

# MERIT SYSTEM: A CASE STUDY OF THE TOP MANAGEMENT TEAM FULFILLMENT PROCESS

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## Abstract

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This research aims to compare merit system implementation for top leaders filling positions in North Buton Regency and Kendari City. Another objective is determining the driving and inhibiting factors for implementing the merit system in the two regional government agencies. This study employs the merit principle theory (Stahl, 1979) and the best person theory (McCourt, 2007). The method used is descriptive qualitative; the primary data are obtained from interviews, and secondary data are obtained from documentation and archives. The informant selection technique uses a purposive technique. The research results show that in top leaders filling positions, there are significant differences between the North Buton Regency and Kendari City regarding the merit system principles. The factors influencing the implementation of merit systems in both areas are socio-cultural, political, and organizational. The driving factors to enforce the merit system in Kendari City are greater than its inhibiting factors, while North Buton Regency is the opposite. Nearly all the driving factors in Kendari City are the inhibiting factors in North Buton Regency. However, there is a similarity of non-discriminatory treatment in both local governments. This research contributes to the knowledge and literature pertaining to top leader selection practices in developing countries.

**Keywords:** Merit System, Position Fulfillment, Top Leaders, Talent Management, Promotion, Human Resource Management

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## 1. INTRODUCTION

The merit system in personnel management is considered a solution to replace the aristocracy system based on social class in the leadership of public sector organizations (So, 2015). This is because, in the recruitment process for employees and senior officials in government, the merit system becomes an instrument to create justice and equality (Suzuki & Hur, 2022). In the contemporary bureaucratic era, the merit system has become a necessary managerial policy (Hong & Kim, 2019); one of the reasons is that employee management based on the merit system is a driver of successful bureaucratic reform and improved bureaucratic quality (Meier et al., 2019).

There are frequent deviations from the rules in filling positions at various levels of public sector organizations in Indonesia, including merit system violations (Dwiputrianti, 2018). This problem occurs on a ministerial scale, supposedly more straightforward to control (Nirwana & Prasajo, 2021). Another reality shows that non-compliance with the position-filling mechanism is massive in various regional government agencies, both provincial and regency/city scales (Faiz et al., 2020).

North Buton Regency is one of the regional government agencies in Southeast Sulawesi that still needs to realize the rules for top leaders filling positions as stated in the statutory regulations. This can be seen from the process of the top leader filling the position in September 2021. North Buton Regent's Decree No. 246, dated September 2, 2021, as to the validity of the rotation/mutation process, was annulled by the Civil Servant Commission (CSC) through Recommendation Letter No. B-3420/KASN/10/2021, which was issued on October 4, 2021, regarding recommendations for violations of the merit system within the North Buton Regency Regional Government (Aris, 2022). The CSC recommendation letter was issued due to complaints from the public addressed to CSC in September 2021, including online media reports regarding alleged violations of the merit system in the process of appointment, dismissal, and transfer, which were carried out based on the approval of the civil service supervisory officer (Aris, 2022).

Complaints submitted by the public contained in the CSC's recommendation letter contain points regarding procedures that are against regulations, including the absence of performance assessments by the assessment team that the regional government has formed; there are indications that competency tests are not being held in the series of rotations and transfers of leadership positions. From one primary high leadership position (HLP) to another, there are no examination stages for civil servants (CS) who are candidates for the HLP in the event of violations of the type of severe disciplinary penalties. The North Buton Regency is deemed not implementing a merit system (PublikSatu, 2022)

Not stopping with this case, in 2022, the CSC again issued a letter of recommendation addressed to the civil service development officer for alleged violations of the merit system committed in the implementation of appointments, dismissals, and transfers in top leader positions within

the North Buton Regency in April 2022. The re-issuance of the CSC recommendation letter was due to reports from the public regarding the implementation of rotation/mutation without carrying out competency tests as mandated in Government Regulation No. 17 of 2020 concerning amendments to Government Regulation No. 11 of 2017 concerning Management of Civil Servants (Aris, 2022).

