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ANALYSIS ON BUSINESS PROCESS REENGINEERING PERFORMANCE OF RUMAH PANGAN KITA PERUM BULOG

Sri Istiqamah¹, Ahmad Hidayat Sutawidjaya² ¹Master of Management, Mercu Buana University, ²Doctoral Program of Management, Mercu Buana University,

Abstract

This article discusses the institutional changes at Perum BULOG (BULOG) through an approach of Business Process Reengineering (BPR) following the effectiveness of the transformation policy of the Prosperous Rice (Beras Sejahtera) (Rastra) program into Non-Cash Food Aid (Bantuan Pangan Non-Tunai) (BPNT) during the period of 2016-2019. The impact of the policy made BULOG in a position of losing its entire revenues from its captive market. Therefore, it is necessary to find the substitute for revenue streams of the Rastra program by increasing the growth of BULOG's commercial market through BPR. Its implementation is carried out through the program of Rumah Pangan Kita (RPK), which is one of BULOG's distribution channels through its fostered partners. This article analyzes the impacts of the institutional changes through BPR on the operational performance and also analyzes the BPR performance on the service quality so that the RPK program can become a new revenue driver for BULOG. The research result showed a positive change in operational performance in the commercial sector. The BPR performance has a significance which is categorized quite strong against the operational performance and the service quality. Findings of observations and interviews showed that the BPR performance still needs to be improved. Its policy implementation is often weak at the operational level. Its weakness is more like a tug of war of the interests among BULOG own stakeholders. The attitude of the government as a regulator is very much required to consolidate the institutional changes at BULOG.

Keywords: Institutional Change, BPR, Rumah Pangan Kita, Operational Performance, Service Quality, Public Service

1. Introduction

1.1 Background

Environmental forces urge the need for big organizations to make changes. Technological advances, changing markets, expanding government regulations, e-business and e-commerce, a shift in social attitude, global economic upheaval, social media, and information revolution (Daft, 2016, hal. 422).

BULOG is a state-owned public company that engages in the food logistics sector. As a state-owned company, it has two functions, namely public service and commercial functions. Under its public service function, BULOG performs public tasks from the government, among others: maintaining the Basic Purchase Price (*Harga Dasar Pembelian*) (HDP) for unhulled rice, stabilizing the rice price, distributing rice to the poor (*Beras Untuk Orang Miskin*) (Raskin) and managing food stocks. Meanwhile, under commercial function, BULOG carries out

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logistics/warehousing, survey, and pest control as well as food commodity trading business activities.

Before entering the transformation era, from 2012 to 2016, the public service function dominated the company's operations. In 2016, total procurements were recorded at 3,510,101 tons with the composition: a) unhulled rice procurement for 116,153 tons, domestic rice procurement for 2,845,353 tons and foreign rice procurement for 548,595 tons. Also, under distribution function (Raskin, budget category, CBP, and others), it was 3,212,802 tons, and under the national stock resilience function, it was 1,618,214 tons. (Perusahaan Umum BULOG, 2016, hal. 12).

Through the government policy of the Raskin/Rastra subsidy transformation into BPNT, the BULOG's management has declared 2017 as the 'Commercial' year. The transformation policy of Rastra into BPNT was triggered by the World Bank's input regarding deviations which were summarized in 6 'Inaccurate' categories of Rastra distribution.

The 'Inaccurate' categories are as follows: 1) **Inaccurate Target**: it should have been 15.5 millions of target households (*Rumah Tangga Sasaran*) (RTS), but 30% of Raskin at distribution points (*Titik Distribusi*) (TD) did not reach RTS and those who were not poor also received the Raskin; 2) **Inaccurate Amount**: it should be 15 kg/RTS for the weight, but, in fact, in average it was less than 4 kg/RTS; 3) **Inaccurate Price**: it should have been IDR1,600/kg, but 68% of the RTS paid more; 4) **Inaccurate Time**: it should have been 12 times of delivery, but 40% of respondents said it was more than 2 months late; 5) **Inaccurate (Improper) Quality**: it should not be damp, but 54-81% of respondents said that the Raskin is damp for the quality; 6) **Inaccurate (Improper) Administration**: not all regions provide distribution costs from distribution points to sharing points (Dirjen Dayasos, 2016). Based on the World Bank's input, the Government then decided to transform the Rastra subsidy into BPNT.

This change certainly has an impact on BULOG's operational strategies, starting from human resource development (HR), infrastructure development, business development, and other activities. It is also at the same time a challenge for BULOG to immediately anticipate such government policy.

Concerning the above matter, the authors are interested in analyzing the RPK program through a BPR approach as a breakthrough to substitute the Rastra outlets. The analysis is carried out by using the BPR approach which is defined as a fundamental rethinking and a radical business redesign process to achieve the dramatic increase in its critical performance, such as cost, quality, service, and speed (Slack & Lewis, 2011, hal. 3).

In 2016, BULOG still distributed rice through the Rastra program to 15,498,936 Beneficiary Target Households (*Rumah Tangga Sasaran Penerima Manfaat*) (RTSPM), which was distributed for 12 months equivalent to 2,789 million tons of rice (15 kg/RTS/month or 180 kg/RTS/year). The revenue of Perum BULOG from the captive market of Rastra reached IDR24,322 trillion per year.

In the early stages of the implementation of the BPNT program in 2017, BULOG had lost 8.2% of revenues from the Rastra program or around IDR2 trillion. The loss of this amount of income continued to increase in 2018 along with the expansion of the BPNT program by 64.5% or

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totaling to 10,000,000 KPM. In 2019, when the new policy had just been fully in effect, BULOG lost all revenues from its captive market outlets which constitute its main income.

