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Reorganizing the Bureau of Personnel and Organization (BPO) in the Ministry of Trade

Indonesia Trade Assistance Project (ITAP)

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1. Introduction

This document contains recommendations for renaming and restructuring the Bureau of Personnel and Organization (BPO) within the Ministry of Trade (MOT). These recommendations were originally prepared in consultation with the BPO and were formally submitted to the BPO's then director, Mr. Rahayubudi, for consideration in January 2008. BPO personnel subsequently tasked with its reorganization, have been reviewing the recommendations as of September 2009, and hope to finalize the BPO's reorganization by October 2009 within the context of the total Ministry restructuring, planned for 2010 and 2011. Recent discussions with BPO staff indicate that many of the recommendations contained in this document will in fact be adopted albeit with some adjustments and modifications. Events necessitating the BPO's reorganization are briefly summarized below.

The MOT was formed in 2005 under President Susilo Bambang Yudhoyono, when the Ministry of Industry and Trade was divided into two separate and independent ministries: 1) the Ministry of Industry (MOI) and 2) the MOT. Institutional arrangements for the new MOT were set out in Ministerial Decree Number 01/M-Dag/Per/3/1005 (*Peraturan Menteri Perdagangan Nomor 01/M-DAG/PER/3/1005*) regarding the new organization's structure and administration. After four years of operation, the Minister of Trade, her directorate generals, and agency heads recognized the need for further reorganization within the Ministry in order to enhance its performance and effectiveness. It was envisioned that the BPO, as its name implies, would play a leading role in the reorganization of the Ministry. A decision was therefore made to first reorganize the BPO in order to enhance its capacity to play a more effective role in the restructuring of the Ministry as a whole.

This document first proposes a new name for the BPO, from "Bureau of Personnel and Organization" to "Bureau of Organization and Human Resources." It is felt that the current BPO's organization focuses too narrowly on the day-to-day, bureaucratic administration of personnel with organizational work principally focused on the processing of employee transfers, promotions, etc. The proposed new name closely links both organizational and human resource development, focusing more on strategic issues such as organizational review and planning and their subsequent impact on formation planning, recruitment and human resource development (HRD).

This document also proposes a new organizational structure for the BPO. A quick view of the proposed new structure (Ref. Appendix A) and a comparison with the current one (Ref. Appendix B) indicates what we have already said above, that the proposed new structure clearly defines and emphasizes a strategic component within the BPO, comprising two out of the four divisions forming the new Bureau, thus downgrading but still maintaining the required and necessary administrative work.

The document concludes by providing justifications for reorganizing the BPO with a new structure. These justifications reflect what the new structure seeks to achieve, as outlined in the three objectives set out below:

- 1) **Strategic Focus** – The proposed new organization seeks to move the BPO away from its preoccupation with administrative matters regarding personnel promotions and transfers, (mutations) etc., focusing more on strategic concerns, such as organizational review, formation planning, and HRD (needs analysis + strategic/integrated training plan development).

- 2) **Rationalization** –Instead of attaching the administration of “functional” employees to the Division of Organization and Management, to which it has no relevant or working relationship, the new structure places the administration of structural employees under the Division of Personnel Administration, which makes more operational sense. As part of the rationalization process, the planning and administration of tertiary and professional development programs, an HRD function has been transferred from the Bureau of Planning to the new Bureau.

- 3) **Linkage of the Organizational and HR Functions** – The new organization closely links the Organizational Planning and Development Division (Unit 2.0/ Appendix A) with Human Resource Planning and Development Division (Unit 3.0/Appendix A). The Human Resource Planning and Development division is ultimately based on the outputs of the Division of Organizational Planning and Development. Furthermore, this strong linkage helps to re-orientate the BPO to more strategic and tactical work rather than its current focus on administrative matters.

2. Name Change and Implications

This document proposes that the current name of the Bureau, the “Bureau of Personnel and Organization” be changed to the “Bureau of Organization and Human Resources.” The name change indicates that the new organization will focus more on Human Resource Management (HRM) rather than simply emphasizing personnel administration as in the past. The name change also incorporates organizational structuring and maintenance into the Human Resource Management process.

