

THE IMPACT OF PERFORMANCE MANAGEMENT IMPLEMENTATION ON EFFECTIVENESS AND EFFICIENCY of GOVERNMENT BUDGET USE: INDONESIAN CASE

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Abstract— The inability to optimize budget use of finance development is the most crucial problem in Indonesia. In 2015, the potential budget dissipation by the government estimated about 30% of National/Local Budget or 392,8 Trillion Rupiah which Local Government becomes the most. The absence of Value for Money paradigm and performance management quality is the most problematic factors. National Government efforts to overcome these problems are to encourage SAKIP implementation. About 20 Local Governments have intensively implemented SAKIP and stated that it can be affected 41,1 Trillion Rupiah budget dissipation potential. Those who have been reporting are Yogyakarta, East Java, Banyuwangi, and Banggai.

This study talked about how SAKIP implementation can affect Local Government budget efficiency and effectiveness in budget utilization. This study using performance management and performance-based budgeting theory with qualitative approach. The results study represents that SAKIP affects the efficiency and effectiveness of budget utilization by ascertain to (1) determine results-oriented performance measure; (2) cascade and align performance measures to lower level; (3) choose activities that have directly impact on performance measures achievement; and (4) make an explicit and efficient working procedures;

Keywords— *Effectiveness, Efficiency, Budget Utilization, Performance Management, Performance-based Budgeting, SAKIP*

I. INTRODUCTION

The growing demand for a result-oriented government has not only emerged in developed countries in the last few decades. In Indonesia, the spirit to create results-oriented governance is also getting stronger along with the increasing spread of understanding of New Public Management in government agencies. New Public Management emphasizes the bureaucracy to be more professional in managing the country. The professionalism is shown by the quality of managing the budget, improvement of

performance management, and the use of bureaucratic performance measures as a standard measure of success.

In some countries such as the United States, Britain, Australia, New Zealand and other countries, the implementation of new public management is an integral part of government administration reform efforts. In the United States, GPRA becomes a turning point in an increasingly professional and accountable bureaucracy. In the UK, performance-based budgeting is one of the government's agenda. In New Zealand and Australia, bureaucracy becomes attached to the various measures of success. The good practice of these countries which has been proven to increase the professionalism of the bureaucracy pushed Indonesia to adapt this concept through a system called the Government Institution Accounting Performance Accountability System (SAKIP). The main idea of SAKIP is to create professional, results-oriented and accountable government institutions through the application of performance management principles, performance-based budgets, and performance measures.

Currently, there are many local governments that implement SAKIP intensively. A total of approximately 20 Governments report that the most visible impact of the implementation of SAKIP is the increasing effectiveness and efficiency of the use of government budgets. Among the local governments that report, the Province of Yogyakarta and East Java and Banyuwangi, and Banggai. Calculation of the Ministry of PAN RB because the representative of the central government that oversees the implementation of SAKIP is that at least 41.1 trillion rupiah of potential waste can be effected, which amounted to 5.47 trillion Rupiah from the state budget and 35.68 trillion rupiah from APBD.

This article will discuss how SAKIP as the leverage of bureaucratic reform in Indonesia can create the impact of improved governance, particularly on improving the effectiveness and efficiency of government budget usage. This article will ask the research question "How does SAKIP affect

the improvement of governance in Indonesia, especially on improving the effectiveness and efficiency of budget use?".

II. LITERATURE REVIEW

A. Performance Management

According to Armstrong (2000), performance management is a strategic and integrated process that can lead the organization to success by encouraging employee performance and their capability to contribute to a team or organization. Newcomer (2010) mentions that the concept of performance management is very similar to strategic management. The difference, performance management more emphasis on performance information (performance information) and managerial process to achieve it. Armstrong (2009) adds that performance management more integrates various management processes than Management by Objectives, Managing for result, appraisal and other similar concepts.

In strategic management, management by objectives, and managing for results, the human resource component as the most important actor that will determine the success of the organization is often forgotten. Whereas according to Armstrong and Baron (1998), human resources is the most important element that will determine the success of the organization. Therefore, the Human Resources Management aspect in the Performance Management concept will be one of the key elements. The concept of Performance Management will bridge the concept of Management by Objectives and Performance Appraisal, so as to create a balance of focus on organizational performance and individual performance.

Performance Management is considered one of the effective management concepts that encourages the improvement of organizational performance over other concepts (Armstrong, 2009; Pollitt, 2005; Bouckaert et al., 2017; Bruijn, 2004; De Waal 2011; Berman, 2007). De Waal et.al., (2011) mentions that implementation of performance management will affect the (1) achievement of financial and non-financial targets, (2) increased employee competence, and (3) quality of management processes that occur within the organization. According to him, as also delivered by Armstrong (2009), in the performance management occurs integration of management processes both strategic and operational level. Furthermore, performance management leads organizations to act strategically as well as helping managers to assess progress toward achieving organizational goals (Langfield and Smith, 1997). Not only organization, performance management also assesses the contribution of individual employees in achieving organizational goals (Dunn, 1998).