1.2. Literature Review

There is three predecessor literature in international journals for the references of the authors' references regarding BPR in public services and government institutions, i.e.:

- 1) Business Process Reengineering in Government Agencies: Lessons from an Experience in Mexico (Fragoso, 2015). This study recommended the implementation of business process reengineering in the public sector which reinforces the importance of BPR projects for improving the management of public institutions and private organizations, as well as involving proper management process. The BPR process begins with the design of the service, complemented with its provisions.
- 2) Business Process Reengineering (BPR) Initiatives in Public Sector of Pakistan (Habib & Jamal, 2015). The study revealed that there are similar successes and failures within BPR projects in the public sector. However, there were positive signs that the government and stakeholders had taken the initiatives for the public sector reforms in Pakistan.
- 3) Business Process Reengineering in Public Sector: Ranking The Implementation Barriers (Ghatari, Shamsi, & Vedadi, 2015). This study revealed that to adapt to environmental changes, public organizations need to improve the quality of their services and need radical changes. If public organizations apply the reengineering within their process, efficiency, creativity, and innovation, they will surely thrive.

The abovementioned three literature revealed failures and obstacles in BPR as well as recommendations for improvement. In this paper, besides revealing the weaknesses of the BPR and suggestions for the improvement, the authors also revealed how the BPR can synthesize the RPK program into a replacement program for Rastra that can meet stakeholders' needs.

The authors use several thoughts and theories to answer the hypotheses that were built, i.e.:

1) **Institutional Change**: The institutional change in society means a change in regulatory and organizational principles, behavior, and interaction patterns. The main objective of any institutional change is to internalize the potential for greater productivity from the improved use of resources that can create a new balance/social justice. The institutional change has two dimensions which are believed to be as important as the institutional design itself, as follows:

- a. Changes in the configuration among economic actors will trigger the institutional changes, which are considered as the impact of changes (interests/configuration) of economic actors.
- b. Changes that are deliberately designed to influence (regulate) economic activities. In this situation, institutions are actively placed as instruments to regulate economic activities, including the actors involved within them (Yustika, 2012, hal. 160-161).

2) **Business Process Reengineering**: According to Michael Hammer and James Champy (authors of the book entitled *Reengineering the Corporation*, Harper Collins Publisher, 1993), BPR is a fundamental rethinking and a radical redesign of a business system to achieve dramatic increases in critical and contemporary performance measures, such as cost, quality, service, and speed (Indrajit & Djokopranoto, 2016, hal. 3).

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One of the BPR methods for the public sector proposed by Manganelli and Klein takes several stages as follows: a) Preparation: consensus on goals and objectives; b) Identification: development of customer-oriented business models and identification of value-added strategic process; c) Vision: looking for determining improvement process strategies; d) Solutions: technical design and human resources to implement improvements; e) Transformation: to implement improvements and new process (Fragoso, 2015).

3) **Operational Performance**: The actual operational performance objectives are related to five requirements to meet customer satisfaction. It is argued that the critical objectives of the operational performance are important and strategic factors for the organization. In general, the operational performance objectives are specifically and fundamentally related to meet the customer satisfaction with the requirements of speed, dependability, flexibility, quality and cost (Slack & Lewis, 2011, hal. 47-51).

Executives experienced the difficulty in determining which is better or worse for their companies because the stakeholders' perspectives place the unnecessary emphasis on narrowing down the interests of the organization using resources for their purposes (Slack & Lewis, 2011, hal. 42-43).

4) **Service Quality**: BPR emphasizes on the service quality, only a company which is service quality-oriented that will have the power to win the competition by improving the work process. The service improvement teams may use various techniques to identify the causes of problems and to implement the required improvement (Rangkuti, 2017, hal. 251).

Related to Rangkuti's statement, the authors then use the thought about the **Service Profit Chain** known as the Heskett Model; "*Organizations attempting to deliver service quality to their external customers must begin by serving the needs of their internal customers*". Heskett's model explains the correlation between internal service quality variables affecting employee satisfaction, which in turn affects high-value service, customer satisfaction, customer loyalty, profit, and growth of the company. (Heskett, Sasser, & Wheeler, 2008). This theory emphasizes that the profits and growth of an organization are first determined by the quality of its internal service to its employees. The quality of internal service is the starting point within the chain of profit gain and organizational growth.

Other than the Service Profit Chain, the authors also link it with the concept of Service which puts forward the elements mentioned in the '**Rule of Seven Rs**'. The seven Rs are having the right product, in the right amount, at the right condition, at the right place, on the right time, for the right customer, at the right cost, including after-sales service in case of any damaged and returned item (Wisner, Tan, & Leong, 2012, hal. 356).

Furthermore, concerning the stakeholders' services, it is explained that the excellent service must be able to empower people as customers of public services; it can also build and regain people's trust against the government. The benefits of excellent service itself are as follows: a) efforts for the quality improvement of government services to the public; b) reference for the service standards development; c) reference for customer service or stakeholders in service activities and to fulfill the elements of why, when, who, where and how the services must be performed (Rangkuti, 2017, hal. 49).

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1.3 Hypothesis

The implications of the above theories and thoughts in the BPR implementation at BULOG are described as follows: The Institutional Change (X1) affects Operational Performance (Y1) and Service Quality (X2) driven by the implementation of the BPR (X2) RPK program. The BPR is a moderating variable that intensifies or weakens the relationship between the independent variable (X) and the dependent (Y). The moderator variable is also referred to as the second independent variable (Sugiyono, 2016, hal. 97). Based on the inter-variable correlation, the hypothesis of the research are as follows:

- 1) H1: There is a significant difference in the operational performance of BULOG due to the influence of institutional changes which are strengthened by BPR and bring positive impacts on stakeholders.
- 2) H2: The BPR performance has a positive effect against the operational performance particularly in enhancing the development of the RPK program as a new revenue driver for BULOG.
- 3) H3: The BPR performance has a positive effect against the service quality in fulfilling the needs of RPK owners, that therefore this program can become a source of the substitute income for BULOG (there is a positive correlation between the operational performance and the service quality).

