

Analysis Of National Leadership Training Needs (Pkn) Level Ii To Improve Strategic Leadership Competencies (Case Study At The Ministry Of Finance)

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Abstract

Bureaucratic transformation, the implementation of the merit system, and the strengthening of talent management require Senior Executive Service (SES) officials (Jabatan Pimpinan Tinggi Pratama) to possess strategic leadership competencies capable of anticipating change and managing organizational complexity. However, the relatively low proportion of SES officials who have completed the National Leadership Training (Pelatihan Kepemimpinan Nasional/PKN) Level II indicates that leadership competency development has not yet fully aligned with organizational needs. This study aims to analyze the training needs for PKN Level II in enhancing strategic leadership competencies at the Ministry of Finance of the Republic of Indonesia and to examine its implications for strengthening the merit system, talent management, and succession planning. A qualitative case study approach was employed, with data collected through document analysis, observation, in-depth interviews, and Focus Group Discussions (FGDs). The data were analyzed using thematic analysis informed by the perspectives of Training Needs Analysis and Strategic Leadership theories. The findings reveal that the need for PKN Level II is driven by organizational, task, and individual requirements and that the program contributes to strengthening strategic leadership competencies, change leadership, strategic decision-making, cross-organizational collaboration, coaching and mentoring capabilities, and professional networking. The study further demonstrates that PKN Level II constitutes a strategic organizational investment that supports the implementation of the merit system, talent management, and succession planning. Therefore, PKN Level II should be systematically integrated into leadership development policies to ensure a sustainable pipeline of professional, adaptive, and competitive public sector leaders

Keywords

Training Needs Analysis; Strategic Leadership; National Leadership Training Level II; Merit System; Talent Management; Succession Planning



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INTRODUCTION

Leadership trust is a critical indicator of overall organizational health. Just as individuals require regular medical check-ups to maintain their well-being, organizations also require continuous organizational health assessments to sustain their vitality and long-term performance. A healthy organization not only achieves superior performance but is also capable of maintaining high performance over time through internal alignment, effective strategy execution, and continuous adaptation to emerging demands and opportunities (Keller & Price, 2011). Organizational health therefore represents an essential intangible asset that enables institutions to remain resilient, innovative, and sustainable in increasingly dynamic environments (McKinsey & Company, 2017).

In line with efforts to improve public service quality and respond to stakeholder expectations, the Ministry of Finance of the Republic of Indonesia has continuously implemented organizational improvement initiatives to strengthen institutional performance. One of the principal frameworks employed to measure organizational health is the **Organizational Health Index (OHI)** developed by Keller and Price (2011). The OHI framework argues that sustainable organizational performance cannot be achieved solely by emphasizing performance indicators; instead, organizations must simultaneously manage their organizational health because it significantly influences long-term organizational effectiveness. Within the OHI framework, organizational health is evaluated through three major domains consisting of nine organizational dimensions and thirty-seven management practices that collectively measure an organization's capability to align people, execute strategies effectively, and continuously renew itself. Among these dimensions, **leadership** occupies a unique position because it intersects all three domains of organizational health, making leadership a fundamental determinant of sustainable organizational success (Keller & Price, 2011; Keller & Meaney, 2017).

The results of the **2023 Ministry of Finance Organizational Fitness Index (MOFIN)** survey indicate that the leadership dimension belongs to the **Internal Alignment** category, highlighting the essential role of leaders in aligning organizational direction, inspiring employees, and fostering collaboration and engagement toward shared organizational objectives. Consequently, leadership effectiveness becomes a fundamental prerequisite for creating a coordinated, adaptive, and high-performing organizational environment capable of achieving collective goals sustainably (Ministry of Finance of the Republic of Indonesia, 2023).

Figure 1.1. Ministry of Finance Organizational Fitness Index (MOFIN), 2023
Source: MOFIN Survey, processed (2023).

