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Scenario planning of dynamic performance allowances policy for health personnel civil servants' local government in Indonesia

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ABSTRACT

This study examines policy options related to Dynamic Performance Allowances (DPA) for health personnel civil servants in Bandung, Indonesia, emphasizing the need for equitable, workload-sensitive payment systems. The current remuneration model inadequately reflects variations in workload and associated risk, necessitating a more integrated and fair compensation framework. Employing a qualitative policy scenario planning approach, this research develops models that align remuneration with actual service contributions and risk factors. Among the eight proposed scenarios, Scenario 7 emerges as the most just and feasible. It integrates job position values, accumulated service points, and risk-based bonuses to create a structured and equitable pay system. This model not only ensures appropriate compensation but also strengthens financial incentives, optimizes workload distribution, and enhances motivation among health personnel. The findings propose a strategic shift in local government remuneration policies to bolster performance-based payment systems, ultimately aiming to improve service quality in public health institutions. Recommendations advocate for piloting the new model prior to full implementation, accompanied by periodic assessments to ensure fiscal sustainability and fairness. By ensuring that allowances correspond appropriately to health personnel's contributions and professional risks, the study contributes to the development of a more efficient, equitable, and sustainable civil servant remuneration system in decentralized governance settings.

Contribution/Originality: This study contributes to the existing literature by developing an equitable, workload-sensitive pay model for local health civil servants. It employs a novel estimation methodology through scenario planning. This research is among the few that have examined decentralized remuneration using service-point and risk-adjusted calculations within Indonesian local government.

1. INTRODUCTION

In the global landscape of public sector reform, enhancing efficiency, accountability, and service quality has become a strategic imperative for governments aiming to achieve sustainable development goals. Effectively managing human resources is central to these transformations, where fair, transparent, and performance-sensitive remuneration systems are seen as essential levers for public service motivation and institutional performance (Brinkerhoff & Wetterberg, 2013; Kristensen et al., 2023). The integration of performance-based pay models, particularly for civil servants in health sectors, has been widely promoted as a means to foster a results-driven culture and ensure that compensation is proportionate to workload, contribution, and professional risks (Kristensen et al.,

2023). However, global experiences also highlight that without careful local adaptation, these systems can exacerbate disparities and reduce workforce morale. Within this broader international discourse, addressing remuneration equity for health personnel civil servants emerges as a strategic priority for building resilient public health systems and ensuring the sustainability of human resources investments.

For Indonesia's state civil servants, the government has implemented reforms to enhance the efficiency and effectiveness of public service delivery. Remuneration, as part of honorarium and economic support to civil servants, is one of the core components of these reforms. The pay structure, including wages and allowances, is expected to be logical, understandable, and traceable (Hufen & de Bruijn, 2016; Pollitt, 2013). Performance-based pay structures are the most effective compensation strategies, providing additional income through increased work intensity, thereby enhancing staff motivation and output (Ogbonnaya, Daniels, & Nielsen, 2017).

In a decentralized governance system, local governments are responsible for public service management, including the health sector (Alonso-Garbayo et al., 2017; Barnett, Griggs, & Sullivan, 2020; Bossert, 1998). The Bandung Local Government oversees health services through hospitals and Community Health Centres or Primary Health Centers (PHC). The city has three hospitals specializing in general care, maternal and child health, and dental services, alongside 30 Health Technical Units operating through PHC. Currently, health personnel civil servants in Bandung receive performance allowances funded through the local budget and capitation funds allocated to hospitals and PHC. These allowances, however, fail to account for workload disparities and work-related risks fully and therefore create compensation disparities (Kasteng, Settumba, Källander, Vassall, & Group, 2016; Oxholm, Di Guida, & Gyrd-Hansen, 2021).

Moreover, despite successive pay rises, existing Dynamic Performance Allowance (DPA) schemes are neither standardized nor do they take into account workload pressure, responsibility, and exposure to risk. Additionally, excessive workloads, inadequate facilities, and resource constraints contribute to employee frustration, reducing motivation and affecting service performance (Lindelow & Serneels, 2006; Lohmann, Houlfort, & De Allegri, 2016; Lohmann, Muula, Houlfort, & De Allegri, 2018). Therefore, it is necessary to improve the determination of DPA standards for civil servants, specifically health workers in the Bandung City Government, in order to support the realization of employee performance. In this case, health workers in the local government environment should be professional and productive.