2. Method

The selected method is a research method of the combined Concurrent Triangulation design (a balanced mix of quantitative and qualitative). This method combines both qualitative and quantitative methods by mixing both methods equally: 50% quantitative and 50% qualitative methods (Sugiyono, 2016, hal. 578).

2.1 Variable and Measurement

Based on the above literature review, the authors determine the dimensions and indicators used in this research as follows:

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Table 2.1 Variables & Indicators											
Variable Definitions	&	Concept		Dimension		Indicator					
Institution	nal Cha	ange	1)	Configuration among economic a	Changes actors	Inter-interest behavioral & inte patterns, environr changes & challer competitiveness.	correlation, raction nental nges, global				

	1 and	2.1 Vallables & Indicators (contin	(ueu)			
Variable & Definition	Concept	Dimension	Indicator			
		2) Regulation Changes	internalization of productivity potential, improvement & resource utilization, social reengineering & equilibrium.			
Business Reengineering	Process	1) Drastic and Thorough Changes	Extreme change, drastic & thorough, efficient & effective, speed & service quality.			
		2) Fundamental Redesign	Maximum performance change, most inhibiting, focus, management support, repairing the root of the problem, changing corporate culture.			
Operational Perfo	ormance	1) The priority of Work Goals	Skilled labor, flexibility in commodity supply, cost-efficiency.			
		2) Trade-off	Focus & priority goals			
		3) Stakeholder's perspective	Internal & external benefits, increased profitability & public services, management support.			
Service Quality (Customer & Public)		1) Meets the 7R rules	Product excellence, service level quality, service speed, the suitability of time & place, cost accuracy, service levels to stakeholders, competitive advantage.			
		2) Internal & external services	Inter-unit service, engagement & support			
		3) Market Potential	Customer needs.			
		4) Employee Satisfaction Level	Employee satisfaction, employee loyalty.			
		5) Service Profit Chain	Employee satisfaction, customer loyalty, growth of the			

Table 2.1 Variables & Indicators (continued)

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company's profit & value.

Table 2	.1 Variables & Indicators (continu	led)
Variable & Concept Definition	Dimension	Indicator
	6) Building public service standards	Community empowerment, building service standards, public trust, quality of public services, the fulfillment of services, appropriate services.
proof Propagged Data (2010)		

Source: Processed Data (2019)

To obtain more complete research results regarding BPR at BULOG, the authors conducted interviews, observation, documentation, and triangulation. The results of qualitative data processing were measured through the following outline:



Figure 2.1. Qualitative Model

Source: Processed Data (2019)

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2.2 Characteristics of Participants and Respondents

In qualitative research, Spradley refers to the population term "social situation" which consists of 3 (three) elements, i.e.: place, actors, and activity. Meanwhile, the sample is referred to as resource persons, participants, informants, friends, and teachers in the research (Sugiyono, 2016, hal. 363-364). The participants in this research were owners of the RPK outlets, BULOG's employees, and the management. For quantitative research, respondents were from members of the population, i.e.: owners of RPK outlets in 26 regional division offices (*divisi regional*) (divre) and BULOG's employees throughout Indonesia.

2.3 Samplingg Method

The sampling technique used the probability sampling method, with the technique of area (cluster) sampling/sampling according to the area, because data sources and objects under study were quite extensive.

2.3.1 Sample Size and Accuracy

The total population is 15,619, consisting of: 11,395 owners who are actively transacting throughout Indonesia and 4,225 employees of Perum BULOG (head office and regional division offices) throughout Indonesia. Then, calculated using the Yamane approach as follows (Ferdinand, 2014, hal. 174):

$$n = \frac{N}{1 + Nd^2}$$

$$n = number of samples$$

$$N = population size$$

precision (percentage) 5%

$$n = 15,619$$

$$n = 15,619$$

$$n = 15,619$$

$$n = 15,619$$

$$n = 389,9875 \quad (Rounding = 390)$$

$$n = 389,9875 \quad (Rounding = 390)$$

Out of a total of 390 respondents; 140 respondents were taken from the head office, consisting of officials at the level of division heads, subdivision heads, section heads, and staff under all directorates with the purpose to obtain more comprehensive data.

Then 100 respondents from RPK who actively did the transaction in 10 representative regional division offices, the remaining 150 respondents were taken from the regional division, subbranches, warehouses, and logistics section offices (*kantor seksi logistik*) (*kansilog*). This will help the authors to analyze the BPR performance of the RPK program as a revenue driver in BULOG. The sample characteristics can be viewed in the tables below:

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Table 2.2. Samples and Respondents of Head Office Employees											
DIRECTORATE	NUMBER OF RESPONDENTS										
Procurement	15										
Public Service Operation	15										
Directorate of Commercial Affairs	20										
Directorate of Business & Industrial Development	20										
Directorate of Finance	10										
Directorate of HRD & General Affairs	20										
Internal Supervisory Unit	10										
Corporate Secretary	15										
BULOG Corporate University	15										
TOTAL RESPONDENT	140										

Source: Processed Data (2019)

Table 2.3. Samples and Respondents of RPK Outlet Owners

POPULATI	ON	DIVRE	NUMBER OF
		SAMPLE	RESPONDENTS OF
DIVRE	ACTIVE RPK		RPK OUTLET OWNERS
ACEH	210		
SUMUT	467		
SUMBAR	240	SUMBAR	6
	546		14
KIAU &	540	KIAU DAN KEFKI	14
SUMSEL	274		
JAMBI	371		
BENGKULU	375		
LAMPUNG	288		
DKI JAKARTA	654	DKI JAKARTA	16
JABAR	1218		
JATENG	1064	JATENG	26
YOGYA	883		
JATIM	1114		
BALI	162	BALI	4
NTB	145	NTB	4
NTT	390		
SULTENG	231	SULTENG	6
SULTRA	311	SULTRA	8
SULUT	215		
SULSEL	525		
KALSEL	120		
KALTIM	298	KALTIM	7
KALBAR	320		
KALTENG	210		
MALUKU	364	MALUKU	9

