

Strategic Architecture of Inspectorate General Ministry of Trade Republic of Indonesia

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Abstract- Strategic architecture is built to determine the grand design strategy and the activity needs based on identification of internal and external factors applied. When it comes to government sector, in this case Inspectorate General of Ministry of Trade of Indonesian Republic as an internal watchdog/consultant, strategic architecture will become a very useful tool to give management the layout condition of units and what it needs to improve with step by step activities in each year. This research was using primary data from observation, questionnaire, interview, Focus Group Discussion, and secondary data from performance reports. SWOT analysis and modified Business Model Canvas for government and/or non profits were used to analyze the data. The result of this research shows the identification on existing Business Model Canvas combined with SWOT analysis and strategy, explaining Business Model improvement design, and the strategic architecture for managerial implication.

Index Terms- Strategic Architecture, Strategic Management, Business Model Canvas, Government sector, nonprofits, SWOT Analysis, Business Model Development, Inspectorate General, Ministry of Trade.

I. INTRODUCTION

During his administration, Indonesian President Joko Widodo together with the Vice President Jusuf Kalla for the period of 2015 – 2019 has announced nine priority agendas called Nawa Cita. The program aims to demonstrate the priority ways to realize a politically sovereign as well as independent Indonesia in the economic sector and the people's behaviour towards culture. The trade sector is an important sector in carrying out the Government program contained in the Nawa Cita, as the driving force of the national economy. Nawa Cita contains some points related to trade. The trade sector mentioned in Nawa Cita acts as the primary guide on how the Ministry of Trade runs their function. President Joko Widodo reveals Nawa Cita encompasses the grand vision and mission of his cabinet which he calls *Kabinet Kerja*. "Ministries have no vision, it is indeed Presiden's" proclaimed President Joko Widodo. The vision of the Indonesian Government by 2015-2019 is "To realize a sovereign, independent, and dignified Indonesia based on reciprocity". To encourage the realization of that vision especially in the trade sector as a driving force of economic sector, the missions of Indonesian Government by 2015-2019 related to trade are: a) Promote the sustainable growth of foreign trade performance;

b) Keep the growing and qualified domestic trade; and; c) Realize good governance in the trade sector.

The programs are accommodated in the mission, goals, and objectives of the Ministry of Trade related to Nawa Cita, that needs to be supervised by special units that build and oversee the entire units in Echelon I at the Ministry of Trade, namely the Inspectorate General of Ministry of Trade. An issue concerning trade that arose in a couple of years ago was the case of a Dwelling Time that became the focus of attention of the Indonesian President. The internal impact of the case illustrates the need for internal oversight by the Ministry of Trade, in this case, the Inspectorate General of as the Government Internal Supervisory Apparatus (APIP). The Inspectorate General has the main duties and functions in conducting internal oversight within the Ministry of Trade. It is reflected in the strategic plan (Renstra) of Ministry of Trade for the period of 2015-2019 at the section Oversight and Increase on Accountability of the Ministry of Trade Apparatus.

Corruption Eradication Commission (KPK) in general considers the APIP has not been optimum in promoting the corruption eradication. KPK released data in the socialization of Anti-Corruption and Gratuities 2015, in the last 10 years the Directorate of Public Complaints of KPK received only 12 reports indicating the acts of corruption in some ministries and agencies. The data might explain the less performance of APIP. Of course, this is not in accordance with the Government Regulation Number 60 in 2008 about the Internal Oversight System of the Government that mentions APIP should play an active role when there are indications of corruption in the institution.

The Ministry of Domestic Affairs through Rakornaswas 2015 mentioned there are about 400 Heads of Regional Government that are potentially involved in legal issues. Based on data from BPKP in Surveillance Coordination Forum (FKP) of the Central and Regional APIP in 2016, the indication of less performance of APIP as an internal watchdog is marked by the presence of bad governance, poor public services, accountability, and Corruption, Collusion and Nepotism (KKN).

The failure in the internal control can slow down the work process in the institution. This might occur due to weak internal oversight. As mentioned previously, APIP also conducts oversight of activities by the units in the organization that aims to make early prevention and detection to prevent lapses in execution, failure in the country's financial management, and any mistakes that may affect the achievement of such objectives (Priyanto, 2007). APIP is part of significant managerial elements in the government institution to manifest good governance.

