

**IMPLEMENTATION OF THE MERIT SYSTEM IN TALENT  
MANAGEMENT FOR SCHOLARSHIP SELECTION AT THE  
DIRECTORATE GENERAL OF BUDGET, MINISTRY OF FINANCE  
REPUBLIC OF INDONESIA**

**Randy Praharsa**

Faculty of Administrative Sciences,  
Universitas Indonesia  
[randy.praharsa@ui.ac.id](mailto:randy.praharsa@ui.ac.id)

**Haerul Saleh**

Faculty of Administrative Sciences,  
Universitas Indonesia  
[haerulsaleh14177@gmail.com](mailto:haerulsaleh14177@gmail.com)

**ABSTRACT**

The merit system must be implemented in all aspects of government organizations, both at the central and regional levels, including in human resource development by ensuring equal and objective opportunities for all state apparatus. This study aims to identify the implementation of the merit system in talent management for scholarship selection at the Directorate General of Budget, Ministry of Finance. Through a case study, this research examines how well merit principles such as fairness, transparency, objectivity, and accountability have been applied in the selection process. The results of this study are expected to contribute to improving the quality of governance, particularly in human resource management through the talent management program for scholarship selection.

**Keywords:** *Performance, Competence, Management, Merit System, Civil Servants*

**A. INTRODUCTION**

In an increasingly competitive era of globalization, the development of high-quality human resources (HR) has become a key factor in the success of an organization, including government organizations through the role of civil servants within them. A country's bureaucracy relies heavily on the role of its civil servants. The human resources (HR) of civil servants, as the driving force of bureaucracy, must be continuously improved, as their capacity significantly affects the performance and capability of government organizations (Setiyono, 2014). The improvement of civil servant quality is essentially a systematic effort to enhance the abilities of individuals and the society of a country, empowering them to actively make decisions about their future. Civil servants are the actors responsible for carrying out all activities within public organizations. As key players in public organizations, civil servants make significant contributions to the performance of government organizations. The performance of government organizations is determined by the extent of the capabilities possessed by the civil servants within the organization (Darmi & Suwitri, 2017).

Government organizations consistently provide opportunities for their personnel to develop their skills, ultimately supporting the organization's performance. One form of self-development that can be pursued is continuing education to a higher level, including through scholarship programs. Scholarships are not only a form of academic recognition but also a long-term investment in producing competent graduates who are prepared to face future challenges. To ensure that scholarships are awarded to the most suitable and promising individuals, a transparent, objective, and fair system is required in the selection and management process. The merit system has arisen as a response to these needs, emphasizing recognition based on individual achievements, competencies, and performance while ensuring equal opportunities for all scholarship candidates. Human resource management for civil servants must adhere to the principles of meritocracy. In other words, strategic HR management in government organizations involves professional management that prioritizes expertise, competence, and other factors that enhance both human resource performance and organizational outcomes. This approach derives from the principle that meritocracy focuses on the implementation of policies and operations within state institutions, at both central and regional levels, while adhering to the principle of professionalism. To achieve this, policies, institutions, officials, and supporting personnel must show the required professionalism to meet meritocracy standards (Herman, 2012).

The Ministry of Finance, particularly the Directorate General of Budget, is a key institution in managing the nation's finances and plays a crucial role in fostering high-quality human resources through its talent management program for scholarship selection. This program aims to ensure the effectiveness and efficiency of the scholarship talent management program, which is expected to align with the strategic goals of national development. To achieve this, a transparent, objective, and accountable talent management system is essential, intending to identify high-quality scholarship candidates who possess significant potential to contribute to the nation. The merit system has appeared as an appropriate framework to realize this objective.

The merit system is an essential component that should be implemented across various levels of government organizations. Specifically, this study explores how human resource management for scholarship talent can optimize the performance of civil servants. The research aims to examine the implementation of the merit system in talent management for scholarship selection at the Directorate General of Budget, Ministry of Finance, focusing on the processes of planning, development, registration, as well as monitoring and evaluation. The findings are expected to serve as a reference for other government institutions in adopting this system.

## **B. LITERATURE REVIEW**

### **Merit System**

The merit system is fundamentally mandated by the *Undang-Undang Nomor 20 Tahun 2023* concerning Civil Servants, which also repealed the *Undang-Undang Nomor 5 Tahun 2014*. According to the definition in the law, the

merit system refers to the administration of the Civil Service Management System in accordance with the principles of meritocracy. Etymologically, meritocracy derives from the Latin word "*meritus*," meaning "earned" or "received" due to worthiness or qualifications. Thus, meritocracy is more accurately defined as a system in which individuals attain status or positions based on their merit, typically assessed through achievements, abilities, or contributions. In his book titled *Rise of the Meritocracy*, Young first used the term "meritocracy" in 1958. Furthermore, meritocracy can be defined as the concept that allows individuals to advance based on merit, which includes eligibility, competence, and excellence. Subsequently, the term "merit system" has been widely used to describe meritocracy.

