

# Transformation of the Public Service Organization in the Licensing Service Agency and the Investment in Baubau City

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**Abstract-** The Indonesian government is currently facing pressure from various parties to improve the quality of public services and increase active participation in providing information to the public and claimed to be more effective. No exception governmental organizations in this regard Unit-Regional Work Units (SKPD) which is spearheading one of the government's obligation to provide services to the community, which then requires every SKPD to compete implement changes within their respective organizations in order to address challenges will the changes. Studies in the literature review is based on several key concepts used form the basis for an assessment of research problems include: (a) theory and the concept of the Organization; (b) Theory and Concepts Organizational Transformation. In general, the concept of the organization as a cooperative association is something that shows the complexity. In the sense that as the container (vehicle) activity than people who work together in achieving the goals and static just look at the structure and organization are also said to be dynamic (process) in which there are activities/actions of the system of relationships that occur in the organization. Organizational transformation is seen as reframing organization through: the structural reframe, reframe the human resources, the political reframe, and the symbolic reframe. The method used in this study is *Mixed Methods Research* using research instruments in an integrated device, by combining data obtained qualitatively and quantitatively or combined so as to explain a phenomenon in depth, and also look at trends related to the phenomenon, so that complementary. The study design was based on philosophical assumptions as the method of inquiry. The transformation of a public service organization that Baubau City BP3M conducted so far only at *the top level leader* (top management) with restructureorganization (enlarge structures) by not considering the financial capacity of the area. In the field implications of this model can not describe it well and detailed dimensions that cause the efficiency and effectiveness of public services BP3M, as a result, the organization is not able to formulate policies for enhancing the efficiency and effectiveness of service.

**Index Terms-** Public Service Organization, Licensing Service Agency, Baubau City

## I. INTRODUCTION

The Indonesian government is currently facing pressure from various parties to improve the quality of public services and increase active participation in providing information to the public and claimed to be more effective. No exception governmental organizations in this regard Unit (SKPD) which is spearheading one of the government's obligation to provide services to the community, which then requires every SKPD to compete implement changes within their respective organizations in order to address challenges will the changes.

Public services provided by local governments will affect the interest of investors in investing in an area. *Excelent Service* should be a reference in designing the organizational structure of local government. The business world wants fast service, precise, easy and cheap as well as clear and definite rates. Governments need to prepare for each SKPD Standard Services in the area assigned to provide services to the community, its main office which issued licenses for businesses. Licensing various business sectors must be designed so that employers do not take too long to take care of business license, so as not to sacrifice time and great expense only to manage licensing. Improved performance of public organizations to be the center of attention of the community as recipients of the services of any government activity. Along with the changes that occur in this reform era, the public service in accordance with the duties of the state, the implementation can be done either by the government or by the local government.

Poor public services to the community by government bureaucracy, illustrates just how complex issue that is so bureaucratic organization mechanistic society faced with the issue that is so heterogeneous, this condition causes bureaucratic organization to form a pattern that is used to distribute the service in the community. *First*, the pattern of service the same for all, in this pattern limited absorbency, because the ability of government services are limited so it can not be used equally by all citizens. This leads to the type of service in this pattern initially for all. Because of the limitations that exist precisely to design patterns only to meet the needs of a particular group of people. *Secondly*, the same service pattern proportionally to all, in this pattern suggests a distribution service based on a particular characteristic associated with the requirement. These conditions seem more pragmatic because this pattern provides

basic services such as concrete and more objective to be distributed to the public, on the other hand enables service pattern like this could provide more services in accordance with the needs of the community. And *third*, the pattern is not the same services for individuals corresponding to the relevant differences, differences in the pattern of this ministry of service based on the characteristics possessed by the recipient of the service.

It can be said that the condition of public service organizations today shows most are not really equipped to face rapid change, advances in technology, competition, and the community needs to be serviced. Even still, many of these organizations are structured and managed according to a model of leadership, management, and organizational culture as well as the shape and size that is no longer relevant to current conditions. In order to realize an order and forms of organization that is not only seen in the results alone but also showed changes dynamically and in accordance with the development of a new paradigm that is in line with the changing strategic *environment*.