CSC, as the supervisor of the basic norms implementation, codes of ethics, and code of conduct for CS as well as the implementation of the merit system in CS policy and management in government agencies, for the first time held an award for the quality of top leader filling position in 2022 as an evaluation of the implementation of top leader filling position in 2021 (Komisi Aparatur Sipil Negara [KASN], 2022) The evaluation shows that of 431 government agencies assessed, 82 agencies received good and very good quality ratings (very good — 18, good — 68) (KASN, 2022).

In this event, Kendari City was the only regional government agency in Southeast Sulawesi to receive an award in the good quality category, for the implementation of the top leader filling position held during 2021 (IndoSultra, 2022). Receiving this award means that there are still 16 other regencies in Southeast Sulawesi out of 17 regencies/cities, which have not been able to achieve good quality in implementing the merit system in top leader filling positions in their agencies.

There have been many studies discussing the issues of merit system implementation. The majority of the studies exploring performance management (Suzuki & Hur, 2022), civil service reform (Laguna, 2011; Hodder, 2014; Ali et al., 2017; Zhang, 2015), public employment (Kong & Su, 2020; So, 2015; Xian & Reynolds, 2017; Yarmohammadi-Monfared et al., 2021), gender (Nirwana & Prasajo, 2021; Yang & Aldrich, 2014), and politicization (Duong, 2021, 2023; Hong & Kim, 2019; Poocharoen & Brillantes, 2013). Nevertheless, the issue of filling top leaders positions attracts less attention.

In order to fill this gap, this research is trying to determine the differences in top leaders filling positions in North Buton Regency and Kendari City. We chose both areas due to the contrast of the filling position process in Southeast Sulawesi. North Buton Regency has not been able to reach the good category and violated the merit system in the process of filling top leadership positions. Meanwhile, Kendari City received an excellent quality award from CSC for filling HLP throughout 2021. Moreover, we are trying to capture the differences in implementing merit systems in filling top leaders positions between North Buton Regency and Kendari City in 2021.

The rest of the paper is structured as follows. Section 2 outlines the related literature that underpins this research. Section 3 explains the research methodology in detail, covering the research design, data collection techniques, and analysis methods used. Section 4 clearly presents the research results and Section 5 discusses them and interprets the findings in the context of existing literature. Section 6 concludes the paper with a summary of the main findings, practical implications, and suggestions for further research in the future.

## 2. LITERATURE REVIEW

### 2.1. The merit system principles

According to McCourt (2007), if an organization wants to obtain the best resources, the selection process should prioritize the following steps:

1. *Jobs at every level.* In the employee placement mechanism, selection, or promotion, every organization must implement mechanisms that comply with the merit system principles.

2. *The best candidate.* In order to acquire the most competent candidates, the organization must use performance, skills, and accuracy in completing tasks in a particular field as benchmarks. In other words, whoever has the most achievements and has the best competence in their field is the best candidate to fill the position.

3. *Open to all.* Equality and justice must be prioritized, which means that filling/appointment provides equal opportunities for anyone as long as this is still legalized in the regulations regulating the selection mechanism.

4. *Systematic, transparent, and competitive.* The selection process must be systematic, transparent and competitive. This principle also implies that the decisions from the selection process are accountable. Therefore, any violation of the merit principle in the selection process can be identified.

The principle of merit requires the selection process to be based on their competence and performance which leads to the improvement of organizational performance and service quality (Ali et al., 2017). Stahl (1979) adds several principles of the merit system, as follows:

1. *Adequate publicity.* Job vacancies must be declared publicly and the candidates are required to follow the selection mechanism. The notifications are distributed either through direct notification or by utilizing information distribution channels. The publication must contain the requirements and qualifications of the vacancies.

2. *Opportunity to apply.* Every employee who has the capacity and meets the requirements can be given access to compete together in the selection process. Equality can mean the absence of intervention, either in preventing certain individuals from getting information or pressuring someone not to participate in the selection process. Ideally, leaders give motivation to every employee who can participate and compete in the selection process.

