

MANAGEMENT STRATEGY OF THE SUMEDANG REGENCY REGIONAL PUBLIC DRINKING WATER COMPANY IN REALIZING CLEAN WATER SUPPLY

Rahmaini RAHMAINI¹, Novida ANGGRAINI², Alan HIDAYAT³, Gatot Herry DJATMIKO⁴, Dwi PRIHATINI⁵, Setya Ambar PERTIWI⁶
Universitas Prof. Dr. Moestopo (Beragama), Jakarta
Adiev.virgo@gmail.com

ABSTRACT

In an effort to realize better performance of government organizations in providing services to the community, implementing strategic management for public sector organizations is very important to increase performance effectiveness. After the change in form from a Regional Drinking Water Company (PDAM) to a Regional Public Company (Perumda), the Tirta Medal Sumedang drinking water company was very active in making management improvements. Especially when this company was assessed by the Sumedang Regency DPRD in 2019 as having experienced mismanagement, resulting in losses of up to billions of rupiah. This research aims to understand the application of strategic management in realizing the performance of public sector organizations in Sumedang Regency. Research on strategic management implemented after experiencing losses is very interesting and very important to do. This research uses a qualitative approach. The research results show that in the last two years the strategic management implemented has focused on efforts to restore the trust of the community as customers, the Regional Government as owners, and company employees as implementers. This is carried out simultaneously through: strategies for improving the quality, quantity and continuity of services, increasing service coverage, and realizing Full Cost Recovery, as well as increasing more professional human resources.

Keywords: Strategic Management, Perumda, good governance

1. INTRODUCTION

PDAM, as a Regional Owned Enterprise (BUMD), is a company owned by the regional government that focuses on providing clean water for the public interest.

As a regionally owned business entity, PDAM has the obligation to develop and operate clean water supply infrastructure and provide services to all customer segments at economical rates. PDAM has responsibility for carrying out daily operations, planning activities, organizing and implementing projects, and also negotiating with the private sector to improve services to the community.

PDAM operates with two main orientations: the first is a public service orientation to meet public needs and the second is a profit orientation to generate income that can be used for Regional Original Income (PAD). These two orientations, namely the public service mission and the profit mission, are two conflicting aspects and are difficult to reconcile. When prioritizing profits, public benefits can be neglected, and conversely, if the focus is on public services, profit targets can be threatened.

As a company that produces goods that have public benefits, it should be used as best as possible to improve the welfare of society. However, to ensure its continued existence as a regional company and also as a contributor to Regional Original Income (PAD), PDAM must operate as a manager of economic goods (economic good). Apart from that, the law governing the establishment of PDAMs also describes public goods management as goods that have an economic element. This will become more important in the future, especially because the scarcity of raw water sources will make clean water a commodity with high economic value. Therefore, the government must firmly determine the direction of drinking water management by considering the objectives of establishing PDAM as a company oriented to economic aspects.

The Regional Drinking Water Company (PDAM) is a regional government-owned company that focuses on providing clean water for community needs. As part of public services, PDAM must prioritize social aspects. This is reflected in product price settings that pay more attention to people's economic capabilities. However, apart from its role as a public service provider, PDAM also has an unavoidable economic dimension, namely seeking profit, because it also functions as a source of Regional Original Income (PAD) (Maemunah, 2004:91).

In carrying out its duties, PDAM faces various obstacles, especially in big cities, where the problem of clean water availability is a very crucial issue. This is triggered by rapid population growth, regional development, significant industrial growth, and environmental pollution problems that are difficult to control. Dependence on groundwater sources is also increasingly unreliable due to dense urban conditions, high-rise buildings, asphalt roads, and ground surfaces covered by concrete. Conditions like this prevent rainwater from seeping into the ground, resulting in a decrease in the quality and quantity of groundwater. The challenges in carrying out PDAM's mission are actually not only limited to big cities, but also apply to areas such as Sumedang.

Effendy (2011) identified that the problems faced by PDAM are related to institutional and management aspects. These problems include low levels of efficiency, deficiencies in incompetent human resources, inefficient operating systems, lack of work culture support within the company, leadership that does not have a clear vision, lack of entrepreneurial spirit, lack of focused business strategy, and lack of sharpness in management.