Public service organizations in this study are organizations that exist at the local level Licensing Service Agency and Investment Baubau city that serves organizing administrative services. Theoretically, bureaucracy Licensing Service Agency and PM categorized as *street-level bureaucracy*, the bureaucracy that runs the task face to face with the public, where because of the role and position it into representase government bureaucracy in the public eye (Lipsky, 1978: 135-136).

Responding to organizational dynamics and demands of competition and facing a state of ever-changing organizational environment, the challenges of an increasingly complex issues, it is time for local governments to implement *the Political Will* to reorganize local government environmental organizations with organizational transformation. In the transformation of the organization itself, must do the changing role of the human resource function as an intellectual actor of change. In the era of regional autonomy, the changing role of effective organizational transformation functions becomes very important.

Bureaucratic organization is a public institution that is loaded with performance demands of stakeholders. To respond to the demands of quality public services as well as global challenges, bureaucratic organizations often formulate bureaucratic transformation in response to the demands of the service quality improvement. The transformation of the bureaucracy has been more interpreted as an attempt shows a transition behavior of the bureaucracy of traditional management pattern towards a new management pattern which is more modern, but that is often underestimated is the question of how the overall organizational readiness of the various existing level of bureaucracy to undergo such a transformation.

Based on the above, the purpose of public organizations is to produce quality public services both in terms of service provision and of the recipients of services, but has not been achieved as the expectations of people in Baubau thus required an objective and comprehensive instrument in the transformation of public service organizations can generate a public organization that produces the desired quality of service, then the *system dynamics* approach is seen to provide an alternative that is relatively more effective in analyzing and identifying various complex issues that have been described earlier, as an effort to develop a comprehensive

model to analyze the transformation of service organizations City public Baubau which is an issue that arises as a result of the fault structure of the system built. With the background of these problems, the authors are willing to do deeper and comprehensive research through research, entitled "Organizational Transformation Model Public Service *System Dynamics* Approach (Case Study on Licensing Service Agency and Investment Baubau City).

Based on the description of the background, the research is focused on the transformation of public service organizations Licensing Service Agency and Investment Baubau City, the subject matter can be broken down as follows: Why the transformation of public service organizations on Licensing Service Agency and the Investment in Baubau City yet effective?

## II. THEORETICAL GROUNDING

Studies in the literature review is based on several key concepts used form the basis for an assessment of the research problem involves three things: (1) Paradigm Organization and Public Services which includes: (a) theory and the concept of the Organization; (B) Theory and Concepts Organizational Transformation.

In general, the concept of the organization as a cooperative association is something that shows the complexity. In the sense that as the container (vehicle) activity than people who work together in achieving the goals and static just look at the structure and organization are also said to be dynamic (process) in which there are activities / actions of governance relationships that occur in the organization (Silalahi, 1997 : 32)

Good organization is a dynamic organization that is growing all the time in accordance with the changes. The good profit organizations (private) and nonprofit (government) structure includes the creation and integration, namely that humans can work within relationships dependent on each other.

Structural changes are changes made to the part or the overall structure of the organization in order to find the form that is more in line with the needs and capabilities of the organization or known as the restructuring of the organization. The development organization is an answer to every change, which is a complex educational strategy, aims to change beliefs, attitudes, values and organizational structure in order to have early knowledge of the capabilities in technology, markets and new challenges.

Organizational development is a response to the changes that occur within the organization that are intended to change the beliefs, attitudes, values, organizational structure, so as to improve the performance of members of the organization. According to Sutarto (1986: 354), in facing the challenges of organizational change causes: can adjust to four way, ie: changing the structure, change the working procedures, changing people and changing the work equipment used. Overall adaptation efforts are directed so that the organization remains in compliance with its surroundings and is able to optimize performance, so an efficient, effective and achievable performance and increased bureaucracy.

In the face of environmental change, the organization actively make changes or reactive to changes in the two approaches. The first approach, the organization is actively

anticipating change. The second approach is the reactive nature of waiting, organizations should actively anticipate the environmental change that is by focusing on relevant changes and influence on the organization.

