

New Public Management Model as Rule Application of Performance-Based budget (ABK) (Empirical Study at SKPD of Sigi Regency)

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Abstract— This study aims to develop a model of New Public Management (NPM) Against Performance-Based Budgeting Performance (ABK). Specific target of this research, is formed a model of New Public Management which can improve performance of local government apparatus especially in Sigi Regency. In the long run, the target of this research is to improve service to the community by applying performance budgeting so that transparent and accountable governance (good and clean governance) can be realized. The results of this study indicate that the coefficient value of all the dependent variable (X) to the independent variable (Y) has a positive effect on Performance Accountability. This provides empirical evidence that the variables of performance evaluation, budget implementation, budget planning and budget accountability lead to performance accountability. Conversion of performance accountability by can be interpreted that variants on Performance accountability can be explained by the budget planning, budget implementation, budget accountability, and performance evaluations.

Keywords—*New Public Management; Performance-Based Budget; Performance Accountability; Budget Implementation*

I. INTRODUCTION

Implementation of public accountability with the principles of good governance becomes increasingly important as the implementation of management reforms in the public sector. This becomes one of the demands of society that must be fulfilled to realize the governance good governance and clean. This phenomenon should be observed by public sector organizations to be more trusted by the community. A more systematic approach within public sector budgeting has been developed in Indonesia along with the demands for improve performance in the field of financial management.

Budget as a process undertaken by public sector organizations for allocate resources owned into unlimited needs [1]. Performance-based budgets are directed toward achieving results linking resource allocations or explicitly spending on outcomes want to achieve. Resource allocation is based on activity for achievement of results can be measured specifically, through a strategic planning process by considering critical issues faced by the institution, the institution capability, and input from stakeholders.

Approach in budget preparation has experienced enough development rapidly, following needs in order to improve public services, transparency, and accountability. In general, there are two approaches to budgeting, namely budget traditional or conventional budget and a new approach known as New Public Management (NPM). NPM continues to experience the development of a realization that owned resources (resources) are very limited, while the public demands on public services are getting bigger.

Local budget paradigm change is done to generate budget areas that reflect the interests and wishes of local communities [1]. Reforms in budget management are becoming increasingly important to follow needs in order to improve transparent public services and accountable. Performance-based budget management is either a form of deep reform budget management that was developed by using the system line item budgeting and zero based or incremental budgeting, which in practice proved to have various weaknesses, which provides opportunities for waste and budgetary aberrations. Another weakness of the traditional budget system or budget traditional conventional, budget management orientation is more focused on control expenses based on receipts, the budget balance principle, so that accountability Budget control is not limited to the achievement of results or outcomes.

To solve the problem then budget on the Device Work Unit Regions (SKPD) in the era of autonomous management is prepared with performance approach, so the budgeting system prioritizes the achievement of results or performance from planned activity costing. Through budget-based implementation performance, SKPD is required to create performance standards on every activity budget, so clear what activities will be done, how much it will cost, and what outcome will be obtained.

The theoretical basis used to explain the relationship between budget with performance are: agency theory. Relationship agency can occur on all entities that rely on contracts, either explicitly or implicit, as a reference behavior of participants [2]. Therefore, it can be said that agency relationships occur in every entity including the managerial of SKPD as budget compilers SKPD. Stewardship Theory (Theory of Management), this theory of how creating organizational structures that can help managers to make

decisions as well as options for optimizing organizational performance. Stewardship theory defined as a situation where the manager has no personal interest but more concerned with the wishes of the principal. Goal Setting Theory is a theory that discuss about the effect of goal setting, challenges, and feedback on performance.

New public management is a management theory who assume that public sector organizations must be professionally managed [3]. On basically, this concept focuses on organizational performance, not on policy. So with the concept of NPM, the rigid and bureaucratic public management system can become more flexible.

The emergence of the concept of NPM has a direct influence on the concept public budget. One of the effects is the reform of the budget system originally based on traditional to performance-oriented. Here's the comparison between budget traditional with a performance-based budget [3].

- Budget traditional:
 - Centralization.
 - Orientation on input.
 - No relationship with long-term plan.
 - Under the line item and Incrementalism.
 - Rigid departmental constraints.
 - Gross budget principle.
 - Yearly.
- Performance-based budget:
 - Decentralization.
 - The orientation of the input, output and out came with a base value for money.
 - Whole and comprehensive with long term planning.
 - Based on goals and performance targets to be achieved.
 - Cross department.
 - Systematic and rational.
 - Bottom-up budgeting.

