

## **PROPOSED PERFORMANCE MANAGEMENT SYSTEM IMPLEMENTATION WITH INTEGRATED PERFORMANCE MANAGEMENT SYSTEM (IPMS) FOR PT. PUSATEX**

**Muhammad Fahmi Shahab**

Institut Teknologi Bandung

Email: fahmishahab@sbm-itb.ac.id

### **Abstract**

The aim of this journal research is to propose the implementation of a performance management system with a focus on the Integrated Performance Management System (IPMS) at PT. Pusatex. Recognizing the importance of a robust performance management framework, the proposed system aims to address key challenges within the company, including traditional marketing methods, the absence of Key Performance Indicators (KPIs) in the company's system, and inefficiencies in the use of machinery and production tools. By implementing IPMS, the goal is to enhance the overall company performance, align business objectives, and foster a culture of continuous improvement. The primary objective is to shape a dynamic and responsive performance management system that not only addresses current challenges but also positions PT. Pusatex to build an effective performance management system to compete with global competitors.

**Keywords:** performance management system, integrated performance management system, IPMS

### **Introduction**

PT Putera Sahabat Textile, commonly known as PT. Pusatex, was established in 2009 according to the company's founding deed, numbered 37, dated August 15, 2009. Located at Jl. Raya Watusalam RT. 14 RW. 07, Watusalam Village, Buaran District, Pekalongan Regency, the factory spans an area of 7,221 square meters. PT. Pusatex specializes in the production of woven "palekat" sarongs under the brand "CENDANA." The company employs 285 individuals, with 206 male and 79 female employees.

The numerous changes needed at PT. Pusatex, relating to the development of the company that requires improvement, led the author to propose an integrated performance management system to address these issues.

In the competition among companies and considering the rapid pace of technological advancements, it is expected that companies have an assessment of their performance (Sheng, Zhou, & Lessassy, 2013). This system is something that should be consistently implemented within the company throughout its operation. The designed performance management system aims to enhance both the company's overall performance and that of its employees (Biron, Farndale, & Paauwe, 2011). The system should be effectively and efficiently achieved by emphasizing a strong quality orientation, focusing on employee development aspects, and addressing the pressures associated with evaluating factors within individuals and groups (Meyers, Durlak, & Wandersman, 2012).

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For this reason, a company performance management system is the appropriate approach to assess all aspects of PT. Pusatex to improve problematic areas within the company, both at the organizational and individual levels.

Performance management is a systematic and integrated approach to managing organizational performance to achieve its strategic goals. According to (Aguinis, Joo, & Gottfredson, 2012), performance management is a continuous process that involves the identification, measurement, and enhancement of the performance of individuals and teams. Additionally, it serves to align performance with the strategic objectives of the organization. In doing so, performance management significantly contributes to the sustained success of the organization by enhancing the capabilities of its employees (Shahzad, Jianguo, & Junaid, 2023).

Integrated Performance Management System (IPMS), formulated by (Wibisono, 2016), is regarded as an advancement that builds upon the concepts of Balanced Scorecard (BSC) and Performance Prism. It combines the simplicity of BSC design with the focus on stakeholders from Performance Prism, aiming to be applicable, especially for companies in Indonesia. IPMS uses only three perspectives: business results, internal processes, and resource capabilities (Napitu, 2017).

The comparison suggests that the Integrated Performance Management System (IPMS) is a type of Performance Management System (PMS) that amalgamates the simplicity found in Balanced Scorecard (BSC) and The Performance Prism, while also considering stakeholders. Some advantages of IPMS over BSC and The Performance Prism, as highlighted by (Wibisono, 2016), include: 1. Uses a simple and structural approach, focusing on performance processes and outputs. 2. Allows stakeholders to develop strategies, target, and evaluate outcomes. 3. Just in terms of gauging performance in relation to duties, obligations, and compensation schemes. 4. Offers a useful foundation for figuring out who is responsible. 5. Assigns accountability to those involved to improve performance.

