

UDC 332

PERFORMANCE-BASED BUDGET IMPLEMENTATION: A PHENOMENOLOGY STUDY IN DENPASAR CITY GOVERNMENT

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ABSTRACT

This study aims to determine the experience and meaning of budget actors on the implementation of performance-based budgeting and to find out the obstacles in implementing performance-based budgeting. Understanding this can increase the awareness of budget actors to be sensitive in implementing performance-based budgeting so as to increase government performance achievements. The study uses four informants who are actors in the preparation and implementation of performance-based budgets. The data analysis technique in this study used triangulation with a phenomenological approach. The results of the analysis found that the implementation of performance-based budgeting at the Denpasar City Government seen from the perspective of budget drafters had implemented a performance-based budgeting system although it was not yet optimal in its implementation. There are four general themes that become obstacles/obstacles in the implementation of performance-based budgeting. First, understanding the performance-based budget through the meaning of the rules, consistency of planning and output-oriented. Second, the performance accountability system of government agencies through the meaning of planning and budgeting, budget execution, performance measurement, performance evaluation, performance evaluation and performance reporting. Third, competence through the meaning of the level of knowledge of the apparatus, leadership, and communication. And fourth, the accessibility of budget information through the meaning of the availability of information, budget constraints and analysis of cost standards.

KEY WORDS

Performance-based budgeting, performance accountability, competence, information accessibility.

In the Submission of Performance Accountability Evaluation Results and Implementation of Bureaucratic Reform for Provincial, Regency, and City Agencies in 2021, the Minister of State Apparatus Empowerment and Bureaucratic Reform (PANRB), represented by the Secretary of the PANRB Ministry, Rini Widyantini, stated that the implementation of SAKIP is part of the transformation of ways and culture work through the implementation of public sector performance management and performance-based budgeting. It was further emphasized that all government agencies are required to be accountable and improve performance that is targeted and results-oriented. This is in line with the priority targets of the President and Vice President's development, namely increasing the effectiveness and efficiency of the government by ensuring a focused and targeted state revenue and expenditure budget (APBN). (rum/HUMAS MENPANRB, 2021. From the above statement it is very emphasized that the preparation of a performance-based budget is an important part in the use of public money to achieve development targets in accordance with the established plans.

The public sector budget is an instrument of accountability for the management of public funds and the implementation of programs financed from public money (Mardiasmo, 2005:61). One important part of using public money to achieve development targets in accordance with the established plans is through the preparation of a performance-based budget. In accordance with the Regulation of the Minister of State for Empowerment of State Apparatus Number: PER/20/M.PAN/11/2008 concerning Guidelines for the Preparation of Main Performance Indicators, it is mandated that in order to realize good governance and at

the same time result oriented governance, state budgeting, both central and regional, must be based on performance, namely a budget that is calculated and prepared based on the need to produce outputs and outcomes in accordance with the wishes of the community by setting Key Performance Indicators (*Indikator Kinerja Utama (IKU)*). Each government agency is required to formally establish Key Performance Indicators for strategic goals and objectives for each level in stages in accordance with their respective authorities, duties and functions.

In current practice, the Denpasar City Government has set the Key Performance Indicators as outlined in the Denpasar City Planning Semesta RPJMD 2016-2021. The Denpasar City Government has set 29 Key Performance Indicators that are targeted to achieve the Vision, Mission and Goals during the 2016-2021 Regional Head leadership period. The Denpasar City Government performance evaluation data contained in the 2021 Denpasar City Government Agency Performance Report looks like the following table

Table 1 – Mayor's IKU Achievements in 2016 – 2021

No	Year	Mayor's IKU Achievement Target	Realization of Mayor's IKU Achievements	Mayor's IKU Achievement Percentage
1.	2016	Initial condition	Initial condition	-
1.	2017	29 IKU	20 IKU	68,97 %
2.	2018	29 IKU	21 IKU	72,41 %
3.	2019	29 IKU	21 IKU	72,41 %
4.	2020	29 IKU	13 IKU	44,82 %
5.	2021	29 IKU	22 IKU	75,86 %

Data Source: LKJIP Denpasar City Government in 2021, data processed.

Based on the table above, it shows that the percentage of the Mayor's IKU achievement against the target is not more than 75% during the 2016-2021 RPJMD period. Furthermore, with the enactment of Permendagri No. 86 of 2017, performance achievements below 76% are categorized as moderate. This shows that planning and budgeting during this period has not been optimal based on performance.