Some types of budget approaches in NPM are performance-based budgets, zero-based budgeting and planning, programming, and budgeting system [4]. One of the model of governance in the era of New Public Management is a model the government put forward by David & Ted (1992) as stated in view known to the concept of "reinventing government". A new perspective government are: (1) The government of the catalyst; (2) Government property community; (3) The government competitive; (4) Government driven by the mission; (5) The government of result-oriented; (6) oriented government customers; (7) Government of entrepreneurship; (8) The government anticipatory; (9) The government decentralization and (10) Government-oriented (mechanism) [5].

The basis of performance-based budgeting is performance outcomes, performance indicators, standard expenditure analysis, standard unit standards and standards minimal service [3]. In addition, these performance-based budgets are made for a budget that has been set can be utilized economically, efficiently and effectively, and also expected to improve the

accountability in the utilization of the budget in the form of outputs and outcomes which is clearly a priority.

Participation in budgeting is a managerial approach generally assessed to improve managerial performance. Individuals participating in budgeting will be more accountable to its work than with individuals who are not involved in budgeting [6].

In Law no. 17 Year 2003 on State Finance, there is a change fundamental, among others: (1) The principle of balanced budget replaced with budget surplus / deficit; (2) Program budgeting (based on the destination) to performance budgeting (performance-based); (3) Budgets arranged on the basis of a five-year plan are replaced in a rolling budget with the Medium Term Expenditure approach Framework; and (4) Dual budget (routine and development) into a unified budget (one budget).

Performance-Based Budgeting (Performance Based Budgeting) system is budgeting that is oriented towards the organization's output and is closely related to the vision, mission and strategic plan of the organization [7]. Performance budgeting allocate resources to the program, not to organizational units and use output measurement as an indicator of organizational performance. This model also uses the technique budgeting based on consideration of the workload (workload) and the unit cost of each activity is structured. Budget with a performance approach emphasizes the concept value for money and the monitoring of performance output. A performance budget approach is developed to try to overcome the weaknesses of the traditional budget, especially weaknesses caused by the lack of benchmarks that can be used to measure performance in the achievement of public service objectives and targets [3].

There are several structures that need to be considered in the implementation of performance-based budgeting, namely: Information base, analytical techniques, interaction between budget actor's and spending criteria. Based on the results of studies on research that has been done, then developed research that will be done, which begins with analyzing information about the user budget that has the largest or most important role in the budgeting activity in the District Sigi [8]. Next, is to analyze the extent to which budget usage for the activity budgeting in Sigi. Then, analyze the behavioral factors that can affect performance-based budget performance.

Once the behavioral factors can be identified, then proceed with the analysis indicators that may affect the budgeting process. Therefore, a behavior-based model of performance budget for development is obtained model of New Public Management (NPM) against Application-based Budgeting Performance (ABK) that can be implemented.

The research design is the plan of the research structure that directs the process and research results as far as possible to be valid, objective, efficient and effective. Design research means determining the type of research, determining the data used and de-signing models.

The purpose of this study is to provide practical benefits for the government areas in addressing the issue of New Public Management (NPM) as a result of the existence performance

based budgeting system. The population in this study were structural officials who consisting of Echelon II, III, and IV in Sigi District. Sample selected using technique proportionate stratified random sampling. The collection method used is survey methods such as questionnaires and interviews (depth interview). Besides, for obtain in-depth information conducted Focus Group Discussion (FGD) the stakeholders who own a critical role in the budgeting activity.

II. METHOD

To measure the variables conducted the distribution of questionnaires to respondents. For each answer the scores and scores obtained have a measurement level ordinal. A score or weighting values used are strongly agree (5) to very disagree (1).

Data obtained from the results of research and then processed using techniques namely data analysis Partial Least Square (PLS). The structural model in the PLS is evaluated with R2 to construct a dependent, the path coefficient value or t-value for significance test between constructs in the model [9].

III. RESULTS AND DISCUSSION

Outer model is a model that specifies the relationship between the latent variables the indicators or it can be said that the outer model defines how each indi-cator relates to its latent variable. Outer model is in-terpreted by look several things, among others: con-vergent validity, discriminant value validity, compo-site reliability, average variance extracted (AVE) and Cronbach's Alpha. Algorithm PLS model presented in the figure 1.

