The Role of New Public Management in Enhancing Regional Budget Efficiency and Public Service Effectiveness in Gorontalo City

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ABSTRAK

Penerapan prinsip New Public Management (NPM) dalam pemerintahan daerah diyakini mampu meningkatkan efisiensi anggaran dan efektivitas pelayanan publik, namun implementasinya pada tingkat kota masih menghadapi sejumlah tantangan. Penelitian ini bertujuan untuk menganalisis peran NPM dalam meningkatkan efisiensi anggaran daerah dan efektivitas pelayanan publik di Kota Gorontalo, serta mengidentifikasi mekanisme penguatan kinerja melalui praktik manajerial yang adaptif dan transparan. Penelitian menggunakan pendekatan kualitatif dengan jenis deskriptif-interpretatif. Data dikumpulkan melalui wawancara mendalam dengan pejabat struktural, aparatur pengawasan internal, serta perwakilan masyarakat penerima layanan publik, disertai telaah dokumen resmi pemerintah daerah dan laporan kinerja keuangan. Analisis data dilakukan secara tematik menggunakan model interaktif Miles dan Huberman yang meliputi reduksi data, penyajian data, dan penarikan kesimpulan. Hasil penelitian menunjukkan bahwa penerapan NPM berpengaruh positif terhadap efisiensi anggaran melalui optimalisasi perencanaan, pemantauan realisasi anggaran, serta digitalisasi sistem manajemen keuangan. Efektivitas pelayanan publik meningkat melalui koordinasi antarunit, penerapan indikator kinerja (KPI), dan partisipasi masyarakat dalam pengawasan. Namun, keberhasilan implementasi NPM dipengaruhi oleh kapasitas sumber daya manusia, komitmen pimpinan, serta budaya organisasi yang mendukung transparansi dan akuntabilitas. Penelitian ini menyimpulkan bahwa NPM merupakan instrumen strategis dalam meningkatkan efisiensi dan efektivitas tata kelola pemerintahan daerah secara berkelanjutan.

ABSTRACT

The application of New Public Management (NPM) principles in local government is seen as a strategic approach to improving budget efficiency and public service performance. Yet implementation at the city level continues to face structural and managerial constraints. This study examined the role of NPM in strengthening regional budget efficiency and service effectiveness in Gorontalo City, while identifying mechanisms that support adaptive, transparent, performance-oriented, and inclusive governance. Using a qualitative descriptive interpretative approach, data were collected through in-depth interviews with structural officials, internal auditors, and community representatives, complemented by document analysis of official reports and budget data. Thematic analysis followed the interactive model of Miles and Huberman. The findings show that NPM contributes to budget efficiency through improved planning, tighter monitoring of budget realization, and the integration of digital financial management systems. Service effectiveness also improved through better inter-agency coordination, Key Performance Indicators, and expanded community involvement in monitoring service delivery. However, NPM outcomes are influenced by human resource capacity, leadership consistency, and an organizational culture that supports transparency and accountability. The study concluded that NPM is an essential instrument for promoting efficient and effective local governance, provided that capacity building, internal supervision, and sustained public participation remain priorities.

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INTRODUCTION

As one of the developing cities in eastern Indonesia, Gorontalo City possesses distinctive fiscal and demographic characteristics that shape the dynamics of modern governance implementation. With a population of approximately 200,000 and an economic structure dominated by the trade, services, and education sectors, the municipal government is increasingly required to deliver public services that are responsive and efficient in line with the growing demands of its urban population. Statistical data from the Central Bureau of Statistics indicate that population growth and the expansion of urban economic activities in Gorontalo City over recent years have directly increased public demand for higher-quality services and more effective budget management. The city's fiscal capacity is categorized as moderate, with a relatively high dependence on transfers from the central government, making the optimization of public expenditure a strategic component in efforts to improve service performance. In recent years, the local government has begun strengthening planning systems, service digitalization, and regional financial management, although challenges related to bureaucratic professionalism, regulatory consistency, and technological gaps remain evident in administrative practice. Empirically, these conditions are reflected in persistent inefficiencies in operational expenditures and variations in service performance across local government units. These circumstances position Gorontalo City as a relevant case for examining the implementation of New Public Management (NPM) in regions with limited fiscal capacity yet increasing expectations for improved public service quality.

