

DETERMINANTS OF PERFORMANCE BASED BUDGETING AND THE IMPLICATION TO E-GOVERNMENT

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Abstract

The implementation of good government governance has always been public focus. Ironically, based on the results of the findings revealed by Finance Investigator Agency (BPK) in the second half of 2016 stated that there were still many problems within public service and government budgeting occurred entirely in every single of public service offices in Indonesia, especially in regional office of law and human rights ministry in West Nusa Tenggara. In order to overcome these problems, the Minister of Law and Human Rights has come with strategic polices those are: the implementation of e-government for entire public services in 2017 and the optimization of performance based budgeting through money follow program paradigm with goal orientation efficiency and refinement of administrative systems. The goals of this study are as follows: 1) to determine the effect of goal orientation and refinement of administrative systems to performance-based budgeting, 2) to test the money follow programs in strengthening the relationship between goal orientation and refinement of administrative systems with performance-based budgeting, 3) and to determine the effect of performance-based budgeting to e-government. This is an explanatory research which using purposive sampling method. There are 53 respondents from the management of the budget and public service personnel were observed. The analysis tool uses smartpls 3.0. The result shows that 1) the goal orientation does not influence the performance-based budgeting, while completion system administration has a positive influence on performance-based budgeting, 2) on the testing of Money follow program, it can not strengthen the relationship between orientation goal and completion administration system with performance-based budgeting, 3) performance-based budgeting has positive influence to e-government. Furthermore the research theoretically contribute in supporting both institutional theory and implementation policy theory. Another contribution, as practically, is an evaluation of performance based budgeting and e-government implementation within public service area. The other, policy making, is to briefly derivate and explain the regulation No. 90 Year 2010 about Preparation of Work Plan and Budget Ministry / Agency.

Keywords: completion system administration, e-government, performance-based budgeting, goal orientation, money follow program paradigm

1. Introduction

E- Government in Indonesian government is like “a large drum being played” to create good government governance. The implementation of good government governance has always been public focus. According to (Hardjaloka, 2014) Indonesia applied e-government in various types to improve the principles of good governance. The instruction of president number 3, year 2003¹ was the instruction to ministries to apply e-government in improving believable and good public service.

Indonesian ministry of law and human rights targets that all public services should use e-government in 2017 (Tribunews.com, 2017)². The implementation target of e-government is one of ministry’s efforts to minimize problems service publics in Indonesia. As that was stated in short report of Commission Work Meeting of Indonesia Republic Legislator Council³ in 2016, discussed about the findings of Financial Inspector Agency (BPK) about the problem of public service and budgeting. This can be seen from the table of the results of financial inspector agency’s discovery at the second semester in 2016 below:

Table 1.1
Lists of BPK Invention at the Second Semester in 2016

No	Invention	Service	Division
1.	The lack of immigration control function, less control to foreigners	Immigration	Immigration
2.	The lack of controlling effectiveness toward social institutions	Society	Society
3.	There still many villages are lack of information of laws	Law	Law and Human Rights
4.	Indonesian people who join to ISIS, Passport and their nationality must be revoked	Immigration	Immigration
5.	Visa blamed	Immigration	Immigration
6.	Deviation to immigration and the change of controlling pattern	Immigration	Immigration
7.	Over capacity in social institutions and resistance home	Society	Society
8.	There are attitude reports and politeness	Immigration	Immigration
9.	There are still drug distribution in social institutions and resistance home	Society	Society

¹ Indonesian Republic. 2003. *President Instruction No 3 year 2003 about Policy and Developing National Strategy of e -Government.*

² Tribunews. 2017. *Ministry of Law and Human Rights Targeted to be e-government in 2017* <http://m.tribunews.com/nasional/2016/11/30/> accessed 14/03/2017

³ Indonesian Republic. 2016. *Short Report of Commotion Work Meeting III Indonesian Legislator With Law Ministry and Human Rights of Indonesia about Discussion of Check Result of Indonesian Republic of BPK Semester II year 2016.*

10.	The rights of intellectual wealth and administrative service of general law	Law	Law and Human Rights
11.	Budgeting, income, bequest, cost and asset	Budget	Immigration, social and law

Source: <http://www.dpr.go.id>

Lists of findings BPK in table 1.1, became the problem of public service at immigration division, society, law and human rights. Therefore with the implementation of e-government in all edges of Ministry Services of Law and Human Rights of Indonesia can make easy supervision and prevent deviation in public services.

The implementation target of e-government also has the impact of public services at Law and Human Rights Ministry Office of West Nusa Tenggara. All service sectors from immigration, society, Law to Human Rights have been based on the information technology. Several policies of e-government were produced by government but the fact is from year by year, the world rank showed readiness of e-government in Indonesia was still in low rank (Rokhman, 2011).

Low readiness of e-government is information challenge in improving public service. The main rule to improve e-government in development countries, one of them is budgeting which was used for e-government is the unity that can't be separated. Researchers (Rahma, Sutaryo, and Agus, 2013) and (Diani, 2015) stated that the measurement of regional government has positive influence e-government.

One of the measurements of Regional Government is Performance-based budgeting that has the influence toward e-government. E-government becomes motivation in this research as the implementation form of Performance – Based Budgeting. The policy implementation theory was used in analyzing Performance – Based Budgeting including communication (Widyantoro, 2009).

Performance-based budgeting which initially embraced paradigm of money follow function, this was faced back with the change of paradigm which became money follow program which meant all exercises and functions didn't need to be financed comprehensively. Paradigm of money follow program has been applied to handle budgeting programs which were not in exact target, therefore the budgeting findings in the table 1.1 was not repeated back. Indonesian president regulation No. 45/2016⁴

⁴ Indonesian Republic. 2016. *Indonesian President Regulation No. 45 year 2016 about Government Work Plan Year 2017*

about Government Work Plan (RKP) year 2017 explained that budgeting was arranged based on the priority programs.

