

## THE EFFECTIVENESS OF FIXED ASSET MANAGEMENT IN SUPPORTING ORGANIZATIONAL PERFORMANCE: EVIDENCE FROM THE REGIONAL SECRETARIAT OF KENDARI CITY

Muh. Rijal,<sup>1</sup> Muhammad Yusuf,<sup>2</sup> Sarinah,<sup>3</sup>

<sup>1,2,3</sup>Department of Administrative Science, Public Administration Program, Faculty of Social and Political Sciences, Halu Oleo University, Kendari, Southeast Sulawesi, Indonesia.

Email: [muh.rijalhaseng@uho.ac.id](mailto:muh.rijalhaseng@uho.ac.id), [yusuffia075@uho.ac.id](mailto:yusuffia075@uho.ac.id), [sarinah@uho.ac.id](mailto:sarinah@uho.ac.id)

### ABSTRACT

This study aims to analyze the effectiveness of fixed asset management in supporting organizational performance at the Regional Secretariat of Kendari City. The study employed a qualitative approach using a descriptive method. Data were collected through observation, interviews, and documentation studies involving informants selected through purposive sampling, namely the Asset Manager of the Regional Secretariat of Kendari City and staff responsible for regional asset management. Data analysis was conducted through the stages of data collection, data reduction, data display, and conclusion drawing. The results indicate that fixed asset management at the Regional Secretariat of Kendari City has been implemented through eight stages: asset needs planning, asset procurement, asset inventory, asset legal audit, asset valuation, asset maintenance, asset disposal, and asset transfer. Overall, the implementation of fixed asset management has been carried out effectively and in accordance with applicable regulations and procedures, referring to the asset management theory proposed by Gima A. Sugiama. The effectiveness of fixed asset management is reflected in the availability of facilities and infrastructure that support the implementation of organizational duties and functions, the optimal maintenance of assets, and the improvement of efficiency and smoothness in organizational operations. However, several challenges remain, particularly in asset data management and the updating of asset information, which require further attention to enhance the quality of asset management in the future.

**Keywords:** effectiveness, fixed asset management, organizational performance, regional assets, Regional Secretariat of Kendari City.

### INTRODUCTION

In the era of regional autonomy and fiscal decentralization, local governments are granted broader authority to manage their finances and resources. This authority aims to improve the effectiveness of government administration, promote accountability in public resource management, and enhance the quality of public services. One of the strategic resources owned by local governments is fixed assets or Regional Property (Barang Milik Daerah/BMD), which function as supporting facilities and infrastructure for carrying out governmental duties and organizational functions.

Fixed assets possess significant economic value and provide long-term benefits to organizations. Therefore, they must be managed effectively, efficiently, transparently, and accountably to contribute optimally to the achievement of

organizational goals. Fixed asset management consists of a series of activities, including asset needs planning, procurement, inventory, legal audit, valuation, maintenance, disposal, and asset transfer. Each of these stages must be implemented in an integrated manner to ensure that fixed assets are utilized optimally in supporting organizational performance.

The effectiveness of fixed asset management is a crucial aspect of public administration because it is directly related to the availability of adequate facilities and infrastructure. Effective asset management can improve employee productivity, facilitate the implementation of programs and activities, and optimize the utilization of regional budgets. Conversely, ineffective asset management may result in various problems, such as administrative disorder, inaccurate asset records, underutilization of assets, excessive maintenance costs, and potential financial losses due to poorly managed assets.

The Regional Secretariat of Kendari City, as a staff element that assists the regional head in policy formulation and administrative coordination, plays a vital role in supporting local government administration. In carrying out its duties and functions, the Regional Secretariat is supported by various fixed assets, including office buildings, official vehicles, work equipment, and other supporting facilities. The availability and effective management of these assets are essential factors in ensuring smooth organizational operations and achieving optimal organizational performance.

Considering the importance of fixed assets in supporting organizational functions, asset management should not only comply with applicable regulations but also maximize the benefits derived from these assets. Therefore, this study was conducted to analyze the effectiveness of fixed asset management in supporting organizational performance at the Regional Secretariat of Kendari City. The analysis focuses on each stage of fixed asset management and its contribution to the effective implementation of organizational duties and functions. The findings are expected to provide an overview of the effectiveness of fixed asset management practices and serve as evaluation material and recommendations for improving the management of Regional Property in order to support better organizational performance.