Figure 1.1 illustrates that the Ministry of Finance obtained an overall **MOFIN score of 87** in 2023, indicating that the organization is in a relatively healthy condition. Among the three principal organizational health domains, **Internal Alignment** achieved the highest score of **95**, demonstrating the Ministry's strong capability to align organizational objectives, values, and actions across all organizational levels. **Execution Quality** received a score of **92**, reflecting the Ministry's ability to implement policies and programs with a high degree of effectiveness and consistency. Meanwhile, **Renewal Capacity** scored **93**, indicating that the organization possesses a strong capacity to promote innovation, organizational learning, and continuous improvement. At the dimensional level, **Direction** obtained the highest score of **93**, suggesting that employees clearly understand the Ministry's strategic direction and organizational priorities. Conversely, **Capability** recorded the lowest score of **84**, indicating several challenges related to organizational competencies and human resource development that may ultimately influence leadership effectiveness and organizational performance (Ministry of Finance of the Republic of Indonesia, 2023).

Table 1.1. Organizational Health Index (OHI) Indicators of the Ministry of Finance with the Highest and Lowest Scores

Category	Indicator	Score	Interpretation
Highest	Strategy Clarity	95	Demonstrates that employees clearly understand the organization's strategic direction and use it as a guideline in performing their duties.
Highest	Shared Vision	92	Reflects employees' common understanding and commitment toward the organizational vision.
Highest	Employee Engagement	92	Indicates a high level of employee participation, commitment, and organizational attachment.
Highest	Personal Ownership	90	Reflects strong individual responsibility for achieving organizational objectives.

Highest	Operational Discipline	90	Indicates consistency in operational processes and compliance with organizational standards.
Lowest	Talent Development	84	Indicates the need to strengthen systematic competency and employee development initiatives.
Lowest	Authoritative Leadership	84	Suggests that leadership effectiveness in providing direction and making sound decisions still requires improvement.
Lowest	Career Opportunities	82	Indicates employees perceive that career advancement opportunities need further enhancement.
Lowest	Rewards and Recognition	81	Reflects the need to strengthen organizational appreciation and recognition systems for employee performance.
Lowest	Talent Acquisition	80	Indicates challenges in attracting and recruiting highly qualified talent to meet organizational needs.

Source: MOFIN Survey, processed (2023).

These findings provide a comprehensive overview of both the strengths and areas requiring improvement within the Ministry of Finance. High scores on indicators such as **Strategy Clarity** and **Shared Vision** demonstrate that the Ministry possesses a well-communicated strategic direction and a strong organizational vision understood by employees across the institution. In contrast, relatively low scores on **Talent Development**, **Talent Acquisition**, **Career Opportunities**, and **Rewards and Recognition** reveal significant challenges in human capital management. These findings are particularly relevant because leadership development and talent management constitute essential organizational capabilities that directly influence organizational health, employee engagement, and sustainable organizational performance (Keller & Price, 2011; Northouse, 2022).

During the inauguration ceremony of Primary High Leadership Officials within the Ministry of Finance on **28 September 2021**, the Minister of Finance emphasized that newly appointed leaders are expected to serve as role models and sources of inspiration for their subordinates. The Minister further stressed that public leaders must possess the ability to motivate employees, provide effective leadership, and maintain the trust entrusted to them by superiors, the institution, and subordinates alike. Furthermore, leaders were reminded of the importance of safeguarding institutional integrity while recognizing that every policy and decision they make has substantial implications for society. The Minister reaffirmed that **integrity and professionalism** are indispensable principles that must consistently guide leadership practices and public service responsibilities within the Ministry of Finance (Ministry of Finance of the Republic of Indonesia, 2021).