Performance management is a continuous process (Armstrong, 2000, 2009; Bruijn, 2004; Pollitt, 2003; de Waal et. al. 2011; Berman, 2007; Bouckaert, et al., 2017) involving flexible processes by requiring the involvement of managers and various parties that will support the creation of organizational goals. Simply put, the stage of performance management according to Armstrong (2009) consists of planning, implementation (act), monitoring, and review or evaluation. Armstrong (2009) also mentioned that there are several key performance management activities in performance management, namely: (1) performance and development planning; (2) defining performance measures;

(3) concluding performance agreements; (4) managing performance throughout the year; and (5) reviewing and analyzing performance formally.

B. Performance-Based Budgeting

Performance Based Budgeting system has been widely used by many developed countries in the world, in lieu of the old budgeting system, Line Item Budgeting (Bastian, 2006). The Line Item Budgeting system focuses only on inputs and activities, thus less considering national development outcomes and priorities. In line with Bastian (2006), Mardiasmo (2002) argues that a performance-based budgeting approach evolves to address weaknesses in the traditional budget system, e. g the absence of a benchmark used to measure performance. Budget with a performance approach emphasizes the concept of value for money and supervision of performance (outcome / outcome) in achieving goals and development goals.

In Law Number 17 year 2003 explained that Performance Based Budgeting is an approach in the preparation of a budget based on performance or job performance to be achieved. In other words, the concept of a performance-based budget connects between two components, namely the budget or expenditure of the country with the results to be achieved (output and outcome)

(Bambang Sancoko, et al., 2008; Haryanto, Sahmuddin, & Arifuddin, 2007). In line with the statement, Robinson & Last (2009) states that performance-based budgeting is structured to improve the efficiency and effectiveness of the use of public budget by linking public sector funding and results achieved by systematic use of performance information.

Furthermore, Robinson & Last (2009) states that the fundamental requirement in the implementation of performance-based budgeting is information on the objectives and outcomes of government spending in the form of simple performance indicators and program evaluations. Budget drafting process designed to facilitate the use of such information. Performance based budgeting can only succeed if every work unit is able to explicitly define the outcomes of their services.

III. METHOD

This paper contains the results of qualitative research with data collection techniques mix method that is quantitative and qualitative. Quantitative data collection techniques were conducted by distributing questionnaires to 40 respondents from four local governments (Yogyakarta, East Java, Banyuwangi, Banggai). The choice of respondent originating from the five local governments is due to two things. First, based on input from the Ministry of PAN RB, compared with the central government agencies, the strengthening of the implementation of SAKIP in local government is more intensively conducted. Secondly, the five regions are areas that have significantly improved due to the implementation of SAKIP. In addition, the regional head has claimed a good impact due to the implementation of SAKIP. All five are role models for SAKIP implementation of local government.

Qualitative data collection techniques are conducted through in-depth interviews, literature study, and documentation. Interviews were conducted with in-depth interview and purposive sampling techniques to

select informants. The obtained data is tested its validity by triangulation technique. Furthermore, the data are sorted, analyzed, and assembled until the full conclusion of the study is obtained.

IV. RESULTS AND DISCUSSION

A. Potrait of Performance Management and Performance-Based Budgeting in Indonesia

Performance management of government agencies in Indonesia was born from the spirit to improve the quality of f government agencies' performance accountability. One of the efforts to improve the quality of government agency performance is by encouraging the bureaucracy to use state budget effectively and efficiently. Effectively means bureaucracy ensures that activities financed by state budgets are related to the creation of impact on development targets. Efficiently means bureaucracy must ensure the wise and proportional use of the state budget. Therefore, in the legislation it is stipulated that the main principle in the management of state finances is the principle of results-oriented accountability and the state budgeting mechanism must shift from simply paying the input to financing outcomes or so-called performance-based budgeting.

The term performance management has been widely used by various public sector organizations in Indonesia. However in practice, the concept of performance management in Indonesia is more similar to management by objective (MBO) or Management by Result (MBR) as initiated by Peter Drucker (1954) in his book The Practice Management. SAKIP, as a performance management system of government agencies in Indonesia shows a cycle that resembles the idea of management by objective (MBO) from Peter Drucker. It consists of a series of performance stages that can be seen in the figure below

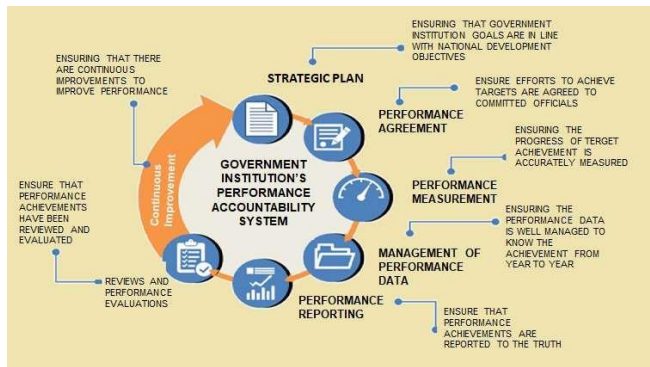


Fig. 1. SAKIP Cycle

Source: Ministry of Administrative Reform, 2018

SAKIP begins with the determination of performance planning, both strategic planning (five annual) and annual performance planning. After that, a mechanism which Drucker called cascade the organizational objectives to unit and employees which produce performance agreement document. Furthermore, in order to monitor the implementation of performance targets in each unit and employees, performance measurement and performance data management are performed. In addition, in the framework of public accountability, every government agency is required to perform performance reporting, for further review and

performance evaluation. In the review and performance evaluation, there is a reward mechanism that will also be a reciprocal for the planning policy of the year to come.