The new name indicates that changes in the organization structure, job descriptions or standard operating procedures will directly and substantially impact human resource management through formation planning, recruitment, and the training plans for Ministry staff. The name change emphasizes the new strategic character of the organization. Strategic HRM focuses on linking all HR activities, including organization design with the Ministry’s strategic objectives. This means that HR objectives, policies and plans will be better integrated with the Ministry’s strategic business objectives and will be more consistent with its corporate strategy. The reorganization of the BPO, proposed here, thus seeks to ensure that the restructured Bureau becomes a true business partner in boosting the Ministry’s performance by helping it achieve its strategic objectives.

3. The New Organizational Structure

Appendix A contains an outline the new organizational structure for the proposed Bureau of Organization and Human Resources. The proposed new organization consists of the following four divisions:

- Division of Organizational Planning and Development
- Division of Human Resources Planning and Development
- Division of Personnel Administration and
- Division of General Affairs.

The Division of Organizational Planning and Development is responsible for: 1) reviewing and planning the MOT's organizational structure to ensure it effectively supports the MOT's legal mandates and strategic objectives, 2) conducting job analyses in order to develop job descriptions, identifying work competencies and associated work standards and 3) developing organizational systems and standard operating procedures for work units within the Ministry. The Division has the following three subdivisions tasked with carrying out these functions: 1) Organizational Review and Planning 2) Job Analysis and 3) Operational Systems and Processes.

The Division of Human Resources Planning and Development is responsible for: 1) identifying the Ministry's manpower needs, 2) recruiting, selecting, placing and orientating (or retrenching if required) MOT employees and 3) the Human Resource Development (HRD) of Ministry personnel, which includes identifying employee training needs, developing a Strategic HRD Plan (Integrated Training Plan), career planning and tertiary/professional development programs. The Division contains the following three subdivisions to carry out these tasks: 1) Formation Planning 2) Recruitment and Placement and 3) Human Resource Development.

The Division of Personnel Administration is responsible for administering and processing the following activities: transfers, promotions, disciplinary action and terminations, retirement, leave requests, etc. for both "structural" and "functional" employees. It also administers the Ministry's tertiary and professional development programs. This division consists of the following four subdivisions: 1) Personnel Services, which administers structural employees 2) Administration of Functional Personnel, which handles functional employees 3) Personnel Administration and 4) Tertiary and Professional Development Administration, which administers tertiary and professional development programs.

The Division of General Affairs is responsible for developing and maintaining the personnel database and documentation, bureau planning and the administration of internal bureau affairs. The Division has the following three subdivisions corresponding to these functions: 1) Human Resources Information Management, 2) Bureau Management and 3) Bureau Administration.

Appendix C contains a more detailed description of the new Bureau's divisions and subdivisions, based on the format contained in Ministerial Decree No. 01/M-DAG/PER/3/1005.

A comparison of the proposed organizational structure (Appendix A), described above, with the current one (Appendix B) reveals the following major contrasts between the two:

- The new organization divides the Bureau into two major components: 1) a strategic section consisting of the Division of Organizational Planning and Development and Human Resources Planning and Development and 2) an administrative/operations section focusing on Personnel Administration and Bureau management (General Affairs). The new organization thus provides a stronger emphasis on strategic activities that are missing in the current organization. Under the old organization there is a division of Planning and Development (including Formation Planning) and a Division of Organization and Management, but these are actually separated by two other divisions on the organization chart and there is no acknowledgment that 1) the two should be working closely together and 2) the work of the organizational planning sector actually provides the foundation for formation planning and recruitment, etc.
- The current organizational structure focuses on the administration of personnel with various work activities involving personnel administration spread throughout three out of four of the current Bureau's divisions: 1) Mutation, 2) General Administration and 3)

the Organization and Management, to which it is responsible for processing functional employees. Under the new organizational structure, all personnel administration for both structural and functional employees has been placed in the Division of Personnel Administration, in other words, in one unit, ensuring better communication and working efficiency.

- The new organization structure transfers planning and administration of tertiary and professional development programs from the Bureau of Planning and re-locates both functions in the new Bureau of Organization and Human Resources.

4. Justifications for the Reorganization

The new organization structure, as previously indicated, seeks to:

- Provide the Bureau with a more strategic focus, reducing its current emphasis on simply personnel administration.
- Rationalize the structure concentrating personnel administration into a single unit rather than over its three current units; as part of the rationalization process, transferring tertiary and professional development planning and administration from the Bureau of Planning to the new Bureau.
- Link Organizational Planning/Development with Human Resources Management.