Strategic conditions within the organization also indicate that a number of officials have assumed strategic leadership positions before receiving comprehensive leadership competency development through the Level II Leadership Training Program (PKN Level II). This situation has the potential to create competency gaps in leading organizational transformation, making strategic decisions under conditions of uncertainty, managing organizational change, fostering cross-sector collaboration, and developing learning organizations. Previous studies have consistently demonstrated that the effectiveness of strategic leadership is determined not only by managerial experience or tenure in leadership positions but also by structured and continuous competency development that equips leaders with the knowledge, skills, and adaptive capabilities required to address complex organizational challenges (Boal & Hooijberg, 2000; Hambrick, 2007; Hitt et al., 2017; Northouse, 2022). Therefore, participation in PKN Level II should not merely be regarded as compliance with administrative requirements but rather as a strategic organizational investment to ensure that every official possesses adequate leadership competencies from the beginning of their tenure.

Beyond its implications for leadership competency development, this condition also reflects the limited availability of PKN Level II graduates to fill strategic leadership positions, potentially constraining the strengthening of the organizational talent pool and leadership succession planning. In addition, many open recruitment processes for Senior Executive Leadership Positions (Jabatan Pimpinan Tinggi—JPT) across Indonesian ministries and government agencies require candidates to have successfully completed designated leadership development programs as part of the administrative eligibility criteria. Consequently, limited opportunities to participate in

PKN Level II may restrict civil servants' career advancement while simultaneously reducing their eligibility to compete for strategic leadership positions. These circumstances further emphasize the importance of ensuring adequate access to leadership development programs capable of meeting organizational leadership needs while simultaneously supporting the career mobility and professional development of Indonesia's civil service (OECD, 2021; World Bank, 2020).

PKN Level II is a strategic leadership development program delivered by accredited training institutions, including the National Institute of Public Administration (Lembaga Administrasi Negara—LAN), and is attended by participants from various ministries and government agencies, including the Ministry of Finance. Although the program has been specifically designed to strengthen the strategic leadership competencies of Senior Executive Leadership officials in responding to increasingly complex organizational challenges, its effectiveness largely depends on the alignment between the training design, organizational priorities, and participants' competency requirements. Consequently, a comprehensive training needs analysis becomes an essential instrument for ensuring that the PKN Level II curriculum effectively addresses the strategic leadership competency gaps faced by the Ministry of Finance. Based on these organizational conditions, conducting a systematic training needs assessment for PKN Level II is crucial to ensuring the availability of qualified strategic leaders, supporting civil servant career mobility, and sustaining long-term leadership succession within the Ministry of Finance (Goldstein & Ford, 2002; Noe, 2020; Salas et al., 2012).

In the evolution of modern leadership practices, organizations are also confronted with a more fundamental challenge characterized by a growing leadership crisis that extends beyond technical and managerial competencies to encompass ethical values, integrity, and spiritual morality. Within the context of public administration, declining integrity, weakened role modeling, and diminished commitment to public service values may adversely affect the quality of strategic decision-making and reduce public trust in government institutions. Accordingly, strategic leadership requires not only analytical capability and managerial competence but also the internalization of ethical and moral values that serve as the foundation for accountability, stewardship, integrity, and a sustained commitment to the public interest. As organizational challenges become increasingly complex and value-driven, leadership development programs must therefore cultivate both technical excellence and character-based leadership capable of sustaining organizational legitimacy and public confidence (Brown & Treviño, 2006; Ciulla, 2020; Northouse, 2022).

METHODS

This study employs a qualitative case study design intended to explore a phenomenon through discovery and inductive reasoning. The case study design is suitable for this research as it allows for in-depth observation of specific cases within real-life contexts. By focusing on specific cases, the researcher gains detailed insights and identifies patterns that might be overlooked in broader studies. Inductive reasoning is utilized because it involves generating theories and patterns from the collected data; rather than testing pre-existing hypotheses, the researcher seeks to uncover new insights and understandings that emerge from the data itself.

This research emphasizes understanding experiences, perspectives, and behaviors. Qualitative research is inherently interpretive, offering profound insight into human experiences and social processes. In this study, data collection and analysis primarily involve words—including spoken and written language—as well as detailed observations of human behavior. This process aligns with the principles outlined by Lapan et al. (2012), who state that qualitative research should prioritize the perspectives of participants within their natural settings.