The Tirta Medal Regional Public Company (Perumda) or PDAM Sumedang is in a mismanagement problem that has accumulated over the past 10 years. This mismanagement was triggered by non-technical problems which had an impact on technical and financial problems, resulting in losses worth 31 billion. This assessment was submitted by Commission II of the Sumedang Regency DPRD in October 2021. (sumedang.jabarekspres.com: 2021/10/13)

Due to these conditions, the Regional Government, in this case the Regent of Sumedang Regency, has taken a policy to change management so that the PDAM can run well. Until the end of 2022, PDAM Sumedang is focusing on improving and improving management, especially regarding strategic management to return the company to a more stable condition.

Strategy Management is the process of formulating, implementing, and evaluating the steps taken by an organization to achieve its long-term goals by utilizing a coordinated strategic plan. Fred R. David (2016) describes Strategic Management as the process of developing, implementing and evaluating plans designed to achieve the long-term goals of an organization. David also identified several important components in strategic management, including environmental analysis, strategy formulation, strategy implementation, and strategy control. There are several main concepts reflected in the Strategic Management approach according to Fred R. David:

- 1) Environmental Analysis: Strategic Management begins with a deep understanding of an organization's external and internal environment. This involves analyzing external factors such as opportunities and threats in the market, as well as internal factors such as the strengths and weaknesses of the organization. SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) is one of the tools commonly used in this process.
- 2) Strategy Formulation: After understanding the environment, the organization formulates strategies to achieve its long-term goals. This strategy includes selecting target markets, allocating resources, and defining the steps to be taken.
- 3) Strategy Implementation: Strategy implementation involves allocating resources, changing the organizational structure, and directing employees to carry out the strategy. This is the stage where strategic plans are transformed into concrete actions.
- 4) Strategy Control: The strategic control process is used to monitor the progress of strategy implementation and ensure that the organization is moving toward achieving its long-term goals. If there are deviations or changes in the business environment, corrective action can be taken.
- 5) Strategy Evaluation: Strategy evaluation is a continuous step in Strategy Management. This involves monitoring the results of the strategy and evaluating whether the strategy has been successful or needs to be changed.

Fred R. David emphasized the importance of aligning strategy with the organization's vision and mission as well as the important role of leaders in directing the organization towards achieving its strategic goals. This approach focuses on a comprehensive understanding of the business environment and the formulation of strategic plans that align with the organization's long-term goals.

In relation to the provision of clean water managed by PDAM Sumedang, the challenges faced by the region highlight the pressing need for effective strategies and policies. Rapid population growth, urbanization, and unpredictable weather patterns have led to a decline in the quantity and quality of available water sources. PDAM Sumedang, as the responsible entity, is grappling with various obstacles such as insufficient infrastructure, suboptimal management practices, and financial sustainability issues.

This research aims to thoroughly examine the management strategies employed by PDAM Sumedang to address these challenges and ensure a sustainable supply of clean water. By understanding the complexities involved and identifying potential solutions, this study seeks to contribute valuable insights. The findings of this research are anticipated to

inform the development of more robust policies, intervention programs, and resource allocation methods. Moreover, this research has the potential to not only benefit Sumedang Regency but also serve as a valuable model for addressing similar issues in other regions of Indonesia.

The need for clean drinking water is an inevitable basic necessity for society. The availability of clean water is a fundamental human need that is vital for maintaining health and a decent standard of living. Not only in Sumedang Regency, but in many regions in Indonesia, the supply of clean water remains a serious issue. Sumedang Regency, located in West Java Province, faces significant challenges in providing sufficient and high-quality clean water for its residents. The main causes of this issue include rapid population growth, urbanization, and changes in weather patterns leading to a decrease in the quantity and quality of water sources.