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PAPUA	400				
TOTAL	11395		100		
	·				
	Table 2.4. Samples	s & Respondents of	Divre Employees		
DIVRE	NUMBER	OF	RESPONDENTS	OF	DIVRE
	DIVRE/SUBDIV	/RE/KANSILOG	EMPLOYEES		
SUMBAR	3		11		
RIAU & KEPRI	8		16		
DKI JAKARTA	4		26		
JAWA TENGAH	5		31		
BALI	1		8		
NTB	4		16		
SULTENG	3		12		
Table	2.4. Samples & Ro	espondents of Divre	Employees (continue	d)	
DIVRE	NUMBER	OF	RESPONDENTS	OF	DIVRE
	DIVRE/SUBDIV	/RE/KANSILOG	EMPLOYEES		
SULTRA	6		11		
KALTIM	5		9		
MALUKU	3		10		
TOTAL			150		

Source: Processed Data (2019)

2.3.2 Measurement

The data was collected by distributing questionnaires. Respondents answered under selected questions and their answers were measured on a Likert scale (1-4). The variables which will be measured are translated into variable indicators which are used as the starting point for compiling instrument items which can be in the form of statements or questions with graded answers or levels from very negative (strongly disagree) to very positive (strongly agree).

2.3.3 Analysis Method

The authors use the quantitative data analysis method; descriptive and inferential statistics with the SPSS application. Descriptive statistics only describe the sample data without making conclusions, while inferential statistics can make conclusions that apply to the population. For hypothesis testing, it was carried out comparatively and associatively, as follows:

1) Hypothesis 1 (H1), the temporary answer to problem 1 uses the Pearson Correlation (comparative problem). It is made based upon viewing the correlation of the relation between the institutional change variable (X1) and the BPR variable (X2). If the significance value <0.05, the relation between those two variables is significant. The coefficient (r) is used to see how strong the relation between them is.

2) Hypotheses 2 and 3 (H2 and H3), answered problem formulations 2 and 3 (associative problems) using technical analysis of the coefficient of determination and multiple regression

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analysis (moderating regression analysis/MRA). MRA aims to determine the extent to which the interaction of the BPR variable (X2) can strengthen the influence of the institutional change variable (X1) on the operational performance (Y1) and the Service Quality (Y2) variables. To see whether the effect is significant or not, it can be viewed at the calculated F value compared to the F table or the significance value <0.05. Also, in this research, it can be viewed the amount of contribution made by the institutional change variable (X1) to the Operational Performance (Y1) and the Customer Service (Y2) variables. This is viewed through the value of R2 (R Square) or the coefficient of determination.

3. Results

3.1 Description of Research Results

The number of respondents were 390 respondents, the questionnaires were distributed using Google Form during the period of 15 October to 15 November 2019, with the results in the table below:

	Questionnaires	Responses							
a) RPK Outlet Owners	100	66							
b) Head Office Employees	140	120							
c) Divre Employees	150	145							
d) Double Data		12							
Total Respondents	390	343							
Source: Research Data Processed (2019)									

Respondents' Responses to the Institutional Change

Based on the valid data of 331 respondents, as many as 304 respondents (92%) stated that they understood the institutional change in BULOG, only 27 respondents (8%) did not know about the institutional changes. The average value of the Institutional Change variable (X1) from the entire responses of respondents against 10 indicators is = 3.17. See the table below:

		-			-						
Sampling Area	Varia	Variable X1 of Institutional Change									Total
Number of	X1.	X1.	X1.	X1.	X1.	X1.	X1.7	X1.	X1.	X1.1	Score
Respondents = 331	1	2	3	4	5	6		8	9	0	
Sahabat RPK 66	2.7	3.3	3.3	3.2	2.7	2.9	3.23	3.3	3.2	3.26	3.15
Respondents	6	8	0	0	1	7		8	9		
Head Office 120	3.2	3.1	3.3	2.8	3.0	3.3	3.18	3.1	3.1	3.18	3.16
Respondents	3	5	9	2	2	3		6	1		
Divre 145 Respondents	3.1	3.2	3.4	3.1	3.0	3.3	3.30	3.2	3.1	3.20	3.22
	4	6	4	0	3	2		6	5		
											3.17

Table 3.2. Respondents	'Responses to the	Variable X1
------------------------	-------------------	-------------

Source: Research Data Processed (2019)

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Few of poor indicators in X1 variable are:

RPK Outlet sampling area, respondents did not fully agree: the changes made BULOG prioritizes commercial functions rather than public services taks, the regulation of the Rastra transformation to BPNT has an impact on the changes in BULOG's business process. Meanwhile, at the Head Office sampling area, there is a doubt whether BULOG is ready to face the changing environmental challenges, global competition, and open markets.

Respondents' Responses to the Business Process Reengineering

The average value of entire respondents' responses to the variable of Business Process Reengineering (X2) against 10 (ten) indicators is = 3.06. See the following table:

Sampling Area	Variable X2 of Business Process Reengineering								Total		
Number of	X2.	X2.	X2.	X2.	X2.	X2.	X2.	X2.	X2.	X2.1	Scor
Respondents = 331	1	2	3	4	5	6	7	8	9	0	e
Sahabat RPK 66	3.0	3.2	3.3	3.2	3.1	3.1	3.1	3.0	3.2	3.23	3.17
Respondents	9	4	2	6	1	2	2	5	1		
Head Office 120	2.9	2.9	2.9	3.0	2.8	2.8	2.9	2.8	2.8	2.95	2.92
Respondents	4	3	8	2	6	9	5	9	1		
Divre 145 Respondents	3.0	3.1	3.0	3.2	3.0	3.0	3.1	3.0	3.0	3.20	3.09
	9	2	2	0	6	6	0	8	1		
											3.06

 Table 3.3. Respondents' Responses to the Variable X2

Source: Research Data Processed (2019)

Few of poor indicators in the X2 variable are:

In the sampling area of the Head Office, there were 9 (nine) statements that the respondents did not fully agree with, i.e.: 1) Positive impact on the performance improvement through the extreme redesign of new business process; 2) RPK is a form of new business process that is drastic and comprehensive, and has a positive effect on improving the performance of BULOG; 3) RPK is much more efficient and effective when compared to market operations; 4) The development of the RPK program is a redesign of business process with the significant impact on maximum performance improvements; 5) The development of the RPK program was very helpful in changing the most inhibiting process; 6) RPK program development focuses on redesigning fundamental business process; 7) The Management of BULOG fully supports the development of the RPK program in overcoming obstacles that arise; 8) The development of the RPK program as a new business process has an accelerating impact in resolving the root problems in BULOG; 9) Development of RPK program as a new business process to help changing the corporate culture.