Article 49 Paragraph (2) of the Government Regulation Number 60 in 2008 concerning the Internal Control System of Government (PP SPIP) suggests that the Inspectorate General as APIP is responsible directly to the Minister/leader of the related agencies in charge of conducting surveillance on the duties and functions of the ministries/institutions funded using State Budget. The first problem arising at the Inspectorate General of Ministry of Trade is concerning lack of human resources (HR) in both quantity as well as quality. The growing role of surveillance agency on trade requires specific qualifications and proper number of the Auditors according to the institutions under the supervision. Secondly, the composition of budgeting in the Inspectorate General is still under 2% of the total budget of the Ministry of Trade, which means the supervision conducted has not yet showed maximum performance. The third one is regarding the need for following up the results of surveillance carried out. Then, the fourth internal problem is concerning the need for increased capability of internal auditing by APIP up to Level 3 (three) in the Internal Auditor Capability Model (IACM) according to the mandate and supervision from the President. Alexia Nalewaik has ever conducted research on influential factors affecting the auditing performance, namely the audit limitation, the composition of the team, and the steps or methods of auditing.

Internal oversight at the Ministry of Trade has to strive in maintaining and controlling its policies in the trade sector. This includes the control against the policies in the trade sector within the country and abroad, as well as the supporting sectors. Prevention indeed is the most effective effort in corruption eradication. The early prevention can be done through the control of internal party. However, the Inspectorate General of the Ministry of Trade has yet to have a strategic architecture in managing its activities, which can be used by the Inspectorate General Chairman in directing and making decisions. The strategic architecture could also be the basis for directing planning; hence, the strategic architecture only acts as a reference for the annual performance indicators achievement, without looking at other aspects or factors affecting the performance of the Inspectorate General of the Ministry of Trade.

In the face of these challenges and as anticipation steps in the future, therefore, a strategic architecture is required over improvement of business model at the Inspectorate-General of the Ministry of Trade, which results are necessary to face the threats as well as irregularities that continue to thrive. The strategic architecture to be implemented must also be able to map over different conditions or factors, in this case is the Business Model Canvas with 9 (nine) elements.

Strategic architecture design approach is the development of strategies that have been there before. At first, a strategy was develop using the classical approach to strategic fit, where a company or organization devised a strategy to adapt to environmental changes. Strategic fit, in its development, was considered to incapable of anticipating rapidly environmental changes. Strategic architecture then developed as an approach that is more flexible to anticipate changes in the environment. The preparation of this strategy is known to stretch strategic approach. Strategic architecture is not a detailed plan, but only identifies the capabilities that essential to be built, but did not specify exactly how it will be built. (Hamel and Prahalad, 1995).

Based on the aforementioned descriptions, the problems to be examined by the researcher are outlined below:

1. What is the description of the existing conditions of the Inspectorate General of the Ministry of Trade based on Business Model Canvas?
2. What are internal and external factors that become the opportunities, threats, strengths, and weaknesses of the Inspectorate General of the Ministry of Trade?
3. What is the current improvement on the Business Model Canvas of Inspectorate General of the Ministry of Trade in facing the future?
4. What is the right Strategic Architecture for the Inspectorate General of the Ministry of Trade to be applied?

Research on supervision of Inspectorate General has been conducted, but no one has ever discussed the strategic architecture at the Inspectorate General as the cornerstone in conducting surveillance. Strategic architecture is still rarely used in government as an analytical tool in formulating a roadmap or grand design.

Studies of the Inspector General has ever done one of which is the research conducted by Eko Prihartono (2009) with a thesis entitled Implementation Monitoring Functional In Order To Work Towards Optimization. This study aims to find out how the implementation of the functional supervision and follow-up in the implementation of supervision towards optimizing the performance of auditors in Inspectorate General of the Ministry of Agriculture using normative juridical approach. The results of the study was the Inspector General of the Department of Agriculture has a big hand in the implementation of good governance and free from corruption, collusion and nepotism (Good Governance and Clean Governance), the Inspectorate General of the Ministry of Agriculture in carrying out oversight functions should be able to respond significantly wide range of issues and changes that occur, whether political, economic, and social through a program and activities set out in the policy supervision of the Ministry of Agriculture an interest in creating a monitoring system to ensure the achievement of the objectives and implementation of effective, efficient, and economical, as well as to the growing public demand for the performance of supervisory institutions demanding an increase in performance of the audit team in the implementation of the inspection.