3. *Realistic standard.* Standard should be realistic. Qualification standards must comply with the vacant position and standards should be suitable for all employees who participate in the selection. This is the general principle in filling positions in the private sector as well as in the public sector.

4. *Absence of discrimination.* The standards set in the selection process must refer only to factors relevant to competency and capability. This includes ability, skills, experience, and educational background following the job vacancy. In the case of filling top leader positions, standards are set in the form of performance assessments, competency test results, suitability for rank, previous working experience, educational qualifications, and other track records.

5. *Ranking on the basis of ability.* Ranking must describe the actual competence of the applicants. Ranking results should reflect the applicant's skills and is an implication of the selection mechanism.

6. *Knowledge of results.* The selection process must be transparent. The public may have access to the selection process as a part of joint supervision and to ensure a fair system. If there are suspicions from participants who feel disadvantaged during the selection process, they must be allowed to conduct an administrative review with the organizing committee. The committee ought to respond quickly and properly.

In order to analyze our findings, we use two indicators of the best person theory from McCourt (2007), namely: 1) selection of the best candidate (the best candidate), and 2) systematic, transparent, and competitive. In addition to identifying a more in-depth comparison, Stahl's (1979) merit principle theory was used, namely: 1) absence of discrimination, and 2) equality of opportunity. The competitive best person theory is used to analyze the transparency and accountability of the selection process. The merit principle theory is useful to analyze non-discriminatory treatment and equality of opportunity in filling positions.

### 2.2. Factors influencing the merit system in filling positions

Further, in order to identify driving and inhibiting factors of the merit system, we conducted an extensive literature review. Researchers found that the merit system could be affected by internal and external sources of the organization. Both factors are influenced by several variables as explained below.

#### 2.2.1. Internal factors

Internal organization is influenced by four variables including organizational strategy, organizational culture, and managerial and human resource management (HRM) systems. We summarized indicators in organizational strategy supporting the implementation of a merit system including alignment between HRM strategies and organizational goals (vision), effective and efficient HRM strategies (performance appraisal, education and training), and adequate coordination with other stakeholders (Afrianto & Prasojo, 2020; Cappelli & Keller, 2014; Dwiputrianti, 2018; Okeke-Uzodike & Subban, 2015; Poister et al., 2013; Sehatpour et al., 2022; Ambrosius, 2007; Yarmohammadi-Monfared et al., 2021). Further, studies show organizational culture affects the implementation of a merit system which can be assessed with three indicators, namely the organization's value on a fair reward system based on performance and competency, compliance with applicable legal norms and rules, and encouragement of effective action from employees (Afrianto & Prasojo, 2020; Castilla & Benard, 2010; Furusawa & Brewster, 2015; Schuler et al., 2011; Sehatpour et al., 2022; Wilson, 2010; Yarmohammadi-Monfared et al., 2021).

Later, managerial capacity was found to be a factor associated with the merit system of internal organization. Managers' commitment to building a meritocracy system, willingness to use scientific and rational decision-making methods and systems, and encouragement from managers to clarify employee values and performance are indicators to measure the merit system (Faiz et al., 2020; Joyce &

Slocum, 2012; Mtshali et al., 2018; Pirzada et al., 2021; Sołek-Borowska & Wilczewska, 2018; Tafti et al., 2017; Yarmohammadi-Monfared et al., 2021). Lastly, HRM system is one of the contributing factors which comprises comprehensive internal regulations to support the implementation of quality selection and promotion and adherence to internal regulations regarding filling positions (Afrianto & Prasajo, 2020; Laguna, 2011; Faiz et al., 2020; Mtshali et al., 2018; Nirwana & Prasajo, 2021; Tafti et al., 2017; Yarmohammadi-Monfared et al., 2021).