4.1 Strategic Focus

The new organizational structure proposes that the Bureau be divided into two broad segments: 1) strategic and 2) personnel administration and support functions (database + internal Bureau administration). This new approach will seek to align Bureau planning and work with the Ministry's overarching objectives. If the Ministry determines that one of its strategic objectives is to build its capacity in international trade negotiations, the Bureau would see to it that this objective is reflected in manpower planning, recruitment, and possibly the development of a strategic HRD plan that includes training for Ministry personnel in trade negotiations.

A key feature of this new strategic approach would implement a training needs analysis and develop a strategic five-year HRD plan, or integrated training plan, tied to the Ministry's strategic objectives. While the BPO was tasked with carrying out a training needs analysis (TNA) and producing such a plan under the Ministerial Decree 01/M-DAG/Per/3/1005, it has not yet produced such a plan. As a result, the Center of Education and Training for Trade (Pusdiklat) has had to implement its own TNA and develop training programs based on feedback received from the various Directorate Generals and agencies within the Ministry. There is no organizational mandate for Pusdiklat to conduct such activities; particularly the development of an integrated training plan and Pusdiklat does not have qualified staff to implement these functions. The training programs developed by Pusdiklat, have therefore not always reflected the MOT's strategic objectives nor have they always met the training needs of Ministry and local government personnel.

The Bureau of Planning needs the Strategic HRD Plan/Integrated Training Planning to enable it to identify international donors to fund training programs. Without such a plan the Bureau of Planning has sometimes obtained donor assistance for training activities that do not always reflect Ministry's strategic objectives. The new organizational structure addresses these problems. Under the new structure, a new subdivision of Human Resource Development would

be responsible for training needs analysis and strategic HRD planning (the production of an integrated training plan).

4.2 Rationalization

As already indicated, the current structure (Appendix B) spreads personnel administration across three out of the four divisions comprising the organization: 1) the Division of Mutation (Unit 3.0 under the current organization), which is responsible for transfers and promotions, 2) the Division of General Administration (Unit 4.0), and 3) the Division of Organization and Management (Unit 5.0), to which the responsibility for functional employees has also been attached. The new organization simplifies this arrangement by placing all the activities associated with personnel administration, both structural and functional employees, under a single work unit (Unit 4.0) in the new organizational chart (Appendix A), known as the Division of Personnel Administration. The reorganization also rationalizes the current Division of Organization and Management (Unit 5.0 in Appendix B) by divesting it of its oversight of functional employees (Unit 5.3 in Appendix B).

The reorganization completes the new Organizational Planning and Development division (Unit 2.0, Appendix A) by adding a new unit, the Subdivision of Organizational Systems and Processes (Unit 2.3). The new Division of Organizational Planning and Development would 1) review the organizational structure of the Ministry, 2) produce job descriptions and identify work competencies for each position in the structure and 3) develop organizational systems and processes, describing how various organizations within the Ministry will work together as well as ‘standard operating procedures’ (SOPs) of each work unit. This constitutes a logical and mutually supportive sequence unlike the current configuration of units within the Division of Organization and Management (Unit No. 5.0, Appendix B) which, we have already noted, has assumed the management of functional employees as one of its principle functions.

Finally, the reorganization transfers the planning and administration of tertiary and professional development programs from the Bureau of Planning, where it is currently located, to the new Bureau of Organization and Human Resources. The planning and administration of tertiary and professional development programs should be made Human Resource Development functions and not Bureau of Planning activities. The planning and administration of tertiary and professional development programs have thus been repositioned and re-assigned to the Tertiary and Professional Development unit (3.3.4) under the Subdivision of Human Resource Development (Unit 3.3) in the new Bureau. The administration of these functions has also been re-assigned to the newly created Subdivision of Tertiary and Professional Development Administration (Unit 4.4) under Personnel Administration (4.0) in the new Bureau’s structure.

4.3 Linkage of Organizational Planning and HRD

The proposed reorganization places organizational planning and development as a strategic part of human resources planning and development that are closely linked. The Division of Planning and Development (Unit 2.0 in Appendix A) provides the foundation for the Division of Human Resources Planning and Development (Unit 3.0 in Appendix A). The Organization Planning and Development (Unit 2.0) group reviews the organizational structure, looks at present and forecasted trends (related to internal and external forces), carries out job analyses and reviews and perfects organizational systems and SOPs. These activities and the information derived from them are essential to the Human Resources Planning and Development (Unit 3.0) group. Formation Planning (3.1) should be based on the outputs of the Subdivision of Organizational

Review and Planning (Unit 2.1), the Subdivision of Job Analysis (Unit 2.2), and the Subdivision of Organizational Systems and Processes (Unit 2.3).

