

Abstract

The adoption and implementation of performance-based budgeting in Indonesia has been carried out since the issuance of Law 17 of 2003 concerning State Finance. Based on research results, for almost two decades the implementation of performance-based budgeting has not provided optimal results. Most of the previous research on budgets used quantitative research methods, which revealed budgetary practices from a mechanistic and textual perspective with various influencing variables. There are still few and need to do research that uses qualitative methods to reveal various other meanings in the budget. The purpose of this study is to explore and fully reveal the essence of the meaning behind the reality of implementing performance-based budgeting according to the context in improving performance, the meaning of performance in the application of performance-based budgeting, the behavior of the actors involved in it and other factors and structures that build that meaning. Exploring the meaning of the implementation of performance-based budgeting makes it possible to produce new findings about the essence of the meaning expressed by the actors about performance-based budgeting. The research was conducted in the context of local government budgeting.

The research uses qualitative phenomenological methods, specifically Heidegger interpretive phenomenology. Data analysis used the double hermeneutic method, where the first stage of analysis was carried out to reveal the explicit descriptive textual meaning to produce the real meaning, then the second stage of the analysis was carried out to reveal the contextual implicit meaning that produced the meaning behind reality of the performance budget. Both analyzes used interpretive phenomenological analysis (IPA) techniques. The location of the study was conducted at the Banjarnegara Local Government involving 24 participants (informants) whose data collection was carried out through in-depth interviews, non-participant observations, and analyzing documentation.

The results of the first phase of data analysis show three main themes which are the pillars of performance-based budgeting implementation, namely awareness of the importance of budget planning, commitment to process orientation, and consequences of the results of budgeting. The results of the second stage of data analysis produced two main phenomena, namely internal dynamics and external pressure. Internal dynamics come from the main themes of actor motivation and behavior, teamwork, and leadership and culture. Meanwhile, external pressures are in the form of regulatory pressures, political pressures, and social pressures. Another finding of this research is that budget implementation is a continuous process as it evolves in which there are cycles such as metamorphosis towards the achievement of relentless perfection. This study refers to elements of neo-institutional theory, namely normative isomorphism (internal dynamics) and coercive isomorphism (external pressure) and social evolution theory. This research ultimately combines and enriches ideas related to internal dynamics and external pressures, which have proven to be concepts that are always interesting to study by connecting them to the implementation process, internalization, to the institutionalization of performance-based budgets in public sector organizations.

Keywords: performance-based budgeting, internal dynamic, external pressure, implementation, evolution, local government.