The existence of inconsistencies in output achievements between planning, implementation and realization indicates that there are problems in the implementation of performance-based budgeting in an agency (Ministry of Finance, 2017). In principle, in the application of performance-based budgeting, the output must be consistent. The inability of government agencies to determine program/activity budget allocations that are in line with the goals/targets resulting in budget wastage, is one of the problems that occurs in Indonesia in the process of implementing performance management in Indonesia (Ministry of PAN-RB, 2018).

Some people state that the implementation of performance-based budgeting is hampered due to the lack of budget responsiveness, the low level of involvement of the budgeting process and the inefficiency of the distribution of responsive budgeting resources, and the lack of involvement in its preparation in monitoring and evaluating budget implementation (Ali Tafriji Biswan et al., 2019). Meanwhile, other research conducted by Antonius Adikusuma Mulyono and Ayuningtyas Hertianti (2019) found the factors that caused the inconsistency of output achievement with budget realization as follows: 1). Some of the activities and budgets implemented did not focus on supporting the planned performance indicators; 2). Revised budget for other activities that do not support performance indicators; 3) Budget cuts on activities that support performance indicators; 4) Still focusing on budget realization, not yet focusing on output achievement, 5). The role of planning supervisors is not yet strong to encourage the achievement of outputs to the Technical Directorate, 6) The targets set are not on target.

This study uses a qualitative approach to gain a deeper understanding of the reality of performance-based budgeting through inductive thinking based on the experiences of informants on actions in implementing performance-based budgets. According to the theory of Policy Implementation Edward C III (1980) states that there are 4 supporting factors for the

implementation of performance-based budgeting, namely communication, resources, attitudes and bureaucratic structure. Another theory that shows the relationship between goals and one's performance on tasks is the goal setting theory proposed by Locke and Latham (1990). One tangible form of implementing this goal setting is the budget. A budget not only contains a plan and the nominal amount needed to carry out activities, but also contains specific goals that the organization wants to achieve (Latham, et al, 2008). The public sector budget is a document that describes the financial condition of an organization which includes information on revenues, expenditures and activities.

The focus of performance-based budgeting is the achievement of performance targets using existing facilities, namely the budget. The concept of budgeting is no longer emphasized on the consideration of existing resources or inputs, but more on the performance targets to be achieved. With this shift in focus, it is expected to create efficiency and effectiveness in the implementation of activities using available inputs. The performance-based budgeting approach based on PMK Number 94 (2017) is an approach in the budgeting system that pays attention to the relationship between funding and expected performance, and pays attention to efficiency in achieving that performance. Performance is work performance in the form of output from activities carried out by Ministries/Institutions, work units and work units (*satker*) with measurable quantity and quality.

According to Bambang Sancoko et al (2018) the principle of Performance-Based Budgeting is theoretically a budget that connects the state budget (state expenditure) with the desired results (output and outcome) so that every rupiah spent can be accounted for for its benefits. In line with this, Julnez and Holzer in (Wibisono & Riharo, 2019) state that performance measurement is based on the concept of value for money, the budget used must be logical and rational for the processing of an organization, for the use of planning that makes sense naturally in order to be effective and efficient.. Therefore, the budget will be realized properly if in the budget there is a good commitment to policy makers and technical implementers.

In practice, performance-based budgeting is very difficult to implement by organizational actors. The dichotomy of reality and illusion in the midst of pragmatic constructivism highlights the limitations and shortcomings that characterize the application of business practices introduced as a component of the reform movement and known as New Public Management (NPM). One of the findings in Italy made through the analysis of interviews, policy documents and government reports shows that the failure to integrate communication, values and goals between actors and illusory analysis may in fact hinder the construction of causality, thereby jeopardizing the successful implementation of performance-based budgeting reforms (Mauro, S.G, Cinquini, L, Pianezzi D, 2021). Fideli Conny Dondan (2021) in his research quantitatively found that the consistency of planning and budgeting has implications for performance achievement. This is inseparable from the factors that influence the implementation of budgeting as expressed by Wang (1999) in his research which results that the implementation of the system depends on several important factors: (1) consistent legislative support; (2) agreement on performance measures; (3) consistent communication; (4) performance reports and good management practices; (5) understanding of how budget inputs are converted into outcomes; (6) evaluation from all parties.

This study aims to explore the extent to which budget preparers interpret performance-based budgeting and to find out the factors that become obstacles/obstacles in the implementation of performance-based budgeting at the Denpasar City Government so that they can provide feedback or evaluation materials to improve the implementation of performance-based budgeting to improve performance. achievement of the Mayor's Key Performance Indicators.