Research on the role of the Inspector General also conducted by Sentot Grace (2010) with a thesis entitled Analysis of the Role of the Inspectorate General as Internal Supervisory Apparatus Ministries / Agencies in Improving Quality of Financial Statements of the Ministry / Agency (Studies in the Ministry of Finance). This research was conducted qualitatively by descriptive method. The results of this study are Inspectorate General Ministry of Finance has been running the paradigm functions as a provider of assurance and advisory consulting and this provides significant results in improving the quality of financial reports with the increase of the original "Do not Give Opinion" for Financial Reports of 2006 and 2007 to "Fair with Exceptions "for Financial Reports of 2008. Although the implementation of the role of the Inspector General has provided significant results on these results, but need to do a series of activities to overcome the obstacles with both internal and external.

In addition to object the Inspectorate General, while the strategic architecture research, strategic planning, and business analysis models was used in identifying conditions or objects of research, the Business Model Canvas and SWOT analysis has

been done by previous researchers with the objectivity of each study as follows:

Table 1. Empirical Review

No.	Author and year(s) of research	Research Title	Relevance
1	Iskandarsyah M (2013) [thesis]	Analisis Model Bisnis Ekowisata di Pulau Pramuka, Kepulauan Seribu dengan Pendekatan BMC	BMC, SWOT
2	Sembiring M (2013) [thesis]	Analisis Model Bisnis Agrowisata Perkebunan Teh Gunung Mas PTPN VIII Bogor Jawa Barat	BMC, SWOT
3	Saksono GA (2013) [thesis]	Kanvas Model Bisnis (KMB) PT Fuel Technologies Group Indonesia	BMC, SWOT
4	Vidiansyah R (2013) [thesis]	Perencanaan Arsitektur Strategik Usaha Budidaya Jamur Tiram di PT Jamur Tiram Indonesia Tahun 2012 – 2022, Lido, Kabupaten Bogor	SWOT
5	Fajar MI (2012) [thesis]	Perencanaan Strategis PT Indo American Seafood (Tahun 2012 – 2016)	FGD, interview, SWOT
6	Rismon (2010) [thesis]	Arsitektur Strategik Perum Pegadaian	Strategic Architecture
7	Marwan (2009) [thesis]	Perencanaan Arsitektur Strategik Bisnis Ekstrak β Karoten di PT Perkebunan Nusantara XIII	Internal and External analysis
8	Widodo A (2008) [thesis]	Perumusan Arsitektur Strategik PT Sigma Utama Berbasis Kompetensi Inti	FGD
9	Jauzi (2007) [thesis]	Arsitektur Strategik Taman Akuarium Air Tawar TMII	FGD
10	Rizal M (2001) [thesis]	Arsitektur Strategik PT Kusuma Satria Dinasari Wisatajaya Kabupaten Batu Malang Jawa Timur	FGD
11	DJKN Kemenkeu (2014) [Article]	Membangun Model Bisnis pada Direktorat Jenderal Kekayaan Negara	Research Object: non profit / government
12	J. Dimarogonas (2012) [Journal]	A Business Model Canvas for Government Purchases of Commercial Satellite Communications	Modification of BMC element based on research object

II. RESEARCH METHODS

The research was undertaken at the office of Inspectorate General of the Ministry of Trade located in the Building I, 9th floor, JL. M.I Ridwan Rais no. 5, Jakarta 10110. The Inspectorate General was chosen as the whole internal oversight activities at the Ministry of Trade were under the the institution. The research primary and secondary data retrieval was performed in May until July 2016. This study employed descriptive research based on a case study with a qualitative approach. The types of data collected were the primary and secondary data. The primary

data were namely data on respondents, while the secondary data included performance of the institution.

Data and information collection was carried out through direct observation, dissemination of questionnaires, interviews, and Focus Group Discussion (FGD). Data collection involved the internal parties of Inspectorate General of the Ministry of Trade, the Association of Internal Auditors of the Government of Indonesia (AAIPI), BPKP, and Auditors of the Examination Object of the Inspectorate General. Observation was performed to obtain supporting data about the real and current condition of the Inspectorate General of the Ministry of Trade directly related to the research objects based on previous theory and research.

Next, the researcher asked for the expert opinion to determine the indicators of the research object and conduct field study. The research was carried out using structured interview technique, so that data were based on questionnaires. All data and information on the questionnaire were used as references for the researcher. Interviews were held on two stages; the first stage was to know the internal condition of the Inspectorate General of the Ministry of Trade and the second stage was to find out the external condition of the institution. Then, the results of the interview were integrated with the SWOT analysis. Implementation of FGD was led by the Inspector General of the Ministry of Trade who has given the direction of the author. FGD also invited government officials, ranging from Echelon I, II, III, and IV in the Inspectorate-General of the Ministry of Trade. The early stages of FGD involved explanations on title, aim and objectives of the research, followed by description on research methods to be used, and finally conclusion, which mentioned suggestion, feedback, and critiques from the FGD participants.