In practice, the maturity of government agencies in managing performance through the implementation of such systems varies. Ministry of PAN RB as the central government agency responsible for guarding the quality of implementation of performance management to evaluate the maturity of government agencies. This evaluation is done to all government agencies both central and regional each year. Ministry of PAN RB developed an evaluation instrument with reference to the SAKIP component, as shown in the figure below.

TABLE I. COMPONENT OF SAKIP EVALUATION CONDUCTED BY MINISTRY OF PAN RB

No	Component	Score	Main Criteria
1.	Performance Planning	30%	<ul style="list-style-type: none"> Government agencies are able to set goals / objectives of the organization results-oriented (outcome) Government agencies are able to align the goals / targets to each work unit and employees Government agencies are able to establish performance measures that reflect the achievement of goals / objectives Government agencies are able to establish programs and activities that lead to the achievement of these goals / targets
2.	Performance Measures	25%	<ul style="list-style-type: none"> Government agencies have performance measures used for reward and punishment mechanisms Good performance quality of government agencies Government agencies perform the performance measurements regularly to ensure goals and objectives are achieved
3.	Performance Report	15%	<ul style="list-style-type: none"> Government agencies perform performance reporting as a form of performance accountability Performance reports contained the performance information needed by the community such as

			analysis of success and failure.
4.	Internal Evaluation	10%	<ul style="list-style-type: none"> Government agencies conduct internal evaluations in order to ensure that the entire performance management system (SAKIP) is done consistently by all units Evaluation of the suitability of the program is conducted to assess the accuracy of the program as an effort to achieve the goals / targets Internal evaluations produce recommendations that are reciprocal for planning improvement efforts
5.	Performance Achievement	20%	<ul style="list-style-type: none"> Target performance of government agencies is achieved

Source: Ministry of Administrative Reform, 2018

Based on the evaluation conducted by the Ministry of PAN RB, the performance management of government agencies in Indonesia faces a very basic problem, namely the inability of government agencies to 1). Setting objective and results-oriented goals and objectives; 2) establish performance measures that describe the degree of achievement of goals / targets; 3) the ability to define activities that affect the achievement of goals / objectives. This condition is evident from the results of the performance accountability evaluation in 2016 which indicates that very few government agencies are rated minimum B (Good).

Category B (Good) is the minimum value for the performance management maturity of government agencies. Category B shows that government agencies have been able to set goals / goals correctly and selecting activities (programs / activities) that are appropriate and effective impact on the achievement of objectives / suggestions. Below is a graph showing the spread of the SAKIP rating categories at ministry / agency agencies, provincial and district / city governments.

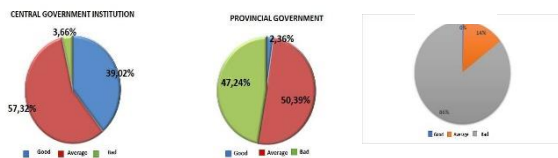


Fig. 2. Distribution of SAKIP category of Government Agencies in 2016

Source: Ministry of Administrative Reform, 2018

Ministry of PAN RB mentioned that the problem occurred due to at least two things. Firstly, because government agencies do not understand the reason for their existence and the contribution they supposed to create for the development of the country. Secondly because the understanding of the value for money and performance-based budgeting is very low. Government agencies are liable to the Line Item budgeting paradigm that focuses only on inputs without knowing whether financing input will produce output and

outcomes that relate to impact. This condition also shows that there are still many government agencies that are not ready to implement the mandate of the State Finance Law no 17 year 2003, which is performance-based budgeting. Performance-based budgets require government agencies to finance output / outcome, not input. To find out what output / outcome will be planned and financed, the government agency must first be able to set organizational goals / targets and measures that become the standard of success/achievement.

As a result of the weakness of government agencies' ability to determine these three matters, the Ministry of PAN RB mentioned that there is a potential for budget wastage amounting to at least 40% of national/local budget. This happens due to non-alignment of bureaucratic activities with goals and objectives. The results were obtained from research on Work Plan and Budget (RKA) ministries / agencies and local governments. The amount of 40% is derived from an average percentage of unrelated activities compared to the total number of activities. As a result, the budget allocated for these activities has the potential to yield no results (Ministry of PAN RB, 2017). The RKA document, which is the mandate of Law 17/2003 on State Finance as a document that will facilitate performance-based budgeting cannot guarantee the alignment of activities with results. The document only ensure that every budget input must produce output that must be accounted for. However. the document has not touched on the aspect of output effectiveness to outcome.