METHODS OF RESEARCH

This study uses a qualitative approach because it considers the values, culture, norms, and organizational structure as well as other factors that encourage the successful

implementation of Performance-Based Budgeting. Qualitative research can provide opportunities for researchers to focus more on the complexity of business-related phenomena in their context. This research will be able to provide new knowledge about how things work in real-life contexts in business, how these events work in special ways and how we can understand them in such a way under conditions that allow for change (Eriksson and Kovalainen, 2008). The qualitative approach concentrates more on interpretation and understanding. On the data collection and analysis side, this approach is context sensitive which aims to understand holistically the problem being studied. Qualitative research aims to obtain and understand the meaning of a context in its natural setting and does not prioritize generalizations (Nugrahani, 2014).

Lofland in Moleong (2014: 157) said that the main data sources in qualitative research are words and actions, the rest is additional data such as documents and others. This study uses primary data and secondary data as the basis of analysis. The primary data in this study is the result of direct interviews obtained from the results of interviews with informants in this study related to the implementation of budgeting at the Denpasar City Government. The key informants in this study are people who play a role in budgeting. Research resource persons consist of Head of Agency/Department, Secretary who is a member of the Local Government Budget Team, Young Expert Planner, and Planning Analyst in Denpasar City Government. While the secondary data used in this study are the 2016-2021 Denpasar City Planning RPJMD document, the Denpasar City Government Agency Performance Report 2016 to 2021, the Denpasar City Government Budget, and the Denpasar City Government Budget Realization Report.

This study uses a data triangulation method that directs researchers to use a variety of different data sources in the same case. The same or similar data will have a high level of truth when extracted from several different data sources. The data triangulation technique in this study was carried out in 2 ways, namely: (1) using one type of data source, for example informants, who came from several different groups or levels; and (2) extracting information from different types of data sources, such as interviews and documentation, for the same case. To maintain the reliability of the data in this study, the researcher used several techniques, including carefully re-checking procedures, triangulation of data mining techniques, using data collection methods through interviews and documentation in single cases, and increasing the number of subjects. and research informants.

RESULTS AND DISCUSSION

Implementation of Performance-Based Budgeting

Comprehensively in Law No. 25 of 2004, it can be seen that there is a link between planning and national development budgeting. There are several main components in planning and budgeting, namely the Regional Medium-Term Development Plan (RPJMD), the Regional Strategic Plan (Renstra), the Regional Government Work Plan (RKPD), and the APBD Draft (RAPBD). In principle, planning and budgeting reform is aimed at achieving three ideal conditions, namely: precise, accountable and transparent. Proper planning and budgeting mean more measurable and sequential performance starting from priority performance indicators (impact), programs (outcomes), and activities (outputs). Appropriate also means that planning and budgeting are done realistically by taking into account the availability of the budget. The second ideal condition is accountability, which means that planning and budgeting have clear goals and responsibilities.

According to Mardiasmo (2002), performance-based budgeting is a budget system that prioritizes efforts to achieve performance results or outputs and planning the allocation of specified costs or inputs. So, to prepare a performance-based budget, a change in mindset is very important by focusing on "what you want to achieve" and being focused on the "goals" of implementing these activities and being outlined in every step when preparing a budget. The benchmark for the success of this budget system is the performance or achievement of the objectives or results of the budget by using funds efficiently. By building a budgeting system that can combine performance planning with the annual budget, it will be seen that

there is a link between the available funds and the expected results. Another manifestation of the performance-based budget system at the Denpasar City Government, where in the implementation of planning and budgeting, some of the programs/activities that have been prepared have referred to the Regional Medium-Term Development Plan (RPJMD) as outlined in the Strategic Plan of each Regional Apparatus (PD). Furthermore, the Strategic Plan is stated in the Regional Government Work Plan which is translated into the Regional Apparatus Work Plan (Renja) and compiled in the form of a Budget Work Plan (RKA). The elaboration of programs/activities is adjusted to what has been stipulated in the planning documents that have been formalized through Regional Regulations or Regional Head Regulations. However, the reality in planning and budgeting is that not all programs/activities that are prepared refer to the RPJMD and the Strategic Plan of the Regional Apparatus. Several activities in the APBD which are the end of the planning and budgeting stages often appear on a wish list from stakeholders and policy makers at the Denpasar City Government.