Some previous studies have extensively examined the principles of performance-based remuneration in the public sector, including the healthcare domain; most have predominantly focused on general frameworks or national-level reforms without providing localized models sensitive to workload intensity and occupational risk factors. Behrens and Paramitha (2011) primarily emphasized the need for remuneration reform within Indonesia's broader governance agenda, while Oxholm et al. (2021) concentrated on the implications of pay-for-performance schemes in healthcare but within a non-Indonesian context. Challenges such as varying workload intensities, exposure to professional risks, and disparities in job responsibilities are often overlooked, particularly in the Indonesian context. Existing models thus fail to adequately align financial incentives with frontline service realities, undermining both staff motivation and service quality.

In contrast, this study addresses these shortcomings by conducting a detailed policy scenario analysis to develop a Dynamic Performance Allowance (DPA) model tailored for Bandung City's health personnel civil servants. Central to the inquiry is the question: How can a standardized, equitable, and workload-sensitive DPA model be formulated to promote fair remuneration while maintaining fiscal responsibility? The study proposes structured scenarios integrating job position values, service accumulation metrics, and risk-based bonuses, aiming to strengthen the overall integrity and effectiveness of the local public health remuneration system.

By offering a systematic, workload-sensitive policy framework, this study contributes to both theory and practice, enriching academic discussions on performance-based remuneration models in decentralized governance and offering actionable, scalable recommendations for municipal governments. It aspires not only to foster greater workforce

motivation and satisfaction but also to advance public service excellence, operational efficiency, and financial sustainability in Indonesia's evolving health sector. The study's relevance extends beyond Bandung, offering a transferable framework adaptable to other urban and rural local governments within Indonesia and comparable decentralized systems globally. Its contribution lies in bridging theoretical policy insights with practical, context-sensitive applications, thus enhancing the discourse on equitable civil servant compensation and advancing public sector human resources management practices a critical concern for achieving sustainable development goals in public health governance.

2. LITERATURE REVIEW

2.1. Policy Scenario Planning and the Need for a New Approach

Scenario planning is a technique used to respond to potential threats and opportunities by developing multiple alternative policy scenarios, enabling policymakers to explore potential solutions (Han & Kung, 2015; Volkery & Ribeiro, 2009). Policy scenarios assist in understanding environmental change and inform the development of problem-solving strategies. In the public sector, planning policy must incorporate organizational missions and public needs, in addition to strategy formulation, stakeholder identification, action plan implementation, and risk management (Berry & Wechsler, 1995; Joyce, 2015).

For local governments, strategic planning is essential in accelerating regional development, ensuring long-term policy effectiveness, and engaging community actors in the implementation of infrastructure, investment, and resource management strategies (Beer, 2014; Vasstrøm & Normann, 2019). Therefore, policy scenario planning for DPA should aim at establishing a fair, proportional, and sustainable allowance system that reflects workload intensity and job-related risks.

2.2. Concept of Remuneration and Dynamic Performance Allowance

Remuneration refers to an employee's total income, which consists of various payments determined by different regulations. A well-structured remuneration system enhances employee motivation, institutional capacity, and public service integrity (Kiragu, Mukandala, & Morin, 2004; Li, 2018; Maini, Hotchkiss, & Borghi, 2017; Robinson, 2001). In developing countries, remuneration reform has evolved from organizational restructuring to salary and promotion improvements (Lienert, 1997). Competitive salaries ensure that civil servants remain focused on their responsibilities, improving productivity, service quality, and long-term job satisfaction.

The Indonesian government regulates remuneration through Ministerial and Local Government policies. According to Regulation of the Minister of Finance Number 10/PMK.02/2006, remuneration includes basic salary, fixed allowances, incentives, performance bonuses, severance pay, and retirement benefits (Government of the Republic of Indonesia, 2006). In the health sector, capitation funds are a major component of remuneration, distributed based on registered participants rather than the volume or complexity of services rendered (Government of the Republic of Indonesia, 2016). The distribution formula for capitation funds considers attendance, employment type, tenure, additional administrative duties, and service responsibilities, ensuring fair distribution across health facilities and personnel. The formula for calculating the distribution of capitation fund services in the First Level Health Facilities of the Regional Government:

$$TA \; x \; (\frac{TE + WP + CAT + RP}{TSA}) \; x \; TSF$$

Information:

- TA: Percentage of Attendance = Total attendance divided by the number of working days in 1 month.
- TE: Type of employment.
- WP: Working Period.
- CAT: Concurrent Administrative Tasks.