### **Method**

the research design is a plan and procedure that encompasses decision-making from broad assumptions to detailed methods of data collection and analysis (Creswell & Creswell, 2017). In this Journal, a qualitative research approach is employed. This method involves the exploration of information from subjects, namely stakeholders responsible for governing and managing the company. The stakeholders include the president director and managerial-level individuals from PT. Pusatex, such as HR manager, marketing, finance, and PPC (Production, Planning and Inventory control). Data collection is conducted with all these subjects to obtain relevant and precise data for the qualitative research needs.

The first step taken by the researcher to address the issue is the collection of primary data, consisting of interview results from stakeholder of the company. The primary data collection involves conducting face-to-face interviews with the stakeholder

within PT. Pusatex. The researcher utilizes in-person interviews to gather primary information.

Secondary data is collected from various sources within PT. Pusatex, such as financial reports, company deeds, employee data, and the company's profile. This secondary data will support the research in understanding the company's conditions and business processes.

## **Results and Discussion**

### ***Designing Performance Management System***

In formulating a performance management system, there are four fundamental stages. Utilizing the information outlined in all these stages is essential for crafting a new performance management system (Armstrong & Taylor, 2020). Furthermore, this information can be instrumental in proposing a fresh performance management system. The proposal for a novel performance management system, employing the IPMS method for PT. Pusatex is presented below :

In designing a performance management system, there are four fundamental steps (Ates, Garengo, Cocca, & Bititci, 2013). Designing a new performance management system can utilize all the information explained in each stage. Additionally, it can serve to support the proposal of the new performance management system. The proposal for the new performance management system using the IPMS method for PT. Pusatex can be seen below.

#### ***Stage 0: Foundation***

According to (Wibisono, 2016), understanding the four principles and five rules in designing a performance management system is the focus of this stage. There are four foundational principles to consider when developing a performance management system :

- 1) Partnership with Stakeholders:  
Stakeholders must understand and support IPMS, contributing to targeted actions and improvements.
- 2) Empowerment of Employees:  
Successful leaders empower employees based on their abilities, actively involving them to support company performance.
- 3) Integrated Performance Improvement:  
Fostering a sense of belonging among employees enhances overall company performance.

#### **Independent Team:**

A team formed by PT. Pusatex's Director has the authority to develop a company-specific performance management system.  
make decisions.

- a. *Easy-to-Understand Approach (KISS): Prioritizing simplicity in design and implementation over complex scoring or certificates.*

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- b. Long-Term Orientation: Focus on both financial and non-financial aspects for long-term competitiveness.*
- c. Real-Time Feedback: Implementing variables in real-time to promptly address new issues like production defects or performance deviations.*
- d. Continuous Improvement: Emphasizing continuous improvement through benchmarking, comparing past and current performance internally and externally.*
- e. Quantitative Approach: Adopting a quantitative approach for analyzing and evaluating planned improvements, facilitating straightforward progress tracking.*

### **Stage 1 Basic Information**

This basic information is integral to the development of the performance management system. This journal uses SWOT analysis which was developed into the TOWS Matrix. SWOT Analysis is an effective strategic planning method designed to assess the strengths, weaknesses, opportunities, and threats associated with a company that is either in development or still in the planning phase.

Table 1. Basic Information

TOWS ANALYSIS	Strength	Weakness
<b>Internal</b>	1. Has a variety of technologies that most companies do not have 2. Unique Sarong Patterns from PT. Pusatex	1. Traditional Marketing Activities 2. Frequent Machine Breakdowns 3. Staff Shortages in Some Positions
<b>External</b>		
<b>Opportunity</b>	<b>SO</b>	<b>WO</b>
1. Own Raw Material Factory 2. Limited Substitute Products 3. Low Minimum Wage (UMR) in Pekalongan 4. Low Unemployment Rate in Pekalongan Community	1. Has variety of technologies to create unique sarong patterns and stand out from competition (S1, O4)  2. Have Unique Sarong Patterns from PT. Pusatex with low cost (S2,O3)	1. Invest in staff training to improve skills and reduce machine breakdowns (W1,O3)  2. Hire more staff by taking advantage of low unemployment and wages locally (W2, O2, O3)
<b>Threat</b>	<b>ST</b>	<b>WT</b>
1. Intense Competition for PT. Pusatex 2. Ease of Starting Sarong Business in Pekalongan	1. Use technology advancements to maximize efficiency to combat new entrants (S1, T2)  2. Promote sarong quality and unique patterns to combat competition (S2, T1)	Providing Incentives and Recognition to Employees to Boost Morale and Motivation, Reducing Machine Breakdown Rates and employees are not taken by competitors (W2, T1,T2).