Organizational structure is also an equally important factor in determining and see the workings of an organization, which can be analyzed through the structure and will be known sections and sub-sections, each authority and coordination relations between sections and sub-sections in the execution of duties and responsibilities of each of the following division of labor based on specialization that is finally interdependence of parts and sub-parts within an organization. Thus it is quite understandable that the organizational structure is also an important factor for the development of an organization's growth towards rapid progress to achieve the goals in accordance with the mission, which will determine the mechanism of the people who work in the organization.

Structure for an organization is very useful to clarify and understand the duties and functions of each part in an organization. With the structure, duties of each part in the organization became apparent. Good structure is a structure that oriented to the vision-mission of the organization, which in turn can improve organizational performance and professionalism ranks therein. An organizational structure is basically set how job tasks were distributed, grouped and coordinated formally. And a bureaucratic structure characterized by tasks that are very routine operation is achieved through specialization, and the rules are very formal setting, tasks are grouped into functional departments, centralized authority, narrow spans of control and decision-making that follows the chain of command (Robbins, 1996: 166-176).

In view of (Wright et al, 1996: 188) explained that the definition of the organizational structure is: As a way in which duties and responsibilities are allocated to the individual, where the individual is grouped into offices, departments, and divisions. The organizational structure should always adapt to the development needs of the public and the environment it is intended for the creation of effective organizational performance and fast work process. Too hierarchical organizational structure that will only slow the process of labor and tends to be inefficient. The presence of a wide variety of tasks within the organization to be accomplished demands the ability and expertise of the apparatus. With a structure that divides the organizational tasks in groups does not mean that the structure becomes fragmented. Pengotakan existence only as a tool to indicate that an activity and jobs within the organization berinduk on the box. the question is when the box or in the organization chart is broken down into squares smaller so that only prolong the hierarchy within the organization that can impact the organization's slowness in completing tasks and jobs. In an effort to realize the necessary decentralized government organization that is lean (*flat*) that by combining parts of which have many similarities in the duties and functions, where lean organization and supported by the decentralization of authority to make the organization to be flexible in responding, more quickly adapt to changes, more effective and innovative, and more commitment to the goal. Ideal structure in response to environmental changes is a structure that provides a space for members of the organization to directly deal with consumers and

can take decisions without going through a hierarchical process is too long.

According Steers (1977: 70), that: The structure declared the way organizations organize human resources for activities towards the goal. The structure is aligned in a way that puts human beings as part of the organization in a relatively fixed relationship, which largely determines patterns of interaction, coordination and behavior-oriented tasks.

Furthermore, Robbins (1994: 6), saying "The organizational structure set how tasks will be shared, who reports to whom, formal coordination mechanisms and patterns of interaction which will be followed".

Then the same thing Robbins (1994: 6) says, that: An organizational structure has three groups, namely, complexity, formalization and centralization. Complexity means the organizational structure considering the degree of differentiation in the organization including the level of specialization or division of labor, the number of levels in the organization as well as the degree to which unit-unit geographically dispersed organization. Formulation means the degree to which an organization relying to the rules and procedures to regulate the behavior of its employees. Centralization is to consider where the location of the center of decision-making, does tend to centralization or decentralization.

Based on the opinions and explanations above it can be concluded that the organizational structure can be positive, contributing is a structure that allows for the delegation of authority from top management to the management of midlevel for each job mensikapi each part independently without having to go through the decision making process is too long and wait for instructions of superiors. The existence of the delegation of authority and a clear division of tasks and the firm expected to make the apparatus become more professional and accountable to the public.

So the design of the organization will refer to the structure and organization of different shades that with any form chosen will depend on the characteristics of the environment in which these organizations are, however, of the main side of the form and structure of the organization must be focused on the need for specialization and the need for coordination different tasks in one unit.

According Sedarmayanti (2000: 60) points out: restructuring efforts within an organization can be done through the efforts of management in a way to rearrangement or reengineering (*reengineering*) so that the company is expected to perform adaptation to the effects of changes in the environment, so the company will survive.

Development organization designed to solve the problems in a holistic and long-term. Changes in the organization does not only touch on the changes in the structure, and technology but also on human resources management system. According to Huse and Cummings (1985: 2-3) that is to be found several features that distinguish it from development organizations to development activities of other organizations, as follows:

1. Development organizations can apply to the entire system of the organization as a whole;
2. Organizational development is the basis of knowledge about the practical and behavioral sciences, micro regarding concepts such as leadership, group dynamics,

design work, and concepts such as the macro-organizational strategy, organizational structure, as well as relationships and environmental organizations.