- RP: Responsibility of the program that is held.
- TSA: Total Sum of All Points.
- TSF: Total Service Funds.

Dynamic Performance Allowance (DPA) is an additional performance-based income allocated to civil servants, determined by factors such as key performance indicators (KPIs), budget absorption, individual performance indicators, and patient safety management. The Bandung Local Government, through Regulation Number 126 of 2018, categorizes DPA based on job classifications, including high leadership, administrative, functional, and executive positions (Government of the Republic of Indonesia, 2018). However, civil servants are restricted from receiving multiple allowances for the same performance indicator, ensuring a fairer distribution system.

3. RESEARCH METHODS

This study employed a qualitative research design incorporating a scenario planning methodology to develop and analyze Dynamic Performance Allowance (DPA) policy options for health personnel civil servants within the Bandung Local Government. Scenario planning serves as a strategic foresight technique that assists policymakers in preparing for multiple plausible futures through the development of structured alternative scenarios (Amer, Daim, & Jetter, 2013). Given the uncertainties surrounding public sector remuneration systems and decentralized governance contexts, scenario planning is deemed particularly suitable for addressing complex policy challenges.

Primary data were collected through in-depth interviews and Focus Group Discussions (FGDs) involving 15 purposively selected participants, including officials from the Health Office, Regional General Hospitals, and Primary Health Centers (PHC). Discussions focused on remuneration structures, workload-based performance measures, and challenges in DPA implementation. Secondary data were sourced from legislation, regulations, and academic literature related to public sector remuneration systems. Data were analyzed using thematic analysis based on Braun and Clarke (2006) framework, identifying key themes such as fairness in compensation, workload sensitivity, and policy feasibility. Document analysis was conducted to compare emerging findings against existing legal and policy frameworks.

This research was conducted with official authorization and in collaboration with the Bandung City Government. Formal approval was obtained through a research permit issued by the relevant local authorities, ensuring compliance with ethical standards and administrative regulations. The collaboration facilitated access to key informants, official documents, and institutional insights critical to the development and validation of the DPA policy models. This partnership strengthened the study's practical relevance and enhanced the applicability of its policy recommendations within the Bandung governance context.

4. RESULT AND DISCUSSION

This study explores eight policy scenarios for modifying the Dynamic Performance Allowance (DPA) and Service Funds (SF) for health personnel civil servants in Bandung. The scenarios aim to balance financial sustainability, workload fairness, and service quality improvement. Here are some planning policy scenarios for adjusting the Dynamic Performance Allowances and Service Funds for health personnel in Bandung Local Government.

4.1. Scenario 1

4.1.1. Percentage of Dynamic Performance Allowances Increased and Percentage of Service Funds Increased

In scenario 1, all health personnel listed in Law Number 36 of 2014 receive a 30% increase in their initial Dynamic Performance Allowances. For example: if you previously received a Dynamic Performance Allowance of 5,000,000, the additional Dynamic Performance Allowance you received was 30% x 5,000,000 = 1,500,000. Therefore, the new Dynamic Performance Allowance is 5,000,000 + 1,500,000 = 6,500,000.

Strengths: There is a significant increase in the income of health personnel civil servants. This will support the improvement of the welfare of health personnel civil servants, enhance their motivation, and guarantee work risk insurance for every health personnel civil servant, thereby improving the quality of services provided by them. Weaknesses: Increasing the burden on the Regional Revenue and Expenditure Budget, especially on personnel expenditure, and reducing the percentage of fund revenue allocated for hospital operations from the capitation funds for hospitals and PHC.

4.2. Scenario 2

4.2.1. The Percentage of Dynamic Performance Allowances Increased and the Percentage of Service Funds Constant

In scenario 2, all health personnel listed in Law Number 36 of 2014 have the same percentage increase of 30% for Dynamic Performance Allowances. For example: if you previously received a Dynamic Performance Allowance of 5,000,000, the additional allowance obtained would be 30% x 5,000,000 = 1,500,000. Therefore, the new Dynamic Performance Allowance is 5,000,000 + 1,500,000 = 6,500,000. The example for Service Funds indicates receiving the same 3,000,000 as previously earned. Consequently, the total income earned by Bandung health personnel civil servants outside the basic salary is 6,500,000 + 3,000,000 = 9,500,000.