The first stage in the data analysis was collecting data from both internal and external environments of the Inspectorate General of Ministry of Trade, followed with observation, interviews, and FGD to determine indicators on 9 element blocks of Business Model Canvas along with supporting data. After analyzing the 9 blocks of Business Model Canvas, the next step was making combination of the elements using the SWOT matrix. Through analysis on SWOT, a variety of strategic alternatives could be obtained by the institution in developing its core business.

The result of SWOT analysis was poured and weighed into the SWOT matrix that generated 4 possible strategic alternatives, namely strength-opportunity (S-O) strategy, weakness-opportunity (W-O) strategy, strength-threat (S-T) strategy and weakness-threat (W-T). The alternatives can be seen in Table 1, showing SWOT matrix. The SWOT analysis was performed on each block element of Business Model Canvas. After obtaining the result, we further continued to the next stages, namely assessment on conditions, determining the purpose, and making deciding (selection and evaluation activities).

After making an analysis, a draft on the new strategy was made by designing Business Model Canvas aiming to improve current conditions with regard to the results of the previous SWOT analysis. The new strategy would be a Strategic Architecture to map the steps to be performed on various analyses performed, coupled with the reasoning.

The object in this study was a Government institution, categorized into a non-profit organization, because it requires adjustment on some blocks of the Business Model Canvas with Osterwalder (2010) version, especially on blocks associated with customers and their relationship, financing, and earnings or profit. Hence, the element blocks in the Business Model Canvas constitute of: Customer Segments, Customer Relationship, Cost Structure, and Revenue Streams. Those needed to be adjusted before applied on working situation on the governmental organization. The adjustment on four blocks of the elements of Business Model Canvas for governmental working situation by Tom Graves (2010) can be seen in the following figure:

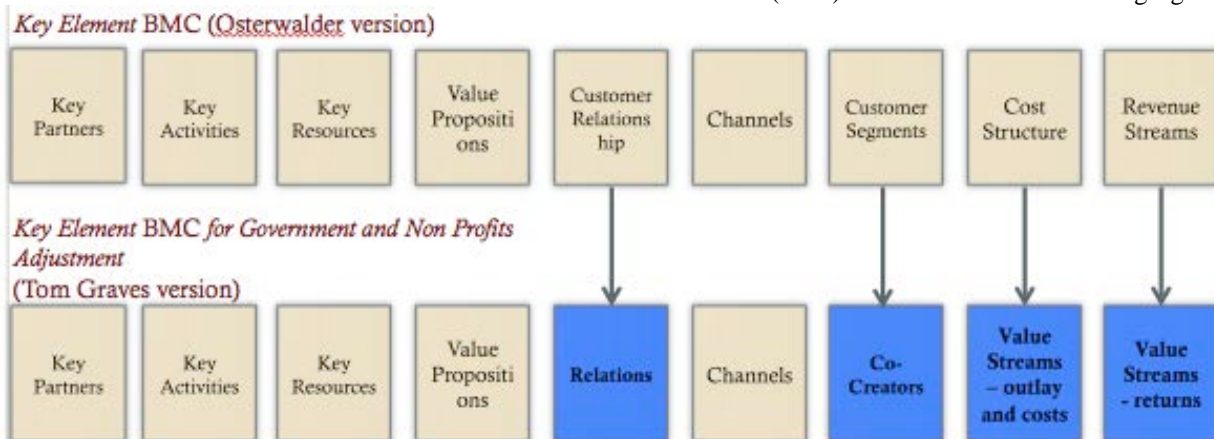


Figure 1. Adjustment on 9 Element Block of Business Model Canvas for Government and the Non Profits

The descriptions of adjustment on the 4 element blocks of Business Model Canvas are given below:

1. Element block of Customer Segments was adjusted to become Co-Creators (it was made in general for the whole aspects in relation to the role and relationship).
2. Element block of Customer Relationship was adjusted to become Relations (it was made in general to identify the relation between non-customers).
3. Element block of Cost Structure was adjusted to become Value Streams – outlay and costs (to include non-monetary costs).