## **PREVIOUS STUDIES**

Several previous studies are relevant to this research. These studies provide valuable references and help identify aspects that require further improvement and investigation.

1. Kusnawati, Amartur, Armanu, and Hadiwidjojom (2019), in their study entitled *“Effectiveness of Asset Management in the Public Sector with the Application of Asset Management, Accountability, Monitoring and Evaluation, and Quality of Human Resources,”* found that asset management practices, public accountability, monitoring and evaluation, and the quality of human resources significantly influence the effectiveness of regional asset management. The

study highlights that effective asset management is a key element in improving the quality of public resource management and supporting the achievement of organizational objectives.

2. Fauziah and Mediawati (2024), in their article *“The Influence of Asset Management on Optimization of the Use of Fixed Assets in the Government Sector,”* explained that asset inventory, legal audits, asset valuation, as well as monitoring and control play important roles in optimizing the utilization of government fixed assets. Their findings indicate that systematic asset management enhances asset utility and supports the effectiveness of public sector organizations.
3. Tirayoh, Latjandu, Sabijono, and Mintardjo (2021), in their study *“Public Sector Asset Management in the Government of Indonesia: A Case Study in Minahasa Regency,”* argued that public sector asset management conducted in accordance with regulations is a critical factor in delivering high-quality public services. Their study demonstrated that successful regional asset management is strongly influenced by compliance with asset management procedures and coordination among organizational units.
4. Syaifudin, Ritchi, and Avianti, in their study *“Determinants of Asset Management Effectiveness and Its Impact on the Fairness of the Asset Presentation,”* found that leadership commitment, asset managers’ competencies, internal control systems, and the implementation of asset management information systems significantly affect asset management effectiveness. The study also demonstrated that effective asset management improves the quality and fairness of asset information presented in local government financial statements.
5. Farhana, Roziq, and Wardayati (2024), in their study *“The Influence of Human Resources Competency and Internal Management Control on the Quality of Fixed Asset Reports through the Effectiveness of Fixed Asset Management,”* found that human resource competencies and internal control systems significantly influence the effectiveness of fixed asset management. Furthermore, effective asset management contributes to improving the quality of government asset reporting.

## **CONCEPTUAL FRAMEWORK**

To analyze the implementation of fixed asset management at the Regional Secretariat of Kendari City, this study adopts the asset management theory developed by Gima A. Sugiama (2013), which consists of the following components:



## Research Method

This study employed a qualitative research method with a descriptive approach. The research was conducted at the Regional Secretariat of Kendari City. The informants consisted of one Asset Administrator of the Regional Secretariat of Kendari City and three staff members from the Asset Division, selected through purposive sampling. The study utilized both primary and secondary data sources. Data were collected through observation, in-depth interviews, and document analysis. Data analysis followed the interactive model developed by Miles, Huberman, and Saldaña (2014), which includes data condensation, data display, and conclusion drawing/verification.

## Conceptual Definitions

### 1. Effectiveness of Fixed Asset Management

The effectiveness of fixed asset management refers to the extent to which regional assets are managed successfully in supporting organizational duties and functions in an optimal, efficient, accountable, and regulation-compliant manner. In this

study, the effectiveness of fixed asset management is analyzed using the asset management framework proposed by Gima A. Sugiama (2013), which consists of the following dimensions:

1. **Asset Needs Planning** – the process of identifying asset requirements based on organizational duties and functions as well as budget availability.
2. **Asset Procurement** – activities undertaken to fulfill asset requirements through procurement mechanisms in accordance with applicable laws and regulations.
3. **Asset Inventory** – the process of recording and documenting assets to ensure administrative orderliness and the accuracy of asset information.
4. **Asset Legal Audit** – the examination of legal aspects and ownership documents to ensure legal certainty regarding regional assets.
5. **Asset Valuation** – the process of determining asset value as a basis for reporting, utilization, and asset management decision-making.
6. **Asset Maintenance** – activities aimed at preserving and maintaining asset conditions to ensure optimal functionality throughout their useful life.
7. **Asset Disposal** – the process of removing assets from inventory records when they no longer possess economic value or can no longer be utilized effectively.
8. **Asset Transfer** – the transfer of ownership rights or asset utilization rights to other parties in accordance with applicable regulations.