Referring to the results of SAKIP evaluation conducted by the Ministry of PAN RB, the potential for the most widespread budgeting occurred in the provincial and district / city governments. This is because only 0.421% or two districts / municipalities have a quality implementation of performance management and performance-based budgets are good. Other districts / municipalities are very low and have great potential to choose the most appropriate programs / activities that affect development.

B. Efforts to encourage Performance-Based Performance and Budget Management

Several efforts made by the government, in particular the Ministry of PAN RB assisted by the Ministry of National Development Planning (Bappenas), Ministry of Finance, and the Ministry of Home Affairs as follows:

- 1) Intensify technical assistance to government agencies, especially local governments to improve the quality of performance management and performance-based budgets. One of the causes of poor quality performance management and performance-based budgets in government agencies is because of the commitment to change the workings and low work culture of the bureaucracy, and low program / activity planning capabilities. Therefore the national government seeks to change the mindset and the workings of the bureaucracy, as well as provide a good understanding of the program / activity planning. In this effort, the commitment of the first-tier leaders such as the Minister, governor, or regent / mayor is very important. In Indonesia, the process of mindset change and way of working will be very effective if done top down. This is because in some circumstances, especially in local

government, the dichotomy between politics and administration has not been implemented ideally. Politics still colors bureaucratic duties. Even in some areas, of monarchy and patriarchy, the regional head has a great charisma to guide his bureaucracy.

- 2) Build an integrated information system on planning, budgeting, and performance management. This effort is done because one of the main causes of implementation of performance management and low performance-based budget is activity planning system. Budgeting, and performance management are highly fragmented. These three systems are implemented by three different central government agencies. Program and activity planning system implemented by Ministry of National Development Planning (Bappenas), Budgeting system implemented by Ministry of finance, and performance management system implemented by Ministry of PAN RB. For local governments, these three systems are also guarded by the Ministry of Home Affairs. This system integration effort resulted in an integrated planning, budgeting, and performance management application that was named KRISNA and E-Agreed. This system will make it easier for government agencies to plan programs / activities, while lowering costs in the planning and budgeting process.

C. Impact and Results

A survey conducted on 40 respondents asked "whether implementation of SAKIP (performance management and performance-based budgeting) has any effect on some of the variables below?" There are several variables used, as some performance management and performance-based budgeting theories, that is 1). Shifting bureaucracy's mindset; 2). Improved working procedures; 3). Improved quality of planning; 4). Improved effectiveness and efficiency of budget usage; 5). Improved organizational structure; 6). Increased transparency; and 7). Improved performance achievement. Respondents were asked to respond based on five categories e. g strongly disagree, disagree, agree, strongly agree, and do not know.

Of the forty respondents, the conclusion was that none of the respondents strongly disagreed that SAKIP had an impact on the seven variables. The variables of "improved quality of planning" and "increased effectiveness and efficiency of budget use" are the variables that respondents perceive as the most perceived impact. This is seen from 18% of respondents who answered agree and 70% who answered strongly agree on the variable "quality improvement planning". In the variable "effectiveness improvement and efficient use of budget" there are 20% of respondents who answered agree and 68% of respondents answered strongly agree. The rest, 10% answer not know, and 3% or one respondent responded not agree. Below is a table showing the opinions and consent of respondents that SAKIP affects several variables within the organization.

TABLE II. RESULTS OF QUESTIONNAIRE PROCESSING

Variable	Strongly Disagree		Disagree		Agree		Strongly Agree		Do not know	
	n	%	n	%	n	%	n	%	n	%
Shifting Bureaucracy mindset	0	0	0	0	14	35	22	55	4	10
Improved Working Procedures	0	0	5	13	13	33	16	40	6	15
Improved Quality of Program Planning	0	0	1	3	7	18	28	70	4	10
Increased effectiveness and efficiency on budget use	0	0	1	3	8	20	27	68	4	10
Promoted right-size organizational structure	0	0	15	38	15	38	4	10	6	15
Increased Transparency	0	0	9	23	16	40	8	20	7	18
Improved Performance Achievement	0	0	7	18	16	40	13	33	4	10

Source: Ministry of Administrative Reform, 2018

The respondent's dissemination of the above questions indicates that there are two variables that have significant impacts due to SAKIP improvements, namely (1) improving the quality of planning and (2) improving the effectiveness and efficiency of the budget. Furthermore, to find out more in how strengthening the implementation of SAKIP can have a major impact on both of these things, the researcher conducts interviews in-depth. In-depth interviews were conducted with the main actors involved in strengthening SAKIP. In addition, the main actor also has a big role in overseeing the planning, budgeting, and performance management of local government. The informant is the head of the region and head of the regional development planning agency from five local governments designated as the unit of analysis.

The results of these in-depth interviews indicate that efforts to strengthen SAKIP touch the aspects of performance planning, particularly in improving various performance planning documents. As a result, the quality of performance planning documents become more results- oriented or beneficial. It can be seen from the refinement of goal/objective statements in the planning documents. Before, the goal/objective statement only oriented on output, process and even input. Now, it becomes more result and impact oriented for society, as shown by this table below.