The Regional Public Water Company (PDAM) of Sumedang Regency is responsible for providing clean water in the area. However, in recent years, PDAM Sumedang has encountered various challenges in managing strategies to ensure the sustainability of clean water supply. Factors such as inadequate infrastructure, suboptimal management, and financial sustainability pose obstacles in meeting the community's need for clean water. Therefore, this research will delve deeper into the strategic management applied by PDAM Sumedang to achieve an adequate supply of clean water.

This research holds high significance in the context of sustainable development in Sumedang Regency. By understanding the challenges faced by PDAM Sumedang in the strategic management of clean water supply, this research can make a tangible contribution to the development of more effective and efficient policies and strategies. The findings of this research can serve as a reference for local government, PDAM, and other relevant parties to design appropriate intervention programs and allocate resources wisely to improve public access to safe and affordable clean water.

Furthermore, this research can also make a significant contribution to the academic literature in the field of strategic management, especially concerning regional public companies facing unique challenges in providing public services. The findings and recommendations from this research are expected to be adopted by PDAM Sumedang and similar entities in other regions, thereby having a long-term impact on improving the quality of life for the community and advancing the public service sector in Indonesia. Thus, this research is not only relevant locally in Sumedang Regency but also has the potential to serve as a model for addressing similar issues in other areas in Indonesia.

2. METHOD

The research method used in this research is a descriptive method with a qualitative approach, namely a research method that will provide a clear and systematic picture of the strategic management implemented by the Regional Drinking Water Company in providing clean water services in Sumedang Regency. The descriptive research intended here is to create a systematic, factual and accurate description or picture of the facts, characteristics and relationships between the symptoms being investigated from all the facts and realities obtained in the course of the research.

Data collection techniques were carried out by: Field observations, in-depth interviews, and documentation studies. The data analysis techniques are carried out by: data reduction, data *display*, and data verification.

3. RESULTS AND DISCUSSION

The Sumedang Regency Regional Public Company (Perumda) for Drinking Water, called "Tirta Medal", changed its name/form in 2020 from the previous Regional Drinking Water Company (PDAM). This name change is in accordance with the provisions of Law Number 23 of 2014 concerning Regional Government which gives authority to regional governments to manage and determine policy direction in accordance with regional needs (regional autonomy).

After experiencing significant losses, Perumda Tirta Medal has improved itself by carrying out the vision of "making a healthy, advanced, professional company with reliable and independent services by 2025". This vision is implemented in its mission in the form of: 1) Increasing the Utilization of Raw Water Resources, 2) Increasing Excellent Service through Fulfillment of K-3, Quality, Quantity and Continuity, 3) Increasing Service Coverage, 4) Increasing HR Performance and Competence, 5) Increasing Business Profit Through Drinking Water Sales, 6) Improving HR Welfare.

Perumda Tirta Medal, which is one of the BUMDs in Sumedang Regency, has 13 branches and 2 service units as well as 35,770 subscription connections (SL) which are divided into 19 sub-districts in 4 service areas. Region 1 serves 5

sub-districts: Pamulihan, Tanjungsari, Sukasari, Jatinangor, and Cimanggung. Region 2 serves 5 sub-districts: South Sumedang, North Sumedang, Cimalaka, Cisarua, and Tanjungkerta. Region 3 serves 3 sub-districts: Paseh, Ujungjaya, and Tomo. Region 4 serves 6 sub-districts: Ganeas, Situraja, Cisitu, Darmaraja, Wado and Jatinunggal sub-districts.

Strategic management is an integral approach in managing organizations by considering long-term objectives and the means to achieve them. The basic concepts in strategic management encompass several key aspects that are the focus of this research.

First, formulating the mission, vision, and strategic objectives is the initial step in strategic management. The mission delineates the core objectives and the *raison d'être* of the organization, while the vision portrays the desired future state of the organization. Strategic objectives outline the expected outcomes in achieving the organizational vision and establish the strategic direction that needs to be pursued.

Second, analyzing the external and internal environment is crucial in designing effective strategies. External environmental analysis involves identifying opportunities and threats arising from external factors such as market changes, regulations, and technology. Meanwhile, internal environmental analysis encompasses evaluating the organization's strengths and weaknesses, including human resources, financial aspects, and technology that can influence the organization's ability to achieve its strategic objectives.