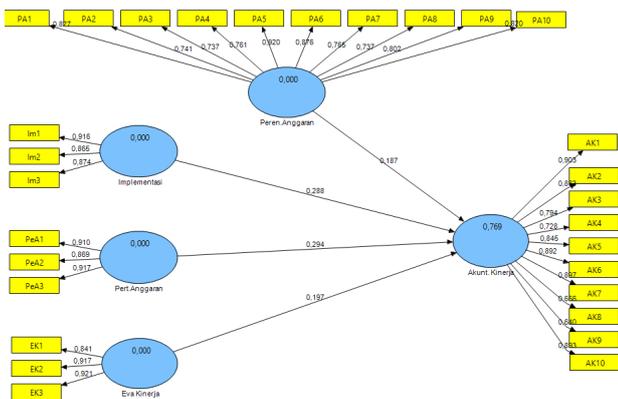


Fig. 1. Model PLS algorithm.

TABLE 1. CROSS LOADING VALUE

	Budget Planning	Budget Implementation	Budget Accountability	Performance Evaluation	Performance Accountability
PA1	0.8268	0.6136	0.5942	0.4826	0.5941
PA2	0.7407	0.5558	0.559	0.524	0.5541
PA3	0.737	0.4711	0.4519	0.4571	0.5434
PA4	0.7614	0.6311	0.5011	0.5887	0.5822
PA5	0.92	0.6066	0.6088	0.5213	0.6032
PA6	0.8763	0.6631	0.6201	0.5713	0.653
PA7	0.7653	0.5519	0.6197	0.3912	0.5331

	Budget Planning	Budget Implementation	Budget Accountability	Performance Evaluation	Performance Accountability
PA8	0.7371	0.4895	0.4101	0.4077	0.4618
PA9	0.8015	0.604	0.5996	0.5066	0.6075
PA10	0.8198	0.7099	0.5865	0.5478	0.6667
Im1	0.6997	0.9163	0.7724	0.7275	0.7532
Im2	0.5981	0.8654	0.6715	0.8048	0.7264
Im3	0.6729	0.8743	0.7669	0.6822	0.7391
PeA1	0.5464	0.7215	0.9101	0.6693	0.8067
PeA2	0.7515	0.7894	0.8687	0.6927	0.7229
PeA3	0.5876	0.7355	0.9173	0.6788	0.6431
EK1	0.4221	0.7091	0.61	0.8406	0.6067
EK2	0.6148	0.7403	0.7229	0.9171	0.7469
EK3	0.6288	0.7843	0.6889	0.9211	0.7176
AK1	0.6593	0.6765	0.6315	0.6495	0.9026
AK2	0.5518	0.6129	0.5965	0.6199	0.8826
AK3	0.4555	0.6097	0.6377	0.5418	0.7938
AK4	0.5385	0.6279	0.5297	0.5962	0.7279
AK5	0.6639	0.7396	0.6818	0.7039	0.8453
AK6	0.7216	0.8016	0.7758	0.7037	0.8917
AK7	0.6484	0.7344	0.7703	0.7073	0.8967
AK8	0.5471	0.6383	0.6185	0.5157	0.656
AK9	0.4059	0.6114	0.5958	0.5614	0.6398
AK10	0.6949	0.7177	0.7558	0.704	0.8932

In the table above can be seen that the value of PA1 indicator loading to the const Towards Budget Planning of 0.8268 higher than the other constrains that is to Budget Implementation 0.6163, Budget accountability 0.5942, Performance Evaluation 0.4826 and Performance Accountability 0.5941. On the indicator Im1 loading value to the constants Budget Implementation is 0.9163 higher than to Budget Planning 0.6997, Budget Responsibilities 0.7724, Performance Evaluation 0.7275, and Ac-countability Performance 0.7532. Similarly for other indicators, it has a loading value higher to the in-tended contract than to any other unauthorized con-stituents.

TABLE 2. COMPOSITE RELIABILITY VALUE

Construct	Composite Reliability
Performance Accountability	0.9525
Performance evaluation	0.9224
Budget Implementation	0.916
Budget Planning	0.9467
Budget Accountability	0.9266

In the table above shows that the value of Performance Accountability of 0.9525, Performance Evaluation 0.9224, Budget Implementation 0.9467, Budget Planning 0.9467, and Accountability Budget 0.9266. All of the constants are composite reliability values > 0.70 then it is said to have good internal consistency.

The AVE value shows the variance value of each indicator in the context which can be captured by these variables more than the variance caused by measurement error. AVE value is expected > 0.5. The value of AVE is a constraint Performance Accountability of 0.6705, Performance Evaluation 0.7987, Budget Implementation 0.7843, Budget Planning 0.6413, and

Budget Accountability 0.8081. More results presented in the table below.

TABLE 3. AVERAGE VARIANCE EXTRACTED (AVE) VALUE.