BEFORE		BECOME	AFTER	
Goal/Objective Statement	Indicators		Goal/Objective Statement	Indicators
The Establishment of Public Housing	Percentage (%) of public housing built		Increasing people who occupy habitable residential	Percentage of people who occupy a house is habitable

That example shows the change of goal or objective statement in the regional planning document. The previous document only oriented to the level of people housing development. This document will be more impact-oriented or benefiting, which is the people who occupy the habitable home will be increase. The change of goal or objective statement according to the Ministry of Administrative Reform will affect the process of choosing the activities of the bureaucracy to be more appropriate. This was conveyed by Deputy Secretary of Bureaucracy Reform, Apparatus Accountability, and Supervision of the Ministry of Administrative Reform which explains,

“The change of goal or objective statement become more result-oriented, is very important because it will be the basis for government agencies to cascade the performance until unit performance and individual performance. Goal or objective statement will be the basis for the logical modeling of programs and activities. Because it become the ground or the basis, if this determination is false, then the whole of bureaucratic activity becomes false. This is what effect the bureaucracy often financing wrong programs or activities. Yes, because it has no impact.”

Strategic objectives or targets serve to translate the organization's mission and vision into measurable performance goals targets. To translate such missions and visions, objective statements contain specific milestones that must be meet and define the outcomes to be achieved by organizations, units and individuals. Moreover, objective clarity can also help leaders and all members of the organization to improve performance by focusing and allocating their resources in order to meet the organization's strategic objectives. As a guideline for achieving objectives, objectives form the basis for determining performance measures (Poister, Aristigueta, and Hall, 2015).

The objective statement formulated by an organization that basically emphasizes how the mission, values, vision of the organization are translated clearly and concretely into the target as the basis for determining performance measures that are translated further into performance indicators. Therefore, in the formulation objective statements are often differentiated by organizational level, ie (Steiss, 2003): top level in the form of strategic objectives; the middle level is called the managerial objective (managerial objective); and the lower level is formulated in operational objectives. The lower the objective level, the more operational the statement will be. This objective statement gap is also the basis for cascading through the logic model. An objective operational statement is often associated with an output statement of an activity.

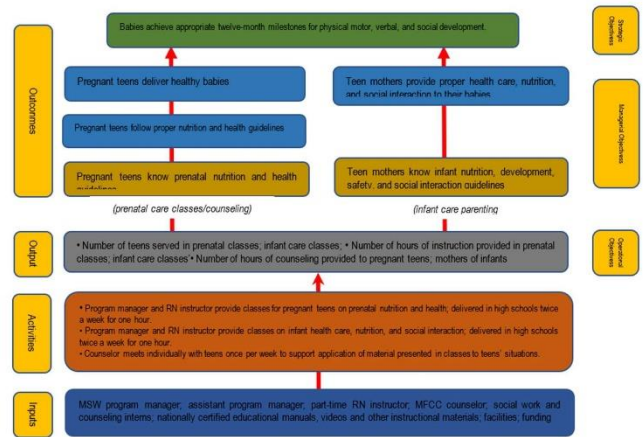


Fig. 3. Example of Logic Model “Teen Parenting” as the Process of Performance Cascading

Source: Ministry of Administrative Reform, 2018

That figure shows how strategic objective statement (final outcome) is derived into an objective managerial statement (intermediate and initial outcome), and an operational objective statement (output). Furthermore, the operational objective statement becomes the basis for selecting bureaucratic activities to be financed by the budget. On the basis of this we can conclude that the improvement in the statement objectives will affect the selection of bureaucratic activity, with the provision, it done through a correct process of cascading logic model is correct.

There is a very close relationship between the performance planning process and budgeting. The strengthening of SAKIP touches on both of these aspects as a revised basic aspect. Therefore, for government agencies that have strengthening of SAKIP intensively, the most perceived impact is the logical planning performance that leads to the selection of appropriate activities. Further, choosing the right activity will increase the effectiveness of budget use. That is because government agencies will only finance activities that come from logic model planning. The analysis of that is in line with the survey results indicating that the two variables perceived by the respondents to be the main impact of strengthening SAKIP is the improvement of planning and improving the effectiveness and efficiency of budget usage.

In 2017, efforts to strengthen SAKIP are focused on local governments. According to the Ministry of Administrative Reform, the reason for the selection of local government as the main focus of strengthening SAKIP is due to two main factors. First, the capacity of local government bureaucracy in planning, budgeting, and performance management is still low (see the evaluation by Ministry of Administrative Reform 2016 in the previous section). As a result the potential waste due to the lack of accurate selection of bureaucratic activity is very large. Secondly, because the local government entity is smaller than the central government, it is based on jurisdiction, demography, and authority aspects. Therefore, the intervention will be more focused, directed, and specific than the central government agencies. Range of controls that tend to be shorter also facilitate the process of strengthening SAKIP in Local Government.

Improvements made in 2017 by the Ministry of Administrative Reform in cooperation with local governments and some central government agencies showed satisfactory results. There has been an increase in the number of government agencies that have increased categories, as shown in the table below.