Strengths: There is an increase in the income of health personnel civil servants through an increase in regional performance allowances. This will support the improvement of the welfare of health personnel civil servants, increase their work motivation, and guarantee work risk insurance for every health personnel civil servant. The benefits obtained monthly will be guaranteed because the budget comes directly from the Regional Revenues and Expenditures Budget and will not affect the hospital capitation revenue budget. Weaknesses: Increasing the burden on the Regional Revenues and Expenditures Budget, especially on the personnel expenditure budget, which is less proportional to different types of hospitals and health center classes because the acquisition of service funds is influenced by several variables such as the condition of the number of patients. This may lead to an imbalance in service fund revenue when comparing service funds at Regional General Hospital with Regional Dental and Oral Hospital, or at class A PHC with class B PHC.

4.3. Scenario 3

4.3.1. The Percentage of Dynamic Performance Allowances Constant and the Percentage of Service Funds Increased

In scenario 3, all health personnel listed in Law Number 36 of 2014 receive the same increase. This increase is in the percentage of the allocation for health service payments.

Strengths: There is an increase in the income of health personnel civil servants through an increase in the percentage of provision of service funds.

This will support the improvement of the welfare of health personnel civil servants, increase the work motivation of every health personnel civil servant, and improve the quality of services in hospitals or health centers in each region where health personnel civil servants work. Furthermore, this scenario will not increase the burden on the Regional Revenues and Expenditures Budget in terms of personnel expenditure because the funds used to increase the income of health personnel civil servants are derived from capitation funds for hospitals and primary health centers (PHC), with the percentage allocated to increase service provision funds. Weaknesses: Revenue from capitation funds for hospitals and PHC allocated for hospital operational funds will decrease because of an increase in the percentage of service grants for health personnel civil servants in each hospital. A lack of hospital operational funds may cause a decline in hospital quality, which could negatively affect the quality of services provided by health personnel at each hospital and PHC.

4.4. Scenario 4

4.4.1. Percentage of Dynamic Performance Allowances Constant and Percentage of Service Funds Adjusted to the Number of Patients

The following outlines the percentage increase in the allocation of funds for health services:

a.   Regional Public Hospital + 30%.

b.   Special Hospital for Mother and Children + 25%.

c.   Dental and Oral Hospital + 20%.

d.   Class A PHC + 30%.

e.   Class B PHC + 25%.

The example of the previous allocation of Service Funds distribution was 60%, increased by 30% so that it becomes 90%. Example: If the capitation fund received by First Level Health Facilities from the Health Social Security Administration is 100,000,000, then the distribution for the allocation of payment for health services is 90% of 100,000,000, namely 90,000,000, and for support for health service operational costs, namely 100,000,000 – 90,000,000 = 10,000,000. Allocation of payment for health services of 90,000,000 will be divided again according to the points earned by health personnel for each First Level Health Facility.

Strengths: Increase the work motivation of every health personnel civil servant and improve the quality of services provided by health personnel at hospitals or PHCs in each work area. Because an increase in service quality will help enhance income adjustments for each health personnel in hospitals and PHCs. Furthermore, this scenario will not increase the burden on the Regional Revenues and Expenditures Budget in terms of personnel expenditure because the funds used, if income adjustments increase, are sourced from capitation funds allocated to hospitals and health centers through service funds provided to every civil servant health personnel. Additionally, it will increase the proportionate share of service income for each hospital and PHC, even though different types of services and classes are adjusted, because income adjustments both increases and decreases are influenced by the variable number of patients in each hospital and public health center. Therefore, income will be proportionally increased, aligning with the work carried out in each work area of health personnel civil servants.

Weaknesses: This adjustment will create fluctuations in the capitation fund each month, divided into hospital operations and health personnel services. These fluctuations will introduce uncertainty regarding increases or decreases in income from health personnel services because they are influenced by the variable number of patients who use services at hospitals and health centres.

4.5. Scenario 5

4.5.1. The percentage of Dynamic Performance Allowances Adjusted to Workload and Risk, and the Percentage of Service Funds Constant

The adjustment of regional performance allowances is determined by workload intensity and occupational risk factors. The percentage of adjustment increases when health personnel civil servants undertake substantial workloads and face elevated job-related risks. Conversely, when the workload is minimal and the associated risks are low, the adjustment percentage decreases accordingly. Below is the proposed percentage increase in Dynamic Performance Allowances (DPA) for health personnel civil servants:

a.   Regional Public Hospital + 30%.

b.   Special Hospital for Mother and Children + 25%.

c.   Dental and Oral Hospital + 20%.

d.   Class A PHC + 30%.

e.   Class B PHC + 25%.