By reading the transcript of the interview results repeatedly, the researcher makes important statements regarding the implementation of performance-based budgeting in each of the informants' explanations about their experiences when implementing performance-based budgeting as a compiler and implementer of performance-based budgets. The important statement shows that informants one and three interpret the experience related to the implementation of performance-based budgeting through seven meanings, while informants two and four have eleven and seven meanings, respectively. Through important statements from four informants, fourteen meanings were obtained, including: rules (M1), planning consistency (M2), output-oriented (M3), planning and budgeting (M4), budget execution (M5), performance measurement (M6), performance evaluation (M7), performance reporting (M8), knowledge level of apparatus (M9), leadership (M10), communication (M11), availability of information (M12), budget constraints (M13) and standard cost analysis (M14). These meanings are grouped into four general themes in understanding performance-based budgeting, performance accountability systems, competence, and accessibility of budget information, as presented in table 2 below.:

Table 2 – Meaning, Theme and Descriptive Narrative Theme Regarding Barriers. Obstacles in the Implementation of Performance-Based Budgeting

No	Meaning	Meaning Code	Theme	Theme Descriptive
1.	Rule	M1	Understanding Performance-Based Budgeting	The existence of the implementation of performance-based budgeting can be described through the understanding of budget makers in relation to performance-based budgeting
2.	Planning Consistency	M2		
3.	Output Oriented	M3		
4.	Planning and Budgeting	M4	Performance Accountability System	The Performance Accountability System is an integration of the planning system, budgeting system and performance reporting system, which is in line with the implementation of the financial accountability system
5.	Budget Execution	M5		
6.	Performance Meter	M6		
7.	Performance evaluation	M7		
8.	Performance Reporting	M8		
9.	Apparatus Knowledge Level	M9	Competence	Competence is a skill, knowledge, basic attitude, and value contained in budget makers which is reflected in the ability to think and act consistently in relation to performance-based budgeting.
10.	Leadership	M10		
11.	Communication	M11		
12.	Information Availability	M12	Accessibility of Budget Information	Accessibility of Budget Information is the level of ease of obtaining budget information
13.	Budget Limitations	M13		
14.	Cost Standard Analysis	M14		

Source: Informant transcript 2022, data processed.

The Meaning of the Themes that are Obstacles / Obstacles to the Implementation of Performance-Based Budgeting.

Meaning of Theme 1: Understanding Performance-Based Budgeting

Performance-based budgets are budgets that emphasize work performance or results. According to Bastian (2006: 171) performance-based budgeting is a budgeting system oriented to organizational output which is closely related to the vision and mission and strategic planning of the organization. This system primarily seeks to link directly between outputs and outcomes accompanied by an emphasis on the effectiveness and efficiency of the allocated budget. In this case, WWK informants believe that performance-based budgeting is all actions taken by the government that are results-oriented towards the activities carried out. This is in line with Bambang Sancoko et al (2008) who explained that performance-based budgeting is a budget system that links budget expenditures with the desired results so that every rupiah spent can be accounted for for its usefulness. WWK informants believe that in the budget, activity units and money units occupy an important position in the sense that all activities will be quantified in money units, so that the efficiency and effectiveness of the activities carried out can be measured. On another occasion, a DP informant revealed that a performance-based budget is a budget that must be consistent between one document and another. In more detail, at different times, Mrs. NW revealed that performance-based budgeting starts from the description of the main tasks attached to an official. The results of interviews from officials who are members of the Denpasar City Government Budget Team mean that understanding performance-based budgeting is a fundamental thing that must be understood before preparing a budget. The understanding of these officials is focused on its relation to the duties and functions carried out and adjusted to the vision and mission contained in the RPJMD. In addition, one of the officials also understands performance-based budgeting as a budget that must be consistent from one document to another so that it has implications for performance in local governments. Conceptually it is explained that performance-based budgeting is a budgeting method for management to link each funding outlined in activities with expected outputs and results including efficiency in achieving the results of these outputs..

Meaning of theme 2: Performance Accountability

Regional development planning is process-oriented using several approaches, one of which is a political approach. This approach views that the election of regional heads is a planning process, because the voters determine their choices based on the programs offered by each regional head candidate. Therefore, the development plan is the elaboration of the development agendas offered by regional heads during the campaign into a medium-term development plan. In terms of strategic management, regional planning and budgeting is an inseparable unit in the management function (Yuwono et al, 2008: 67). Therefore, good planning is the essence of effective financial management. Local governments will not be able to manage their finances effectively if their planning and budgeting system is not good. The RKPD and APBD documents are interrelated planning and budget documents. Therefore, in discussing APBD, it is necessary to emphasize synchronization between APBD documents and regional development planning documents. Besides planning, budgeting also plays an important role in the implementation of regional development. Planning and budgeting is an important process in the administration of government, because it is related to the purpose of the government itself, namely to prosper its people.