The objective of implementing a merit system in government organizations is to replace the patronage and spoils systems that have existed since the colonial era. The application of the merit system, which emphasizes competence based on skills, serves as a critique of the patronage-based selection system practiced in the past. The previous system prioritized *who* the candidate knew rather than *what* the candidate knew. Consequently, under the merit system, political-based recruitment is eliminated, and the process is conducted based on professionalism, talent, performance, and skills (Daly, 2015).

In institutional or organizational management, particularly in public administration, the implementation of a merit system offers several advantages. First, the merit system can enhance productivity, reduce production costs, and increase revenue. Second, it requires direct supervision, particularly at certain levels, to maintain the desired quality. Third, the merit system helps workers calculate labor costs more accurately, allowing them to minimize wasted time and utilize time and equipment more effectively. Finally, the merit system motivates workers to improve their performance, as they believe and understand that better performance will lead to better compensation (Young, 1958).

In simple terms, merit can be defined as appointing the best person to fill a specific position or role (*merit system can be defined as "the appointment of the best person for any given job"*) (McCourt, 2007). This implies that a position should be filled by individuals based on their quality and capability, rather than ascriptive factors such as politics, family, friends, ethnicity, religion, region, social class, gender, wealth, or other similar considerations.

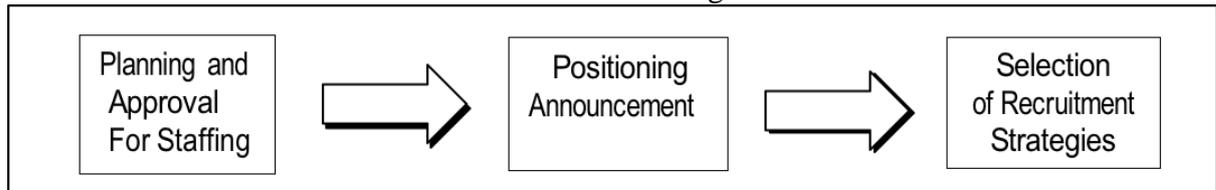
### **The Merit System in the Selection Process**

Zaman (2015) highlights that no criteria can surpass the merit system for recruiting personnel in any organization, whether public or private. This is evident in developed countries such as Japan and Singapore, which use open and competitive examinations to recruit civil servants. Consequently, the quality of public services can be improved when the hiring and recruitment processes are based on the merit system.

According to Evan Berman et al. (2016), the advantages of a merit-based selection system include a fair process for candidates, available oversight, and the guarantee of minimum competence and qualifications. Additionally, this system is accountable and democratic. As stated by Evan Berman et al. (2016:177), the selection process is about gathering the most talented and motivated candidates,

making it a critical function. In an era where jobs tend to be complex, tailored, and rapidly changing, only highly skilled employees, human capital, and organizations can thrive. Furthermore, there are three stages of the selection process: (1) Position planning and approval, (2) Preparation of position announcements, and (3) Selection and implementation of specific strategies.

Figure 1  
Selection Stages



Source: Evan Berman *et al* (2016)

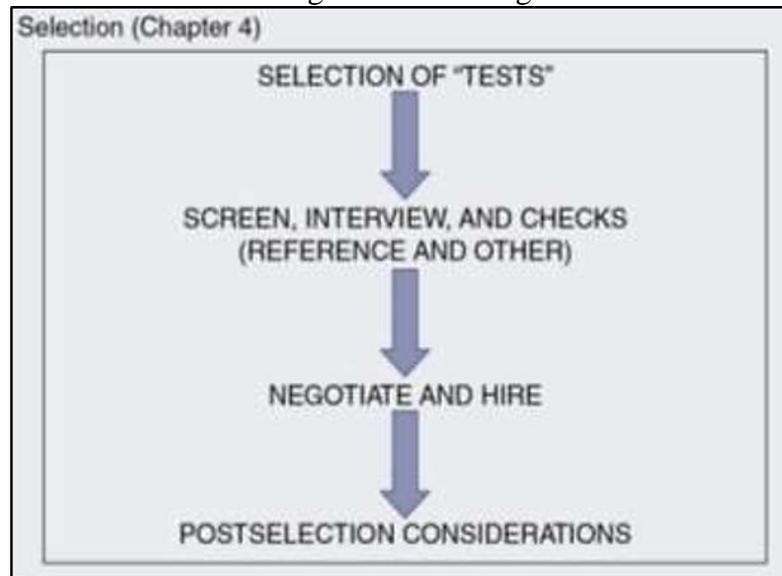
Position planning and approval are conducted to attract the best candidates. Organizations must remain competitive in terms of salary, reputation, working conditions, and collegiality, as well as possess adequate resources to select and attract the best candidates. The preparation of position announcements must be reviewed carefully to ensure accurate results. Any errors in presenting information could lead to legal issues and portray the organization as unprofessional. The selection and implementation of specific strategies involve openly disseminating information about job vacancies through various print media and electronic media to secure the best candidates for the organization.