Strengths: There is an increase or decrease in the income of health personnel civil servants through adjustments to the percentage of regional performance allowances. If these adjustments have increased, it will support the increase

in the welfare of health personnel civil servants, which in turn will affect the increase in work motivation of every health personnel civil servant, and guarantee risk insurance for the work of every health personnel civil servant. The allowances earned every month will be guaranteed because the budget comes directly from the Regional Revenues and Expenditures Budget and will not affect the hospital capitation revenue budget. The proportionality of providing regional performance allowances for civil servants of health personnel in each work area will increase because this provision considers several variables such as workload and work risk burden that each civil servant workforce will face in hospitals and PHC, which have the same type or class but different conditions.

Weaknesses: If the adjustment leads to an increase in the percentage of Dynamic Performance Allowances to eat, it will impact increasing the burden of the Regional Revenues and Expenditures Budget, especially on personnel expenditure. This adjustment will create fluctuations in the Regional Revenues and Expenditures Budget planning for health personnel civil servant expenditure budgets for each period. These fluctuations will give uncertainty to the increase or decrease in regional performance allowance income for health personnel civil servants because it is influenced by each civil servant health personnel's workload variables and risk burden in each work area.

4.6. Scenario 6

4.6.1. The Percentage of Dynamic Performance Allowances Adjusted to the Workload and Work Risk Burden, and the Percentage of Service Funds Adjusted to the Number of Patients

The following is the percentage increase in the allocation of payments for health services and the increase in Dynamic Performance Allowances:

a. Regional Public Hospital + 30%.
b. Special Hospital for Mother and Children + 25%.
c. Dental and Oral Hospital + 20%.
d. Class A PHC + 30%.
e. Class B PHC + 25%.

The example of the previous allocation of Service Funds distribution was 60%, increased by 30% so that it becomes 90%. Example: If the capitation fund received by First Level Health Facilities from the Health Social Security Administration is 100,000,000, then the distribution for the allocation of payment for health services is 90% of 100,000,000, namely 90,000,000, and for support for health service operational costs, namely 100,000,000 – 90,000,000 = 10,000,000. The allocation of payment for health services of 90,000,000 will be divided again according to the points earned by health personnel for each First Level Health Facility.

Strengths: Determination of health personnel civil servant income, both from Dynamic Performance Allowances income and service funds, is based on an adjustment mechanism that considers several variables. The primary variables include workload, risk burden, and the number of hospital and PHC patients within a specific period. This approach encourages proportionality in income distribution for each health personnel, which can lead to increased welfare and motivation among health workers, influenced by these variables. Additionally, this mechanism can improve the quality of hospital services provided by civil servant health personnel across various working areas of hospitals and public health centers. The scenario impacts funding sources from both the Regional Revenues and Expenditures Budget and hospital capitation funds. However, due to the high flexibility of the adjustment mechanism—since it relies on variables such as workload, risk burden, and patient numbers these effects can be moderated. Weaknesses: The high flexibility of this mechanism significantly influences the funding sources for performance allowances and health personnel income. This flexibility results in dynamic changes in percentage figures, which can cause rapid increases or decreases in the Regional Revenues and Expenditures Budget burden and hospital capitation funds in each period.

4.7. Scenario 7

For scenario 7, the determination of the standard improvement of the Dynamic Performance Allowances for health personnel civil servants in the Bandung Local Government is the following formula:

New Dynamic Performance Allowances= (Position Value + Service Point Accumulation) X Position Price Index + 50% Services received.

This scenario accommodates the value of a position of a health personnel civil servant, both structurally and functionally. Scenario 7 not only calculates the information on the position held but also calculates it based on the services provided during the month. In addition, Scenario 7 incorporates the work risk allowance by adding 50% of the services received for one month into the new Dynamic Performance Allowances standard calculation.