### 2.2.2. External factors

The implementation of the merit system could also be influenced by external factors namely socio-cultural and political cultures. The socio-cultural factor comprises familial relationships, discriminatory paradigms against certain races originating from local communities and society's perception towards competition (Adewale, 2024; Ajunwa, 2021; Hodder, 2014; Hotho et al., 2020; Xian & Reynolds, 2017; Yang & Aldrich, 2014; Yarmohammadi-Monfared et al., 2021; Zhang, 2015). Another variable from external organization is political culture which consist of political loyalty, Intervention of certain political parties in personnel management, transactional politics (buying and selling positions) (Bach & Veit, 2018; Common & Gheorghe, 2019; Duong, 2021, 2023; Ennsner-Jedenastik, 2014; Hong & Kim, 2019; Poocharoen & Brillantes, 2013; Setyowati, 2016; Suwitri et al., 2019).

## 3. RESEARCH METHODOLOGY

This is descriptive qualitative research. Researchers used in-depth interviews to explore the application of the merit system in top leaders filling positions in North Buton Regency and Kendari City and identify the driving and inhibiting factors. We are trying to portray the detailed experience of the informants who are involved in the top leader selection process. Although qualitative methods are able to capture the reasoning behind specific phenomena, alternatively quantitative methods in this study can be useful to obtain more data from a wider range of participants.

The authors developed an interview guide from the aforementioned factors namely: 1) organizational strategy; 2) organizational culture; 3) managerial system; 4) HRM system; 5) socio-cultural relationships; and 6) political culture. For each of these factors, the authors used three indicators to analyze the findings (see Table 1). Moreover, we collected secondary data by examining the archives at each agency and website. The documents collected are regent/mayor regulations, regent/mayor decrees, implementation of competency tests, implementation of performance assessments, implementation of rotations/transfers, CSC recommendation letters, implementation of socialization on filling out Employee's performance targets (EPT) socialization on the use of online performance assessment applications, and coordination meetings with CSC.

The research was carried out in March 2023 both in North Buton Regency and Kendari City. These two regions are regencies/cities in Southeast Sulawesi Province, Indonesia, with different achievements in implementing the merit system in

the top leaders selection process. The author used a purposive technique to determine research informants. The selected informants are informants with connections or knowledge about the top leaders' selection process, including officials who have authority in managing apparatus resources, officials who have been dismissed from office (victims), officials who have been appointed to top leader positions — and one employee in each regional government.

Eighteen people participated in this study consisting of nine informants from each research location (see Table 1). They were selected due to their involvement in the recruitment process. The number of informants is adequate due to the repetition of information indicating the data were saturated.

**Table 1.** The demographics of the participants

Informant	Initial	Age	Department
1	SA	55	Regional Secretariat
2	MH	39	Civil Service and HR
3	PR	44	Civil Service and HR
4	LN	50	Civil Service and HR
5	MA	39	Civil Service and HR
6	S	57	Civil Service and HR
7	S	56	Civil Service and HR
8	P	30	Civil Service and HR
9	I	30	Civil Service and HR
10	R	32	Subdistrict official
11	D	52	Housing and Settlements
12	J	45	National Unity and Politics
13	S	43	National Unity and Politics
14	S	40	National Unity and Politics
15	SP	54	Communication and IT
16	KS	56	Communication and IT
17	I	42	Regional Planning and Development
18	W	40	Regional Secretariat

Note: HR — human resource, IT — information technology.

Source: Authors' elaboration.

In-depth interviews were conducted in different places and times according to the time desired by each informant, both in North Buton Regency and Kendari City. Interviews were recorded with the consent of the informants. The identity of the informant is kept confidential/protected in this research. The results of the interviews, which were initially in the form of recordings, were transcribed to simplify the data analysis process. All information was rechecked using the data triangulation method to ensure data validity. Finally, conclusions from the research were obtained through content analysis.

From the data collection, we discover substantial differences between North Buton Regency and Kendari City in executing the top leaders' selection process. Further, we identify the driving and inhibiting factors influencing the implementation of merit system principles in both areas.

## 4. RESEARCH RESULTS

From the data collection, we discover substantial differences between North Buton Regency and Kendari City in executing the top leaders' selection process. Further, we identify the driving and inhibiting factors influencing the implementation of merit system principles in both areas.

