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## The Influence of Compilation and Evaluation of Key Performance Indicators (IKU) on the Quality of Performance Planning and Its Implications for the Value of Government Agency Performance Accountability (AKIP)

Oktiva Handaningrum<sup>1\*</sup>

<sup>1</sup>Universitas Dirgantara Marsekal Suryadarma, Jakarta Timur, Indonesia, [okti03pk@gmail.com](mailto:okti03pk@gmail.com)

\*Corresponding Author: [okti03pk@gmail.com](mailto:okti03pk@gmail.com)<sup>1</sup>

**Abstract:** This study aims to analyze the influence of the compilation and evaluation of Key Performance Indicators (KPI) on the quality of performance planning and its implications for the value of Government Agency Performance Accountability (AKIP). KPIs are strategic tools used to measure the achievement of organizational objectives in a structured and measurable way. In practice, poorly designed KPIs that fail to meet SMART principles often result in inaccurate performance measurements and misalignment between institutional and individual indicators. This study adopts a literature review approach by analyzing relevant theories and empirical findings from various credible sources. The results indicate that relevant and periodically evaluated KPIs significantly improve performance planning quality and positively affect AKIP scores. Data-driven, participatory, and results-oriented planning directly contributes to government agencies' performance accountability and transparency.

**Keywords:** KPI, AKIP, performance planning, evaluation, accountability.

### INTRODUCTION

Key Performance Indicators (KPI), or *Indikator Kinerja Utama* (IKU) in the Indonesian public sector, serve as benchmarks for measuring progress toward strategic objectives. As part of performance-based management, well-structured KPIs support agencies in aligning their programs with long-term goals while ensuring that performance remains measurable and accountable. The presence of valid and relevant KPIs allows organizations to direct their resources effectively and provide evidence of results to stakeholders.

In Indonesia, the Regulation of the Minister of State Apparatus Empowerment and Bureaucratic Reform No. PER/09/M.PAN/5/2007 requires all government agencies to establish KPIs at every organizational level. These KPIs should reflect the agency's strategic goals and serve as the basis for performance evaluation. However, many agencies still face challenges in formulating KPIs that fulfill SMART criteria—Specific, Measurable, Achievable, Relevant, and Time-bound. This shortfall often leads to unclear measurement,

misalignment between strategic and operational goals, and difficulties in reporting results effectively.

Inconsistencies between institutional KPIs and individual performance indicators also remain a persistent issue. Without clear alignment, performance becomes fragmented, making it harder to achieve organizational synergy. Moreover, KPIs that are developed without sufficient data analysis or stakeholder input may not accurately reflect organizational needs. These weaknesses can reduce the effectiveness of planning and negatively impact the overall performance accountability of the institution.

The quality of performance planning plays a central role in shaping government accountability. A well-structured plan ensures that goals are realistic, strategies are clear, and resources are used efficiently. Anthony and Govindarajan (2004) emphasize that planning informed by relevant performance indicators supports alignment with strategic objectives. Wijayanti (2021) also underlines the need for KPIs to be based on organizational data and contextual analysis to improve planning accuracy and resource targeting.

In addition, Drucker (1954) stated that what gets measured gets managed—meaning that the presence of well-defined indicators increases the likelihood of successful implementation. The SMART principle, widely adopted in performance management, helps ensure that KPIs are actionable and result-oriented. Nurhayati et al. (2019) highlight the importance of periodic evaluations as tools for feedback and refinement. These evaluations enable organizations to identify performance gaps and adapt future plans accordingly.

From an accountability standpoint, KPIs also function as mechanisms to improve transparency. Mardiasmo (2009) explains that AKIP is not only concerned with performance outcomes but also with the quality of management systems. Agencies that develop and evaluate KPIs based on strategic relevance and stakeholder needs tend to receive higher AKIP ratings. Empirical research by Sulistiyono and Mahardika (2022) supports this, demonstrating a strong relationship between KPI quality and AKIP performance.