3. Even though the development of the organization to focus on planned change, but not stiff, formally is not only applicable to business planning, but rather an adaptive strategy for the planning and implementation of change rather than just a blueprint of how the changes should be done.
4. Included in the development of the organization is the creation and reinforcement of change itself.
5. Includes organizational development strategy, structure and processes of change.
6. In the end, development-oriented organizations on improving the effectiveness of the organization. In this sense, there are two main assumptions, first, the effectiveness of the organization as an effort to solve the problems within the organization, and, second, the effectiveness of the organization for the purpose of improving the quality of working life and increase productivity.

To undertake the development of the organization, of course, require a proper strategy so that it can adapt better level of acceleration changes in technology, the environment of our industry and society at large. Handoko stated that: Three approaches changing the organization can be described as follows: through the organizational structure involves the modification and rearrangement of various internal systems such as the relationships of responsibility-authority and so on; by changing the organization's technology means conversion or modification factors; through the conversion of the people, the organization includes the conversion of (1) the wisdom and withdrawal procedures and selection, (2) the activities of training and development, (3) the remuneration system, (4) leadership skills and managerial communication, and (5) attitude of trust, role or other employee characteristics. The following will summarize the three approaches above changes.

At the practical level, the transformation of the bureaucracy in the context of Indonesia is an urgent need, given the diachronic, genetic Indonesian bureaucracy is a legacy of authoritarian bureaucracy that is now irrelevant and must be deconstructed. The characteristics of an authoritarian bureaucracy can not maintained longer exist, because it tends to position the bureaucracy as civil servants rather than public servants. Hegemonic bureaucracy created what is called by Thoha (2003: 2) as the "official state" (*officialdom*). Therefore, the bureaucracy that previously relied on politics as a commander, then shifted to the economy as a commander, must now be amended so that the structure and behavior corresponds with demands for democratization that emphasizes *respect for human rights, a plural polity, a Multiparty system, accountability and transparency*. Bureaucracy is characterized by democracy, rests on the will of the people, so that "people as the commander". Substantial changes in the bureaucracy of the tool ruler or rulers become a tool of the people or public servants can only be achieved through transformational change.

Based on the discussion of the meaning of the transformation of the bureaucracy associated with the basic concepts and their

implications for the changing demands of the bureaucracy of the above, it can be made a few conclusions about the meaning of the transformation of the bureaucracy as follows: first, the transformation of the bureaucracy is a fundamental imperative of organizational change, both forms, processes and performance, Second, the transformation of the bureaucracy is done by placing the organization as a living entity (*living organization*). Third, in analogy bureaucratic organization as a living being, then the transformation is a strategy to change the genetic code in the DNA of the organization as an element forming properties or gene bureaucracy. Fourth, the transformation performed continuously or are simultaneous. Fifth, transformation aimed at renewing the bureaucratic red tape that still hold her role (*survive*) in accordance *with* the demands of development and effectively to the needs of the public.

### III. RESEARCH METHODS

The method used in this study is *Mixed Methods Research* using research instruments in an integrated device, by combining data obtained qualitatively and quantitatively or combined so as to explain a phenomenon in depth and also look at trends related to the phenomenon, so that complementar. The study design was based on philosophical assumptions as the method of inquiry. *Mixed Methods Research* in Creswell, (2008: 11-13) also referred to as a methodology that provides the philosophical assumptions indicate the direction or give instructions on how to collect data and analyze the data as well as a mix of quantitative and qualitative approaches through several phases of the research process. However, to build a model simulation using *system dynamics* that refers to the qualitative-quantitative approach, which will be used by the background, problem formulation and framework, because the issue of organizational transformation BP3M Baubau city has observed the dynamic nature of the phenomenon and in the structure containing more than one feedback structure.

In the use of systems thinking approach to qualitative (*soft system methodology*) in the operational process is facilitated by the use of computer programs (*software powersim constructor*) as a tool for exploring ideas (*cognitive mapping*) or formulate a model as quantitative systems thinking approach (*system dynamics*).

