

## DESIGN OF PERFORMANCE MANAGEMENT SYSTEM FOR SMALLMEDIUM ENTERPRISE DEFENSE COMPANY IN INDONESIA (CASESTUDY: PT MAHAKARYA SUKMA ABADI)

Ardi Satiamulyana  
SBM ITB, Bandung, Indonesia.  
Corresponding email: [ardi\\_satiamulyana@sbm-itb.ac.id](mailto:ardi_satiamulyana@sbm-itb.ac.id)

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### Abstract

The defense industry may have different perspectives and policies in each country. The value of defense revitalization and procurement in each country can affect the country's macroeconomics and cause a domino effect on each country's microeconomics level. In Indonesia, as a developing country, the country's defense budget can give beneficial value if the Indonesian company does the work. The Indonesian president also already has the target to increase TKDN (local content) of each goods procurement that needs by the government and has a short-term target to increase Indonesian competitiveness among the big five influential economies in the world by 2045.

With the target and the opportunity given by the Indonesian government toward enhancing and embracing local content, SMEs to a big company in Indonesia that have the competency in the defense industry segment have equal opportunity to big players in the world that supply military and defense products to Indonesia. A performance management system is needed to increase competitiveness and innovation for SMEs in the defense industry. Therefore, this paper aims to design a performance management system that can be customized to the specific needs of the defence industry in Indonesia. In this study, the object of research is PT Mahakarya Sukma Abadi, a military product developer and supplier with integrated performance management with customized aspects in terms of organization output, internal process and resource capabilities that can increase the effectiveness and innovative output. In addition, the criteria selected will be based on the company's historical data with the interview with the experts within the company, as well as obtaining the data based on the benchmarking within the industry. The research limitation is concentrated at PT Mahakarya Sukma Abadi, with the data collection from 2016 to 2021. The proposed framework can later be implemented in various SMEs worldwide with some attributes adaptation to maximize the desired outcomes.

**Keywords:** Integrated Performance Management Systems, Indonesia Defense industry, SMEs Defense Industry Framework.

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