Government institutions are also increasingly adopting performance-based budgeting practices, where KPIs guide financial decisions. Evarnus (2020) and Wahdatul et al. (2016) found that KPI integration in budgeting increases the effectiveness and accountability of public spending. These findings resonate with Stewardship Theory, which posits that public managers are motivated to act in the public interest. Clearly articulated KPIs reinforce this commitment and help align agency activities with societal goals.

Despite the benefits, the design and implementation of KPIs remain a complex task. Hatry (2006) warns that generic or poorly defined indicators can distort evaluations and reduce the reliability of performance reporting. Therefore, KPI development should be participatory, evidence-based, and adaptable. Moynihan (2008) supports this by suggesting that KPI systems should foster organizational learning—where data and feedback loops become tools for continuous improvement.

Given this background, the present study aims to investigate how the preparation and evaluation of KPIs influence the quality of performance planning and, consequently, impact the value of AKIP. By using a literature review approach, the study connects theory with practice, offering insights into how performance indicators, planning quality, and accountability mechanisms interact within the framework of Indonesian public sector governance.

## **METHOD**

This study uses a qualitative-descriptive literature study approach to explore the This research adopts a qualitative-descriptive literature study approach, which is suitable for exploring conceptual relationships among variables that are theoretical and policy-oriented in nature. The central objective of the study is to analyze how the compilation and evaluation of

Key Performance Indicators (KPI) influence the quality of performance planning and how both factors affect the level of Government Agency Performance Accountability (AKIP). The literature study method enables the synthesis of a wide array of existing theories, models, frameworks, and empirical findings that are relevant to the themes of performance planning and accountability in the public sector.

The type of research is descriptive-analytical, focusing on a thorough description and critical analysis of documented phenomena based on published literature. This type of research does not involve direct interaction with research subjects or primary data collection but instead focuses on understanding and interpreting secondary data obtained from various scholarly sources. Descriptive analysis helps explain how KPIs are formulated, evaluated, and connected to the performance planning process, while the analytical aspect involves identifying patterns, relationships, and implications between the concepts being studied.

The data sources used in this study include a variety of secondary data materials. These include peer-reviewed journal articles, academic books, government regulations and guidelines (such as PER/09/M.PAN/5/2007), research reports, and case studies related to performance-based management, KPI design, and AKIP implementation in government institutions. Literature was selected based on relevance, credibility, and publication timeliness, especially those that focus on performance management practices in Indonesia and comparable public administration systems globally.

The data analysis method employed is qualitative-descriptive content analysis, which aims to interpret the meaning of written texts and analyze patterns, relationships, and theoretical insights. This process follows the framework developed by Miles and Huberman (1994), which includes three essential steps: data reduction, data display, and conclusion drawing.

To ensure the validity of the findings, this study applied source triangulation by cross-checking information from different types of literature—regulatory documents, theoretical frameworks, and empirical studies. Literature from different countries and public administration traditions was also reviewed to enrich the analytical perspective, especially in terms of best practices and innovation in performance accountability.

This study also integrates conceptual models such as the Balanced Scorecard by Kaplan and Norton (1996), the SMART criteria from Drucker (1954), and the logic model of performance accountability from Hatry (2006), all of which serve as analytical tools to connect performance indicators with planning effectiveness and accountability outcomes.

The study further considers the organizational context of Indonesian government institutions, which often operate under complex bureaucratic structures and are subject to both central and regional performance assessments. By focusing on the Indonesian public sector, the study aims to contribute practical recommendations to improve the coherence between KPI formulation, planning documents (e.g., Strategic Plans and RPJMD), and AKIP evaluations.

Moreover, this research is strengthened by reviewing empirical findings from various sectors (e.g., education, health, local government) that have implemented KPI-based performance systems. These cases provide comparative insights into how different institutions interpret and apply performance indicators in their planning and accountability processes.