Budget execution is the realization of a previously planned budget planning document. To be able to carry out the budget optimally, budget execution must be adjusted to strategic plans and development priorities that are prepared objectively and based on a study of the Cost Standard Analysis (ASB) as well as the rules that have been set both from the central government and from local governments. Based on the results of interviews from each of the informants as described above, it provides an illustration that in budget execution there are still inconsistencies between budget planning and budget preparation so that it has implications for budget implementation. Utilization of resources in the implementation of the

budget, both human resources and other resources is also not optimally used in budget execution. The current human resources have not been able to change the mindset in the technical implementation of government administration so that the implementation of financial management reform has not been going well.

Performance measurement is an act of measurement carried out on various activities in the value chain that exist in the company. The measurement results are then used as feedback in the form of effective and efficient actions and will provide information about the performance of the implementation of a plan and the point at which an institution requires adjustments to its planning and control activities. Excerpts from interviews conducted at TAPD illustrate that the focus in measuring budget performance lies in quality planning by looking at indicators in accordance with the output to be produced. Besides that, by looking at the rules that have been set as guidelines for both budget planning, preparation and even up to the budget measurement stage, whether it is in accordance with the initial plan that has been set. Informants also interpret their experience in assessing good budget performance measurement by referring to budget planning guidelines and established rules.

Performance evaluation is a process of assigning value to the performance that has been produced. The results of the new performance measurement provide a number obtained from the comparison between the realization and the target. Evaluation intends to convert this number into a value that describes the good or bad of a performance. The APBD evaluation aims to achieve synergy between regional policies and national policies, harmony between the public interest and the interests of the apparatus and to determine the extent to which the APBD does not conflict with the public interest, higher regulations and other applicable regional regulations. Performance evaluation is also a tool to determine whether the planned performance targets can be achieved properly. Furthermore, based on the results of the performance evaluation, steps can be recommended for future improvements, both in terms of program design, performance formulation, performance indicators and methodologies, including recommendations regarding the provision of rewards or punishments for Regional Apparatus. Evaluation of activity performance shows the performance achievement of a government agency unit within a certain period of time. Evaluation of activity performance at least shows an assessment of the success/failure of implementing activities in accordance with the goals and objectives that have been set in the strategic planning framework. Programs and activities that are evaluated should be programs and activities as stated in the strategic planning of the agency concerned. For the relevant government agency, the evaluation carried out must refer to the performance indicators that it has set, be it inputs, processes, outputs, outcomes, benefits and impacts as well as their achievements.

Each performance accountability entity is required to compile and present a Performance Report on work performance achieved based on the use of the allocated budget. The Performance Accountability Entity organizes SAKIP in stages, with levels starting from the Work Unit Performance Accountability entity, the Organizational Unit Performance Accountability entity, to the Ministry/Agency Performance Accountability entity. The most important components needed in the preparation of performance reports are performance measurement and evaluation. Performance reports are used to determine the level of performance achievement of an organizational unit and other matters related to the implementation of its duties and functions, especially an overview of the level of conformity between planned programs and activities and their realization. This report is also used as a reference in preparing performance plans and budget plans for the coming year. From the results of the analysis of documents carried out by the Ministry of PAN-RB on the Denpasar City Government LKJiP, it shows that in measuring the performance of program indicators/activities implemented, it is still necessary to pay attention to the determination of indicators that have not provided feedback for performance improvement.

Meaning of Theme 3: Competence

Knowledge is a variety of symptoms encountered and obtained by humans through the observation of reason. Knowledge is basically the result of the process of seeing, hearing,

feeling and thinking which is the basis of human behavior and action (Indrianto and Supomo, 1999 in Simsom et al, 2007). Knowledge is also an intelligence possessed by individuals related to something they learn. High knowledge will be the basis for solving a problem easily and precisely. Therefore, the human resources involved in the preparation of the APBD both at the time of planning until the implementation of the budget evaluation must have knowledge of the budget, especially performance-based budgeting so that in planning, compiling up to the implementation stage in accordance with the targets of the Regional Apparatus. In the implementation of performance-based budgeting in the performance budgeting process, the budget for each program/activity has not been carefully planned, as is the case at the time of budget implementation. This statement indicates that the level of knowledge of the apparatus regarding performance-based budget implementation in terms of budget planning and budget execution has not been maximized. Budgeting must see a clear mechanism and knowledge of the programs/activities to be implemented. This is what makes the implementation of performance-based budgeting run as expected.