In the research of (De Jong, Beek, and Posthusmus, 2013) introduced budgeting which was focused on program wanted based on regulation as instruments which should be used. Institutional theory explained that regulation makers tended to consider the program cause in organization structure comprehensively (DiMaggio and Powell, 1983). The program from Ministry of Law and Human Rights of west Nusa Tenggara is poured in list budget expenditure items (DIPA) ceiling in 2017 below:

Table 1.2
DIPA of Regional Office (Kanwil) of Ministry of Law and Human Rights
in West Nusa Tenggara in 2017

(in thousands of rupiah)						
No	Programs	Ceilings (Rp)	operational	Non operational	Salaries	Modals
1	Management backing programs and the other duty realizations of law ministry and human rights	11.154.892	3.036.834	980.197	7.137.861	-
2	Assistance programs of national law	980.319	-	967.679	-	12.640
3	Research programs and development of law ministry and human rights	87.643	-	87.643	-	-
4	Administrative programs of general law	2.500.000	-	2.500.000	-	-
5	Assistance programs and social implementations	548.559	-	548.559	-	-
6	Assistance programs/intellectual wealth implementations	171.043	-	171.043	-	-
7	Law figuration programs in region	254.214	-	254.214	-	-
8	Educational program and assistance of law ministry apparatus and human rights	524.350	-	524.350	-	-
9	Service development program and law maintenance and immigration	1.138.000	-	1.138.000	-	-
10	Human rights progress programs	265.480	-	265.480	-	-
Total		17.624.500	3.036.834	7.437.165	7.137.861	12.640

Source : DIPA Kanwil 2017

From lists of budgets above, this showed that the optimization of Performance-based budgeting was coming from a number of program variants of every section. Paradigm of money follow program was just applied in 2016; therefore this became newness in this research. Optimization of Performance-

Based Budgeting through money follow program paradigm was used to strengthen goal orientation relationship and perfection of administration with Performance-Based Budgeting.

In the research of (Siagan, 2014) stated that democratized government is government oriented in goal, vision, and mission. In line with the research outcomes of (Puspitasari, 2013), one of the elements of budgeting is goal orientation through indicators. Based on the table 1.2, budget was arranged which oriented on program of non operational which meant showing to facilitate goods expense in public services; those are society relation, immigration, human rights service.

Institutional theory explained observation that organization became more homogeneous to avoid deviation or non-efficiency (DiMagio, et.all, 1983). Cholifah (2003) said that goal orientation influences positively in Performance-based budgeting, while result of research of (Suhardjanto and Cahya, 2008) stated that goal orientation influences negatively in Performance-based budgeting. From the differences of these results, goal orientation became gap research in this research.

Performance-based budgeting was used as the instruments which an individual and team in reaching organization goal were determined (Benjamin, 2009). The research results of (Tembiring, 2009) and (Mubar, Ali, Hamid, 2012) showed that the perfection of administration influenced positively and significantly to Performance-based budgeting. Administration improvements in ministry of law and human rights in west Nusa Tenggara was applied through planning document arrangement, analyze expense and prices according to Input Cost Standard (SBM), quantitative measurement and performance attainment evaluation. Institutional was the imitation process or mimetic adoption of an organization toward elements of the other organizations (DiMagio, et all, 1983).

Based on the explanation above, so the formulations of the problem in this research were: 1) Do goal orientations and administration perfections influence to Performance-based budgeting? 2) Does *Money Follow Program* strengthen relation between goal orientation and administration system perfection with Performance-based budgeting? 3) Does Performance-based budgeting influence toward e-government?

The goals of this research were 1) to know the influence of goal orientation and administration system perfection toward Performance-based budgeting, 2) to test money follow program in strengthening relationship between goal orientation and administration system perfection with

Performance-based budgeting, 3) and to determine the effect of performance-based budgeting to e-government. Furthermore, the research contribution theoretically supported institutional theory and regulation implementation theory. The other contributions practically were as budget evaluation materials based on performance and implementation evaluation of e-government in public service areas. Regulation contribution was as a material of government consideration in formulating derivative regulation concerned government regulation No. 90 in 2010 about work plan arrangement and Ministry/Institution budget.

2. Theoretical Framework and Hypothesis Development

2.1 Theoretical Framework

2.1.1 Institutional Theory

Institutional theory explained its observation that organization has structural resemblance (homogenous). According to (DiMaggio, et.all. 1983):

“Imitation process or mimetic adoption of an organization toward the other organization elements, organization became more homogenous to avoid deviation or non-efficiency. Regulation maker tended to consider the cause of program in organization structure comprehensively. While in the same things this enabled to understate irrationality and less innovation in organization activities.

2.1.2 Theory of Policy Implementation

There were four variables in implementation of public implementations; those are communication, resource, attitude and bureaucracy structure (Edwars, 1980), these factors were done simultaneously because they have close relationship one another. Regulation Implementation theory was used in analyzing the implementation of performance based budgeting which one of them related with communication (Widyantoro, 2009).