## 2. Organizational Performance

Organizational performance refers to the extent to which the Regional Secretariat of Kendari City successfully carries out its duties and functions in achieving organizational goals. In this study, organizational performance is assessed through the following indicators:

1. The smooth implementation of organizational duties and functions.
2. The effectiveness of governmental administrative services.
3. The efficiency of utilizing facilities, infrastructure, and organizational resources.
4. The achievement of organizational goals and performance targets.

Organizational performance in this study is understood as the outcome of effective fixed asset management, whereby the availability and optimal utilization of assets contribute to supporting organizational activities, improving operational efficiency, and enhancing the achievement of organizational objectives.

## Results And Discussion

### 1. Asset Needs Planning

The findings indicate that asset needs planning at the Regional Secretariat of Kendari City is carried out through the preparation of the Regional Property Requirements Plan (*Rencana Kebutuhan Barang Milik Daerah* – RKBMD). The RKBMD is formulated based on the actual needs of the organization by considering the number of employees, workplace conditions, and the availability of existing assets. Each organizational unit proposes asset requirements according to its duties and functions,

and these proposals are subsequently consolidated and submitted to the Asset Division for further processing.

The implementation of asset needs planning demonstrates the organization's effort to align asset requirements with organizational objectives and work programs. This finding is consistent with Gima A. Sugiama's (2013) view that asset planning aims to match organizational needs with available assets in an effective and efficient manner. Effective planning contributes to organizational performance by ensuring the availability of facilities and infrastructure that support the optimal implementation of organizational duties and functions.

## **2. Asset Procurement**

Asset procurement at the Regional Secretariat of Kendari City is conducted after ensuring consistency among the RKBMD, the Annual Work Plan (*Rencana Kerja – RENJA*), and the Budget Implementation Document (*Dokumen Pelaksanaan Anggaran – DPA*). Procurement activities are carried out in accordance with applicable regulations while taking into account the financial capacity of the local government. However, the findings reveal that not all planned asset requirements can be fully realized due to budget limitations.

These findings suggest that asset procurement has adhered to the principles of planning and budget efficiency as proposed by Gima A. Sugiama (2013). Although certain limitations remain, procurement activities have contributed to the smooth operation of organizational activities through the provision of necessary work facilities. Consequently, asset procurement supports the effective implementation of organizational functions and enhances employee productivity.

## **3. Asset Inventory**

Asset inventory management at the Regional Secretariat of Kendari City is conducted through the recording and documentation of all assets using the Asset Inventory Card (*Kartu Inventaris Barang – KIB*) according to their classifications. Inventory activities are further supported by the implementation of the E-BMD application, which enables integrated and accurate asset data management. Inventory records are updated periodically to ensure consistency between administrative records and the physical condition of assets.

The implementation of asset inventory is consistent with the provisions of the Minister of Home Affairs Regulation No. 47 of 2021 and the asset inventory concept proposed by Gima A. Sugiama (2013). Proper inventory management facilitates asset control and utilization, thereby supporting the efficient use of organizational resources. Furthermore, the availability of accurate asset data contributes to more informed decision-making processes that enhance organizational performance.

## **4. Asset Legal Audit**

Asset legal audits are conducted through the examination of ownership documents, including land certificates, vehicle ownership documents, procurement contracts, and handover reports. In addition to internal reviews, legal audits are

reinforced through external audits conducted by the Audit Board of the Republic of Indonesia (*Badan Pemeriksa Keuangan – BPK*) during the examination of Local Government Financial Statements (*Laporan Keuangan Pemerintah Daerah – LKPD*).

The implementation of legal audits reflects the organization's commitment to ensuring legal certainty over its assets. This finding supports the argument of Gima A. Sugiama (2013), who emphasized the importance of legal audits in preventing potential disputes and legal issues related to organizational assets. Legal certainty provides security in asset utilization and supports the effective and accountable implementation of organizational functions.