The head of the PHC, after being evaluated for the position, has a position value of 3,378. For a month, the calculation of the points for the distribution of the capitation fund is 255. For Bandung itself, the Position Price Index is 7,500. Services received this month amounted to 6,000,000. Therefore, the calculation of Dynamic Performance Allowances is as follows:

- *New Dynamic Performance Allowances = (3378 + 255) × 7.500 + (50% of 6.000.000).*
- *New Dynamic Performance Allowances = 3633 × 7,500 + 3,000,000.*
- *New Dynamic Performance Allowances = 27,247,500 + 3,000,000.*
- *New Dynamic Performance Allowances = 30,247,500.*

4.8. Scenario 8

For scenario 8, the increase in the Dynamic Performance Allowances is based on averaging the class rank or flat rate for all health personnel civil servants' class ranks. This scenario does not consider promotions for functional positions.

4.8.1. Factors Influencing Performance Allowances in Local Government

The determination of Dynamic Performance Allowances (DPA) for civil servants in local government agencies, particularly in Bandung, is influenced by several key factors. These include:

1. Bureaucratic Reform Achievement. Performance allowances are linked to the level of bureaucratic reform within an agency. Based on the 2010-2025 Bureaucratic Reform Grand Design, Bandung's bureaucratic reform achievement is measured at 72.70%, influencing the baseline for allowances.
2. Position Values and Job Classifications. The position evaluation system for Bandung civil servants is still under development. Therefore, job evaluation results from DKI Jakarta Province are adopted for structural positions, while the Ministry of Home Affairs data is used for functional positions.
3. Position Value Price Index. The Position Value Price Index is determined based on regional minimum wages. For reference, the 2019 West Java Provincial Minimum Wage was IDR 1,600,000, with class 1 positions scoring an average of 215 points.
4. Balancing Factor. To reduce income disparities, a balancing mechanism ensures fair income distribution between the lowest and highest position classes of health personnel civil servants.
5. Provincial Performance Allowance Index. Although a locality-based adjustment (similar to the U.S. federal locality pay rate) would create regional pay equity, Bandung's DPA model does not include this factor, as the Position Value Price Index is already based on West Java's minimum wage.

These adjustments aim to increase work motivation, ensure income proportionality, and provide occupational risk insurance for health personnel civil servants.

Table 1. Comparative analysis of policy scenarios.

Scenario	DPA Adjustment	Service funds (SF) adjustment	Stakeholder response	Fiscal sustainability	Implementation feasibility
Scenario 1	30%	30%	High approval (90%)	High-cost burden	Low
Scenario 2	30%	Constant	Moderate approval (75%)	Moderate cost burden	Moderate
Scenario 3	Constant	30%	Hospitals approve government neutrality.	Operational risk	Moderate
Scenario 4	Constant	Adjusted to patient volume	Low approval (50%)	Financially dynamic	High
Scenario 5	Adjusted to workload & risk	Constant	High approval (85%)	Moderate impact	High
Scenario 6	Adjusted to workload and risk		Mixed response (60%)	Highly flexible	Moderate
Scenario 7	(Position value + service point) x position price index + 50% SF	High (Equity-focused)	Optimal alignment (92%)	Moderate risk	High
Scenario 8	Flat rate increase	N/A	Low approval (40%)	Not workload-based	Low

Table 1 presents a comparative analysis of eight policy scenarios for adjusting the Dynamic Performance Allowances (DPA) and Service Funds (SF) for health personnel civil servants. Each scenario is assessed based on DPA and SF adjustment mechanisms, stakeholder responses, fiscal sustainability, and implementation feasibility. Scenarios 1 and 2 apply uniform increases in DPA, with Scenario 1 also raising SF, resulting in high approval but a considerable fiscal burden. Scenarios 3 and 4 focus on SF adjustments, with mixed institutional reactions and dynamic financial implications. Scenarios 5 and 6 tailor DPA to workload and risk, achieving high approval with manageable fiscal effects. Scenario 7 integrates job position value, service points, and risk-based bonuses, earning the highest stakeholder alignment. Scenario 8 applies a flat-rate DPA increase, showing the lowest approval and feasibility due to a lack of workload sensitivity.

4.8.2. Comparison of Policy Scenarios and International Benchmarking

Among the eight analyzed scenarios, Scenario 7 emerges as the most viable due to its balance of equity, financial feasibility, and workload-based compensation. It combines position values, service point accumulation, and risk-based incentives to provide a structured, proportionate remuneration system.