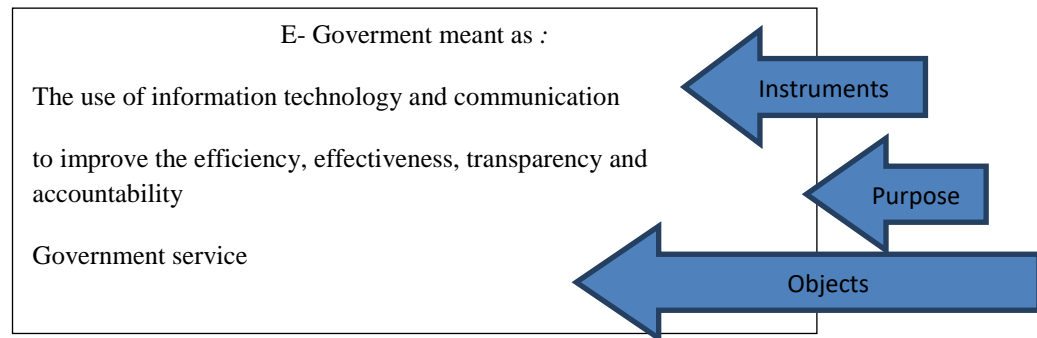
2.1.3 E-government

E-government is the use of information technology and modern communication as internet, regional area network, wide area network, mobile technology and the others by government to improve effectiveness, efficiency and giving service to society to improve transparency (Behara, Vanre, and Rao, 2009). While the World Bank (The world bank Groups, 2002) gives understanding:

“E-government refers to the use by government agencies of information technologies (such as Wide Area Network, the Internet and mobile computing) that have the ability to transform relations with citizen, businesses and other arms of government”

From the research analysis (Djunaedi, 2003) stated that object elements, goals, and instruments, those are:

Figure 2.1
The elements of e-government definitions



Resource: Djunaedi (2003)

Figure above identified the definition becoming three parts that were instruments, goals and objects from e-government. Generally, architecture concept of system management information of general secretary of Ministry of Law and Human Rights based on service oriented architecture (SOA) was classified to be 4 parts, those are application, infrastructure, data currency, information and institution (Hantana, 2013).

2.1.4 Performance-Based Budgeting

Performance-based budgeting is budgeting system which orientates in organization output and relates strongly with vision, mission, and organization strategy planning (Bastian: 2010). According article 7 government regulation No. 21 year 2004⁵ Ministries / Institution must arrange budgeting with referring in performance indicator, cost standard and performance evaluation.

2.1.5 Research Model

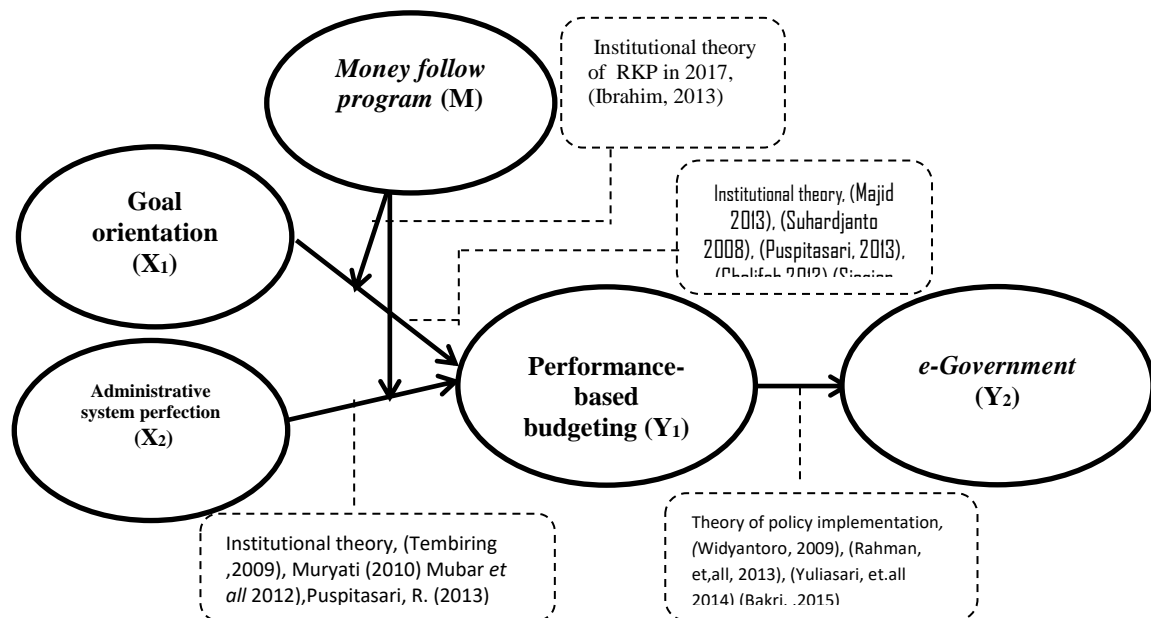
The Indonesian ministry of law and human rights targets the implementation of e-government in all regions in 2017. To create a good e-government must be supported with budgeting. The research of (Rahman, and friends, 2013) and (Diana, 2015) stated that the measurement of regional government

⁵ Indonesian Republic. 2010. *Government Regulation No.90 Year 2010 about Income Plan and State Expense Based Performance*

influenced positively toward e-government. Measurement of Regional Government which one of them is Performance-based budgeting has positive influence to e-government. Theory of regulation implementation explained that Performance-based budgeting which was used in communication implementation (Widiyantoro, 2009).

The Optimization of budget application based on performance toward money follow program paradigm oriented in goal and perfection of administration system. Policy makers tended to consider cause of program in organization structure comprehensively (DiMagio, et all, 1983). Relationships among variables in this research can be seen from figure 2.2 below:

Figure 2.2
Research Model



2.2 Hypothesis Development

2.2.1 The relationship of goal orientation with performance based budgeting

Performance-based budgeting is budgeting system which orientates in organization output and relates strongly vision, mission, and plan of organization strategies (Bastian: 2010). Goal orientation is rational factor which measurement along with orientation organization to goal attainment (Asmadewa, 2006 in Suhardjonto 2008). Cholifah (2013) stated that goal orientation influences positively in Performance-based budgeting. Institutional theory explained observation that organization became more homogenous to avoid deviation or non-efficiency (DiMagio, et.all, 1983). Based on that

explanation, this can be interpreted that goal orientation influenced to Performance-Based Budgeting, therefore hypothesizes that were submitted are:

H1. Purpose Orientation Influences to Performance-Based Budgeting

2.2.2 Administrative perfection of performance - based budgeting

According to (Muryati, 2013), perfection of administration is instrument presentation of budget measurement based on performance continually. Regulation of government No 10 year 2010⁶ that in following dynamics of process development of income budget plan and state expense based on budgeting needed to be done administration perfection. Result of research (Tembiring, 2009) and (Mubar, and friends, 2012) showed that perfection of administration system influenced positively and significantly toward *Performance-Based Budgeting*. Institutional is the imitation process or mimetic adoption of an organization toward elements of the other organizations (DiMaggio, et.all, 1983). Based on this explanation, this can be concluded that the perfection of administration system influenced toward Performance-based budgeting therefore the hypothesizes submitted are:

H2. Administrative System Perfection Influences to Performance - Based Budgeting

2.2.3 The role of money follow program within the relationship with purpose orientation

Every approach budgeting brought strength and weakness so that this can be applied without any differences for certain situation or financial area (Ibrahim, 2013). In the other hands, Money Follow Program according to RKP of National Development Planning Agency in 2017 was defined Money Follow Program applied with saving allocation in priority, allocation from activity programs which have been enough to get pressure in previous years and non priority programs which were executed efficiently. Institutional theory explained that regulation makers tended to consider the cause of programs in organization structure comprehensively (DiMaggio, et.all, 1983). Optimalizen Budgeting based on performance through money follow program paradigm was used to strengthen the relation of goal orientation with budgeting based on performance, therefore hypothesizes that were submitted are:

⁶ Indonesian Republic.2010. *Government Regulation No 10 year 2010 about the Arrangement of Work Plan and Budget of State Ministry/Institution*

H3. *Money follow program strengthened the relationship between goal orientation and Performance – Based Budgeting*

2.2.4 *The role of money follow program within the its relationship with administrative perfection to performance-based budgeting*

The perfection of administration is the important element in budgeting based on performance. With the chare of paradigm, therefore this gave the cause of administration system perfection in Performance Based Budgeting in applying paradigm of money follow program in year 2016. Institutional theory explained that policy makers tended to consider the cause of program in organization structure comprehensively (DiMaggio, et all 1983). Optimalizen performance-based budgeting through paradigm of money follow program was used to strengthen perfection of administration system with Performance-Based Budgeting, therefore hypothesizes that were submitted are:

H4. *Money follow program strengthened the relationship between administrative system perfection and performance - based budgeting*

2.2.5 *The relationship of performance-based budgeting with e-government*

The main requirement to improve e-government in developing countries, one of them is budget which is used for e-government (Kituyi, et all, 2013). Budget which was used for e-government was unity that can't be separated implementation theory of policy was used with communication (Widyatoro, 2009). Research of (Rahman, and friend, 2013) and (Diani, 2015) stated that the measurement of regional government influenced positively toward e-government. One of the measurement of regional government was performance-based budgeting that has the influence toward success of e-government, therefore the hypothesis that were submitted are:

H5. *Performance - based budgeting influences to e-government*

3. Research Method

3.1 Type of Research

This research is an explanatory type that was done if knowledge of the problem has been enough,, this means that there has been various empiric researches to test various hypothesis therefore this can collect empiric generalization (Wiyono, 2011:52).

3.2 Technique of Data Interpretation

This research was done at regional office of ministry of law of human rights in West Nusa Tenggara in January-April 2017. The population in this research referred to PMK No. 196/PMK.02/2015⁷ that the budget plan was implemented with engaging all officers, therefore the amount of populations were 114 people. Technique of sample interpretation with non probability sampling method of goal sampling category that was method of respondent decision was a sample based on determination criteria (Siregar 2014:60).

For the next criteria, according 10 DIPA contents which were managed by regional office, every content of budget outcome was managed by four people (functionary of commitment, expense treasurer, composer of budget and Treasurer of acceptance), therefore 10 DIPA contents were 40 people. For service officer, 4 divisions (society, immigration, law and general) have 5 officers of public service so that 4 divisions x 5 people are 20 people. Therefore total of samples were 40 people + 20 people; those were 60 people (budget managements and service officers).

3.3 Definition Of Variable Operation

In summary, indicators and variable measurements were presented in table below:

Table 3.1
Variable Operations

No.	Variables	Indicators	Resources
1.	Goal orientation is a rational factor measured how far orientation organization orientates to goal achievement (Asmadewa, 2006 in Suhardjanto, et.all. 2008).	1. Implicated application for taking decision 2. Guided by goal 3. Goal strategic communication 4. Approval /deal of organization mission pushes the efficiency	(Suhardjanto , et.all.2008)
2.	Administrative perfection is measurement instrument presentation of performance based budgeting continually (Muryati, 2013).	1. Plan documents (RKP, Renstra, Renja) still are leadership levels and some budget planer stafs 2. Plan documents (RKP, Renstra, Renja) have been completed with measurement of performance achievement	Tembiring (2009)

⁷ Ministry of Finance PMK No. 196/PMK.02/2015 about the instructions of arrangement and performance based budgeting

		<ol style="list-style-type: none"> 3. Performance measurement instruments with service standards 4. Expense analysis standards and cost have been Specific 5. Reporting and responsibility have been suitable with qualitative measurements 6. Performance achievement is useful and measured 	
3.	<i>Money follow program</i> is performance-based budgeting which its elements are : Holistic-thematic, integrative and spatial (RKP: 2017)	<ol style="list-style-type: none"> 1. Priority 2. Re-allocation 3. Efficiency 	RKP year. 2017
4.	Performance based budgeting is budgeting system which orientates within organization <i>output</i> and relates strongly with vision, mission, and organization strategic plan (Bastian : 2010)	<ol style="list-style-type: none"> 1. Referring to vision, mission, goal and target, and action 2. Referring to <i>Restra and Renja</i> with improving standard of expense analysis 3. Connecting budget offered with the result hoped 4. Making a commitment of budgeting 5. Performance instrument perfections 6. Understanding of organization components 	Tembiring (2009)
5.	E-government is the use informative technology and modern communication as internet, network area, mobile technology and the others by government to improve the effectiveness, efficiency, and service giving to population to improve transparency (Behara, et.all. 2009)	<ol style="list-style-type: none"> 1. The use of informative technology and communication 2. To improving the efficiency 3. The effectiveness 4. Transparency 5. Accountability 6. Government service 	Djunaedi (2003)

3.4 Variabel Measurements

Variables in this research were measurement with using of semantic differential scale which was developed by Osgood (1957). The answer of this choice made was the extreme comparison (Bipolar) (Wiyono, 2011:97). Scales used in this research were 1 – 7.