Leadership commitment is defined as a condition in which an individual favors the organization and its goals and desires to maintain membership in the organization (Robbins and Judge, 2007). In the implementation of performance-based budgeting, the support and commitment of the leadership are important for the successful implementation of programs/activities in accordance with the plan. Without the commitment of a leader, it is impossible to get positive results in managing regional work units. Related to this, RS informants believe that the implementation of performance-based programs/activities at the Denpasar City Government, from the planning process to the preparation and even up to the current implementation stage, is still not optimal. This is because in the budget preparation process there are still differences from the initial planning as stated in the Denpasar City Planning Semester RPJMD. The expressions of each informant give a lot of meaning that the budgeting processes, both in planning the performance budget to the implementation of the budget, indicate that there is intervention from outside influences, such as the executive. This is due to the lack of commitment and firmness of the leadership from what has been planned and determined previously, both contained in the RPJMD and RPJPD.

Implementation will be effective if the measures and policy objectives are understood by policy makers and budget makers who are responsible for achieving policy objectives. To find out the clarity of the size and objectives of the policy, proper communication is needed between policy makers and implementers. Based on the results of interviews conducted with informants, problems that arise in implementing performance-based budgeting, one of which is the problem of communication with planners at the Regional Apparatus (PD). Lack of communication resulted in the delay of this budgeting system. From the information described above, it shows that complex policies require the cooperation of many people. Elements that may affect an organization in implementing policies include the level of hierarchical supervision of sub-unit decisions and processes in the implementing sector.

Meaning of Theme 4: Accessibility of Budget Information

In implementing performance-based budgeting, the availability of budget information is the main key to success in implementing programs/activities or in the broad language of the organization's success in implementing good financial governance. The availability of information will facilitate the preparation of programs/activities that will be carried out by the leadership of the regional work unit. In relation to this, the Denpasar City Government in ensuring the availability of budget information as a basis for planning is felt to be very lacking. Performance-based budgeting will provide performance information on the implementation of a program or activity in a regional work unit, as well as the impact of the results on the community. Performance information that is included is not only outputs and results at the activity level but also carries out close relationships between these levels. Based on several excerpts from interviews with informants, it is illustrated that the availability of budget information must be absolutely available. In addition to being useful as an initial planning and budgeting for an SKPD, it is also used as a performance evaluation so that the

implementation of the performance-based budget implementation of an SKPD is in accordance with the performance-based budget guidelines.

The performance budget is an integrated annual performance plan that shows the relationship between the level of program funding and the desired outcomes of the program. Budget with a performance approach is a budget system that prioritizes efforts to achieve work results or outputs from the planned cost or input allocations. An effective performance budget is more than a program or organizational budget object with anticipated outcomes. This will explain the relationship between costs and results. This is the key to effective program handling. As a variation between planning and actual events, managers can determine resource inputs and how these inputs relate to outcomes to determine program effectiveness and efficiency. In general, the budget is one of the activities related to programs and planning which has a role as a coordinating tool for an activity plan. So that the planning that has been prepared either in the form of Rpjmd or the Strategic Plan of the regional work unit is well implemented. However, problems that arise in budget preparation are sometimes due to budget constraints, so that implementation does not match the output or expectations of policy makers.

The demand for transparency and accountability for regional financial management is increasing. To be able to meet these demands, especially the demands for accountability, it can be done by means of managing regional finances economically, efficiently, and effectively. One way that can be taken by the Regional Government in financial management economically, efficiently, and effectively is to develop a cost standard, namely the Analysis of Expenditure Standards (ASB). The importance of the preparation of this ASB is due to the injustice and unfairness of the budget between similar activities between programs and between SKPD (Mahmudi, 2011). In Permendagri No. 13 of 2006 concerning Guidelines for Regional Financial Management, then the Minister of Home Affairs No. 59 of 2007 as a refinement of Permendagri No. 13 of 2006 concerning Guidelines for Regional Financial Management. In the regulations that have been set, ASB is one of the main instruments in performance-based budgeting. Although the regulation mandates ASB, the Denpasar City Government has not implemented it optimally in budget preparation. Determination of the budget in incremental, namely determining the amount of the budget by increasing or decreasing the number of rupiah on previously existing budget items using the previous year's data as a basis and there is no in-depth study of the data, this is often done by each - each field in the Regional Apparatus. The budget for regional work units using the ASB principle occupies a very important position. The budget planning process with the old paradigm tends to be more dominant. Weak budget planning is also followed by an understanding of policy makers and budget makers in determining the priority scale and the amount of the budget ceiling.

Performance-based budgeting reflects several things. First, the intent and purpose of requesting funds for a program/activity. Second, the expected goals of the proposed program/activity funds. Third, qualitative and quantitative data information that can measure the achievements and work carried out for each program/activity. Implementation with this performance approach focuses on the efficiency of implementing a planned program/activity activity. An activity can be said to be efficient if the output produced can be utilized by the public even with a limited available budget. Performance budgets are not based solely on what is spent, as is the case with traditional budgets. However, more emphasis is placed on the outputs/outcomes generated from the programs/activities themselves which are based on the goals/plans that have been previously planned with a mature plan which of course is also supported by an adequate budget with effective and efficient use.