Third, strategy selection is a pivotal stage in strategic management. Organizations can choose from various types of strategies, such as growth strategies, diversification, or strategic alliances, based on the organizational context and objectives. The appropriate strategy selection requires a profound understanding of the organization's strengths and opportunities, as well as the capability to address challenges and threats that might be encountered.

Fourth, strategy implementation and control involve organizing resources, monitoring progress, and making corrections when necessary. Effective implementation requires clear communication, coordination among organizational units, and motivation of employees to achieve strategic objectives.

In the context of this research, a deep understanding of the fundamental concepts of strategic management will provide a strong foundation for analyzing the strategies implemented by the Regional Public Water Utility Company of Sumedang Regency. By comprehending these concepts, the research can identify the successes and challenges in strategy implementation, formulate relevant recommendations to enhance the effectiveness of Sumedang Regency's Water Utility Company's strategic management in providing clean water services.

Several key theories and concepts relevant to the management of water supply companies include:

First, the Universal Access Principle to Clean Water is a fundamental concept that emphasizes the right of every individual to have access to clean water. This principle underscores the importance of providing equitable and fair drinking water services to all layers of society, without discrimination.

Second, Operational and Technical Management Theory encompasses strategies in the operationalization of clean water supply. This involves infrastructure maintenance, the selection of efficient technologies, and the management of water distribution to ensure a stable and high-quality water supply.

Third, Availability and Sustainability of Natural Resources Theory is highly relevant in the context of water supply company management. Sustainable and environmentally friendly management of water resources is the focus, considering these natural resources as the primary assets in this industry. Concepts such as watershed management and the sustainability of water supply are crucial in designing long-term strategies.

Fourth, Financial Management and Tariff Policy Theory discusses the financial management of water supply companies. This includes budget planning, allocation of funds for infrastructure maintenance and development, as well as setting fair and affordable tariffs for customers.

Fifth, Community Participation Theory emphasizes the importance of involving the community in decision-making related to clean water supply. Active community participation in the planning, implementation, and evaluation of water supply programs can enhance the sustainability of these projects and strengthen the bond between service providers and consumers.

Through a deep understanding of these theories, this research can analyze the management practices of the water supply company in Sumedang Regency more effectively. By referring to these concepts, the research has the potential

to identify the weaknesses and successes in the management of Sumedang Regency's Water Supply Company, and provide recommendations that are more accurate and contextual to enhance the quality of clean water services in the region.

From the data obtained by researchers through interview techniques, field observations and documentation studies, it can be stated that the strategic management focus carried out by Perumda to restore the company which has been carried out to date has focused on three things, namely:

- a) Restore public trust,
- b) Restoring the trust of the Regional Government/Regent, and
- c) Restore employee trust in management.

These three things are implemented in the strategic plan of Perumda Tirta Medal Sumedang, namely by:

- 1) Improving the Quality, Quantity and Continuity of Services Efforts to improve the quality, quantity and continuity of services are a strategy implemented by the Regional Public Company (Perumda) of Tirta Medal Drinking Water, Sumedang Regency.

The focus of this strategy is to provide quality drinking water in adequate quantity and continuous flow for 24 hours.

This aims to ensure the availability of drinking water according to health standards and suitable for consumption, with sufficient quantities for all customers, and continuous flow throughout the day. Drinking water quality standards have been regulated in the Regulation of the Minister of Health of the Republic of Indonesia No. 492/MENKES/PER/IV/2010, which includes physical, microbiological, chemical and radioactive requirements. To achieve improvements in this regard, Perumda Tirta Medal carries out various activities such as water testing in all PDAM reservoirs, monitoring test results, regular maintenance and cleaning of reservoirs, especially for those that do not meet standards, as well as maintenance of equipment in water treatment installation units. All of these activities are still in the process of routine and ongoing implementation in accordance with existing policies and procedures.

- 2) Improving and Expanding Service Coverage Efforts to improve and expand service coverage are steps taken by Perumda Tirta Medal to provide wider services. For example, in the Cimalaka Branch, there are plans to add 412 water connections by 2022. Service coverage refers to the ratio between the number of people served and the population.