Construct	AVE
Performance Accountability	0.6705
Performance evaluation	0.7987
Budget Implementation	0.7843
Budget Planning	0.6413
Budget Accountability	0.8081

Test reliability is reinforced by Cronbach's alpha values. Alpha reliability test limits Cronbach's > 0.7 . Cronbach's alpha values were obtained construct Accountability for Performance 0.9431, Performance Evaluation 0.8736, Budget Implementation 0.8621, Budget Planning 0.937, and Budget Accountability 0.8814. Results Cronbach's alpha values more pre-sented in the table below.

TABLE 4. CRONBACH'S ALPHA VALUE.

Construct	Cronbachs Alpha
Performance Accountability	0.9431
Performance evaluation	0.8736
Budget Implementation	0.8621
Budget Planning	0.937
Budget Accountability	0.8814

To test the structural model is done by looking at the value of R2 which is a test The goodness of the fit. The Performance Accountability Constraint obtains a value of R2 of 0.7683 it can be interpreted that the variant on Performance Accountability can be explained by the context Budget Planning, Budget Implementation, Budget Accountability, and Evaluation Performance of 76.83% while the remaining 23.17% (100%-76.83%) is explained by the variable other than those studied. The results of the full R-square values are presented in the table below.

TABLE 5. R-SQUARE VALUE.

Construct	R Square
Perfomance Accountanability	0.7683

The next test is to look at the significance of the influence between independent constrains on dependent and answer what has been hypothesized. Testing with significance level of 5% if the value of t-statistic > 1.96 then the null hypothesis (H0) is rejected. The value of t-statistical coefficient of influence of latent construct obtained from the PLS bootstrapping. The results of PLS model bootstrapping presented in figure 2.

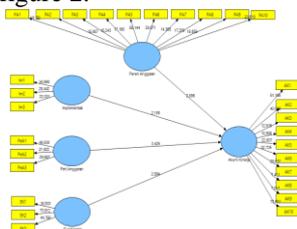


Fig. 2. PLS model bootstrapping.

Coefficient of parameters can be seen in the value (originalsample) and a significant value t-statistics can be seen in the table below.

Table 6. The coefficient value (original sample), standard error and t-statistics.

Influence Path	Original Sample (O)	Standard Error (STERR)	T Statistics ((O/STERR))	Information
Budget Planning -> Performance Accountability	0.1873	0.0647	2.8956	Significant
Budget Implementation -> Performance Accountability	0.2877	0.1315	2.1884	Significant
Budget Accountability -> Performance Accountability	0.2939	0.0858	3.4251	Significant
Performance Evaluation -> Performance Accountability	0.1966	0.0758	2.594	Significant

The value of coefficient of influence of Budget Planning to Performance Accountability is equal to 0.1873, default error value 0.0647 and t-statistics 2.8956. Because the value of t-statistics $2.8956 > 1.96$, then reject H0. This proves that Budget Planning is significant have a positive effect on Performance Accountability.

The value of coefficient of influence of Budget Implementation to Performance Accountability equal to 0.2877, the value of standard error 0.1315 and the value of t-statistics 2.1884. Because the value of t-statistics $2.1884 > 1.96$ then reject H0. This proves that the Budget Implementation is significant have a positive effect on Performance Accountability.

The coefficient value of influence of Budget Accountability to Performance Accountability equal to 0.2939, default error value 0.0858 and t-statistics 3.4251. Because the value of t-statistics $3.4251 > 1.96$, then reject H0. This proves that the Budget Accountability significant positive effect on Performance Accountability.

Value of coefficient of influence of Performance Evaluation to Performance Accountability equal to 0.1966, the default error value is 0.0758 and the t-statistic value is 2.594. Because the value of t-statistics is $2.594 > 1.96$ then reject H0. This proves that Performance Evaluation significantly influences positive to Performance Accountability.

IV. CONCLUSION

This research can be further developed with con-firmatory analysis existing models. Confirmatory analysis performed on a consideration on the model which is built is still in the form of a design that re-quires an analytical tool flexible to obtain the model parsimony.

Another thing to do is to conduct in-depth interviews with respondents to confirm again the answers of the questionnaire. The hope may be to examine other influencing variables in the application of New Public Management.

Coefficient value of all dependent variable (X) to independent variable (Y) have a positive effect on Performance Accountability. This provides empirical evidence that the

variables of performance evaluation, budget implementation, budget planning and budget accountability leads to performance accountability.

Performance Accountability Constraint with R² value of 0.7683 which can be interpreted that the variant on Performance Accountability can be explained by the context Budget Planning, Budget Implementation, Budget Accountability, and Evaluation Performance of 76.83% while the remaining 23.17% (100%-76.83%) is explained by the variable other than those studied.

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