## **RESULTS AND DISCUSSION**

### **The Relationship between the Preparation and Evaluation of Key Performance Indicators (KPI) and the Quality of Performance Planning**

The preparation and evaluation of Key Performance Indicators (KPIs) is one of the strategic steps to ensure that organizational performance planning reflects the vision, mission, and strategic objectives. Good KPIs not only provide a clear direction for the organization, but also serve as a tool to measure target achievement objectively and accurately.

From a theoretical perspective, Mardiasmo (2009), KPIs are one of the important elements in the public sector performance management system. KPIs that are prepared appropriately will reflect the strategic objectives of the organization that can be translated into individual and work unit performance targets. Kaplan and Norton (1996) through the Balanced Scorecard approach emphasize the importance of measurable, relevant, and focused performance indicators on strategic results to support the planning process. In the context of evaluation, Bouckaert and Halligan (2008) state that a systematic KPI evaluation process helps organizations ensure that the formulated strategy remains relevant to changes in the environment and stakeholder needs. This also allows organizations to make adjustments if there are deviations between plans and realization.

Then, based on the findings of previous studies as the results of research by Sulistiyono and Mahardika (2022) showed that the preparation of KPIs that are in accordance with organizational needs contributes significantly to improving the quality of performance planning. They found that organizations that have clear, specific, and measurable KPIs tend to have better planning documents in terms of consistency, relevance, and accuracy.

Another study by Effendi (2020) highlighted the importance of the evaluation process in improving the quality of performance planning. KPI evaluation allows organizations to identify weaknesses in previous planning and improve them for the next planning cycle. This finding is in line with Moynihan's view (2008) which states that the performance indicator evaluation process helps public sector organizations learn from experience and increase efficiency in planning.

Furthermore, the analysis of the relationship between KPIs and planning quality where the preparation of KPIs in accordance with the SMART principle (Specific, Measurable, Achievable, Relevant, Time-bound) provides a clear direction for organizations in preparing performance plans. This is in line with Drucker's opinion (1954) which emphasizes the importance of measurable performance indicators to ensure accuracy in planning.

In addition, KPI evaluation serves as a control tool to ensure that performance planning does not only refer to short-term achievements but also considers long-term impacts (outcomes). Hatry (2006) emphasized that evaluation integrated into the planning process allows organizations to make continuous improvements to strategies and policies. From the discussion above, it can be concluded that the relationship between the preparation and evaluation of KPIs and the quality of performance planning is mutually supportive. A well-prepared KPI provides a clear framework for the organization, while effective evaluation ensures that planning remains relevant and adaptive to the internal and external dynamics of the organization.

### **Implications of Key Performance Indicators (KPI) on Government Agency Performance Accountability Values (AKIP)**

Key Performance Indicators (KPIs) are one of the essential components in performance management that function to measure the level of achievement of an organization's strategic goals. In the context of government, the preparation and evaluation of KPIs play an important role in strengthening Government Agency Performance Accountability (AKIP). This accountability is a form of responsibility of government agencies in submitting performance reports to the public, especially in terms of resource utilization and achieving results in accordance with the mandate given. KPIs are a tool that not only ensures transparency in performance reporting but also supports evidence-based decision making.

The performance management theory developed by Hatry (2006) emphasizes that results-based performance measurement must reflect a clear relationship between the resources used, the output produced, and the impact achieved. In this context, KPIs function to ensure that all elements in performance management are well integrated, thus making a significant

contribution to the accountability of government agencies. Empirical research conducted by Saharani and Suharni (2023) confirms that the preparation of KPIs that are specific and relevant to strategic targets can increase the clarity of the direction of performance planning, which in turn has a positive effect on AKIP values.