With population growth continuing to increase, Perumda Tirta Medal must continue to increase the scope of its services in order to achieve the target set by the government of 80%.

The decline in service coverage over the last few years is caused by population growth that is faster than improvements in clean water services. Therefore, Perumda Tirta Medal is trying to increase its service coverage by adding new house connections and optimizing the process.

- 3) Adjustment of Drinking Water Tariffs One of the obstacles faced by BUMDs such as Perumda Tirta Medal is drinking water tariffs which have not yet reached the principle of full cost recovery. Drinking water tariff adjustments are carried out to achieve cost recovery which is expected to generate sufficient income to cover all operational costs. Apart from that, this tariff adjustment is expected to maintain and improve the quality and continuity of services and contribute to Sumedang Regency's Original Regional Income (PAD).

Tariffs that achieve full cost recovery (FCR) are tariffs that are equivalent to the basic cost. In a drinking water tariff system that uses differentiated tariffs and progressive tariffs, the tariff structure consists of several types of tariffs, and FCRT refers to the average tariff.

Apart from cost recovery, drinking water tariffs must also consider a reasonable level of profit to support investment and improve service quality.

Steps taken to achieve drinking water tariff adjustments include improving the quality of service to customers, using operational costs efficiently, and submitting tariff adjustments to the regent.

- 4) Increasing Human Resources Professionalism Increasing human resources (HR) professionalism is Perumda Tirta Medal's main effort to strengthen the competence of its employees in accordance with their duties and functions. This is done in collaboration with the West Java Association of All Indonesian Drinking Water Companies (PERPAMSI), which includes a solidarity partnership (twinning) program and an on the job training (OJT) program.

This program helps improve employee skills, knowledge and competence to improve performance and drinking water services to the community.

Increasing HR professionalism is also carried out through regular comparative studies. Perumda Tirta Medal also updated and tightened the implementation of the organizational structure and work procedures (SOTK) which aims to facilitate individual assignments and responsibilities within the organization according to their fields and competencies. SOTK helps companies in placing individuals who have potential and competence in accordance with their duties and obligations.

- 5) Restoring Financial Stability *The mismanagement* that has occurred at Perumda Tirta Medal and has had an impact on the company's financial problems as said sumedang.jabarekspres.com has caused the new Directors to work hard to restore Financial Stability.

It is known from the results of an interview with one of the Branch Heads that Perumda Tirta Medal has debts to several banks, for example BRI amounting to 1.7 billion and BJB 1 billion. The debt was settled in stages as a form of corporate responsibility.

In interview with Cimalaka Branch Head, settlement of debts related to other external parties is also gradually being resolved, for example with suppliers who strive to pay on time while paying off previous debts.

Thus, the restoration of financial stability in the first stage focuses on resolving problems inherited from the past. However, Perumda Tirta Medal in 2022 has also succeeded in providing welfare to its employees in the form of including all employees in BPJS employment which is paid in full by the company (previously only BPJS Health). Apart from that, there is also old age security for employees, namely the Joint Pension Fund for Regional Drinking Water Companies throughout Indonesia (DAPENMA PAMSI).

4. CONCLUSION

Based on research regarding the Strategic Management of the Regional Public Drinking Water Company of Sumedang Regency in Realizing the Supply of Clean Water, it can be concluded that in the last two years the strategic management implemented has focused on efforts to restore the trust of the community as customers, the Regional Government as owners, and company employees as implementers. This is carried out simultaneously through:

1. Strategy for improving the quality, quantity and continuity of service through: a) improving the quality of water received by customers, b) increasing the quantity of water, c) increasing the sustainability of the water flow which continues to flow for 24 hours.
2. Increasing service coverage through: a) increasing the number of home connections, b) increasing new connection services.
3. Realizing Full Cost Recovery through: a) improving the quality of service to customers, b) efficient and effective operational costs, c) issuing a tariff adjustment policy from the Regent.
4. Creating professional human resources through: a) increasing employee quality and abilities, b) increasing employee work ethic and discipline, c) increasing employee satisfaction and welfare, d) increasing the use of technology and implementing good governance.