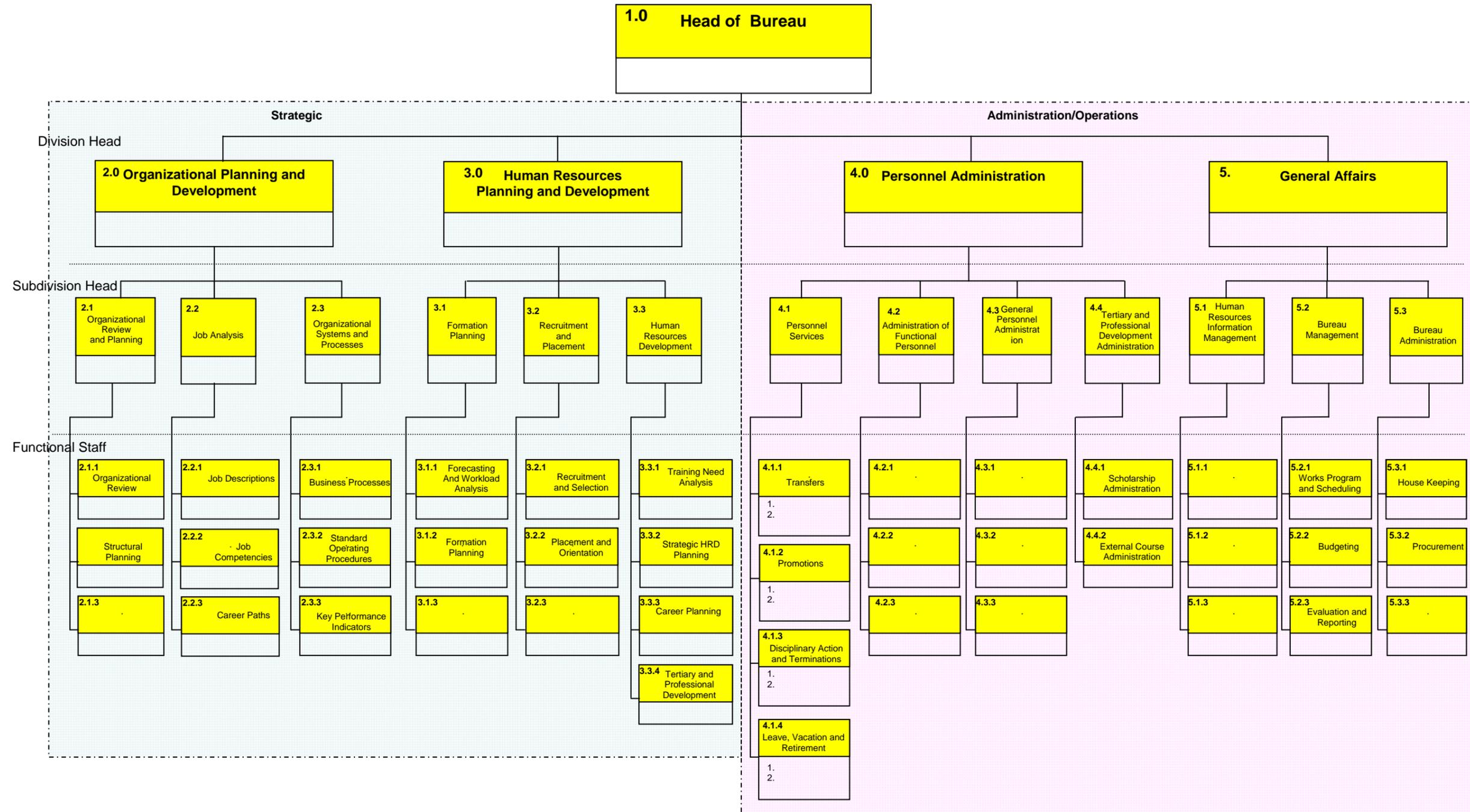
The Division of Organizational Planning and Development could be housed separately, possibly as an independent bureau on its own as in some other ministries. But such an arrangement would require much more coordination and oversight between the two bureau managers. By keeping this function in the Bureau and linked to Human Resources, the Division of Organizational Planning and Development (Unit 2.0) can work closely with the Division of Human Resources Planning and Development (Unit 3.0) to discuss how to “operationalize” the data/information they have collected as well as to clarify and review lower level plans.