TABLE III. THE DEVELOPMENT OF SAKIP CATEGORY OF GOVERNMENT INSTITUTIONS YEAR 2016-2017

Category	Year 2016			Year 2017		
	Central Agencies	Province	Reg/ Cities	Central Agencies	Province	Reg/ Cities
AA	0	0	0	0	0	0
A	4	3	2	5	4	2
BB	27	7	10	30	6	30
B	37	12	57	42	19	139
CC	11	10	199	2	5	174
C	3	2	193	3	0	135
D	0	0	14	0	0	3

Source: Ministry of Administrative Reform, 2018

That table shows an increase in the number of central and local government agencies that received a minimum B score by 2017 when compared to 2016. Compared to 2016 only 57, in 2017 there was an increase of more than 200%, to 139 agencies. Likewise in the BB category, which in 2016 as many as 10 to 30 agencies in 2017. The shift in the number of government agencies that get better category shows more and many government agencies, especially local governments, which improve the quality of planning and budgeting. In fact, in the local governments with BB and A scores, the planning has been done holistic, integrative, thematic, and spatial (HITS) through crosscutting performance and cross-unit programs / activities.

The improvement in the quality of planning and budgeting is said to have squeezed the potential for budgetary wastage due to unimportant bureaucratic activity, amounting to approximately 41.1 trillion rupiah. The value is derived from 5.47 trillion rupiah State Budeget (at 7 ministries / institutions), and 35.68 trillion rupiah Local Budget (at 118 local governments). To explore how the strengthening of SAKIP influences the effectiveness and efficiency of budget utilization, the researchers conducted case studies and in-depth interviews to four local governments, namely DIY, East Java, Banyuwangi and Banggai. The four are intensively gaining SAKIP, and claim to have made budget efficiency.

D. Government of Yogyakarta Province

Government of Yogyakarta Province has implemented five components of SAKIP namely performance planning, performance measurement, performance reporting, performance evaluation and performance into an application warehouse system that integrates all other applications into one integrated system so that the programs and activities are set on target and not running alone.

At the stage of performance planning, to capture public aspirations related to the development program, the

deliberations of development planning (musrebang) are held in stages starting from the local department or agency forum, the joint local department or agency forum, the City or Regency forum and the trilateral desk forum. It conducted so the participation of stakeholders and the process of discussion of the program can run maximally. Local governments are also developing internet-based applications "JOGJAPLAN" that allow public to submit proposals of development activities online. "JOGJAPLAN" is an application program to maintain consistency between annual development planning embodied in the selection or determination of program and activity plans with indicative programs and activities that support the achievement of targets in the Mid-Term Regional Government Plan.

The system also facilitates stakeholders such as local department or agency, Assembly at regional, Regional Head and local government budget teams to improve program quality and accuracy, the relevance of vision, mission, objectives, targets, policies and programs can also be controlled Top Down based on the Mid-Term Regional Government Plan document that has been discussed together with the assembly at regional. The development of JOGJAPLAN is also supported by the improvement of the quality of planning by involving experts from universities with doctoral qualifications as a companion of each local department and agency in preparing the academic paper planning as a complement to the formal government planning document while providing space for universities in regional development. From the perspective of organization culture policy is intended as a form of social engineering so that bureaucrats can be more knowledgeable and think out of the box.

To improve monitoring and evaluation of the development, Provincial Government D.I.Y. develop application operational execution plan (ROPK), WEB MONEV and ESAKIP. ROPK application program is an instrument used by the local department and agency to pour a detailed plan of the implementation of activities in the period by providing target progress of physical and financial achievements in the stage of time. This system is able to inform local performance indicators, performance indicators of local department or agency units for each indicator and percentage level achievement of each indicator at the level of activity.

The result of performance measurement then processed by E-SAKIP system into data report on the extent to which the level of achievement target performance both at the provincial level and local department and agency level. This performance reporting system is conducted periodically every month, three months, and six months and yearly, to provide continuous motivation, every three months the Governor provides performance reports to the regent / mayor and all local department or agency, the report is symbolic by the governor to the local department or agency that achievements its performance is the highest and its performance is lowest. The results of these report cards are also published in the media to keep the public involved in overseeing the performance of local department or agency

The last components of SAKIP are evaluations that include performance appraisals, performance improvements, planning improvements, and redistribution of budgets.

Performance appraisal is based on an assessment of the organization's performance that is further downgraded to the individual performance of the results of the assessment will affect the performance allowances so it is expected to create a performance-based healthy competition. While for performance improvement there are some menu that developed E-EVALUATION with this menu control program sustainability will be more easily controlled, other improvements related to data procurement through one data development known as JOGJA DATAKU. Planning improvement is done by building a system capable of controlling the implementation of programs and activities up to the village level. In addition, also carried out the development of warehouse system to integrate all applications into one integrated system. In addition, there is also a Regional Financial Information Management System or SIPKD which is an integrated application and used as a tool of local government to improve the effectiveness of the implementation of various regulations in the field of regional financial management based on the principle of efficiency, economical, effective, transparent, accountable and auditable.