Qualitative systems thinking approach used to build the structure, while the quantitative systems thinking approach is used to simulate the structure into a behavior. The use of qualitative systems thinking approach is used to understand the complexity of the system and to support the intuitive thought processes-dialogical, whereas quantitative systems thinking approach is used to support the process of rational thought (Azis S., 2008: 70). In the process of utilization of systems thinking approach of quantitative-qualitative, these two approaches are used in an integrated manner according to the needs, substance and context analysis.

Quantitative approaches are directed to analyze data using statistical techniques, especially to determine the *causal effect* on dynamic models, but it is also used to analyze the data collected at one time by using *time series* data. *Time series* data is needed to determine *the trend* of a condition and also to find out the cause and effect in the simulation of dynamic patterns. The data

collected can also be used to determine the tendency of certain behaviors (Yin in Creswell, 2003: 156). While the qualitative approach is used to take a conclusion of the analysis system will do. Of the types of data and analysis obtained, the use of a qualitative approach is also intended to diagnose organizations and to determine the causes of ineffectiveness and inefficiency of services and solutions. The use of qualitative oriented approach based on several considerations, namely:

- a. This study aims to produce a model that takes a holistic thinking. Meanwhile, humans are not able to translate what is experienced and diobservasinya thoroughly, not ready to translate the real world in the form of attributes and there is a tendency to do that is able to do rather than something that should be done (Checkland, 1999);
- b. In practice, the general condition of the existing documentation on government organizations are often incomplete. As revealed by Cassell & Simon (1998: 1) that *"qualitative methods used in organizational research was not well documented."* In that respect, the incorporation of a quantitative approach with a qualitative approach used in this study is expected to overcome the incompleteness of the data in research practice ,
- c. Limitations of documents owned by an organization, it is in qualitative research involving researchers or help others as an instrument or means of collecting data.

According to researchers that field of study of the social sciences, the researchers choose the type of case study approach. Reasons for the selection of case studies is that researchers are exploring an entity or phenomenon (the case) in the period and activities (programs, events, processes, institutions or communities) and collect in detail the various information that is used in accordance with the procedures of collecting data during a certain time period. The case studies are commonly used to study a phenomenon that occurs in society. Studying case studies of various forms of events and programs and fit in with this study. With research in the form of case studies, the results obtained in an area applies only to the area under investigation and can not be presented at public agencies in other areas.

Analysis of organizational transformation Licensing Service Agency and Investment Baubau City will explain the importance of the effectiveness and efficiency of public services performed for the public as well as government agencies other functions such as the function of leadership, finance, performance, incentives, organizational personnel, the ability of existing human resources as well as the function of allocation of funds. Called the case because handling problems organizational transformation can not be generalized to other organizations or other research sites. According to Stake (1994: 24), that the specific issues, as described earlier, is more appropriately used to wear a case study (... *'the more the object of study is a specific, unique, bounded system ...'*). Likewise, Lincoln and Guba in Creswell (1994: 12), they contend that a case study can be defined as a process of studying the case and also the product of a learning process.

#### IV. RESULTS AND DISCUSSION

Agency Licensing Services and Investment Baubau City is part of the City Government Baubau area in charge of implementing the coordination and conduct of administrative services in the field of licensing and non-licensing in an integrated manner. Agency Licensing Services and Investment established with the Baubau City, Baubau Regional Regulation No. 3 of 2011 on the Amendment of Regional Regulation Baubau No. 3 of 2008 on the Organization and Work Procedure of the Regional Technical Institute and Baubau City, Baubau Mayor Regulation No. 34 of 2012 on the Main Tasks and Functions Licensing Service Agency and Investment in Baubau City. The existence of Licensing Services Agency and Investment Baubau City is one of the efforts made by the Government Baubau City in order to reform the bureaucracy in Baubau City, through a paradigm shift from government as rulers into the government as a servant and public servant.

In providing services to the public, the Agency for Investment and Licensing Services in Baubau City strives to provide the best service based on the principles of excellent service so that people find it easy, comfortable and quiet in the care of licensing.