Respondents' Responses to the Operational Performance

The average value of entire respondents' responses to 15 (fifteen) indicators of the Operational Performance variable (Y1), is = 3.21. There is one poor indicator in Variable Y1 in the head office sampling area: respondents did not agree that the implementation of the BPR increases the ability to use multi-skilled workforces at BULOG. See the following table:

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Sampling Area Varia						riable Y1 of Operational Performance								
Numl	ber of	Respo	ndents	Y1.	Y1.	Y1.	Y1.	Y1.5	Y1.	Y1.	Y1.	Y1.	Y1.1	
= 331				1	2	3	4		6	7	8	9	0	
Sahal	bat	RPK	66	3.3	3.3	3.2	3.4	3.35	3.3	3.3	3.2	3.2	3.38	
Resp	ondent	S		6	2	3	2		2	9	7	7		
Head	0	ffice	120	3.0	3.0	2.9	3.1	3.08	3.0	3.1	3.0	3.0	3.03	
Respondents 6				4	6	7		9	0	8	8			
Divre 145 Respondents 3.2				3.2	3.2	3.3	3.25	3.3	3.2	3.3	3.3	3.28		
8				5	0	2		0	6	6	0			
Varia	ble Y	1 of	Opera	tional	Tot									
Perfo	rmanc	е	-		al									
Y1.	Y1.	Y1.	Y1.	Y1.	Sco									
11	12	13	14	15	re									
3.35	3.23	3.30	3.24	3.24	3.31	1								
3.08	3.11	3.07	3.04	3.00	3.07									

 Table 3.4. Respondents' Responses to the Variable Y1

Source: Research Data Processed (2019)

3.26 3.17 3.27 3.21 3.25 3.26

Respondents' Responses to the Customer Service and Public Service Quality

3.21

The average value of the Y2 variable; for customer service, the quality is 3.20, while for public services (3.22). Look at the table below:

Sampling Area		Vari	able Y	2 Cus	tomer	Servic	es Qu	ality					
Number	of	Y2.	Y2.	Y2.	Y2.	Y2.	Y2.	Y2.	Y	2. Y2.	Y2.1	Y2.1	Y2.1
Respondents = 33	31	1	2	3	4	5	6	7	8	9	0	1	2
Sahabat RPK	66	3.2	3.2	3.2	3.3	3.1	3.1	3.2	3.	2 3.2	3.23	3.23	3.17
Respondents		0	6	6	3	7	7	0	0	6			
Head Office	120	3.1	3.1	3.1	3.0	3.0	3.0	3.1	3.	0 3.0	3.16	2.93	2.94
Respondents		5	5	0	9	4	5	0	2	4			
Divre 145 Respon	ndents	3.2	3.2	3.2	3.3	3.2	3.3	3.2	3.	3 3.3	3.28	3.26	3.17
-		8	5	0	2	5	0	6	6	0			
	Tot	al P	ublic	Servic	es Qua	lity				Total			
Y2. Y2.1 Y2	. Sco	or Y	2.1	Y2.	Y2.	Y2.1	Y2.	. Y	2.	Scor			
13 4 15	e	6		17	18	9	20	21	L	e			
3.29 3.38 3.2	1 3.2	4 3.	.21	3.23	3.33	3.23	3.2	9 3.	30	3.27			
3.18 3.34 3.1	9 3.1	0 3.	.22	3.08	3.23	3.09	3.0	9 3.	11	3.14			
3.27 3.21 3.2	5 3.2	6 3.	.28	3.17	3.35	3.27	3.2	6 3.	32	3.27			
	3.2	0								3.22			

Source: Research Data Processed (2019)

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There are two poor indicators on the Y2 variable in the head office sampling area. Respondents did not agree that the BPR implementation has a positive effect on employee satisfaction with the company and employee loyalty.

3.2 Inferential Statistics

In addition to using descriptive statistics that use descriptions of sample data, this research also uses inferential statistical data analysis to make conclusions that apply to the population. Then, the classical assumption test is carried out, as follows:

a. Normality Test

In testing the normality of data with more than 30 digits (n > 30), it can be assumed that the distribution is normal and normally said to be a large sample. However, to provide certainty, whether the data is normally distributed or not, the normality test is used (Wati, 2017, p. 141).

Kolmogorov-Smirnov's test results in the table below showed a significance value of 0.00; means <0.05, it is concluded that the data are not normally distributed. However, based on the central limit theory approach, the greater the number of samples ($n \ge 30$), the data distribution tends to be normally distributed. So, it is concluded that the normality test is fulfilled/normal data.

		Unstandardized Residual
N		331
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.94172041
Most Extreme Differences	Absolute	.088
	Positive	.088
	Negative	064
Test Statistic		.088
Asymp. Sig. (2-tailed)		.000°
a. Test distribution is Norm	al.	
b. Calculated from data.		
c. Lilliefors Significance Co	rrection.	
Source: Research Data Proce	ssed (2019)	

b. Model Linearity Test

The Linearity Model test was carried out to test the linear correlation between the dependent variable and the independent variable (Wati, 2017, p. 142). See table 3.7. Anova 1 and table 3.8. ANOVA 2.