Based on the statement of Head of Regional Planning Agency of D.I.Yogyakarta, Dr. Tavip Agus Rayanto, MSi, Provincial Government D.I. Yogyakarta has taken bureaucracy reform steps including:

- 1) Implementing a right-sizing organization through reducing the number of employees
- 2) Carry out measurement of performance in stages (application of SAKIP)
- 3) Implement the reduction of activities with the intention that each activity has a value of investment leverage

Through various efforts to improve and implement the e-performance based budgeting, Provincial Government D.I. Yogyakarta can increase the effectiveness and efficiency of budget use by minimizing the number of activities or rationalizing the program. As stated by the Governor of DIY:

"I forbid every local department to propose snooty activities. The activity was not big impact for development. An example is the welding training proposed by the labor service. From year to year activities are always proposed. Participants only twenty, thirty. There is no guarantee they can work. It's just a budget. I scrawled the activity. I ask for more strategic activities. More fitting to our needs, such as the focus on jobs related to tourism and the creative economy. DIY is a lot of tourism potential and creative economy by the community. "

In 2014, Yogyakarta has 277 programs of 2,809 activities, and in 2015 to 215 programs and 2,566 activities, then in 2016 to 207 programs and 1,875 activities, and in 2017, re-nationalized into 180 programs and 854 activities, without reducing the substance of the target of regional

E. Government of East Java Province

Implementation of SAKIP in eastern Java province is increasing every year. This can be seen from the evaluation of SAKIP during 2010-2014 which shows the increase of value and category, it can be shown by the figure below.

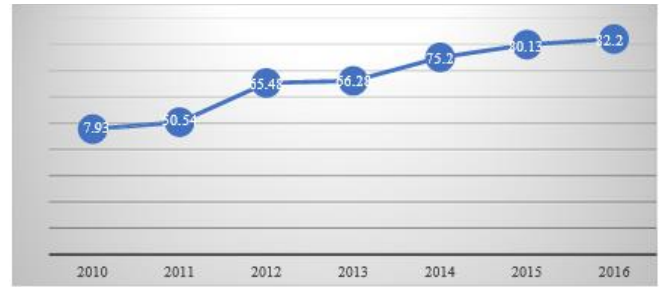


Fig. 4. The Improvement of SAKIP score of East Java Province year 2010-2016

Source: Ministry of Administrative Reform, 2018

The commitment to strengthen the implementation of SAKIP in East Java Province initiated by the Governor, Bpk. Dr. H. Soekarwo. He ask the commitment from head of local agencies to implement SAKIP seriously within their own department. As result, the SAKIP score of all local department increase regularly. In 2013, only one local department got A score. However in 2016, there are 20 local departments got the A score. The increases is more than 2000 percent compare to 2013. The process of strengthening SAKIP implementation in East Java province was done by several stages, that is:

- 1) Disseminate SAKIP as the basis for planning, budgeting, and managing performance for all local departments;
- 2) Conducted technical assistance for 59 local departments;
- 3) conducted technical assistance for 38 regent/cities within East Java Province Jurisdiction\
- 4) Monitoring of Performance Agreement;
- 5) Assisting the preparation of local department's performance report;
- 6) Conduct evaluation of SAKIP regularly every year to all SKPD within the Provincial government of East Java by Evaluation Team consisting of Inspectorate, Local Planning agency and Organization Bureau;
- 7) Giving Reward and Punishment.

In addition to showing its seriousness in building performance accountability and implementation of SAKIP within the East Java Provincial government, SAKIP has been used as the basis for Promotion, Mutation and Rotation of Position. Not a few head of local departments are transferred because they perform poorly or cannot account for the results of their use. Not only that, every head of SKPD should routinely present its quarterly performance achievement directly to the Governor of East Java Province. Improvement efforts undertaken by the Provincial government of East Java not only stop there. However, they continue to evaluate, strengthen, and build a strong well-established system.

In relation to increasing budget effectiveness and efficiency, East Java Provincial Government conducted a series of stages, namely:

- 1) Local Planning Agency (Bappeda) revised the SKPD strategic plan to harmonize with the new RPJMD by

compiling the local government performance tree, this activity including the preparation of cascading performance

- 2) Cascade Performance Indicators from strategic level to operational level;
- 3) Ensuring the utilization of performance indicators in the budget submission process by involving the SAKIP Team in the DPA research;
- 4) Consistency between RKA / DPA and planning documents with the application of New e- Budgeting (integration planning and budgeting).

Through some of these stages, East Java Province can cut approximately 1446 activities that are not related to the achievement of regional development goals. The amount is equivalent to the value of 1.2 trillion rupiah. That is, more than 1 trillion rupiahs can be streamlined by the Government of East Java province through strengthening the implementation of SAKIP.

F. Government of Banyuwangi Regency

Implementation of SAKIP in Government of Banyuwangi Regency has done very well and integrated. The implementation of SAKIP has increased from year to year. Beginning in 2012 with a score of C then increased to CC in 2013 -2014 and increased again in 2015 to B and in 2016 and for the second time get in 2017. Progress is affected by at least three causes (1) the cooperation of all parties; (2) the coordination/cooperation between local departments, (3) joint commitment to build accountable and measurable government, and (4) intense guidance from the Ministry of Administrative Reform (KEMENPAN RB).