### **Stage 2 Design**

When creating the IPMS (Integrated Performance Management System), the researcher will concentrate on several key aspects, including the company's vision and mission, corporate strategy, performance variables, variable linkage, and benchmarking.

### **Vision**

PT Pusatex currently does not have a company vision, and the researcher here proposes a new vision for PT Pusatex based on the company's future needs. The researcher proposes the following new vision: "To be the biggest producer of sarung with the highest quality materials to delight our customers, meeting their needs and employing the best technology."

After discussions with the President Director of PT. Pusatex, the vision *"To become one of the biggest producers of sarongs with the highest quality materials to delight our customers"* has been selected.

### **Mission**

Mission is a series of actions necessary to achieve the vision. It can also be described as an elaboration of the vision. While the vision is usually condensed into one sentence, the mission is articulated in several sentences designed to be easily understood by anyone reading it.

Table 2. Mission Design

MISSION	INTERPRETATION	IMPLICATION
Providing Products with the Highest Quality Materials to Ensure Customer Satisfaction	Providing raw materials with the highest grade that can be processed into sarongs that have more value in the eyes of customers and have no damage in them.	Implementing stringent quality control at every stage of production.
Significantly Increasing Sarong Production Capacity and Capability to Become the Largest Producer	Progressively develop holster production capacity supported by adequate resources to avoid production delays.	Upgrading production equipment and investing in production technology and having sufficient employees to carry out massive production.
Innovating Designs and Introducing Attractive Sarong Patterns to Meet Market Demands	Specializing in the development of the latest sarong motif variants to meet customer needs.	Conducting research on sarong trends and adapting to consumer preferences, accompanied by the introduction of unique motifs by PT. Pusatex.

### **Strategy**

Corporate strategy is a plan that originates from the main objectives or policies established by a company, involving a series of interrelated actions.

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Based on the design of the Integrated Performance Management System (IPMS), all corporate strategies will be categorized into three groups: resource availability, internal processes, and organizational outcomes. The strategic map of PT. Pusatex can be seen in the figure below.