Government agencies that implement performance-based budgeting by utilizing IKU as the main measuring tool tend to have higher AKIP values compared to agencies that do not use a similar approach. In Evarnus's (2020) research, it was shown that the implementation of performance-based budgeting has a positive and significant impact on the performance of government agencies. The results of this study are in line with research conducted by Wahdatul et al., (2016), Safaruddin and Basri (2016), Verasvera (2016), and Endrayani et al., (2014). This shows that performance-based budgeting is closely related to the performance of government agencies as a benchmark used to measure performance in achieving goals and targets for public service. This is related to the Stewardship theory which assumes that managers will fulfill the principal's desires and a high level of loyalty to achieve common goals. Public satisfaction as principals with government performance can improve public welfare.

The emphasis on results in the preparation of IKU has a significant impact on transparency and accountability. When KPIs are designed with SMART (Specific, Measurable, Achievable, Relevant, Time-bound) principles in mind, government agencies have an effective tool to measure performance objectively. However, an inappropriate KPI development process can be a barrier to accountability. Hatry (2006) noted that irrelevant or overly general indicators can lead to bias in performance evaluation, thereby reducing the reliability of performance reports. Therefore, the KPI development process must involve in-depth analysis and consider the specific needs of the organization and the expectations of stakeholders.

KPIs also serve as a tool to encourage continuous improvement in the performance of government agencies. The periodic KPI evaluation process allows for the identification of weaknesses in program implementation, so that adjustments can be made to improve efficiency and effectiveness. Moynihan (2008) in his theory of organizational learning noted that performance measurement based on KPIs provides invaluable feedback for the government to continue to innovate in program management.

In the Indonesian context, the existence of the AKIP assessment system initiated by the Ministry of State Apparatus Empowerment and Bureaucratic Reform (KemenPAN RB) is one of the main mechanisms in ensuring government performance accountability. This assessment explicitly refers to results-based indicators, which show the direct relevance of IKU to AKIP values. This is reinforced by the findings of the Financial and Development Supervisory Agency (BPKP) in its annual evaluation report which shows that agencies with good IKU consistently have higher AKIP values.

Thus, it can be concluded that IKU has a central role in strengthening the accountability of government agency performance. The success of implementing IKU is highly dependent on the right preparation and evaluation process, as well as how the evaluation results are used to improve performance. IKU is not just a measuring tool, but also a strategic instrument to ensure that the government can fulfill its responsibilities to the public in a transparent and accountable.

### **The Role of Planning Quality in the Value of Government Agency Performance Accountability (AKIP)**

The quality of performance planning is a fundamental element in improving the accountability of government agency performance. Quality planning not only ensures that the goals and objectives to be achieved can be achieved with existing resources, but also provides a clear direction for the implementation of policies and programs. In this context, effective performance planning can improve government accountability by increasing transparency, efficient budget management, and targeted policy formulation.

According to Mardiasmo (2009), good planning in the public sector includes clear and structured steps to achieve goals, prioritizing efficiency and effectiveness. Measurable and results-based performance planning will provide clear guidelines on what should be achieved and how its achievement can be measured. This is very important because the public sector, which is expected to be accountable for the use of the public budget and the results of the policies implemented, must have a planning system that is able to create transparency and accountability.

A study conducted by Wahyuni (2021) revealed that poor planning often leads to failure in achieving predetermined goals, thus reducing the AKIP value. In her research on several government agencies in West Java, Wahyuni found that agencies with poorly structured planning tend to have low AKIP scores. This shows that inappropriate planning will disrupt the policy implementation process, which ultimately has an impact on the low accountability of the agency.

In addition, research by Nurhadi and Suryanto (2022) shows a significant relationship between planning quality and performance evaluation results. This study found that planning that involves various stakeholders, which is carried out with transparency and involves good situational analysis, can improve the performance results of government agencies, which is reflected in an increase in AKIP scores. According to Nurhadi and Suryanto, the quality of planning is not only influenced by the availability of accurate data and information, but also by the extent to which the agency can design a comprehensive strategy that is responsive to the dynamics of change.