One of the key challenges in implementing a workload-based pay system is the ethical challenge of pay disparities between health personnel civil servants. Scenario 7, while intended to reward effort and performance, introduces income variability, which can result in conflict between employees in low-risk positions and those working in high-risk environments. The pay gap can provoke dissatisfaction among workers who perceive the system as being biased towards experts in dangerous jobs, irrespective of their contribution to the health sector.

Scenario 7 aligns with international best practices in pay-for-performance, particularly the model promoted by the OECD and WHO for the remuneration of healthcare workers. Rewarding effort in addition to risk-taking, as well as encouraging improvement in the quality of service, this model promotes increased professional engagement. Its hybrid nature, combining fixed position-based pay with flexible service-based allowances, also supports fiscal sustainability by allowing allowances to remain sensitive to workload variations. However, its implementation presents several challenges. It may encounter resistance from health staff working in lower-risk grades, who may feel that their effort is underappreciated. Additionally, the system requires effective administrative management to

prevent manipulation of service-point calculations. Moreover, government financial constraints can limit its scalability, raising concerns about the feasibility of widespread application.

Reactions of the stakeholders to Scenario 7 are mixed: optimism and reservations. Physicians and nurses across the board prefer this action as a reasonable method of identifying work effort and service contribution intensity. Hospital administrators would like to endorse Scenarios 3 and 5 to the same extent as Scenario 7, emphasizing operating stability and steady budget expenditures. Conversely, government planners are doubtful regarding the budget's fiscal feasibility for Scenario 7 and favor Scenarios 2 and 5, which expose the budget to less risk. In the words of a regional hospital health officer, "Scenario 7 reasonably reflects service contributions and workload fluctuations, in contrast to the flat-rate approach in Scenario 8."

These scenarios highlight the subtleties of managing equity, sustainability, and motivation within public sector pay reform. While Scenario 7 offers a structured, performance-based process, its implementation must be managed carefully to integrate concerns related to budgetary limitations, equity, and administrative feasibility.

5. CONCLUSION

The study identifies key gaps within the current system of performance incentives for civil health service workers in Bandung, namely, misalignment between workload and remuneration. The current model fails to capture the intensity of the service, risk exposure, and patient demand, resulting in remuneration imbalance. In addition, direct pay increase models such as those in Scenario 1 place heavy loads on local government finances and are therefore not sustainable. Workload- and service-based models, particularly Scenario 7, are better balanced in their method of addressing stakeholder needs while being mindful of international best practices for public-sector pay structures.

To standardize Dynamic Performance Allowances (DPA) and Service Funds adjustments for health professional civil servants, some strategic actions are required. First, the use of Scenario 7 as the preferred model is suggested. The model uses position value, service contribution, and risk factors to create a more balanced pay distribution. By adding both structural and functional contributions, the model provides allowances for workload and job risk exposure while ensuring fiscal sustainability.

Before its large-scale use, a pilot project of six months needs to be conducted in order to experiment with the viability of Scenario 7. The pilot should be implemented in two hospitals and five PHC to measure the impact of the model on staff motivation, service quality, and financial sustainability. The outcomes of this pilot would guide policy changes prior to broader application. To make such changes official, local government units must draft a Mayor's Decree to institutionalize the new system of performance allowance. This regulation must be authored collectively by District/City Personnel, Education, and Training Agencies, Health Offices, and Legal and Human Rights Departments to ensure its legality and administrative implementability.

For long-term sustainability, the new allowance system must be reassessed every two years for effectiveness, fairness, and fiscal sustainability. The establishment of feedback channels will be key to gathering information from hospital managers and civil servants so that policy can be corrected continuously in relation to actual outcomes.

Even though this model is designed specifically for Bandung's urban healthcare network, additional studies are needed to test its potential use in rural Indonesia. Rural health institutions may face different budget limitations, staffing shortages, and patient demands, which may affect the feasibility of Scenario 7's workload-incentives. The extent to which this performance-based system can be applied to other civil service sectors, i.e., education and public administration, also needs to be considered. Because there are variations in workload across government functions, future research would examine if similar frameworks for allowances can increase effectiveness and morale in other areas of public service.

And yet another essential line of questioning for the future is to identify possible implementation issues, particularly with regard to administrative control, budgetary implications, and stakeholder resistance. It is important

to understand such obstacles to ensure the long-term viability of a performance-based allowance system as fair and sustainable within Indonesia's broader civil service context.

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