Here are the concrete steps practiced by the Government of Banyuwangi Regency in strengthening SAKIP:

- 1) Strengthening the Commitment of local leaders and Head of local departments;
- 2) Eliminate sectoral ego among regional devices;
- 3) Create SAKIP Team to guard the implementation of SAKIP by all local departments;
- 4) Strengthening the role of Bappeda (planning), Inspectorate (evaluation of SAKIP) and Organization Section (Reporting LKjIP / Lakip);
- 5) Strengthening the capacity of local departments and Officials / Staff in charge of SAKIP through technical assistance;
- 6) Discussion (Bappeda, Inspectorate, Organization Section with SKPD);
- 7) Coordination with Ministry of PAN RB;
- 8) Review of Performance Targets and Performance Indicators in Strategic plan document
- 9) Revised Strategic Goals and Performance Indicators at strategic level and unit level that are truly results-oriented, which can be further elaborated to the implementing SKPD in accordance with their respective duties, functions and roles;

- 10) Refining Performance Indicators of all levels (echelon II, echelon III and echelon IV levels), so it is expected to create cascade down performance from strategic level to individual level of employees;
- 11) Local Department's programs / activities are simplified (Program from 278 become 213, Activities from 2,299 become 1,428, efficiency Rp 213 M).
- 12) Develop the information system e. g application of Performance Planning , Performance Agreement and Online Measurement, Performance Monitoring Information System, Program Monitoring & Evaluation System (eMoneva), and e-Village Budgeting Application.

The success of the Government of Banyuwangi Regency in applying SAKIP makes it the only regency district with the best Government Institution Performance Accountability System (SAKIP) in 2016 with the best value it is A. This success is also maintained in the following year by successfully maintaining the value of SAKIP A. In addition, this also became the Government of Banyuwangi Regency to be a comparative study site by many other governments. Through SAKIP, Banyuwangi District is able to efficiently utilize the budget of 1 Trillion or 38% of APBD, and able to refocus the activities from 2299 activities to 1428 activities that further support the development target.

G. Government of Banggai Regency

Banggai Regency is the highest economic growth in Indonesia. By 2017, its economic growth reaches 36%. The main sectors supporting Banggai's economic growth are the oil and gas sector. Recognizing that economic growth is sustained by non-renewable natural resources, the Banggai Regent is committed to increasing its bureaucracy capacity in managing local budgets as effectively and efficiently as possible.

The government conduct several stages to strengthen the implementation of SAKIP, namely (1) setting-up more results-oriented goals / performance, (2) developing clear and measurable performance indicators, (3) eliminating programs / activities that do not contribute to local performance achievement, and (4) creating performance tree (performance alignment) of every local department.

The result of SAKIP evaluation in 2017 shows that Banggai Regency succeeded in achieving the predicate "BB". This result is a big jump from the previous year's predicate "C". this achievement is a proud achievement after five years of being able to achieve the "C" title in SAKIP evaluation. The success of implementing SAKIP has resulted in efficiency and budget savings "In this year's savings of more than 217 billion, from APBD of 2.2 trillion, over 10% of APBD". Here are tips on successful implementation of SAKIP in Government of Banggai Regency.

V. CONCLUSIONS

The improvement of planning, budgeting, and performance management called by several experts impact on improving the effectiveness and efficiency of government can be proven by the Government of Indonesia. SAKIP, as a system that integrates planning, budgeting and performance management of the Government of Indonesia, is said to have an impact on improving the effectiveness and

efficiency of budget management. This is as a result of survey and in-depth interviews conducted by researchers to respondents and informants. As many as 70% of respondents strongly agree that the improvement of the SAKIP affects the quality of planning, and 68% of respondents strongly agree that SAKIP improvements have an impact on increasing the effectiveness and efficiency of budget usage.

The results of in-depth interviews concluded that SAKIP directs government agencies to set results-oriented goals and impacts on society. Furthermore, the strategic goals / targets are derived / aligned to the lower and operational objective statements, until the most appropriate bureaucratic activities / activities are found. The process is called the process of cascading or aligning. If this process has been implemented, then the selection of bureaucratic activity will be more focused and appropriate.

Several local governments have claimed that these efforts have resulted in significant improvements, particularly on improving the effectiveness and efficiency of budget use. Ministry of PAN RB stated that strengthening the implementation of SAKIP suppress the potential waste of budget in 2017 which reached 41.1 trillion rupiah. This is also supported by the claims of several governor/mayor/regent for the efficiency of its budget and its auxiliaries, between the provincial government of DIY, the Government of East Java Province, the Government of Banyuwangi, and the Government of Banggai Regency.

Moreover, based on the results of in-depth interviews and surveys are known in addition to improving the effectiveness and efficiency of the budget, the impact of improved SAKIP strengthening is also seen in 1). Improved procedures and work procedures; 2). Improved organizational structure; 3). Improved performance achievement; and improvements in performance accountability capabilities.

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