In qualitative research, the researcher acts as an active participant, often directly involved in data interpretation and requiring critical reflection throughout the data collection process (Denzin & Lincoln, 2005). According to Gunawan (2013), the researcher serves as the key instrument, playing a crucial role in interpreting and comprehending the data. The researcher's presence in the field facilitates a deeper and more comprehensive understanding of the phenomenon under study. The researcher is directly engaged in the research process—ranging from interviews and Focus Group Discussions (FGDs) to literature reviews—to gather data deemed sufficient to support the study.

FINDINGS AND DISCUSSION

National Leadership Training (PKN) Level II requirements at the Ministry of Finance, by identifying the gap between actual training needs and current training materials and methods.

The National Leadership Training (PKN) Level II plays a strategic role in bureaucratic leadership development, particularly in preparing structural officials capable of facing the complexities of governmental tasks. Based on thematic analysis of in-depth interviews and Focus Group Discussions (FGDs) with informants within the Ministry of Finance, it was found that this training substantively addressed the

three main dimensions of training needs analysis: organizational needs, job needs, and individual needs.

The interviews and FGDs indicate that informants consistently viewed PKN Level II as a real organizational need, not simply an individual competency development program. Participants assessed that the training improved strategic thinking skills, broadened cross-organizational perspectives, strengthened networks between ministries/agencies, and enhanced capacity to lead organizational change. These findings indicate that the benefits of PKN Level II are felt not only at the individual level but also contribute to increasing overall organizational capacity.

Furthermore, informants revealed that the learning experience with officials from various agencies resulted in knowledge sharing, collaborative learning, and the formation of professional networks, which are crucial for resolving cross-sectoral strategic issues. Thus, leadership training serves as a strategic instrument in building adaptive, collaborative, and performance-oriented bureaucratic leadership capacity.

These three dimensions do not stand alone but are interconnected, forming an adaptive, strategic, and sustainable leadership ecosystem. This finding also reinforces the relevance of Level II PKN as an instrument for talent management reform and strategic competency development in the context of a modern bureaucracy. This finding is further reinforced by the results of interviews with informants who stated that "PKN would be more beneficial if provided to prospective officials before they assume office." This statement indicates that leadership training is viewed not merely as fulfilling administrative requirements, but as an instrument to prepare prospective leaders to face the strategic demands of the position from the outset. This finding reinforces the results of the Training Needs Analysis, which stated that leadership competency development needs to be carried out proactively before or immediately after officials assume high-ranking positions.

In this context, the Training Needs Analysis (TNA) approach serves as an important framework for understanding how training can be designed and implemented in a relevant and impactful manner. According to Allison Rossett (1987), TNA is a systematic approach to identifying gaps between current and desired performance, with the aim of designing appropriate and contextualized training interventions. Rossett emphasized that TNA does not solely focus on skills shortages, but also considers the organizational context, strategic objectives, and non-training factors that influence performance.

Rossett's TNA model consists of two main approaches: the Problem (Discrepancy) Model, which highlights gaps between actual and ideal performance;

and the Opportunity Model, which identifies development opportunities even in the absence of apparent performance issues. Both approaches are relevant in the context of strategic leadership training, particularly in government organizations undergoing institutional transformation and digitalization, such as the Ministry of Finance. Furthermore, data validity and stakeholder involvement in the TNA process are crucial to ensuring that training truly addresses real and strategic needs.

Effectiveness of National Leadership Training (PKN) Level II in improving strategic leadership competency, by evaluating how the existing training affects participants' abilities in strategic leadership aspects.

Leadership Development Training Level II (Pelatihan Kepemimpinan Nasional/PKN Level II) attended by employees of the Ministry of Finance represents one of the Ministry's strategic initiatives to strengthen leadership capacity among senior administrative officials. This initiative is aligned with Government Regulation No. 17 of 2020 concerning Civil Servant Management, which mandates that structural officials possess managerial competencies appropriate to the responsibilities of public administration at both central and regional levels. To fulfill these competency standards, professional development may be conducted through structured leadership training programs as stipulated in Article 217 paragraph (3) of the regulation. Leadership development is widely recognized as a critical mechanism for enhancing public sector performance, improving managerial effectiveness, and strengthening organizational capability to respond to increasingly complex governance challenges (Van Wart, 2017; Vogel & Masal, 2015).