**4.1. Differences in the primary HLP filling process from a merit system perspective**

We found a lack of accountability in the selection process of top leaders in North Buton Regency. Lack of demonstration of systematic, transparent, and competitive process; no equal opportunity in the selection process; there is still discriminatory

treatment towards specific individuals; and the top leaders who are appointed to their positions cannot be categorized as the best candidates among other candidates. On the contrary, the top leader selection process in Kendari City shows otherwise (see Table 2). Moreover, the elected top leader is the best candidate which is proven by their scores.

**Table 2.** Differences in the process for filling top leader positions between the North Buton Regency and the Kendari City governments

<i>Theory</i>	<i>Indicator</i>	<i>North Buton Regency</i>	<i>Kendari City</i>
The best person theory (McCourt, 2007)	Systematic, transparent, and competitive	<ul style="list-style-type: none"> <li>• Mutation does not comply with the regulations;</li> <li>• restricted and uninformative;</li> <li>• absence of competency test.</li> </ul>	<ul style="list-style-type: none"> <li>• Open and systematic selection;</li> <li>• public announcement in official social media;</li> <li>• competitive competency test.</li> </ul>
	Selection of the best candidates	<ul style="list-style-type: none"> <li>• Absence of performance evaluation and competency test.</li> </ul>	<ul style="list-style-type: none"> <li>• Top leaders are selected through the top score of open selection.</li> </ul>
Merit principle theory (Stahl, 1979)	Non-discriminatory	<ul style="list-style-type: none"> <li>• Discriminatory based on subjectivity.</li> </ul>	<ul style="list-style-type: none"> <li>• Non-discriminatory.</li> </ul>
	Equal opportunity	<ul style="list-style-type: none"> <li>• Unequal opportunity for performance improvement followed by dismissal;</li> <li>• absence of competency development;</li> <li>• absence of competency test and open selection.</li> </ul>	<ul style="list-style-type: none"> <li>• Equal opportunity for each employee to participate;</li> <li>• open access for qualified external candidates;</li> <li>• professional implementation of the selection process.</li> </ul>

Source: Authors' elaboration.

**4.2. Driving and inhibiting factors of merit system implementation in filling out primary HLP**

We discovered that the driving factors in Kendari City have the opposite effects in North Buton Regency. Except for socio-cultural factors, particularly racism, which was identified as a driving factor in both areas. The driving and inhibiting factors in our findings are divided into internal and external factors as explained below.

*4.2.1. Internal factors*

*Organizational strategy*

This research found that each local government implemented different strategies in performing the selection process. Despite the North Buton Regency vision which highlighted professional HRM, the top leader selection process is not open to the public, while Kendari City, perform open selection to fill top leader positions.

Further, the human resource strategy in North Buton Regency, which is ideally centralized in budget allocation, is split into many agencies and departments. In consequence, leadership training programs are neglected. Meanwhile, in Kendari City, the implementation of education and training every year is supported by an adequate budget for apparatus resource management centralized in the Regional Civil Service Agency unit.

Coordination with other stakeholders to support the implementation of the merit system is a contrast between both areas. Lack of coordination with CSC inhibiting the implementation of the merit system in North Buton Regency. Meanwhile, in Kendari City authorized officials always initiate coordination with CSC from the beginning of the top leaders' selection process up to the stage of appointing elected officials. This is done to minimize violations of the merit system.

*Organizational culture*

The North Buton Regency has been identified as still adopting a local government culture that has not adapted well to a fair management system based on performance and competency. This happens because trust is the primary consideration rather than professionalism, educational background, and competence. Apart from that, there is a tendency to rely on appointing officials based on individual rights (regents) rather than statutory regulations that regulate technical implementation. Another obstacle was employees' fear of providing input/corrections because there was a culture of labeling them disobedient if they gave a different opinion to the leader's decision. Meanwhile, in Kendari City, it was identified that all government stakeholders had confidence in regulations, so there was no intervention or desire to influence the results of the open selection. Employees are also available to provide input and corrections if there are suspicions; on the other hand, the government offers space for dialogue and transparently shows the results of open selection.