4. Element block of Revenue Streams was adjusted to Value Streams – returns (to be adjusted to the non-monetary value).

III. RESULTS AND DISCUSSION

Data Analysis Results

According to the result of observation, questionnaire, interviews and FGD, the formulation of missions, goals, and existing objectives need to be improved as follows:

Table 2. The before – after forms after improvement on missions, goals, and objectives

No.	Adjustment	Before	After
1.	The third mission the Ministry of Trade	Create good governance in trade sector	Realize good and clean governance in the trade sector
2.	The Mission of Inspectorate General of the Ministry of Trade	Realize good governance in trade sector	Realize good and clean governance in the trade sector
3.	Purpose of The Inspectorate General of Ministry of Trade	Improved performance quality of the organization	Improve the effectiveness on the quality, performance, accountability, and orderly administration in the Ministry of Trade
4.	The target of Inspectorate General of The Ministry of Trade (unchanged)	Bring effectiveness in the internal auditing that gives value added towards improved performance of the units, accountability of financial report, and orderly administration in the Ministry of Trade	Bring effectiveness in the internal auditing which gives value added towards improved performance of the units, accountability of financial report, and orderly administration in the Ministry of Trade

Source: Primary data processed (2016)

The recapitulation of the whole SWOT identification results on 9 (nine) element blocks to the existing Business Model Canvas (for government and/or non profits adjustment) can be seen in the table as follows:

Table 3. SWOT Analysis on 9 (nine) element blocks of the Business Model Canvas

No	Element block	Strength	Weakness	Opportunity	Threat
1.	<i>Co-Creators</i>	Fulfilling the aspects of Dialogue, Access, Risk Reduction, and Transparency	There is no easily accessible information system for auditors and auditees in following up the findings	Development of risk-based and user friendly online information system	No record on the follow-up of the findings by the auditees.
2.	<i>Value Proposition</i>	According to Government Regulation Number 60 year 2008, it must provide benefits to auditees and community	Work division has not been evenly distributed, budget constraints, no quality control on auditing results	Rearrangement of organizational structure, human resource development, quality control of auditing results	Declining ratings of external K/L, human resources are not loyal, distrust from auditees
3.	<i>Channels</i>	Incorporated into AAIFI memberships	Less active participation in AAIFI	Build partnership with the members of AAIFI	Quality gaps between internal audit and agencies
4.	<i>Relations</i>	Assistance carried out since the beginning of the planning of and budgeting until reaching the end results	Assistance has not yet been optimally organized	Formation of assistance team with PIC (technical controller)	There are recurrent findings
5.	<i>Value Streams – Returns</i>	Good achievements	Several indicators need to be increased/maintained.	Towards attaining Level 3 in IACM, ZI, and ISO certification on internal auditing	Declining achievements

6.	<i>Key Resources</i>	Compliance of tangible and intangible needs	HR has not been empowered and BMN specifications are still low	HR competency training and upgrading on BMN	Decreased quality and quantity of human resources for Auditors
7.	<i>Key Activities</i>	In accordance with internal auditing standards	Weak controls on the supervision results and the burden/objects of inspection have not been evenly divided	Establish business process of internal oversight	Inadequate supervision time and several objects are out of supervision
8.	<i>Key Partners</i>	Great partnerships in Indonesia	Lack in managing information and contacts with partners	Develop information systems with updates integrated with auditees and other APIPs	The results show no synergy between the Inspectorate General and partners
9.	<i>Value Streams – Outlay and Costs</i>	Total budget is divided well with good proportion between fixed costs and variable.	Total budget of Inspectorate General has not yet reached 5 – 10% of the total budget of Ministry of Trade	Arrange performance-based activities on priority scales	Internal oversight done was not optimum.

Source: Primary data processed (2016)

Based on the overall results of SWOT analysis, the table below lists the strategies of the SWOT on 9 (nine) element blocks to the existing Business Model Canvas (for government and/or the non profits adjustment) as follows:

Table 4. SWOT Strategies on 9 (nine) element blocks of Business Model Canvas

No	Element Blocks	SO Strategies	WO Strategies	ST Strategies	WT Strategies
1.	<i>Co-Creators</i>	Develop internal oversight application based on aspects of the auditing, evaluation, monitoring, review, other surveillance, as a means of communication, transparency and accuracy of the data	Develop accessible and user-friendly information system	control sheets listing the results of the auditing and follow-up action plan according to the applicable rules	Verify the findings that have been/have not been followed up based on the auditing results and consistency of data processed
2.	<i>Value Proposition</i>	List the main duties and functions and draw up an alternative organizational structure based on Government Regulation No. 60 year 2008 on the Internal Control System of the Government	Make a list of main duties and functions per unit, performance-based budget, quality control through monitoring and evaluation per unit	Enhance and maintain internal supervisory functions according to applicable rules with regard to the performance quality based on assessment by internal and external parties	Arrange an equitable division of tasks in accordance with main duties and functions while paying attention to the inherent limitations of the whole internal oversight budget or per unit
3.	<i>Channels</i>	Establish a partnership forum involving all members of AAIFI in ministries/institutions	Became active participants in any related activities and forum related to internal oversight	Draw up quality standards on auditing so that the results can be similar and the quality of APIP is maintained between	Contribute more in AAIFI membership by implementing joint auditing between APIP of ministries/other

			ministries and other institutions	
4.	<i>Relations</i>	Form an assistance team arranged to control and maintain quality since the planning until the end of the audit results	Do coordination over assistance that is controlled directly by the PIC on each team	Perform assistance with persistent communications through monitoring, revision or changes of auditees to avoid repeated data irregularities
5.	<i>Value Streams – Returns</i>	Increase the capability level of APIP of Ministry of Trade up to level 3 in the Internal Audit Capability Model (IACM), ZI, and ISO of internal auditing as a new form of achievement	capability level of Ministry of Trade up to level 3 in the Internal Audit Capability Model (IACM), ZI, and ISO internal auditing while retaining the previous achievements	Maintain the existing achievement while achieving updated with the applicable rules, as well as establish communication and cooperation between units in Echelon I
6.	<i>Key Resources</i>	Conduct education and training of the whole human resources in the Inspectorate General of the Ministry of Trade to give knowledge and skills tailored to the duties and functions	Arrange education and training for internal human resource in the Inspectorate-General of the Ministry of Trade by considering the necessary competency to attain	Propose alternatives on employee rotation according to the ability or level of education, while considering the passion of every employee, then organize the auditor recruitment
7.	<i>Key Activities</i>	Create comprehensive Business Process of internal oversight with reference to the standard internal auditing in SPIP	Create the control scheme on Business Process of internal oversight	Enhance the existing system, particularly Annual Oversight Work Program integrated with the Business Process of internal oversight
8.	<i>Key Partners</i>	Create an information system that serves as a means of mutual information exchange, namely between APIP and auditees	Designate a person in charge of information systems to deal with partners	Management and communication with partners in particular related with common goals that will be achieved
9.	<i>Value Streams – Outlay and Costs</i>	Draw up performance-based planning with proportional <i>fixed costs</i> and <i>variable costs</i>	Give priority to activities showing much contribution on performance while considering the budget limitation	Construct work and budget plan (RKA) based on performance by including budget limitation as the aspect to consider

Source : Primary data processed (2016)

Improvements over the existing business model become the basis of formulating strategic architecture of the Inspectorate General of the Ministry of Trade. The improvements on the 9 element blocks of Business Model Canvas for Government and/or Non Profits are given below:

<p>Key Partners a. Auditee: 9 Echelon I unit of Ministry of Trade b. Internal audit (APIP) in between any other agency of ministry/institution</p> <p>Improvement: <i>Added new partners: Regional BPKP (District/City)</i></p>	<p>Key Activities a. Audit b. Review c. Monitoring d. Evaluating e. Other Supervision f. Management support of internal audit</p> <p>Improvement: <i>Create Internal Audit Business Process and integrated with Annual Internal Audit Working Programme (PKPT)</i></p>	<p>Value Proposition a. Activities implementation of internal audit b. Audit benefit in term of government grant requirements c. Internal audit accuracy d. Audited follow-up results accuracy e. Auditee trust</p> <p>Improvement: <i>Doing quality control in monitoring and evaluating</i></p>	<p>Relations Assistance that begun from the very start of planning budgeting and activity program until auditing stage</p> <p>Improvement: <i>Create assistance team and controlled by hi grade auditor and do the monitoring</i></p>	<p>Co-Creators a. Dialogue b. Access c. Risk reduction d. Transpiration</p> <p>Improvement: <i>Added a new aspect: Information Technology</i></p>
<p>Value Streams – Outlay and Costs a. Variable Costs b. Fixed Costs</p> <p>Improvement: <i>Optimization with priority scale</i></p>		<p>Value Streams – Returns a. WTA (Good Administration Zone) achievement b. WTP (Fair Without Exception) opinion (BPK) c. Integrity Survey (KPK) d. PIAK (KPK) e. Performance Report Appraisalment (KemenpanRB) f. Green Zone (Ombudsman) g. Open Government Public Service Ranking</p> <p>Improvement: <i>Level 3 Internal Audit Capability Model(IACM), Integrity Zone (ZI), ISO 9001:2008</i></p>		