In conclusion, selection is the process of seeking, organizing, identifying, and attracting candidates to be employed by an organization. One of the main objectives of selection is to find qualified human resources to perform duties and hold positions within an organization. The recruitment process involves stages such as planning and approval, position announcements, and the selection of strategies that differ for each organization.

Evan Berman (2016:178), in his writing, also identifies four parts of the selection process: (1) selection of "test," (2) screening, interview, and checks (references and others), (3) negotiation and hiring, and (4) post-selection considerations.

*The selection of the "tests"* stage involves evaluating education and work experience, recommendation letters, resumes, aptitude, and general characteristics tests, as well as performance tests for specific qualifications. Next, the *Screening, Interview, and Check References* stage focuses on assessing general talents and past performance over several years, conducting selection interviews, and reviewing recommendation letters. The following stage, *Negotiate, and Hire*, involves a final selection conducted by supervisors based on a ranked list aligned with the selection results. Finally, the *Post-Selection Considerations* stage includes a final examination involving extensive background checks and, occasionally, polygraph tests, which are generally conducted after the job offer process.

Figure 2  
Selection Stages in Public Organizations



Source: Evan Berman *et al* (2016)

### C. RESEARCH METHOD

Research methodology refers to a set of methods used to analyze social life, collect and refine data, analyze the data, and report research findings (Neuman, 2014). This study utilized a qualitative approach with a descriptive research design. The type of data used in this research was secondary data, gathered through a literature review to study the relevant literature, books, and electronic reports related to the implementation of the merit system in talent management for scholarship selection at the Directorate General of Budget, Ministry of Finance. The descriptive analysis method is a statistical approach used to analyze data by describing or presenting the collected data as it is. This method does not aim to produce universally applicable conclusions or generalizations (Sugiyono, 2014).

### D. RESEARCH RESULTS AND DISCUSSION

#### The objective of Implementing Talent Pool in Scholarship Selection

The Directorate General of Budget, Ministry of Finance, implements a talent management system that is also utilized in the scholarship selection process based on a merit system. The merit system applied serves as a policy for human resource management conducted based on qualifications, competencies, and performance fairly and equitably, without discrimination based on political background, race, color, religion, origin, gender, marital status, age, or disability status. The objectives of implementing talent management in scholarship selection are as follows:

- a. To fulfill the human resource development program in line with the Competency Development Program for Civil Servants (Human Capital Development Program) within the Directorate General of Budget.

- b. To encourage employees to consistently strive to provide their best contributions so they may be nominated for inclusion in the talent pool for scholarship selection.
- c. To use scholarships as a medium for recognizing high-performing employees.
- d. To maintain the number of active employees within the Directorate General of Budget at a reasonable level to ensure the achievement of organizational goals.
- e. To facilitate the selection or allocation of candidates for appropriate scholarship selection programs.
- f. To simplify the bureaucratic process of submitting candidates for participation in scholarship selection programs.
- g. To facilitate the planning and implementation of development programs for talents in preparation for the scholarship selection process.

#### **Implementation of Talent Management in Scholarship Selection**

The first stage in implementing talent management for scholarship selection is planning, which involves identifying employees to be included in the talent pool for scholarship selection within the Directorate General of Budget. The planning stage is carried out by compiling a list of employees who meet the administrative requirements for scholarship selection. This list is supplemented with information on employee achievements, such as participation in innovation competitions, nominations as the best employee, recognition as a model employee, participation in secondments at the Ministry of Finance, and other notable accomplishments. Employees who have met the administrative requirements proceed to prepare a statement of purpose, which includes their study plan, research or final project plan, and other relevant information. For all employees meeting the initial criteria, a ranking selection is conducted to determine those who will be included in the talent pool based on the allocated talent quota. The ranking is based on the total highest scores, which consist of Employee Performance Achievement with a weight of 50%, Academic Potential Test (APT) scores with a weight of 25% and English test scores with a weight of 25%. The results of this ranking process identify the talent pool and reserve talent pool, which are approved by the Director General of Budget and remain valid for one year.