Based on the results of interviews conducted with informants (policy makers and budget makers), it is found that there are several differences in understanding of performance-based budgeting. Some of the informants know that it is in accordance with the definition and some of it is not in accordance with the meaning of the philosophy of performance-based budgeting. According to Nordiawan (2006) performance-based budgeting is an approach to budgeting with more attention to aspects of performance

achievement and the benchmarks used to measure performance in achieving and targeting public services.

Success in implementing performance-based budgeting cannot be separated from the readiness of policy makers and budget makers in understanding the meaning of performance-based budgeting as a whole. According to Bappenas (2009), the readiness to understand the objectives and logical framework of performance-based budgeting is fundamental before planners develop a performance-based budget. With this understanding, planners can explain the direction of the goals to be achieved as they are implemented. Based on the description above regarding the theme of understanding performance-based budgeting in this study, it indicates that the manifestation and existence of understanding performance-based budgeting at the Denpasar City Government has not evenly understood it.

Performance accountability is defined as the realization of the obligation of a government agency to account for the success/failure of implementing programs and activities that have been mandated by stakeholders in order to achieve the organization's mission in a measurable manner with performance targets/targets. According to Presidential Regulation No. 29 of 2014 states, the implementation of the Performance Accountability System for Government Agencies in SKPD includes: (1) strategic plans; (2) performance agreement; (3) performance measurement; (4) performance data management; (5) performance reporting; and (6) performance review and evaluation. Furthermore, the implementation of performance-based budgeting at the Denpasar City Government is reviewed annually by the Inspectorate by referring to the PAN-RB Ministerial Regulation number 12 of 2015 concerning Evaluation Guidelines for the Implementation of the Performance Accountability System of Government Agencies and evaluated by the Ministry of PAN-RB. The regulation explains the weighting of the performance planning component with a weight of 30%, performance measurement with a weight of 25%, performance reporting with a weight of 20%. The final result value from the sum of the components will be used to determine the level of accountability of local government agencies on their performance. Based on the results of the Denpasar City Government SAKIP evaluation number B/642/AA/05/2019, it shows that the level of accountability for the performance of the Denpasar City Government is very good (BB predicate) with a score of 72.02. The assessment shows the level of performance accountability, the quality of building a culture of bureaucratic performance and the orientation of government administration on results as well as the effectiveness and efficiency of resource use in the Denpasar City Government is very good.

Based on the results of interviews and the results of the document, it indicates that the implementation of performance-based budgeting has not been optimal in its implementation. This is evidenced by the important statements of several informants who informed that from the planning and budgeting stages they still use traditional budgeting only by looking at the amount of the budget for the implementation of a program/activity. Based on the description above regarding the theme of the performance accountability system in this study associated with the existing literature concept, it can be concluded that the manifestation and existence of performance-based budget implementation at the Denpasar City Government is related to the performance accountability system shown in the elements of performance planning and performance preparation, performance measurement., performance reporting, performance evaluation and performance achievements have not been optimal in their implementation.

Competence of policy makers and budget makers is one of the factors that also affect the implementation of performance-based budgeting. The increase and decrease in budget performance depends on the extent to which individuals are more selfish or work in the interest of achieving the objectives of budget implementation which is the actualization of the level of competence they have. Competence indicates a strong belief in support of the values and goals (goals) to be achieved by an organization. In this case, the competence of SKPD usually grows because individuals have emotional ties to the organization which include moral support and accepting existing values and determination from within to serve the organization. Based on the results of in-depth interviews in this study, the meaning referred

to in this competency is the level of knowledge, leadership and communication. According to Majid (2005:6) explaining the competence possessed by each employee will show the quality of employees at work. These competencies will be realized in the form of mastery of knowledge and professionalism in carrying out their functions as employees. Robotham (1996:27) believes that the competencies needed by a person can be obtained either through formal education or experience.

