketing to the third parties.

Suggestion: 1. In order to increase the contribution of PAD to the asset sector, it is necessary to improve asset management, so that the status of assets can be accounted by the time the regional assets are used, 2. It is necessary to increase the commitment and the role of the users of goods in the implementation of the utilization of regional assets by reward and punishment, 3. Updating asset data (portfolio) based on the asset management process as well as updating system for the utilization of land assets that can be used and disseminated to the community (stakeholders) are necessary so that the community can play an active role in the process of asset utilization. 4. It is important to change the mindset of the apparatus and the utilization of the management of regional assets, especially for the development of East Java.

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