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	Table 3.7. Anova 1 Linearity Model								
			Sum of		Mean				
			Squares	df	Square	F	Sig.		
Y1 *	Between	(Combined)	6568.245	20	328.412	13.044	.000		
X1	Groups	Linearity	6171.478	1	6171.478	245.12 6	.000		
		Deviation from Linearity	396.768	19	20.883	.829	.671		
	Within Groups		7804.794	310	25.177				
	Total		14373.039	330					
Y2 *	Between	(Combined)	11796.117	20	589.806	11,941	.000		
X1	Groups	Linearity	10850.625	1	10850.625	219.67 9	.000		
		Deviation from Linearity	945.492	19	49.763	1.007	.452		
	Within Groups		15311.834	310	49,393				
	Total		27107.952	330					

Table One-Sample	e 3.6. Normality Te Kolmogorov-Smin	est rnov Test
		Unstandardized Residual
N		331
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	3.94172041
Most Extreme Differences	Absolute	.088
	Positive	.088
	Negative	064
Test Statistic	I	.088
Asymp. Sig. (2-tailed)		.000°
a. Test distribution is Norm	nal.	
b. Calculated from data.		
c. Lilliefors Significance Co	orrection.	
Source: Research Data Proce	essed (2019)	

c. Model Linearity Test

The Linearity Model test was carried out to test the linear correlation between the dependent variable and the independent variable (Wati, 2017, p. 142). See table 3.7. Anova 1 and table 3.8. ANOVA 2.

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	Table 3.7. Anova 1 Linearity Model								
				Sum of		Mean			
				Squares	df	Square	F	Sig.	
Y1	*	Between	(Combined)	6568.245	20	328.412	13.044	.000	
X1		Groups	Linearity	6171.478	1	6171.478	245.126	.000	
			Deviation from	306 768	10	20.883	820	.671	
			Linearity	390.708	19	20.885	.029		
		Within Groups		7804.794	310	25.177			
		Total		14373.039	330				
Y2	*	Between	(Combined)	11796.117	20	589.806	11,941	.000	
X1		Groups	Linearity	10850.625	1	10850.625	219.679	.000	
			Deviation from	045 402	10	10 763	1 007	452	
			Linearity	943.492	19	49.703	1.007	.432	
		Within Groups		15311.834	310	49,393			
		Total		27107.952	330				

Source: Research Data Processed (2019)

				Sum of		Mean		
				Squares	df	Square	F	Sig.
Y1	*	Between	(Combined)	9998.626	23	434.723	30.509	.000
X2		Groups	Linearity	8718.427	1	8718.427	611.86 6	.000
			Deviation from Linearity	1280.199	22	58.191	4.084	.000
		Within Groups	•	4374.414	307	14.249		
		Total		14373.039	330			
Y2	*	Between	(Combined)	16770.674	23	729.160	21.655	.000
X2		Groups	Linearity	13865.903	1	13865.903	411.79 4	.000
			Deviation from Linearity	2904.771	22	132.035	3.921	.000
		Within Groups		10337.277	307	33.672		
		Total		27107.952	330			

Table 3.8. Anova 2 Linearity Model

Source: Research Data Processed (2019)

The results in the Anova 1 table - Anova Linearity Model which shows the value of Sig Deviation from Linearity> 0.05, it is concluded:

- 1) There is a significant linear relation between Institutional Change and Operational Performance.
- 2) There is a significant linear relation between Institutional Change and Service Quality.

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For the results of the Anova 2, the table showed the moderator variable test X2 with the independent variables of Y1 and Y2 linearly with the results; the value of Sig Deviation from Linearity <0.05, it can be concluded:

1) There is no significant linear relation between BPR and operational performance.

2) There is no significant linear relation between BPR and service quality.

c. VIF Multicollinearity Test (Variance Inflation Fluctuation)

The purpose of the multicollinearity test is to test the correlation between dependent variables in multiple linear regression testing, if there is any correlation, there is a multicollinearity deviation which means it does not meet the classical assumption test.

The results of the test for the dependent variables of Y1 and Y2 in tables 3.9 and 3.10 are:

Tolerance values of X1 and X2> 0.10 and VIF values are less than 10, it can be concluded that there are no symptoms of multicollinearity, so that the multicollinearity test is fulfilled or good.

		1 able 5.9. V	IF MULLICOL	interity (Depe	ndent va	ariadie: r	1)	
Coeffic	cients ^a							
		Unstandard Coefficients	ized s	Standardized Coefficients			Collinearity Statistics	,
Model		В	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	8.905	1.775		5.015	.000		
	X1	.420	.072	.254	5.808	.000	.570	1.754
	X2	.844	.060	.613	14.024	.000	.570	1.754

Cable 3.9.	VIF Multico	olinierity (Depen	dent Va	ariable:	Y1)
						/

Source: Research Data Processed (2019)

 Table 3.10. Multicollinearity VIF (Dependent Variable: Y2)

Coeffic	cients ^a							
		Unstandard Coefficients	ized	Standardized Coefficients			Collinearity Statistics	
Model		В	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	15.996	2.712		5.897	.000		
	X1	.653	.110	.287	5.912	.000	.570	1.754
	X2	.997	.092	.527	10.844	.000	.570	1.754

Source: Research Data Processed (2019)

d. Heteroscedasticity Test

The heteroscedasticity test aims to test the difference in variance with the residual value through the distribution of dots on the Scatterplots with the following results:

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The results of the heteroscedasticity test obtained are as follows:

1) Data dots spread over and under/around number 0.

2) Data dots do not just gather over and under the number.

3) Distribution of data dots does not form a wavy pattern that widens then narrows and widened again.

4) Distribution of data points is not patterned.

Thus, it is concluded that **there are no symptoms of heteroscedasticity**/data distribution tends to be permanent.