Licensing Service Agency and Investment in Baubau City is a metamorphosis of the Institute of Integrated Services One-Stop, becoming one door that has been several times amended the institution, which was previously based Baubau Regional Regulation No. 3 of 2003, as amended by Regional Regulation No. 5 Baubau 2004 on the Structure and regional work Baubau City, is still an office under the name licesing service office Baubau City.

The development of the rules on regional organizations requires some adjustments to the organizational structure in the area. With the enactment of Government Regulation No. 41 Year 2007 on the Organization of the Region, the Regional Regulation Baubau on the Organizational Structure of the Region who have been there later revoked and reestablished a new regional regulations.

In the framework of adjustment and regional organizations or arrangements based on Government Regulation No. 41 of 2007 concerning the regional Organization, in 2008, the nomenclature "Licensing Services Office of the Baubau City " was changed to "Integrated Licensing Services Secretariat Baubau City" based on Local Regulation No. 6 Baubau City of 2008 on the organization and structure of Administration of the Secretariat Integrated Licensing Services Baubau City.

The development and dynamics of development of society, especially in business activities so rapidly and in an effort to optimize the licensing service to society, the status of the Secretariat of the Integrated Licensing Services Licensing Service Agency was upgraded to Investment and Regional Regulation No. 3 of the Baubau City 2011 on the Amendment of Regional Regulation Baubau Number 3 of 2008 on the Organization and Work Procedure Baubau City Regional Technical Institute.

- a. Vision and Mission of Licensing Services and Investment Baubau City

Vision is a mental model of the future, which means that the vision should belong together and believed by all members of the organization (LAN & BPKP 2002). So the picture of the future

of an organization in which there are organizational characteristics and realistic element in homage to the essence of a vision.

Guided by the understanding and the nature and the Investment Promotion Investment Framework for Promoting Regional Economic Growth and Public Welfare Baubau city and be able to improve the Quality Service to the Community accurately, efficiently and integrated the Licensing Service Agency and Investment (BP3M) Baubau City has a Vision namely: "The Best in Service Investment in Southeast Sulawesi".

BP3M basic vision statement is taken from the mission is to realize the City Government Baubau City orderly in governance, and realize the Baubau City forward socially and economically. The reasons for the establishment of a vision BP3M referred to above is based on the consideration that one of the crucial problems in governance is poor service image licensing. With the paradigm shift in service delivery excellence licensing is expected to increase the acceleration of the achievement of the vision of Baubau City Government.

Further explanation of the vision BP3M are as follows:

1. Good governance ( *good governance* ) is a key issue that is most prominent in the management of public administration today. Claims by the community to the government are in line with the increasing level of public knowledge, in addition to the influence of globalization. Old patterns in governance no longer suitable to the demands of a constantly changing society. Therefore, the claim is reasonable and should get a response from the government to pass the changes are focused on the realization of good governance;
2. The implementation of public services, particularly those related to licensing is an issue that continually under the spotlight of society. Actual issues that arise during this time is a bad image licensing services, complicated, expensive and not transparent. To that end, it is one of the efforts of the Government Baubau City is to establish and improve the status BP3M in an effort to create service delivery excellence.

To realize the vision of Licensing Services Agency and Investment Baubau City as the above, it should set a mission which targets to be achieved within a certain time through the implementation of strategies that have been. Mission is the main goal towards which planning and program a government agency to be achieved. The Mission of Licensing Services and Investment (BP3M) Baubau City adalah as follows:

- a. Reforming the system and procedures are easy, fast, clear and timely;
- b. Encouraging creativity, initiative and community participation;
- c. Improve the business and investment opportunities; and
- d. Improving the quality of human resource professionals BP3M in serving the community.

With the establishment of the Agency for Investment and Licensing Services, all forms of licensing services in the Baubau City management will be carried out through one door, and thus is expected to provide the best licensing services for the community, that is fast, accurate, and transparent accordance BP3M motto is "Easy, Cheap, Fast, and Current "heading One Stop Services Quality.