Under the new restructuring, both divisions will be better able to align their work. If the Division of Organizational Planning and Development (Unit 2.0) were in the process of revising organizational systems and standard operating procedures, it might mean that the Division of Human Resource Planning and Development (Unit 3.0) needs to plan for and recruit different people or at the very least discuss how the current staff’s training and development will account for or address the changes made in the standard operating procedures (perhaps through needs analysis, training plans, or career planning, etc.).

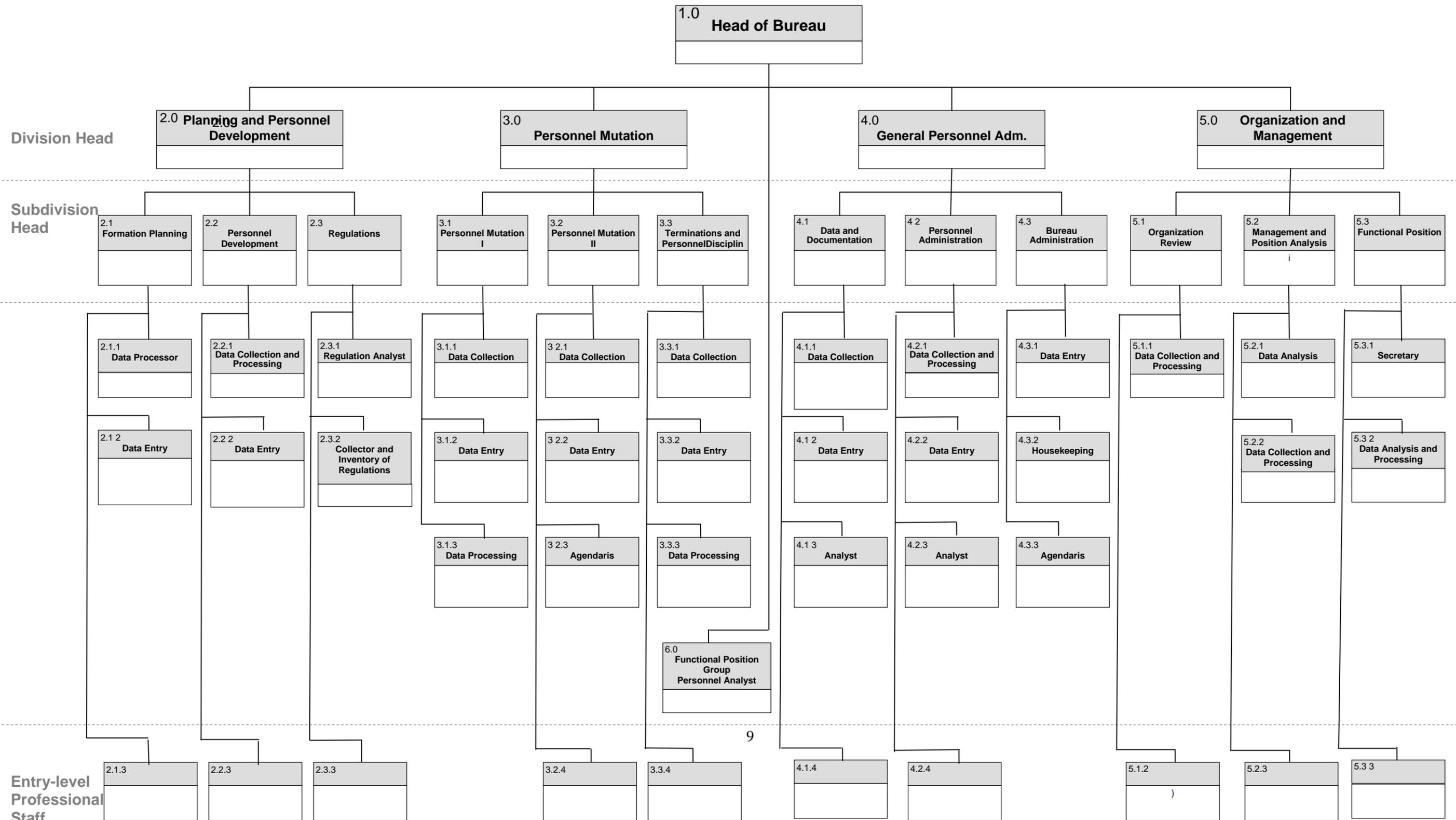
Finally, the fact that both groups – Organizational Planning and Development (Unit 2.0) and Human Resources Planning and Development (Unit 3.0) are also in one Bureau and closely linked, allows them to communicate in one voice to managers of the organization and ensures that the work of the first group (Unit 2.0) is not lost, because it is not acted by the HR group (Unit 3.0). The close linkage between groups (Unit 2.0 and Unit 3.0) also ensures that the flow of information will be consistent and this provides for efficiency and less confusion in work.