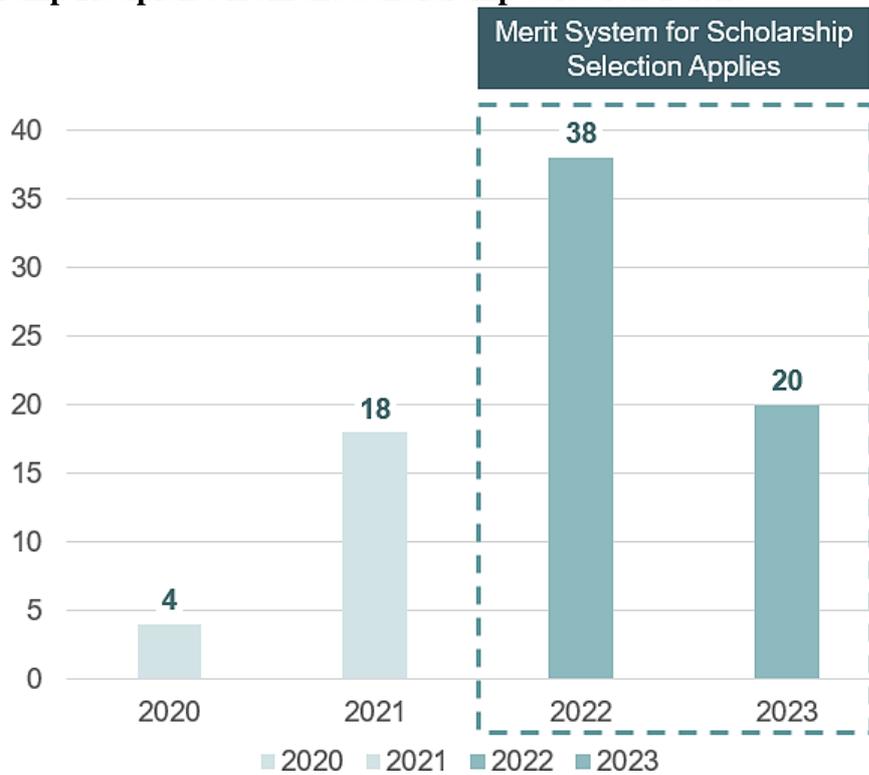
After completing the planning stage and obtaining a list of employees included in the talent pool, the next step is the development stage, which prepares employees for the scholarship selection process. This includes training for academic potential tests, English proficiency tests, and other necessary skill development. The subsequent stage involves the registration process for scholarship selection, either through opportunities offered by the Ministry of Finance or independently. The final stage is monitoring and evaluation, conducted to ensure that the talent pool members remain eligible as scholarship candidates, that the talent selection process aligns with the initial planning, and that talent development is both effective and efficient in preparing candidates for scholarship selection.

#### **Rights and Obligations of Scholarship Selection Talent**

The obligations of talent include preparing an individual talent program plan, participating in the talent management development program for scholarship

selection, and preparing an individual final report on the talent management program for scholarship selection. The rights granted to talent include access to the talent management development program for scholarship selection and the opportunity to participate in the scholarship selection process.

**Scholarship Recipients from the Scholarship Selection Talent**



Scholarships are available for all levels of education, including *D III*, *D IV*, Bachelor's (*S 1*), Master's (*S 2*), and Doctoral (*S 3*), provided by organizations such as *LPDP*, *JISPA*, *MINTS*, *Kominfo*, and *PKN STAN*. In 2022, there was a significant increase compared to 2021, with the number of scholarship recipients rising by 20 to a total of 38. The implementation of the merit system, based on data from the past four years, has positively impacted the number of scholarship recipients.

The implementation of the scholarship selection talent pool has better-prepared employees of the Directorate General of Budget to participate in scholarship selections from various institutions. This is because the initial requirements commonly set by scholarship providers, such as the Academic Potential Test (APT) and English proficiency tests, have already been met. Most scholarship providers require English proficiency test scores, such as TOEFL or IELTS. This readiness at the initial stage of the scholarship selection process increases the probability of more employees from the Directorate General of Budget securing scholarships.

## E. CONCLUSION

The implementation of the merit system must be applied across all levels of government organizations, both at the central and regional levels. This is essential to uphold the principles of fairness and objectivity, ensuring that all individuals have equal opportunities to develop based on merit and competence rather than subjective factors. Such an approach guarantees that all processes are conducted transparently, maintaining accountability and resulting in a professional and results-oriented civil service. The Directorate General of Budget at the Ministry of Finance has implemented the merit system not only in career management but also in determining employees eligible to participate in scholarship selection through a talent pool mechanism. This mechanism is based on qualifications, competence, and performance fairly and equitably to achieve objective results, ensuring that all employees have equal opportunities to participate in the scholarship selection process.

This selection process is expected to produce high-quality scholarship recipients with strong potential to contribute to the nation. This is a crucial step toward achieving good governance and ensuring that the state budget is used effectively and efficiently for human resource development. As a result, Indonesia will have competent civil servants capable of driving the country toward a better future.

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