Figure 2. Improvements on Business Model Canvas (for government and/or the non profits) of the Inspectorate General of Ministry of Trade

Based on the data on the figure above, the adjustments have considered SWOT matrix on 9 element blocks of Business Model Canvas for government and/or the non profits that can be formulated in the Strategic Architecture roadmap as follows:

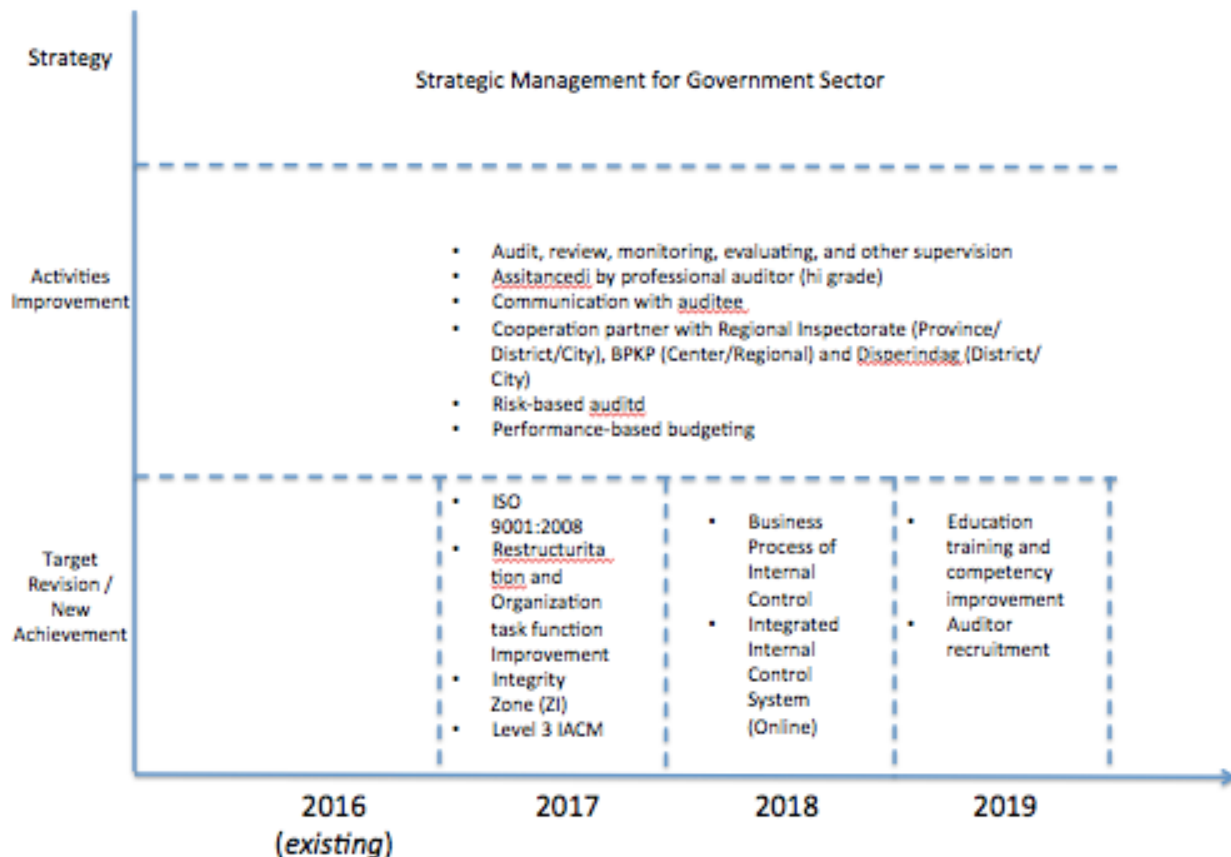


Figure 3. Strategic Architecture Roadmap of Inspectorate General of Ministry of Trade

Strategic architecture roadmap aligns with the research by Phaal, et al., (2007) that the roadmap helps achieving strategies, identification and exploration, as well as observing the innovation development, from the current up to the future situation. The baseline is made flexible, while the annual target is set systematic. Overall, the roadmap is the visualization of the strategies to be implemented.