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e. Pearson Correlation (Hypothesis H1)

The results of data processing using Pearson Correlation to test Hypothesis 1 in table 3.11. are as follows:

1) There is a significant positive relation between Institutional Change and BPR with a significance value of 0.000 and a Pearson Correlation value of 0.656, which means that the relation is classified as strong.

2) There is a significant positive relation between Institutional Change and Operational Performance with a significance value of 0.000 and a Pearson Correlation value of 0.655 which means the relationship is sufficient.

3) There is a significant positive relation between Institutional Change and Service Quality with a significance value of 0.000 and a Pearson Correlation value of 0.633, which means that the relationship is sufficient.

4) There is a significant positive relation between BPR and Operational Performance with a significance value of 0,000 and a Pearson Correlation value of 0.779, which means the relationship is strong.

5) There is a significant positive relation between BPR and the Service Quality with a significance value of 0,000 and a Pearson Correlation value of 0.715 which means the relationship is strong.

6) There is a significant positive relation between Operational Performance and Service Quality with a significance value of 0,000 and a Pearson Correlation value of 0,880, which means the relationship is classified as very strong.

			non (in pour		
		X1	X2	Y1	Y2
X1	Pearson	1	.656**	.655**	.633**
	Correlation		.000	.000	.000
	Sig. (2-tailed)	331	331	331	331
	Ν				
X2	Pearson	.656**	1	.779**	.715**
	Correlation	.000		.000	.000
	Sig. (2-tailed)	331	331	331	331
	Ν				
Y1	Pearson	.655**	.779**	1	.880**
	Correlation	.000	.000		.000
	Sig. (2-tailed)	331	331	331	331
	Ν				
Y2	Pearson	.633**	.715**	.880**	1
	Correlation	.000	.000	.000	
	Sig. (2-tailed)	331	331	331	331
	Ν				

Table 3.11. Pearson Correlation (Hypothesis - H1)

***Correlation is significant at the 0.01 level (2-tailed)* Source: Research Data Processed (2019)

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f. Hypothesis Testing H2 and H3

Hypothesis H2 (Coefficient of Determination and Multiple Regression Analysis of BPR as the moderator of Operational Performance)

Summary Model								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate				
1	.803ª	.644	.641	3.955				
a. Predict	tors: (Constant),	moderation, X1	, X2					

Table 3.12. Coefficient of Determination (R Square))
---	---

Source: Processed Data Research Results (2019)

Hypothesis test results H2, R square, or the coefficient of determination = 0.644, showed that 64.4% of the operational performance was influenced by the institutional changes and BPR as a moderator, while 35.6% of the operational performance was influenced by other variables.

Then the authors conducted the F test which shows the F/Simultaneous test obtained a significance value of 0.000 < 0.05, which means that there is a significant influence between the institutional changes and BPR as a moderator on the operational performance.

		Sum	of			
Model		Squares	Df	Mean Square	F	Sig.
1	Regression	9259.280	3	3086.427	197.362	.000
	Residual	5113.759	327	15.638		
	Total	14373.039	330			
a. Depend	lent Variable: Y1		I		-1	

Table 3.13. Dependent Variable (Y1) of F Test

D. Predictors: (Constant), moderation, X1, X2

Source: Processed Data Research Results (2019)

Hypothesis H3 (Coefficient of Determination and Multiple Regression Analysis for BPR as a moderator of Service Quality)

The results of the hypothesis test H3, R square, or the coefficient of determination = 0.559, showed that 55.9% of service quality influenced by the institutional changes and BPR as a moderator, while 44.1% of service quality was influenced by other variables.

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Table 3.14. Coefficient of Determination (R Square)Summary Model						
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate		
1	.747ª	.559	.555	6.049		
a. Predict	ors: (Constant),	moderasi, X1, X2				

Source: Processed Data Research Results (2019)

The F test result for hypothesis H3 shows that the F/Simultaneous test obtained a significance value of 0.000 < 0.05, which means that there is a significant influence between institutional changes and BPR as a moderator on service quality.

ANOV	A ^a					
Model		Sum o Squares	of Df	Mean Square	F	Sig.
1	Regression	15141.645	3	5047.215	137.924	.000 ^b
	Residual	11966.307	327	36.594		
	Total	27107.952	330			
a. Depe	ndent Variable: Y2					
b. Predi	ctors: (Constant), n	noderation, X1, X	X2			
Source:	Processed Data Re	search Results (2	2019)			

Table 3.15. Dependent Variable (Y2) OF F Test

4. Conclusion

Based on the description and analysis of the research results, it can be concluded:

First: There is a significant difference in the operational performance of Perum BULOG due to the institutional changes and the implications of Business Process Reengineering (BPR), as well as having a positive impact against stakeholders.

Second: The performance of Business Process Reengineering (BPR) has a positive effect on the operational performance, especially in improving the development of the Rumah Pangan Kita (RPK) program for BULOG's distribution network

Third: The Business Process Reengineering (BPR) performance has a positive effect on service quality. RPK programs can be a source of income for companies that replace the Raskin/Rastra program. There is a positive correlation between operational performance and service quality.

However, the BPR performance has not been maximally achieved, it is necessary to carry out an evaluation to fix several problems; among others, the issue of product availability and continuity must be a priority in improving performance.

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5. Discussion: Synthesis of RPK Program

The principle of BPR is to rest on completely different thoughts from the previous business process and to be focused on a new process (Indrajit & Djokopranoto, 2016, p. 3).

From the findings of quantitative and qualitative methods, the authors see how BPRs synthesize RPK programs so that they can be implemented to improve the operational performance at BULOG. The implementation refers to the regulations that underlie the establishment and function of Perum BULOG, specifically based on Government Regulation of the Republic of Indonesia No. 13 of 2016 concerning Public Company (Perum) BULOG and Presidential Regulation of the Republic of Indonesia No. 48 of 2016 concerning Assignments to Public Companies (Perum) BULOG in the Framework of National Food Security.