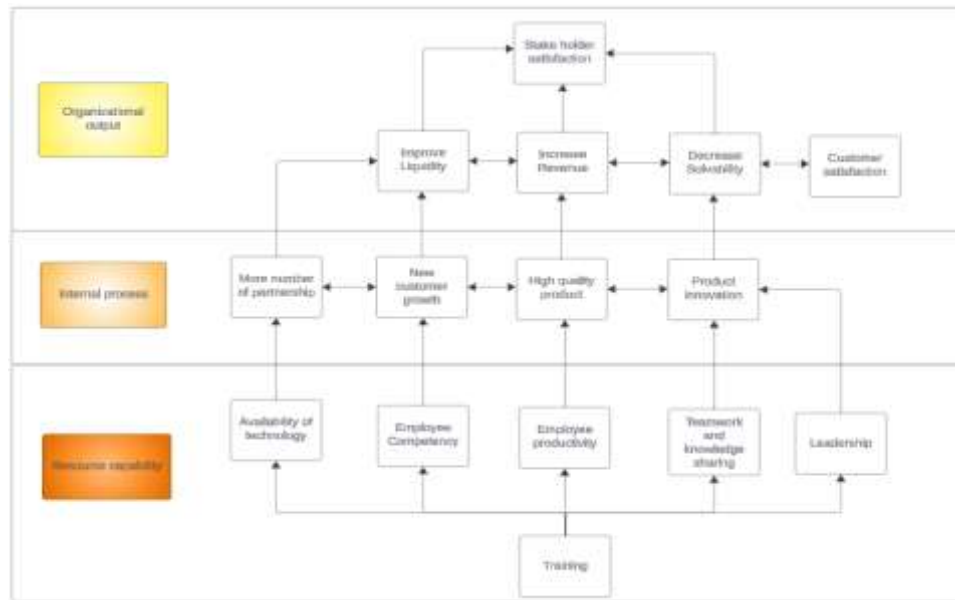


Figure 1. Strategy Map

### Performance Variable

There are two recognized types of variables: quantitative variables and qualitative variables. While certain variables may not be easily measurable quantitatively, qualitative variables can be effectively employed (Borrego, Douglas, & Amelink, 2009). Qualitative variables can be utilized successfully as long as they are specific and utilize a rating system. In the design of the Integrated Performance Management System (IPMS), performance variables are categorized into three perspectives, as illustrated in the following table.

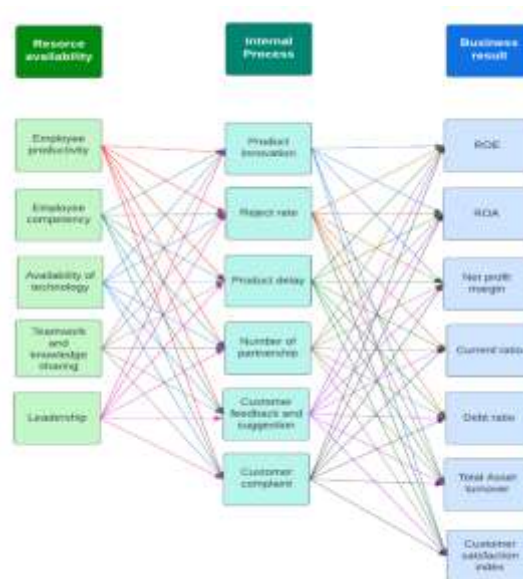
Table 3. Performances Variable

PERSPECTIVE	ASPECT	KPI
1. Organizational Output	a. Financial Aspect	1) ROE 2) ROA 3) Net profit margin 4) Revenue 5) Current ratio 6) Debt Ratio to Equity 7) Debt Ratio to Asset 8) Expense Ratio 9) Total asset turnover

	b. Non Financial Aspect	1) Customer satisfaction index
2. Internal process	a. Innovation	1) Product innovation
	b. Operation process	1) Reject rate
		2) Product delay
	c. Marketing	1) New customer growth
		2) Number of partnership
3. Resource capability		3) After Sales
		4) Customer feedback and suggestion
		5) Customer Complaint
	a. Human resource	1) Employee productivity
		2) Employee competency
		3) Employee Attendance Level
	b. Technology resource	1) Availability of technology
	c. Organization capital	1) Teamwork and knowledge sharing
		2) Leadership

### Linkage Variable

The researcher employs correlation analysis with a focus on interviews and group discussions. This is utilized to explore the interconnections between each perspective and to identify cause-and-effect relationships based on the opinions and experiences of the involved parties. The cause-and-effect relationships are still in the form of predictions as they have not been proven yet.



Variabel Linkage

### Benchmarking

Due to data limitations, this study focuses on internal benchmarking and competitive benchmarking. Internal benchmarking is conducted using financial

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performance from the period 2018 to 2022. Competitive benchmarking is done with PT. TSU, which operates in the same industry as PT. Pusatex.

Growth	2022		2021		2020		2019		2018	
	PT. PSX	PT. TSU	PT. PSX	PT. TSU	PT. PSX	PT. TSU	PT. PSX	PT. TSU	PT. PSX	PT. TSU
Expense ratio	97.57%	98,81%	97.17%	99,08%	97.48%	99,10%	96.89%	99,00%	97%	99,32%
Net profit margin	1.97%	0,95%	2.48%	0,73%	2.02%	0,71%	2.84%	0,77%	2.39%	0,53%

The table above shows that PT. Pusatex is superior in many ways compared to competitors in net profit companies PT. Pusatex is also superior in the expense which is still a challenge for PT. Pusatex's Net profit which is still decreasing unlike PT TSU which experienced its best year in 2022, therefore it is a challenge for PT. Pusatex to make next year the best year and develop in the following years. Therefore a need for PT. Pusatex to develop a strategy regarding this matter and find out why net profit this year has only grown slightly after further research because expenses are still high compared to the development of net profit and the results of discussions with the director of the company it turns out that many lines are still not being carried out properly, namely in the operational section where there are still many reject rates and project delays that need to be improved, besides that the marketing department is also still carrying out traditional activities, all of this also happens because there is no KPI in the company, this problem will always occur and there is no awareness leading to it.