APPENDICES

**ORGANIZATIONAL STRUCTURE
 OF THE PROPOSED BUREAU OF ORGANIZATION AND HUMAN RESOURCES
 WITHIN THE MINISTRY OF TRADE**



**Current Organization of the
 Bureau of Personnel and Organization
 Within the Ministry of Trade**



**Ministry of Trade
Bureau of Organization and Human Resources**

1.0 Head of Bureau

2.0 Division of Organizational Planning and Development

2.1 Subdivision of Organizational Review and Planning

2.1.1 Organizational Review

2.1.2 Structural Planning

2.2 Subdivision of Job Analysis

2.2.1 Job Descriptions

2.2.2 Job Competencies

2.2.3 Career Paths

2.3 Subdivision of Organizational Systems and Processes

2.3.1 Business Processes

2.3.2 Standard Operating Procedures

2.3.3 Key Performance Indicators

3.0 Division of Human Resources Planning and Development

3.1 Subdivision of Formation Planning

3.1.1 Forecasting and Workload Analysis

3.1.2 Formation Planning

3.2 Subdivision of Recruitment and Placement

3.2.1 Recruitment and Selection

3.2.2 Placement and Orientation

3.3 Subdivision of Human Resources Development

3.3.1 Training Need Analysis

3.3.2 Strategic HRD Planning

3.3.3 Career Planning

3.3.4 Tertiary and Professional Development

4.0 Division of Personnel Administration

4.1 Subdivision of Personnel Services

4.1.1 Transfers

4.1.2 Promotions

4.1.3 Disciplinary Action and Terminations

4.1.4 Retirement, Vacation, and Leave

4.2 Subdivision of Administration of Functional Personnel

4.3 Subdivision of General Personnel Administration

4.4 Subdivision of Tertiary and Professional Development Administration

5.0 Division of General Affairs

5.1 Subdivision of Human Resources Information Management

5.2 Subdivision of Bureau Management

5.2.1 Work Program and Scheduling

5.2.2 Budgeting

5.2.3 Evaluation and Reporting

5.3 Subdivision of Bureau Administration

5.3.1 House Keeping

5.3.2 Procurement

The Bureau of Organization and Human Resources

Article

The Bureau of Organization and Human Resources is responsible for organizational planning and development and human resources planning, management, administration within the Ministry.

Article

Primary functions of the Bureau are to:

- (1) plan and develop the organizational structure of the Ministry; carry out job analyses to develop job descriptions and identify work competencies for positions identified in the structure; and develop business processes and associated operating procedures for the work units
- (2) plan and develop human resources within the Ministry including forecasting personnel needs and formation planning, personnel recruitment and placement, human resource development emphasizing training needs analysis, the production of a 'strategic' Human Resource Development Plan, career planning, and tertiary and professional development program planning
- (3) carry out administrative duties related to personnel transfers, promotions, disciplinary action and terminations, and retirement, vacation, and special leaves, as well as the administration of tertiary and professional development programs, etc. for both structural and functional personnel
- (4) establish and maintain an employee data base; plan, schedule, and budget for Bureau activities, and carryout routine housing keeping functions.

Article

The Bureau of Organization and Human Resources consists of the following four divisions:

- (1) The Division of Organizational Planning and Development
- (2) The Division of Human Resources Planning and Development
- (3) The Division of Personnel Administration
- (4) The Division of General Affairs.

Article

The Division of Organizational Planning and Development is responsible for: (1) reviewing and planning the Ministry's organizational structure so that it effectively supports the legal mandates and strategic directions established for the Ministry (2) conducting job analyses in order to develop job descriptions, identify work competencies and associated work standards, and develop career paths for positions identified in the structure and (3) developing business processes, standard operating procedures, and key performance indicators for work units within the Ministry.