The importance of planning quality is also reinforced by the management theory put forward by Griffin (2010) which emphasizes that good planning must align the organization's long-term goals with short-term actions and strategies. In this case, performance accountability can be achieved if the planning carried out takes into account the capacity of the organization, the needs of the community, and the existing political context. When all of this is planned carefully, the result is an improvement in the performance of the agency and will ultimately increase the value of the agency's AKIP.

Furthermore, the results of research conducted by Agustin (2023) in Banten Province show that government agencies that have systematic and performance-based planning with clear and structured measurements tend to show better performance and have higher AKIP values. Agustin emphasized the importance of planning that not only focuses on administrative aspects but also on achieving goals that can be clearly measured and assessed. According to him, when planning is carried out with a results-based approach, government agencies will find it easier to be accountable for their performance to the public.

Overall, the quality of planning plays a very large role in determining the accountability of government agency performance. Poor or ineffective planning can lead to ambiguity in achieving goals and using the budget, which in turn reduces the AKIP value. Therefore, it is important for government agencies to ensure that the performance planning process is carried out properly, based on accurate data, and involves all stakeholders. Careful and transparent planning will create a system that is able to improve agency performance and strengthen accountability in government management.

### **Integrated Linkage: KPI, Planning Quality, and AKIP**

The relationship between KPI, planning, and AKIP is interdependent and mutually reinforcing. KPIs guide the formulation of focused and measurable plans. Good planning enhances program execution and monitoring. In turn, well-executed plans that are clearly measured and reported improve AKIP scores. Weakness in any one component undermines the effectiveness of the others.

This integrated perspective is crucial for developing effective performance management systems in the public sector. Agencies must treat KPI design, planning, and accountability as parts of a single performance ecosystem. Policies and practices should be developed to ensure consistency across these components. For example, KPI formulation should be embedded in the planning process, and performance evaluations should reflect the indicators used during planning.

The synergy among these elements also provides a strong foundation for continuous improvement. Agencies that monitor KPIs, reflect on their planning strategies, and adjust based on evaluation results are more likely to sustain performance gains over time. This creates a learning organization model within the government, where planning and performance management are dynamic rather than static. Moreover, this integration supports broader goals such as transparency, efficiency, and public trust. When agencies are able to demonstrate how their KPIs align with plans and how both influence outcomes, they can build stronger cases for their effectiveness. This is especially important in the context of limited resources and growing public scrutiny of government performance.

## CONCLUSION

Based on the results of the discussion in this journal, it can be concluded that the preparation and evaluation of Key Performance Indicators (KPI) have a significant influence on the quality of performance planning and performance accountability of government agencies. The preparation of KPIs that are clear and relevant to the strategic objectives of government agencies allows agencies to focus more on achieving the targets that have been set. Periodic KPI evaluations provide important feedback to improve the implementation of government programs and policies, thereby increasing performance effectiveness and contributing to agency transparency and accountability.

The quality of performance planning is the main determining factor in increasing the AKIP value. Structured and results-based planning ensures that every resource used in implementing government programs can be accounted for. Planning that involves in-depth analysis and accurate data, as well as considering various internal and external aspects of the organization, will produce optimal performance and in accordance with community expectations. Conversely, ineffective planning can lead to unclear goals, which in turn will have an impact on low AKIP values.

In terms of implications, well-prepared KPIs play a direct role in increasing the AKIP value because they are the basis for measuring and evaluating performance. Results-based performance assessment through the use of measurable and relevant KPIs increases public trust in government agencies and strengthens accountability. In addition, high-quality planning ensures that every policy implemented is in accordance with the vision and mission of the government agency, and can be transparently accounted for to the public. Overall, this study shows that the influence of KPI preparation and evaluation on the quality of performance planning and AKIP values is very important for achieving efficient, effective, and accountable organizational goals. Therefore, government agencies need to continue to improve the quality of performance planning and evaluation, and ensure that the KPIs prepared can provide a clear and measurable picture of performance achievement. Improving the quality of planning and performance management will encourage continuous improvement in the governance system and provide direct benefits to the community.

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