3.5 Procedure of Data Analysis

Data gotten from the result of this research will be managed using data analyzing technique that was partial least square (PLS). PLS is powerful analysis because this is not based on many assumptions (Ghozali, 2008). The instruments of statistic test used was software smart PLS version 3.0. But before doing PLS-SEM analysis, researcher did validity test and reliability test with SPSS 16.0. The steps of analyzes of Smart PLS were: 1) model conceptual, 2) determine method of algorithm analyzes, 3) determine re-sampling method, 4) figure out strip diagram, 5) and evaluate model (Ghozali and Latan, 2015).

4. Result and Discussion

4.1 Respondents Characteristic

Distribution of questioner was done on March 20-24th, 2017. A number of questioners which were distributed were 60, 5 were not brought, 55 were accepted back, and 2 questioners were invalid therefore questioners which were analyzed continually that were 53 or 88,33%. From amount of questioners, then researcher did critic to the respondents in educational level, work period and gender. Therefore these were produced below:

**Table 4.1
Respondent profiles**

Explanation	Amount	Percentages
<i>Educational levels</i>		
Senior High School	9	16,98%
D1-3	4	7,55%
Bachelor degree	34	64,15%
S2/S3	6	11,32%
Amount	53	100%
<hr/>		
<i>Work term</i>		
< 5 year	7	13,21%
5 – 10 year	21	39,62%
11 – 15 year	15	28,30%
>16year	10	18,87%
Amount	53	100%
<hr/>		
<i>Gender</i>		
Male	33	62,26%
Female	20	37,74%
Amount	53	100%

Resource: Primer Data Processed (2017)

Table of respondent profile showed that respondents have bachelor educational levels that were 64,15% work periods in 5-10 years categories have the high categories in giving opinion while <5 years, 11-15 years, and >16 years have an almost equal percentage, furthermore males have more high percentage compared with females.

4.2 Uji Validitas dan Reabilitas

Validity and reliability test were done with SPSS 16.0 for all indicators in every variable. Validity test was done with using Pearson correlation count $r >$ table r (0,266). While reliability test in *Cronbach's Alpha* according to (Nunnaly in Ghazali, 2008) a variable was called variable if it gave *cronbach's alpha* score more than 0, 6. The result of indicator test can be seen in appendices which were abbreviated and presented in table below:

Table 4.2
Result of validity and reliable tests

Variables	Indicators	Validities			Reliabilities	
		r count	r table	Explanations	Cronbach's Alpha	Explanations
Goal orientations	OT1	0,558	0,266	Valid	0,923	Reliable
	OT2	0,366	0,266	Valid	0,926	Reliable
	OT3	0,421	0,266	Valid	0,925	Reliable
	OT4	0,597	0,266	Valid	0,922	Reliable
Perfection of Administrations	PA1	0,317	0,266	Valid	0,929	Reliable
	PA2	0,563	0,266	Valid	0,923	Reliable
	PA3	0,718	0,266	Valid	0,920	Reliable
	PA4	0,455	0,266	Valid	0,924	Reliable
	PA5	0,805	0,266	Valid	0,919	Reliable
	PA6	0,696	0,266	Valid	0,920	Reliable
<i>Money Follow Program</i>	MFP1	0,493	0,266	Valid	0,924	Reliable
	MFP2	0,412	0,266	Valid	0,925	Reliable
	MFP3	0,631	0,266	Valid	0,921	Reliable
Performance Based Budgeting	ABK1	0,727	0,266	Valid	0,920	Reliable
	ABK2	0,665	0,266	Valid	0,921	Reliable
	ABK3	0,682	0,266	Valid	0,920	Reliable
	ABK4	0,647	0,266	Valid	0,921	Reliable
	ABK5	0,709	0,266	Valid	0,920	Reliable
	ABK6	0,633	0,266	Valid	0,921	Reliable
e-government	e-Gov1	0,746	0,266	Valid	0,919	Reliable
	e-Gov2	0,636	0,266	Valid	0,921	Reliable
	e-Gov3	0,632	0,266	Valid	0,921	Reliable
	e-Gov4	0,717	0,266	Valid	0,920	Reliable
	e-Gov5	0,709	0,266	Valid	0,920	Reliable
	e-Gov6	0,659	0,266	Valid	0,921	Reliable

Resource: Processed In SPSS 16.0

From validity test, that showed all Pearson correlation counts were $r >$ table r (0,266) so this can be seen that all indicators fulfilled valid criteria. In reliability test, all indicators have Cronbach's Alpha scores more than 0,6 therefore this can be concluded that all indicators fulfilled reliable criteria.

4.3 Descriptive Analisis

In descriptive analyzes used average score from respondent answer scale and given, summarizing of descriptive analyzes result.

