

## **ABSTRACT**

This study aims to understand why and how changes in the management control system are the consequences of adopting the BLU management model. This study assumes that the management control system is a social reality. Therefore, to understand it, an interpretative case study research approach is used. The research data were analyzed using a thematic analysis approach.

This study finds that BLU adoption is a strategic response to coercive pressure. The Regional Government's strategic steps are taken by accepting demands symbolically, and hiding disobedience through ceremonial practices. The local government's reaction is an illustration of the dynamics of the intra-organizational dynamics of the Regional Government. The dynamics in the organization produce strategies to deal with these pressures. This strategy has implications for the control deficit in line with increasing the autonomy of BLU financial management. However, there is also a glimmer of hope, namely the emergence of several innovations in the practice of BLU, but in the shadow of bureaucratic culture.

The study explains that the adoption of the NPM model institution in Indonesia, known as the BLU label, is different from the ideal idea. The implementation of this institution concept is inconsistent with the model. The core of the NPM model is the granting of autonomy accompanied by tight control based on performance. However, the practice of granting autonomy to BLU begins with the preparation of many rules. On the other hand, the control system is still limited to completing the terms or conditions.

This research complements the lack of research related to the application of NPM model institutions in developing countries, especially in local governments. This research also complements the lack of research on management control systems in the public sector, especially in the context of implementing BLU in local governments in Indonesia.