Article

The Division of Organizational Planning and Development consists of the following three (3) subdivisions:

- (1) The Subdivision of Organizational Review and Planning
- (2) The Subdivision of Job Analysis
- (3) The Subdivision of Organizational Systems and Processes.

Article

The Subdivision of Organizational Review and Planning is responsible for reviewing and evaluating business processes, work loads, and the organization structure of the Ministry in the light of its strategic objectives and improving upon or restructuring the organization so that it is in line with and maximally contributes to the achievement of its legal mandates and strategic directions that have been established for the Ministry.

The Subdivision of Job Analysis is responsible for carrying out job analyses in order to develop job descriptions, associated job specifications, and work competencies and standards of competency for each position identified in the organization.

The Subdivision of Organizational Systems and Processes is responsible for systems and procedures development including (1) business practices governing the working relations among work units within the Ministry (2) operating procedures for internal work within each unit and (3) an organizational performance management system with key performance indicators (KPI) to measure the Ministry's and individual work units progress toward achieving strategic objectives that have been set.

Articles

The Division of Human Resource Planning and Development is responsible for (1) formation planning, that is, identifying the manpower needs of the Ministry (2) the recruitment, selection, placement, and orientation of new personnel (or retrenchment of employees if required) to meet these needs and (3) human resource development (HRD) of Ministry personnel including: the identification of personnel training needs, the development of a Strategic HRD Plan, career planning, and the planning for tertiary and professional development programs.

Article

The Division of Human Resource Planning and Development consists of the following three (3) subdivisions:

- (1) The Subdivision of Formation Planning
- (2) The Subdivision of Recruitment and Selection
- (3) The Subdivision of Human Resources Development.

Article

The Subdivision of Formation Planning is responsible for forecasting and determining the manpower needs, that is, number and types of jobs that need to be filled (or retrenched) within the Ministry.

The Subdivision of Recruitment and Selection is responsible for recruiting, selecting, placing, and orientating new staff (or retrenching employees if required) to meet the manpower needs, identified by the Subdivision of Formation Planning.

The Subdivision of Human Resources Development is responsible for (1) identifying the leadership, functional, and technical training needs of Ministry personnel (2) devising a Strategic HRD Plan outlining the types of educational and training activities that are required by Ministry personnel (3) career planning for personnel and (4) tertiary and professional development programs including scholarship planning, graduate and alumni management, and pre-deployment/re-entry programs, etc.

Article

The Division of Personnel Administration is responsible for the administration and processing of the following activities: transfers, promotions, disciplinary action, terminations, retirement, and vacation and leave requests for both structural and functional employees as well as the administration of tertiary and professional development programs.

Article

The Division of Personnel Administration consists of the following four (4) subdivisions:

- (1) The Subdivision of Personnel Services
- (2) The Subdivision of the Administration of Functional Personnel
- (3) The Subdivision of General Personnel Administration
- (4) The Subdivision of Tertiary and Professional Development Administration.

Article

The Subdivision of Personnel Services is responsible for administering and processing transfers, promotions, disciplinary action and terminations, retirement and leave requests etc. for all 'structural' employees within the Ministry.

The Subdivision of Functional Personnel is responsible for administering all 'functional' employees within the Ministry including processing transfers, promotions, disciplinary action and terminations, retirement, and leave requests.

The Subdivision of General Personnel Administration is responsible for employee documentation such as a listing of employees currently working in the Ministry, a listing of employees and their rank, and a listing of employees who must reveal their personal wealth (LHKPN) as well as other personnel reporting that is required.

The Subdivision of Tertiary and Professional Development Administration is responsible for the administration of graduate programs (scholarships, English proficiency testing, program and student management, etc.) and professional development programs such as the sending of Ministry personnel to overseas short-term, non-degree programs, etc.

Article

The Division of General Affairs is responsible for developing and maintaining the personnel database and archiving, bureau planning, and the administration of internal Bureau affairs.

Article

The Division of General Affairs consists of the following three (3) subdivisions:

- (1) Human Resources Information Management
- (2) Bureau Management
- (3) Bureau Administration.

Article

The Subdivision of Human Resources Information Management is responsible for developing and implementing a computerized system to gather, store, analyze, and retrieve data on Ministry personnel.

The Subdivision of Bureau Management is responsible for planning, scheduling, budgeting and reporting on Bureau activities

The Subdivision of Bureau Administration is responsible for administering internal Bureau affairs including procurement and housekeeping, etc.