### **5. Asset Valuation**

Asset valuation at the Regional Secretariat of Kendari City is carried out by the Asset Division through annual depreciation mechanisms as well as specific assessments related to asset utilization, transfer, or disposal. The valuation process involves field surveys and physical condition assessments using approaches that comply with applicable regulations.

Asset valuation serves as a basis for financial reporting and decision-making regarding asset management. This finding aligns with Gima A. Sugiama's (2013) assertion that asset valuation is necessary to determine the economic value of assets accurately. Proper valuation enhances transparency and accountability in asset management, thereby improving the effectiveness of organizational decision-making.

### **6. Asset Maintenance**

Asset maintenance is undertaken by each organizational unit as the asset user through routine maintenance and corrective actions when damage occurs. Maintenance budgets are allocated annually to ensure that assets remain functional and suitable for use throughout their useful life.

Observational findings indicate that most office assets and official vehicles are in good condition and function properly. This condition demonstrates that asset maintenance has been effectively implemented in accordance with the maintenance principles proposed by Gima A. Sugiama (2013). Effective maintenance positively influences organizational performance by supporting operational continuity, reducing disruptions, and improving resource utilization efficiency.

### **7. Asset Disposal**

Asset disposal is carried out through formal proposals submitted by organizational units to the Asset Division, taking into consideration the physical condition, economic life, and utility value of the assets. Assets that are severely damaged or no longer provide optimal benefits are proposed for disposal in accordance with established procedures.

The orderly implementation of asset disposal reflects efforts to maintain accurate asset records and prevent unnecessary maintenance expenditures on unproductive assets. This finding is consistent with Gima A. Sugiama's (2013) view that asset disposal constitutes an essential component of the asset management cycle.

Appropriate disposal practices contribute to resource efficiency and enhance the effectiveness of productive asset utilization.

### **8. Asset Transfer**

Asset transfer at the Regional Secretariat of Kendari City is conducted through the reallocation of assets among Local Government Agencies (*Organisasi Perangkat Daerah* – OPD). This process is implemented based on organizational needs and is accompanied by administrative adjustments and updates to asset records.

The primary objective of asset transfer is to optimize asset utilization by reallocating assets to units that require them most. This practice is consistent with Gima A. Sugiama's (2013) perspective that asset transfer represents a strategic approach to maximizing asset utilization. Through asset transfer, facilities and infrastructure can be utilized more effectively, thereby supporting organizational operations, improving resource efficiency, and contributing to the achievement of organizational goals.

### **Effectiveness of Fixed Asset Management in Supporting Organizational Performance**

Based on the findings across the eight stages of asset management, it can be concluded that fixed asset management at the Regional Secretariat of Kendari City has been implemented effectively. This is evidenced by systematic asset planning, procurement procedures that comply with regulations, orderly inventory management, legal audits that ensure legal certainty, valuation processes that promote accountability, maintenance activities that preserve asset conditions, and disposal and transfer mechanisms conducted in accordance with established regulations.

The effectiveness of fixed asset management contributes significantly to organizational performance, as reflected in the smooth implementation of organizational duties and functions, improved effectiveness of administrative services, efficient utilization of facilities and infrastructure, and the achievement of organizational goals. Therefore, fixed asset management serves not merely as an administrative function but also as a strategic instrument for enhancing organizational performance at the Regional Secretariat of Kendari City.

### **CONCLUSION**

Based on the findings of this study, it can be concluded that fixed asset management at the Regional Secretariat of Kendari City has been effectively implemented through the stages of asset needs planning, procurement, inventory, legal audit, valuation, maintenance, disposal, and transfer in accordance with applicable regulations and the asset management framework proposed by Gima A. Sugiama (2013). The implementation of these stages has supported orderly, accountable, and optimal asset management practices.

The effectiveness of fixed asset management has contributed positively to organizational performance, as demonstrated by the smooth execution of organizational duties and functions, the effectiveness of administrative services, the

efficient utilization of facilities and infrastructure, and the achievement of organizational goals at the Regional Secretariat of Kendari City.

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