### *Stage 3 Implementation*

The implementation plan will encompass details such as the specific activities, the designated individuals responsible for each task, and the expected duration for each activity.

Table 4. Implementation Plan

NO	ACTIVITIES	PERSON IN CHARGE	DURATION (DAY)
1	Introduction about performance management system	Top management	1
2	Presentation of the analysis about the current situation of PT. Pusatex, and explain the advantage of implementing performance management system	Top management	1
3	Brainstorming about foundation and basic information stage	Top management	1
4	Analysis of internal and external environment of the company	Top management	1



5	Explanation and introduction about stage 2 in designing IPMS for new Vision, Mission and strategy for PT. Pusatex	Top management	4
6	Explanation about proposed variable, linkage and benchmarking	Top management middle management	6
7	Explanation about stage 3 : implementation	Top management middle management	5
8	Resource allocation	Top management middle management	2
9	Designing report of the IPMS	Top management middle management	2
10	Cost benefit ratio analysis	Top management middle management	2
11	Leadership training	Human resources and Visi semesta alam	2
12	Employee training (operation)	Human resources Production, Planning and Control (PPC and Visi semesta alam	4
13	Autonomous maintenance	Engineering & Production, Planning and Control (PPC)	10
14	Digital marketing	Marketing & Revo U	7
15	Designing display of IPMS	Top management middle management IT	5
16	Socialization the new IPMS	Employee	3
17	Performance measurement	Top management	Continuous process
18	Evaluation of measurement	Top management	Continuous process
19	Diagnosing of improvement	Top management	Continuous process
20	Follow up	All employee	Continuous process

The table above outlines the details of activities in the implementation plan, starting from the introduction, through the continuous change process in establishing a new performance management system.

The introduction of IPMS and its socialization will take place over approximately 3 months from April 2024 to June 2024. Following the socialization, performance measurement, measurement evaluation, diagnostic improvement, and continuous follow-up will be conducted.

This timeline will span around 1 month, starting from the beginning of the new quarter and will be reviewed at the end of the quarter. The Corporate Strategy Team, as

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an independent team, will collaborate with the Account Management Team, starting with observing and mapping the existing business processes applied by Account Management, conducting literature research on frameworks and systems applicable to existing Account Management operations, building and testing the functionality of the new IPMS, socializing and implementing the recommended system, collecting feedback, and refining it until the end of the research project duration.

### ***Stage 4 Refreshment***

The final step in the performance management system is refreshment, where a thorough assessment is conducted based on the latest information and knowledge (Marr & Gray, 2012). This step highlights the ongoing maintenance of the established system, stressing the importance of leadership, commitment, and stakeholder involvement for long-term effectiveness (Lazos-Chavero et al., 2016).

A dynamic and continuously updated performance management system is essential to stay in sync with changes in the business environment, such as competition, regulations, community demands, customer needs, and technological advancements. It should also be flexible enough to adapt to evolving performance standards and methods. Leadership, commitment, and stakeholder involvement are critical aspects that the system should address. Regular monitoring is vital to prevent errors and ensure that the company consistently meets its targets.

### **Conclusion**

Berdasarkan uraian di atas, maka kesimpulannya: 1. Pemilik UMKM Bellosano.id dalam menjalankan usahanya membuat dua jenis laporan keuangan yaitu laporan laba rugi dan laporan perubahan modal. 2. UMKM Bellosano.id tidak menerapkan standar SAK EMKM dengan tidak menyusun laporan keuangan yang terdiri dari laporan laba rugi, laporan posisi keuangan, dan CALK. 3. Berdasarkan uraian pada bab 4 mengenai laporan keuangan UMKM Bellosano.id, terlihat bahwa UMKM Bellosano.id belum menerapkan standar SAK EMKM yang berlaku. Standar tersebut seharusnya mencakup laporan laba rugi, laporan posisi keuangan, dan CALK

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