PKN constitutes a practical implementation of Indonesia's strategic competency development framework for the State Civil Apparatus (ASN), aiming to enhance strategic leadership capabilities required to address the complexity of contemporary public governance. Specifically, PKN Level II is designed for Primary High Leadership Officials (JPT Pratama) to develop their capacity to translate national priorities into organizational programs, lead organizational transformation, and improve institutional effectiveness. The implementation of this program is governed by Government Regulation No. 17 of 2020, complemented by technical regulations issued by the National Institute of Public Administration (LAN), including LAN Regulation No. 6 of 2022 and Head of LAN Decrees No. 1 and No. 2 of 2023, which emphasize the importance of a merit-based civil service system and competency-based career development through systematic leadership training. Previous studies have demonstrated that competency-based leadership development programs significantly

improve leadership effectiveness, organizational commitment, and public sector innovation when supported by structured learning processes and organizational reinforcement (Kim & Fernandez, 2017; Orazi, Turrini, & Valotti, 2013).

Based on the findings obtained through thematic analysis, several important issues emerged regarding the evaluation of the PKN Level II program and participants' feedback concerning their learning experiences. These findings encompass multiple dimensions, including the alignment of the curriculum with organizational needs, the quality of instructional delivery, the influence of the training on participants' self-confidence and strategic decision-making abilities, and the challenges encountered when applying theoretical concepts in real organizational settings. Furthermore, the evaluation highlights the effectiveness of the program in strengthening strategic leadership competencies, particularly in developing essential soft skills such as communication, collaboration, adaptive leadership, change management, and problem-solving. These competencies are increasingly recognized as critical determinants of effective public leadership, particularly in organizations operating in dynamic and uncertain environments (Goleman, Boyatzis, & McKee, 2013; Day, Fleenor, Atwater, Sturm, & McKee, 2014).

The discussion of these findings provides a comprehensive analysis of each dimension and offers recommendations for enhancing the future implementation of PKN Level II. These recommendations are intended to improve curriculum relevance, strengthen experiential learning approaches, enhance mentoring and coaching mechanisms, and increase the transfer of learning into workplace practice. Continuous evaluation of leadership development programs is essential to ensure that training outcomes contribute not only to individual competency development but also to organizational performance and institutional transformation. Effective leadership training should therefore be viewed as a long-term investment that supports organizational adaptability, innovation, and sustainable public sector performance (Collinson & Tourish, 2015; Lacerenza, Reyes, Marlow, Joseph, & Salas, 2017).

Overall, the thematic analysis indicates several key findings concerning program evaluation, participant feedback, and the effectiveness of PKN Level II in strengthening strategic leadership competencies within the Ministry of Finance. The findings reveal both the benefits and challenges experienced during the training process, including its positive influence on participants' strategic leadership capabilities while also identifying the need for improvements in instructional methodologies, learning design, competency assessment, and content reinforcement. Addressing these issues will enhance the program's capacity to produce adaptive,

innovative, and high-performing public leaders capable of responding effectively to the evolving demands of public governance and organizational transformation (Day et al., 2014; Lacerenza et al., 2017; Vogel & Masal, 2015).

CONCLUSION

Overall, this study confirms that PKN Level II is a strategic organizational investment in preparing bureaucratic leaders who are adaptive, change-oriented, and capable of facing the complexity of strategic challenges. Therefore, the program's effectiveness needs to be strengthened by improving the entire training cycle, from needs analysis and planning to implementation and post-training evaluation, so that it can support bureaucratic transformation, strengthen the merit system and talent management, and ensure the sustainability of professional, adaptive, and competitive organizational leadership.

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