*Managerial system*

Leadership is also one of the obstacles to implementing the merit system in North Buton Regency. There was no commitment from stakeholders towards the merit system. This can be seen from the instructions for the selection process without a competency test. The findings also show that the CSC recommendation letter pertaining to merit system principles was disregarded. Later, there was no instruction from the regent to conduct an accountable selection process. Annual performance evaluations, which should consider whether a person is still relevant in a position, are not a priority agenda.

Meanwhile, in Kendari City, authorized officials show commitment to the merit system through instructions for carrying out open selection for top

leaders positions. The competency test is an annual agenda that is always instructed to assess the relevance of employees to the position they are holding and is even carried out at all levels of management. The leader also encouraged performance evaluations by filling out logbook forms for CS' daily activities.

#### *Human resources management system*

The research results found that the North Buton Regency does not yet have complete internal regulations to support the implementation of the merit system; several regulations already exist, such as career patterns and supporting regulations, namely performance assessment. However, internal regulations regarding open selection, talent management, and succession planning were not found when the research was conducted. On the other hand, career pattern regulations still need to be implemented. The same thing was discovered in Kendari City, which has no internal regulations. However, Kendari City's system is slightly better because it has internal regulations for filling positions through open selection and talent management. There are no internal regulations regarding career patterns and succession plans, and the mayor's talent management regulations have yet to be implemented.

#### *4.2.2. External factors*

##### *Socio-cultural factors*

Researchers found that nepotism still greatly influences the filling out of top leaders positions in the North Buton Regency. This was identified through the tradition of appointing officials who are part of the extended family. There is also a growing understanding that whatever the reason, no matter how good an employee's performance and competence, if the employee takes the side of a losing regional head contestant, then the person concerned must accept the risk of being transferred or dismissed from their position. Meanwhile, in Kendari City, based on information from multiple categories of informants, familial relationships did not influence filling positions. Professionalism and the results of the open selection are the primary references for determining the appointment of officials in top leaders positions.

Further, our research shows that both areas embrace multiculturalism without any discrimination against various ethnicities. Our study reports there is no discriminatory paradigm against ethnicities other than native ethnicities (Butonese) in occupying positions in regional government. Based on the organizational structure of regional governments, the region is inhabited by various ethnicities (more than three ethnicities). In Kendari City; the organizational structure was filled with multi-ethnic groups (more than four ethnicities) or not only with ethnic groups native to the area (Tolaki tribe).

##### *Political culture*

The political culture in North Buton Regency still hinders the implementation of the merit system in filling positions. Appointment and dismissal of officials are still carried out with consideration of

political loyalty, the evaluation of which is based on favorability in regional head election contests. Leaders of political parties, including council members part of the legislative body, have sufficient freedom and dominance in influencing the process of filling positions through rotation/mutation. Apart from that, from various categories of informants, indications of transactional practices in filling positions using quite diverse models were found.

Findings in Kendari City again show differences with North Buton Regency. Differences in political choices do not influence appointments, dismissals, rotations/transfers in top leader position selection. Open selection, or rotation/mutation to fill positions, is only carried out if an employee retires, moves to another district/city, or is involved in a severe disciplinary violation. Chairpersons of political parties do not have the authority to intervene in filling positions. Therefore, filling positions, including top leader positions, purely refers to the final results of the open selection. Regarding transactional politics, there was no indication that it occurred and influenced the top leader selection process. It was identified that there was no signing of an integrity pact between the leadership and elected officials to support the second period. Several informants (top leaders) admitted that the mayor had never intervened in the open selection process.

## **5. DISCUSSION OF THE RESULTS**

Research finds that organizational strategy is one of the obstacles to implementing a merit system in filling positions, but other findings can also be a driving factor. Strategy can influence depending on the options pursued by the relevant government. This finding aligns with previous research: organizations are often hampered because implementing adopted strategies does not support the creation of meritocracy principles (Yarmohammadi-Monfared et al., 2021). This strategy is related to performance assessment (Cappelli & Keller, 2014). It is also associated with the intensity of communication/coordination with authorized institutions to ensure the recruitment process runs under the merit system (Dwiputrianti, 2018).