Licensing Service is a very complex problem, licensing is one of the important aspects in the public service. The quality of public services in the field of licensing plays an important role in attracting investors to invest in an area. Licensing its own service quality can also be identified from regulation of local governments to simultaneously provide local legitimacy licensing agency to provide services more efficiently and effectively. In improving licensing services and Licensing Services Agency Investment Baubau city has received a delegation of authority as many as 11 types of licenses and licensing services 5 types of investment permits as well as two non-licensing services capital investment of 52 types of licenses and permits existing non Baubau City. It is as stated in Baubau Mayor Regulation No. 46 Year 2011 on Delegating Some Duties and Powers of the Mayor of Baubau To the Head of Licensing Services and Investment Baubau City.

Rapid changes in the environment is an external force that resulted in an organizational transformation. Basically, the main purpose of the transformation is a fundamental change in the organization with the new values of the form : leadership, vision, incentives, structure, personnel, financial, performance, and culture in order to be more flexible and able to compete with other organizations. Transformation must be comprehensive, and it can cause resistance from members of the organization who such slow changes. The resistance can cause such changes fail, therefore organization must find ways to reduce these constraints, including:

- a. The organization must learn the diversity of environmental change both internal and external organization;
- b. Organizations should develop their own organizational resource through good communication with its members. To support efforts to develop the organization, there should be a comprehensive policy changes on the order of good organization resource human, financial resources, leadership, and the organization itself. From both of these obstacles, the relative can be resolved by developing new values of the transformation of the organization as justification of the results of studies reviewed by researchers with the dimensions of the transformation of public service organizations in the following BP3M Baubau City.

1. Incentives employees BP3M Baubau City

One of the factors that determine the level of performance of public service apparatus is the implementation of an incentive system. The incentive system is an important element in an organization to motivate employees achieve the desired performance. Incentives are given to employees who excel in the form of material and non material rewards, while employees who do not perform get disincentive shaped reprimand, warning, suspension / demotion, or dismissal. The main target is the implementation of an incentive system to attract qualified people to join the organization, retain employees to keep working and motivating employees achieve excellence.

Salary or wages are fixed payment received by an employee in accordance with the position or positions of a person with a particular job description. With just rely on wages and salaries, employees can work potluck (minimal). Thus, to improve performance, companies can directly associate the performance

with the amount of payments received by a person in the form of incentives. This system is another form of wages directly outside salaries and wages are fixed compensation, the so called system of compensation based on performance (*pay for performance plan*). The way the company leadership to motivate the employees who have the ability and high morale in their work is to provide stimulus in the form of incentives to the employees in accordance with the resulting performance.

In the preparation of this model variables of the system is more geared for the purpose of assessment of organizational transformation macro dimensions. But in the model used to describe the behavior of organizational transformation aspects of leadership, financial performance, personnel, restructuring, incentives, culture and vision, which is owned by the public service organizations Licensing Service Agency and Investment Baubau City. Based on the results of this study formed the basis of modeling (early) with *system dynamics*. Then in the *System dynamics* adds a dimension of data to map the structure of the system and allows computer simulations to demonstrate the behavior of the structure over time. In this case the cycle of the qualitative development of dynamic models can be combined with quantitative modeling, as the opinion of Wolstenholme (1989) that is used as a qualitative modeling tool to interpret the results of a quantitative model in order to achieve the existence of a thorough explanation about how the system works and is also the basis for subsequent research.

## V. CONCLUSION

The transformation of a public service organization that Baubau City BP3M conducted so far only at the level of *the top leader* (top management) with restructure organization (enlarge structures) by not considering the financial capacity of the area. In the field implications of this model can not describe it well and detailed dimensions that cause the efficiency and effectiveness of public services BP3M, as a result, the organization is not able to formulate policies for enhancing the efficiency and efektivitas services in several sub-models that influence, namely: sub-models of population, income, shopping, services, employees, employee motivation, employee quality, management commitment, employee productivity and cultur. In organizational transformation policy interventions within the next 20 years can not be done piecemeal, but a series of policies that are integrated with each other. Simulation of model behavior organizational transformation by using *systems thinking* and *system dynamics*, then obtained some alternative scenarios relative policies more effective and allow it to be applied by of

the Baubau City especially Licensing Service Agency and the Investment in Baubau City in long-term scenario is *mixed* (combined) which consists of a reduction in the number of organizations to 20 units of the organization.

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