Strategic architecture of a business model, according to the research by Wolfenden and Welch (2000), does not intend to replace the existing methods or approaches, but rather to add and improve the synthesis of the inter elements in the business model to analyze the activities as well as the resulted value. The synthesis of 9 elements in the Business Model Canvas for government and/or the non profits can be used as an outline of the strategic architecture.

Novak (2013) in his work suggests that the strategies and business model are mutually associated but with different purposes, where the strategic architecture is dynamic and forward-looking that is transformed into the future roadmap, while the business model is static over the representation of the conceptualization of the core activities. Therefore, strategic architecture will provide direction for the implementation of the business model. Improvements over the existing business model become the basis of the formulation of strategic architecture in the Inspectorate General of the Ministry of Trade.

Managerial Implication

In performing main duties and functions, the Inspectorate General of the Ministry of Trade has been in compliance with the

applicable provisions in terms of conducting internal oversight in government institutions. The main functions that should be executed prior to the latest rules are auditing, evaluating, monitoring, reviewing, and other forms of supervising. In addition, the assistance carried out since the beginning of the program planning and budgeting by each unit needs to involve a competent auditor, in this case *Auditor Madya*, who serves as a technical controller. Auditing or internal oversight conducted should also be based on risk. Moreover, as a form of management support, there seems to be a need for performance-based budgeting plan annually.

Regarding the implementation of the programs year 2017 to 2019 based on the results of the strategic architecture and evaluation on programs in 2016 previously, it is necessary to make improvement on achievements, either internally or externally. In 2017, the Inspectorate General of the Ministry of Trade is advised to do some improvements in internal management that can be done along with the increased achievements, namely attaining Level 3 in IACM, obtaining Zone Integrity (ZI) predicate and ISO 9001:2008, and doing restructuring and modification on main duties and functions. In 2018, the Inspectorate General of the Ministry of Trade is required to conduct further improvement after internal management and achievement are gained, i.e. making the Business Process of Surveillance integrated with Annual Oversight Work Program (PKPT) and used as the basis for the creation of an integrated surveillance system (Online). In 2019, the Inspectorate General of the Ministry of Trade is supposed to hire more auditors and increase the competency of all human

resources in the organization. These improvements are also several attempts to welcome the new Government in the upcoming period.

The statement above is in line with research done by O'Shannassy, et al., (2009) who mention strategic architecture roadmap is designed in Top-Down approach, with the higher management at the top to the bottom. Organizations and institutions are required to run some improvement efforts on the internal management in advance and continued with attaining Value Proposition from the expected results, to strengthen the core competencies.

The improvements over the business model and the development of this strategic architecture have indicated the commitment of the Inspectorate General of the Ministry of Trade in carrying out the duties and functions as an internal auditor for the auditees, since the Inspectorate-General is already part of the object being examined. According to research done by Anders Bruhn (2006), this difficult situation can be overcome with intention, motivation, and awareness of the associated units carrying out internal oversight to be responsible for applying management system and all forms of management control.

IV. CONCLUSION

Identification on internal and external factors at the Inspectorate General of the Ministry of Trade by employing Business Model Canvas for government and/or the non profits results in the roadmap of 9 element blocks which are Co-Creators, Value Proposition, Channels, Relations, Value Streams – Returns, Key Resources, Key Activities, Key Partners, Value Streams – Outlay and Costs. The results of observation, interviews, questionnaire, and FGD produce data analysis on strengths, weaknesses, opportunities, and threats on the 9 (nine) element blocks.

Improvements in the Business Model Canvas for government and/or the non profits have been done by considering the vision, mission, goals, and objectives of the Inspectorate General of the Ministry of trade in strategic architecture roadmap as follows:

1. The strategy to be carried out is strategic management for government sector.
2. In the year 2016, the Inspectorate General of the Ministry of Trade is still running the program and using budget allocation in accordance with existing condition.
3. In the year 2017, the Inspectorate General of the Ministry of Trade is expected to increase the value proposition and value streams – returns to obtain quality control and create added value from internal and external parties.
4. In the year 2018, the Inspectorate General of the Ministry of Trade is supposed to improve and refine key activities and co-creators so that the entire priority programs can run better according to regulations.
5. In the year 2019, the Inspectorate General of the Ministry of Trade should enhance key resources to increase the strength and competence of the human resources.

6. Improvements on element blocks of the business model canvas for government and/or the non profits can be done continuously for several years (routinely).

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