Table 4.3
The result of descriptive analysis

No.	Variable / Score	1	2	3	4	5	6	7	Average	Categories	
1.	Goal orientation	2 0,41%	18 1,48%	21 1,73%	72 5,93%	180 14,8%	432 35,6%	490 40,3%	5,73	So high	
2.	Administrative system perfection	5 0,28%	22 1,22%	45 2,5%	105 5,79%	235 13,1%	658 36,6%	728 40,5%	5,65	So high	
3.	Money follow program	4 0,48%	6 0,72%	21 3,24%	96 11,5%	200 24%	276 33,1%	225 27%	5,24	High	
4.	Performance – based budgeting	6 0,33%	18 1%	51 2,82%	124 6,86%	235 13%	522 28,9%	851 47,1%	5,68	So high	
5.	e-government	0 0	12 0,66%	33 1,8%	184 10%	215 11,7%	534 29,1%	854 46,6%	5,76	So high	
Average categories:		1 – 2, 5 = low			4,1 – 5,5 = high						
		2,6 – 4 = enough			5,6 – 7 = So high						

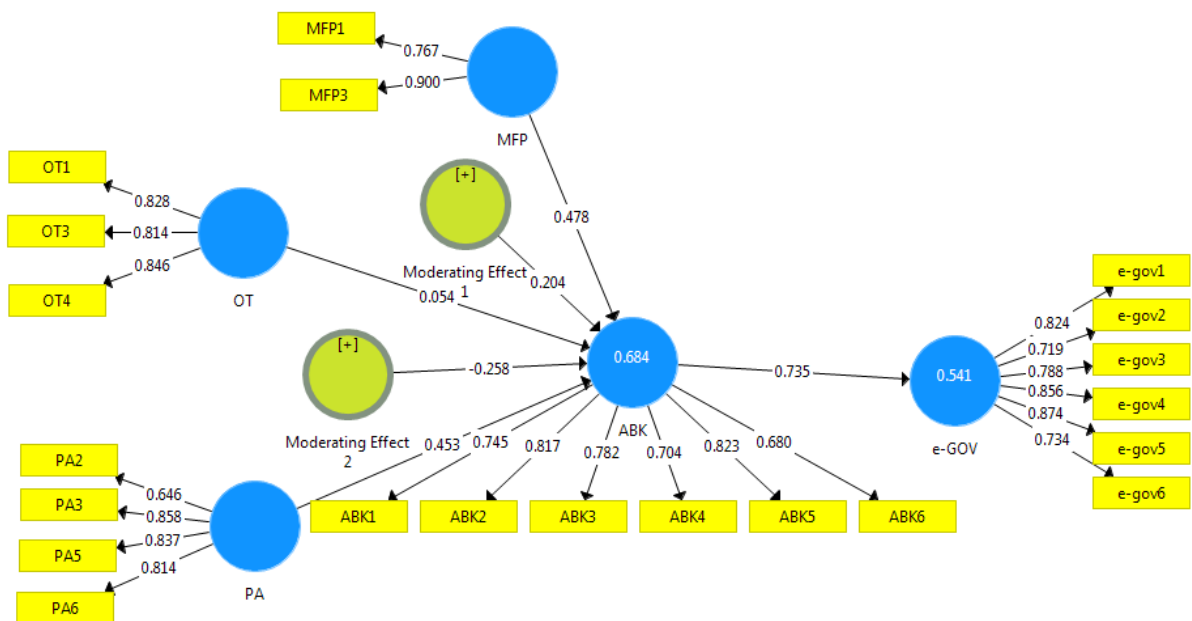
Based on the average score of respondents' respond comprehensively, this produced average below: 1) the implementation of goal orientation with 5,73 average score that meant the arrangement of budget has been executed with goal orientation, even though there still were answers in 1-3th scales with 3,662% that meant orientation has not been in aim. 2) perfection of administrative system with average of respondent answer was 5,7 (so high), that meant that the perfection of administrative system has be done, even though a few of respondents answered in the 1-3th with 4,01%. 3). The implementation of money follow program paradigm has average 5,2, that meant money follow program applied in 2016 was not implemented completely, this was strengthened with respondent's answers in 1-3th scales with 4,44%. 4) Performance-based budgeting had 5,7 average scores, that meant these referred to organization components, even though there were still answers in 1-3th with 4,15%. 5). The implementation of e-government from the result of respondents' answers have the high average that were 5,76, that meant e-government has be implemented in public service.

4.4 The Result of Statistic Test

4.4.1 Scoring Outer Model

Test of convergent validity was seen from measurement with using reflective indicators valuated based on loading factor, recommended scores of every indicator had to be upper than 0,6, these score fulfilled test of convergent validity (Ghozali, et.all. 2015). But in the research of development step, loading scale was 0,5 until 0,6 can been accepted. These are the results of convergent validity tests:

Figure 4.1
Loading Factor



Based on 4.1 figure, this can be seen loading factor that for all indicators have loading factor $>0,6$, therefore these scores have fulfilled the test of convergent validity. Indicator of MFP 2 (0,47), OT (0,32), PA1 (0,28), and PA4 (0,49), showed that score of loading factor was under 0,5 so that has been dropped because this did not fulfill convergent validity decided that was 0,5. This can be concluded that indicators in 4.1 were valid and can be accepted as measurement of the other research variables.

Measurement of discriminative validity from measurement model was scored with comparing basis of AVE of a construction that must be higher than correlations among these variables or with seeing cross loading of measurement with construction. Scores of cross loading are presented in table 4.4 below:

Table 4.4
The Result of Discriminated Validity Test

Indicators	ABK	MFP	OT	PA	e-GOV
ABK1	0,745	0,685	0,546	0,649	0,501
ABK2	0,817	0,511	0,304	0,528	0,498
ABK3	0,782	0,643	0,487	0,510	0,490
ABK4	0,704	0,446	0,411	0,515	0,606
ABK5	0,823	0,323	0,283	0,651	0,680
ABK6	0,680	0,282	0,198	0,535	0,567
MFP1	0,421	0,767	0,351	0,232	0,241
MFP2	0,619	0,900	0,509	0,538	0,423
OT1	0,459	0,513	0,828	0,405	0,299
OT3	0,248	0,224	0,814	0,425	0,213
OT4	0,450	0,479	0,846	0,540	0,430
PA2	0,461	0,456	0,437	0,646	0,243
PA3	0,540	0,365	0,486	0,858	0,574
PA5	0,735	0,382	0,499	0,837	0,773
PA6	0,583	0,375	0,337	0,814	0,681
e-GOV1	0,707	0,367	0,282	0,712	0,824
e-GOV2	0,517	0,340	0,213	0,555	0,719
e-GOV3	0,579	0,327	0,287	0,473	0,788
e-GOV4	0,603	0,284	0,398	0,628	0,856
e-GOV5	0,615	0,362	0,362	0,576	0,874
e-GOV6	0,471	0,303	0,384	0,657	0,734