In relation to the definition presented above, the level of knowledge of policy makers and budget makers at the Denpasar City Government is still lacking. As stated by each informant, the level of knowledge in each Regional Apparatus has not fully understood the implementation of performance-based budgeting, both at the time of planning to the stage of evaluating its performance. This is also proven and strengthened from the results of the performance accountability evaluation conducted by the Ministry of PAN-RB, where in the planning component to the performance evaluation there are still fundamental improvements. This proves that the level of knowledge of policy makers and budget makers is felt to be incomplete in understanding the implementation of performance-based budgeting. Besides the level of knowledge that is considered not optimal, the obstacle in implementing performance-based budgeting based on in-depth interviews conducted with informants is the attitude of leadership or leadership. Based on information from each informant, a leader should in implementing a program/activity must provide continuous direction to his subordinates. Good leadership is important in government and organizations. As a government apparatus, it must be able to work based on planning, and this requires the role of a leader so that the apparatus works according to the plan. This is because the abilities, skills and expertise of civil servants will be meaningless if all employees do not want to work hard and be disciplined. Even though the employee has formal competency standards and legality in accordance with the requirements and rules regarding competence. Therefore, we need a leadership that is able to encourage every employee to want to work hard. To work hard without compulsion requires awareness because awareness is the main key for humans to be able to work optimally, while awareness is very closely related to leadership. This awareness arises depending on how a leader is able to provide good directions and instructions to the apparatus. Based on the information from the informants in the previous sub and the description of the definition of leadership above, it shows that the Denpasar City Government requires good cooperation and communication from all apparatus, both at the leadership level to subordinates. This is in accordance with the theory of policy implementation according to Edward III (1980) where communication is a determining factor for successful implementation. Wang (1999) in his research also results that the implementation of the system depends on several important factors including consistent communication.

According to Meyer (2005), the absence of information will have a negative impact on the development process, information is often not considered as important as other resources, because development planners sometimes do not realize its potential value. In the planning process, the role of information as the basis for preparing the budget. The information referred to here is the availability of data to support performance budgets (performance indicators) to measure the quality of achieving program/activity targets as outlined in the budgeting process. Based on important statements from informants, one of the meanings formed is the lack of data availability in preparing the budget. This research indicates that policy makers and budget makers in preparing budgets for some programs/activities are not based on careful planning due to lack of supporting data. In principle, performance-based budgeting must provide information on data to support performance on the implementation of a program/activity to be implemented. The performance information included is not only supporting data but also explains performance indicators that have a link between the vision and mission of the regional head unit as stated in the RPJMD. Thus, information on performance budgets at various levels (programs/activities) plays an important role in the assessment in the form of (i) measures of success in achieving program outcomes, (ii) measures of successful outputs of activities that

support the program (in terms of effectiveness) and (iii) level of efficiency of budget allocation.

Another meaning contained in the accessibility of performance budget information is budget limitations. This is often conveyed by informants, this budget limitation often occurs because policy makers and budget makers have not comprehensively planned the budget by determining the budget priority scale. The results of this study indicate that budget makers have not used standard cost analysis in calculating program/activity budgeting. Based on the description in the theme of accessibility of performance budget information, it can be interpreted that one of the obstacles to implementing performance-based budgeting at the Denpasar City Government is the lack of availability of information and data in budgeting due to weak interaction/communication between the leadership and subordinates.

CONCLUSION

This study found that the implementation of performance-based budgeting at the Denpasar City Government as seen from the perspective of budget makers had implemented a performance-based budgeting system even though it was not yet optimal in its implementation. In general, each budget maker has understood the elements of a performance-based budget, which sees that budgeting must be adjusted to the vision and mission as outlined in the Regional Medium-Term Plan (RPJMD) and the Main Tasks and Functions (Tupoksi). The understanding of budget makers illustrates that one of the elements that must be prepared in implementing a performance-based budget is the vision and mission to be achieved. Vision refers to what the government wants to achieve in the long term. While the mission is a framework that describes how the vision will be achieved.

This study also found that there were fourteen meanings that were formed which became the factors of obstacles/obstacles in the implementation of performance-based budgeting. The fourteen meanings include rules (M1), planning consistency (M2), output-oriented (M3), planning and budgeting (M4), budget execution (M5), performance measurement (M6), performance evaluation (M7), performance reporting (M8), level of knowledge of the apparatus (M9), leadership (M10), communication (M11), availability of information (M12), budget constraints (M13) and standard cost analysis (M14). These meanings are grouped into four general themes in understanding performance-based budgeting, performance accountability systems, competence, and accessibility of budget information.

The suggestions that can be put forward by researchers as a result of this research in the context of the successful implementation of performance-based budgeting at the Denpasar City Government are as follows:

1. It is necessary to have a detailed guidelines/references regarding the implementation of Performance-Based Budgeting at the Denpasar City Government level and at the Regional Apparatus level;
2. The need to implement an integrated evaluation system between planning, implementation and reporting so that the monitoring and evaluation process becomes easy to implement.

We suggest further research uses mix method to study the obstacles of the implementation of performance-based budgeting / the influence of the constraint variables found in this study (understanding, performance accountability system, competence, accessibility of budget information) on the successful implementation performance-based budgeting.

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