5. REFERENCES

- Arikunto, Suharsimi, 2006. *Prosedur Penelitian*. Jakarta: PT Rineka Cipta.
- Cliff Bowman. 2013. *Intisari Manajemen Strategik*. (Alih bahasa Dadi Pakar). Bandung. Ganeca Exact.
- David, Fred R. 2006. *Strategic Management: Concepts and Cases*, Penerjemah, Ichsan Setiyo Budi, Jakarta: Salemba empat.
- <https://sumedang.jabarekspres.com/2021/10/13/komisi-ii-sebut-masalah-pdam-adalah-mismanagement-sudah-terakumulasi-selama-10-tahun/>
- Sumedang Regency Regional Gazette 2016 Number 7 Sumedang Regency Regional Regulation Number 7 of 2016 concerning Amendments to Regional Regulation Number 6 of 2011 concerning the Tirta Medal Regional Drinking Water Company, Sumedang Regency.
- Sumedang Regency Regional Gazette Number 6 of 2011 Sumedang Regency Regional Regulation Number 6 of 2011 concerning the Regional Drinking Water Company Tirta Medal Sumedang Regency
- Maemunah, Sri. 2004. *Revitalisasi BUMN dan BUMD*. Lentera. Jakarta.
- Moenir. 2014. *Manajemen Pelayanan Umum di Indonesia*. Jakarta : PT Bumi Aksara
- Moleong, Lexy J. 2005. *Metodologi Penelitian Kualitatif Edisi Revisi*. Bandung: PT. Remaja Rosdakarya.
- Pasolong, Harbani. 2008. *Teori Administrasi Publik*, Bandung: Alfabeta
- RI Minister of Health Regulation No. 492/Menkes/Per/IV/2010 concerning Drinking Water Quality Requirements.
- District Regulation Sumedang No. 5 of 2020, Ld. No. 5 Years. 2020, 59 pp. Sumedang Regional Regulations Concerning the Regional Public Company for Drinking Water, Tirta Medal, Sumedang Regency
- Sumedang Regent Regulation Number 10 of 2010 concerning the Organization and Work Procedures of the Tirta Medal Regional Drinking Water Company, Sumedang Regency
- Sumedang Regency Regional Regulation Number 7 of 2016 concerning Amendments to Regional Regulation Number 6 of 2011 concerning the Regional Drinking Water Company Tirta Medal Sumedang Regency
- Rangkuti, Freddy 2008. *Analisis SWOT Teknik Membedah Kasus Bisnis Reorientasi Konsep Perencanaan Strategis Untuk Menghadapi Abad 21*. Jakarta : PT Gramedia Pustaka Utama.

- Siagian, Sondang P. 2007. *Manajemen Stratejik*. Jakarta : PT Bumi Aksara
- Silalahi, Gabriel Amin. 2003. *Strategi Manajemen*.Sidoarjo: Citramedia
- Sinambela, Lijian Poltak, dkk. 2008. *Reformasi Pelayanan Publik: Teori, Kebijakan, dan Implementasi*. Jakarta: Bumi Aksara.
- Sugiyono, 2009. *Metode Penelitian Administrasi (Dilengkapi dengan metode R & D)*. CV. Alfabeta: Bandung
- Suwarsono 2011. *Manajemen Strategik (Konsep dan Kasus)*. Yogyakarta. Unit Penerbit Akademi Manajemen dan Perusahaan YKPN.
- Suryono, Agus. Dalam Jurnal Administrasi Negara. *Manajemen Strategis sektor Publik: Pentingnya Manajemen Birokrasi Profesional Untuk Mengatasi Kemunduran Birokrasi dalam Pelayanan Publik*. Volume III No. 01 September 2002 ISSN: 1411-6324. Malang: Jurnal Administrasi Negara FIA Unibraw.
- Law no. 32 of 2004 concerning Regional Government.
- Constitution of the Republic of Indonesia Number 7 of 2004 concerning Water Resources