Through the BPR method, the authors view how to maximize the RPK program according to the main tasks and functions of Perum BULOG based on two regulations above:

a) RPK in the commercial function as a new business process.

The dimension of configuration changes among economic actors; through the RPK program, a new interaction pattern occurs. Meanwhile, in terms of competitiveness, BULOG is very profitable, in addition to the old pattern through distributors and big companies. There has been a tremendous increase in BULOG products in terms of quality, brand, and packaging. BULOG is a big name, with a stronger branding to enter the market.

b) RPK in global logistics and supply chain arrangements.

The business process engineering dimension side; RPK program is an infrastructure potential with national capacity that can be a market controller. This is a radical change where BULOG can enter and release stocks directly to the community. The RPK network can become a business community that encourages the market potential for BULOG. Therefore, BULOG must strengthen its position in the upstream and downstream areas, be equipped with an outsourced network (suppliers) in the upstream, and a distribution network that penetrates the downstream market. If the downstream network is well-organized, BULOG will have a strong position in the global market and be able to provide customers with commodities at more competitive prices.

c) RPK as a public service outlet

The existence of the RPK program brings BULOG to the community to obtain commodities provided by BULOG. RPK networks penetrate to remote areas, for example, in districts/cities in Riau and Kepri there are spreading over 1,028 RPKs, including 300 of them are in Pekanbaru City (Antarariau, 2018). From the research results, most of the respondents and participants agreed to involve RPK in public service activities. The Market Operation (*Operasi Pasar*) (OP) should involve RPK. The RPK program must be improved because RPK is formed as the closest partner in residential areas as a distribution network for food commodities handled by BULOG whose prices are strongly influenced by the market.

d) RPK according to the stakeholder perspective

This discussion includes who the stakeholders of BULOG are; internal stakeholders and external stakeholders, including seven ministries that oversee Perum BULOG.

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• By the aspect of the internal stakeholder: The RPK program encourages BULOG to fulfill the holistic process of the service cycle starting from the internal service quality. Employee satisfaction is the beginning of employee loyalty which later becomes the strength of a team that leads to the company's growth (Rangkuti, 2017, p. 77).

The RPK program is a retail channel that requires BULOG to have a reliable human resource (HR) to provide excellent service. Realizing service excellence requires more specific skills and competencies along the company's value chain (procurement, storage, and maintenance of stock, frontline service, distribution, to the process of receiving and handling complaints).

• By the aspect of the external stakeholder: There is an increase in service quality in line with the growth of the RPK network, but with a process such as the life cycle, service quality is still unstable. The findings during the observation and interviews that there were still obstacles in the information on stock availability and product continuity. This could be because data and information are not integrated to meet customer needs. A system that is not integrated shows that there is no management commitment for business continuity.

• The RPK program as a state instrument for tasks realization of seven ministries that oversee BULOG and also serves as the political instruments of the President. BULOG's task as a price safeguarding of staple food for rice at the producer and consumer levels and safeguarding other food prices was well implemented from 2016 through 2019. The RPK operationalization sets the Purchase Price and Selling Price at the Highest Retail Price (*Harga Eceran Tertinggi*) (HET) at the consumer level for all commodities provided by BULOG. For rice commodities, it refers to the Regulation of the Minister of Trade of the Republic of Indonesia Number: 57/M-DAG/PER/8/2017, while for other food commodities, it refers to the Regulation of the Minister of Trade of the Republic of the Regulation of the Minister of Trade of the Regulation of the Regulatio

Meanwhile, President Jokowi has participated in launching the RPK program, one of which was in Banten Province on May 11, 2018 (KabarBanten.com, 2018). This proves that the RPK program is quite successful in becoming a political instrument as President Jokowi's performance on the food access readiness and national food security. Besides, it is also a performance in fulfilling the promise of siding with the people's economy.

e) RPK as a market meeting outlet

Of the various functions described above, RPK also has the potential to become a market meeting outlet, both for offline markets and online markets that allow BULOG to become the leading sector for State-Owned Enterprises with multiple objectives.

Some of the RPK outlets serving BPNT have collaborated to become agent outlets for the State Bank Association (*Himbara*); BNI, BRI, and Mandiri Bank. RPK outlets in other regions can become other banking outlets to smooth out Provincial Government programs, such as Bank BJB in West Java or Bank DKI Jakarta. Apart from Himbara and private banking, BUMN can also synergize with Perum Pegadaian, Antam, Fisheries, and others.

Meanwhile, in the commercial sector, BULOG can build cooperation with several existing ecommerces. Also, it can collaborate with transportation mode companies, such as Gojek, Grab, and similar companies, as an option for the market segmentation as well as serves as an option for last-mile transportation of BULOG commodity distribution instruments. RPK program

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development such as this can be referred to as the RPK Multi-Platform; become a market for other institutions and companies, on the other hand also makes them a market for BULOG.

6. Recommendations

Based on the research findings, unstable service levels, and the implementation of management policies that often do not cover the operational level, the authors made the following recommendations:

a) Determining the main values to be given to the RPK outlet owners and other stakeholders from the information that comes in concerning price, availability, quality, technology, distribution, product variety, service, and promotion. Setting a critical concept for these values, the infrastructure, and units involved along with the Key Performance Indicators (KPI).

b) Establishing Business Performance Indicators for the RPK program.

c) Conducting continuous and planned monitoring and evaluation to maintain engagement to increase competitiveness.

d) Classifying RPK outlets since the initial registration process to obtain the complete data for the customer segmentation, products, types of services, and to get potential closer service to RPK outlets by providing service authority to outlets that have potential as sub-distribution Centers.

e) When the RPK program is involved in the public service function, performance measurements must be made, so that they do not conflict with the main objective of maximizing the company's profitability. BULOG needs to propose an appropriate mechanism and the support from the government for financing public services. It should be underlined that the government as a stakeholder often narrows the interests of the organization and uses resources for its purposes. Any assignment must prioritize the performance goals that BULOG wants to maximize.

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