In another aspect, the research found that organizational culture is a fundamental variable that makes implementing the merit system in filling out top leader positions easier or more challenging. Other research also shows that the values, beliefs, behavior, understanding, thinking methods, or habits maintained by a group of individuals and the organization as a whole influence organizational members' thinking and behavior (Furusawa & Brewster, 2015). Organizational culture can be an organization's habit of using the status quo, either in the form of compliance with the rules or deviating from the rules (Castilla & Benard, 2010). This then influences the thinking paradigm of employees in regional government. Unsurprisingly, there is fear or courage among employees in North Buton Regency and Kendari City to respond to the implementation of filling positions. Previous research found it could also hinder the merit system (Schuler et al., 2011). In contrast to earlier findings in North Buton Regency and Kendari City, no obstacles to the merit system were influenced by racial issues. This research also found that

leader characteristics significantly influence the implementation of the merit system in filling positions because of the authority to regulate, manage, and place employees.

The challenges include a lack of willingness on the part of leadership to make decisions using rational scientific methods and the reluctance of leadership to confirm/clarify the achievements/performance of each employee (Yarmohammadi-Monfared et al., 2021). The findings in Kendari City are different; leadership is a driving factor. This happened because of the leadership's willingness to use scientific methods and encouragement to carry out performance evaluations for all top leaders in supporting the creation of a merit system. This research also found that both regional governments had the same problems regarding HRM systems. This is related to the comprehensive internal regulations supporting the merit system. Apart from that, the management system problem is also related to the non-implementation of several regulations that have been established (Afrianto & Prasajo, 2020).

This research also found that the merit system implementation is influenced by external factors, such as habits or paradigms that develop in society in each region. Socio-cultural barriers are often due to close family relationships (Afrianto & Prasajo, 2020). The influence of ethnicity was not found, so racial issues are not an inhibiting factor in each region. Society's views regarding competition and its implementation are also part of the habits that are an obstacle or a driver (Hotho et al., 2020). In the recruitment process for senior officials in several regional governments, such as North Buton Regency, favoritism is carried out to maintain the superiority of one community group over other community groups.

This research also shows that other external variables, namely political culture, influence North Buton Regency and Kendari City differently. The political culture in Kendari City tends to make the merit system's principles adaptable in filling positions, but not for the North Buton Regency. In line with previous research, the obstacles that

arise are considerations of political loyalty in the context of regional head elections (Poocharoen & Brillantes, 2013). On the other hand, the discretion of political party leaders and politicians outside the structure influences the process of filling positions (Duong, 2021). Lastly, the political culture that hinders it is also due to the massive transactional politics (buying and selling of positions).

## 6. CONCLUSION

This study aims to determine the differences in top leaders filling positions in North Buton Regency and Kendari City from the perspective of the merit system principles. Another objective is determining the driving and inhibiting factors for implementing the merit system in the two regional government agencies. Our findings show that internal and external organizations influence the implementation of merit systems in determining top leaders. Organizational strategy, organizational cultures, managerial, and HRM systems (socio-cultural relationships and political culture) are significant factors influencing the success and failure of merit system principles in the top leaders' selection process. More importantly, leadership is the most crucial factor in enforcing the merit system. However, a good leader is shaped by firm regulations and procedure operational standards.

This study is crucial since there are 416 districts and 98 cities that periodically perform the top leader selection process. Thus, the findings from this research could be advantageous material to formulate policies regarding top leader selection in Indonesia. Unfortunately, we were only able to illustrate this phenomenon in one area, which limits the scope of our study. There are another 37 provinces that must be investigated. With the intention that policy formulation can be executed more precisely, we recommend that more research be conducted to cover a wider range of geographical and levels of management in order to gain a better understanding of the leaders' selection process.

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