Resource: data processing of PLS

Based on table 4.4, this showed that there was a good discriminated validity because of indicator correlative score toward the other constructions. As the examples of loading factor ABK 1 (0,745) amount of ABK1 were higher than loading factor in the other constructions, MFP (0,685), PA (0,649), e-GOV (0,501). Therefore this can be concluded that latent construction predicted their indicators were better than indicators in the other blocks.

Test of indicator consistency in one latent variable was done with reliability test. Reliability test can be measurement from score of composite reliability. For being said a reliable construct, score of composite reliable must be more than 0, 70 Even though score (0,50) was still able to be accepted, these are the results of reliability tests:

Table 4.5
Score of Composite Reliability

	Composite Reliability	Explanations
ABK	0,891	Reliable
MFP	0,822	Reliable
OT	0,869	Reliable
PA	0,870	Reliable
e-GOV	0,915	Reliable

Resource: data processing of PLS

From the output of Smart PLS, this shows that budget construct based on performance, money follow program, goal orientation, perfection of administrative system, and e-government have

composite reliability upper than 0,8 therefore this can be stated that measurement used in this research has better reliability.

4.4.2 Scoring Inner Model

Inner model describes relationship among latent variables in substantive theory of structural model which is evaluated with using R-square to construct endogen. The result of R-Square explained in endogen variables explained in endogen variable should be upper than 0,33 therefore this can be stated that endogen construct was good (Chin, 1998 in Ghozali and Latan, 2015), next are the scores of R-Square:

Table 4.6
Score of R Square

	R Square
ABK	0,686
<i>e-Gov</i>	0,541

Resource: data processing of PLS

Based on table above, score of R-Square budget construct based on performance is 0,686. This means that goal orientation, administrative system perfection, and money follow program can explain budget constructs based on performance 68%, while the rest is 32% explained by the other variables. In R Square, score of e-government is 0,541, that means Performance-based budgeting can explain construct of e-government 54% while the rest is 46% explained by the other variables.

Test of inner model was done with measuring *goodness of fit* using prediction relevance (Q Square). This test was done to know predictive capability from a model. Calculation of Q-square can be counted with formula below:

$$\begin{aligned}
 Q^2 &= 1 - (1 - R^2)(1 - R^2) \\
 &= 1 - (1 - 0,686^2) (1 - 0,541^2) \\
 &= 0,626
 \end{aligned}$$

Score of Q^2 was got 0,626 or Q square score >0 , therefore this can be stated that structural model has 0, 6626 (high) of predictive relevance. Therefore this can be said that predictive capability from structural model built in this research has predictive relevance.

4.4.3 The result of hypothesis test

For hypothesis testing, score of t-Statistic was produced from output of *smartPLS* compared with t-table score, output of *SmartPLS* is latent variable estimation which is aggregate linier from indicators with hypothesis test criteria with significant level (α) 5%, this means if t-Count > t-table, that is more than 1,96 therefore hypothesis is accepted and otherwise. Score of t-statistic gotten from bootstrapping can be seen in the table of path coefficient that shows statistic significant score below:

Table 4.7
Hypothesis test based on Path Coefficients

	Original Samples (O)	T Statistics	Hypothesis	Explanations
OT -> ABK	0,054	0,368	H1	Hypothesis rejected
PA -> ABK	0,453	4,233	H2	Hypothesis accepted
MFP*OT -> ABK	0,204	1,417	H3	Hypothesis rejected
MFP*PA -> ABK	-0,258	1,751	H4	hypothesis rejected
MFP -> ABK	0,478	2,986		
ABK -> e-GOV	0,735	7,745	H5	Hypothesis accepted

Resource: data processing of PLS

According to table 4.7, the first hypothesis was rejected, this was shown with score of t-statistic $0,368 < 1,96$ (t-table), this means that goal orientation does not influence significantly toward Performance-based budgeting. The second hypothesis are accepted because t-statistic score $4,233 > 1,96$ (t-table) and in the score of original sample 0,453 (positive), this means that perfection of administrative system influences positively toward Performance-based budgeting, the third hypothesis was rejected because score of t-statistic $1,417 < 1,96$ (t-table), this means that money follow program as moderation variable cannot strengthen significantly the relationship of goal orientation with Performance-based budgeting, the same thing happened in the fourth hypothesis moderation test. The fourth test of hypothesis moderation was rejected because t-statistic score was $1,751 < 1,96$ (t-table), this means that money follow program as moderation variable was not able to strengthen significantly the relationship of administrative perfection with Performance-based budgeting, but money follow program as exigent variable influences endogen variable of Performance-based budgeting because of having t-statistic score $2,986 > 1,96$. The fifth hypothesis was accepted because of t-statistic score $7,745 > 1,96$ (t-table) and had score of original sample 0,735 (positive), this means that Performance-based budgeting influences positively toward e-government.

4.5 Discussions

4.5.1 The influence of goal orientations to performance based budgeting

The result of the first hypothesis in this research stated that goal orientation did not influence significantly toward Performance-based budgeting. This means that the higher goal orientation is not able to improve Performance-based budgeting. This based on the total percentage (scale 4-7) 96,6%. The answers of the respondents stated that budgeting always orientates in goal, but Performance-based budgeting has answer percentage (scale 4-7) these are 95, 8%. From the result of that percentage, goal orientation has higher percentage from Performance-based budgeting, that means goal orientation does not influence toward Performance-based budgeting.

The result of this research was not suitable with research (Cholifah, 2013) that stated that goal orientation influenced positively toward Performance-based budgeting. Institutional theory explained that organization became more homogeny to avoid deviation or non efficiency (DiMagio,et.all, 1983). Institutional theory in this research can be concluded that implementation of goal orientation is implemented in organization to be more homogeneous, but this does not support theory because homogeneous organization is not influenced to avoid deviation or non efficient in Performance-based budgeting.

4.5.2 Administrative perfections to performance based budgeting

The result of the second hypothesis test in this research stated that the perfection influenced positively toward Performance-based budgeting. This means that the more high administrative perfection can improve Performance-based budgeting. This is suitable with average score 5,65 respondents' answers that stated implemented administrative perfection in regional officer and this influences directly toward the influence of administrative perfection toward Performance-based budgeting having answer average 5,68.

The result of this research supported the research of (Tembiring, 2009) and (Mubar, and friends, 2012) showed that the perfection of administrative system influenced positively and significantly toward Performance-based budgeting. Institutional theory is an imitation process or mimetic adoption toward the other organization elements (DiMagio, et.all, 1983). The perfection of administrative system in institutional theory is adoptive process in an organization or following government regulation No 10

year 2010⁸ that in following the dynamics of process developing of income budget planning and state expense based on performance needs to be done administrative perfection. Besides that, the perfection of administrative system in regional office is done to improve regulation, method perfection and improves performance.

4.5.3 Money follow program within relationship with goal orientation toward performance based budgeting

The result of the third hypothesis stated that money follow program was not able to strengthen the relationship of goal orientation with Performance-based budgeting. This means that the higher money follow program was not able to improve the relationship of goal orientation with Performance-based budgeting. This is suitable with respondents' answers in money follow program (scale 4-7) with 95,6%, while total percentage of goal orientation showed that are (4-7) with 96,6% respondents answers. Therefore automatically money follow program decreased the relationship of goal orientation with Performance-based budgeting.

Institutional theory explained that performance makers tend to consider the cause of program in organization structure comprehensively (DiMaggio, et.all, 1983). From the result of this research was not able to support institutional theory because new paradigm performance of money follow program was implemented in 2016, and this has not given the cause of in relationship of goal orientation with Performance-based budgeting. Therefore this still needs socialization in implementing paradigm of money follow program in implementation goal orientation of budgeting based performance.

4.5.4 Money follow program within its relationship with administrative perfection to the performance based budgeting

The result the fourth hypothesis test stated that money follow program was not able strengthen the relationship of administrative system perfection with Performance-based budgeting. This means that the higher money follow program was not able to improve the relationship of administrative system perfection with Performance-based budgeting. This agrees with respondents' answers (scale 5-7) with 84,1%, while administrative perfection (scale 5-7) with 90,2% respondents' answers. This caused

⁸ Indonesian Republic.2010. *Government Regulation Nor 10 year 2010 about the Arrangement of Work Plan and Budget of State Ministry/Institution*

directly in relationship reduction of administrative perfection with Performance-based budgeting. Theoretically, paradigm institution of money follow program comprehensively has not given the cause of in relationship of administrative perfection with budgeting based performance or does not support institutional theory.

4.5.5 Performance Based Budgeting toward E-Government

The result of the fifth hypothesis stated that Performance-based budgeting has positive influence to e-government. This means that the higher budgeting based performance is the more e-government increases. This based on the result of respondents' answers which entered in the highest category. Performance-based budgeting (scale 4-7) was 95,8% while e-government (scale 4-7) was 97,5, so that this can be concluded that budget based a good performance will increase e-government in regional office.

The result of this research supported the research (Rahman, et.all, 2013) and (Diani, 2015) stated that measurement of regional government influenced positively toward e-government. The measurement of regional government, one of them is Performance-based budgeting having the influence toward e-government the implementation theory was used in analyzing the implementation of performance based budgeting that one of them relates with communication (Widyantoro, 2009). Therefore this can be concluded that the result of this research supported theory of performance implementation in justifying budget implementation based performance toward e-government. In line with the research result of (Kituyi, et.all.2013), this stated that the main criteria to improve e-government in developing countries, one of them is budget used for e-government.

Developing budgeting of e-government has been put in strategic plan of ministry of law and human rights in 2015-2019 periods. Developing e-government according to (Hantana, 2013) generally used architecture concept based on service oriented Architecture (SOA). Developing e-government was shown in implementing various service duties, these are immigration service, social service, and law and human rights service.

5. Conclusion, Implication, and Limitation

5.1 Conclusion

Based on data analyzes and discussion which were done so this can be concluded that 1) Goal orientation did not influence significantly toward Performance-based budgeting, while administrative perfection influenced positively toward Performance-based budgeting, 2) The paradigm of money follow program was not able to strengthen the relationship of goal orientation and administrative perfection with Performance-based budgeting, 3) Performance-based budgeting influenced positively toward e-government.

5.2 Implication

The implication of this research was the implementation theory of policy specifically that can be used to correlate Performance-based budgeting with e-government, because the previous research generally stated the communication. In institutional theory, complexly, that can be used in correlating determinacy of Performance-based budgeting.

5.3 Limitation

The limitation of the research, population and sample only used was one regional office, the next research should expand the research with adding population and sample of work unit in regional office of ministry of law and human rights in West Nusa Tenggara. In the variable of money follow program, this needed to be tested back, as the paradigm evaluation implemented newly in 2016. For the next research, this is able to be as an independent variable and this was not as a moderation variable because the result of the path coefficient of this research, money follow program influenced positif toward Performance-based budgeting.

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