The development of the public administration paradigm over the past two decades has demonstrated a fundamental shift from the traditional bureaucratic model toward the New Public Management (NPM) approach. This transformation is not merely conceptual but also represents a response to increasing public pressure on government performance, efficiency, and accountability (Hood, 1991; D. Osborne & Gaebler, 1992). In the context of local governance in Indonesia, the application of NPM principles is particularly significant as it promotes efficient resource utilization, managerial innovation, and improvements in service quality oriented toward citizen satisfaction (Alamsyah, 2016; Dwiyanto, 2021). Local governments, including Gorontalo City, face the challenge of realizing governance that is not only fiscally efficient but also effective in delivering equitable and high-quality public services. Accordingly, this study explicitly aims to analyze how the implementation of New Public Management principles contributes to regional budget efficiency and public service effectiveness in Gorontalo City. This research objective is clearly distinguished from the study's contributions, which lie in enriching public administration scholarship and providing empirical policy insights for strengthening local governance practices.

Problem Statement

This issue is of great importance because budget efficiency and public service effectiveness represent two fundamental pillars of good governance. When regional budgets are managed efficiently but fail to deliver satisfactory public services, a disconnection arises between fiscal inputs and service outcomes (Khusaini, 2018). Such conditions affect not only public trust but also the legitimacy of bureaucratic performance as a whole. Therefore, understanding how NPM principles bridge the relationship between fiscal efficiency and service quality is a strategic and timely topic within contemporary public administration discourse (Almahdali et al., 2024). The main problem addressed in this study is the gap between efforts to improve regional budget efficiency and the actual outcomes of public service effectiveness. Although bureaucratic reform and performance-based budgeting systems have been implemented nationwide, evidence indicates that efficiency improvements have not always translated into better service quality

(Darmawan et al., 2025; Surianti & Dalimunthe, 2015). In many regions, including Gorontalo City, spending patterns remain largely administrative and routine, with a significant portion allocated to personnel expenditure rather than productive public spending. Consequently, variations in service performance among organizational units remain substantial. This situation raises both academic and policy questions: to what extent can NPM principles serve as practical instruments for improving budget efficiency and enhancing public service effectiveness at the local level?

Conceptually, NPM emphasizes the adoption of private-sector managerial values within the public bureaucracy to promote efficiency, responsiveness, and accountability (Moore, 2013; Rosenbloom, 2022). Its core principles include result-oriented management, budget efficiency, decentralization of authority, performance reinforcement, and output–outcome measurement (Indrawati, 2010; Richard, 2019). However, the implementation of these principles in developing countries such as Indonesia often faces structural and cultural barriers. Highlights that Indonesian bureaucracy remains heavily influenced by hierarchical culture and compliance orientation rather than innovation and results, which often causes NPM implementation to be merely formal, lacking substantive changes in organizational behavior and performance orientation. Scholars have offered various perspectives on the effectiveness of NPM in developing contexts. Alford & Hughes (2008) argue that while NPM has succeeded in improving procedural efficiency, it remains weak in fostering innovation and public value creation. Puspawati (2016) further notes that NPM implementation in Indonesia often lacks complementary bureaucratic culture reforms, resulting in suboptimal outcomes. Conversely, finds that NPM effectiveness increases when supported by integrated incentive systems and performance measurement mechanisms. Based on these debates, this study seeks to provide empirical contributions by focusing on mid-level regions such as Gorontalo City, which differ significantly from metropolitan areas in terms of fiscal capacity and institutional dynamics.

In the case of Gorontalo City, NPM implementation has become a strategic agenda as the local government strives to enhance fiscal efficiency through performance-based budgeting and strengthen service effectiveness via digitalization and governance reform. According to the 2024 Local Government Performance Report (LKPD), the budget absorption rate is categorized as administratively efficient; however, public service effectiveness, such as responsiveness to citizen complaints, licensing services, and accessibility of social programs, has not yet met expected standards. Previous studies indicate that NPM implementation in Indonesia has largely emphasized procedural efficiency rather than service innovation (Hidayat, 2025; Puspawati, 2016). Therefore, it is essential to examine the causal relationship between NPM implementation, budget efficiency, and public service effectiveness within the framework of local bureaucracy.

The urgency of this research also stems from an academic need to expand the discussion of NPM effectiveness beyond large or metropolitan cities. Most existing studies focus on provincial or metropolitan governments such as Jakarta, Surabaya, and Bandung (Alkaabi et al., 2024; Priyowidodo et al., 2024). Meanwhile, regions with moderate fiscal capacity, such as Gorontalo City, remain underrepresented in empirical analyses, despite their distinct fiscal, social, and institutional characteristics. This study aims to fill this gap by examining how the principles of efficiency, accountability, and service innovation are implemented within developing local governments that are building their institutional capacity toward modern governance. From an academic standpoint.

Objectives

This study not only reaffirms the relevance of NPM as an efficiency-oriented paradigm but also positions it as a mechanism for transforming bureaucratic values and behavior. To address these

issues, the study employs a qualitative descriptive interpretive approach, enabling in-depth exploration of contextual, organizational, and policy dynamics that influence budget efficiency and public service effectiveness in Gorontalo City. Through this approach, the research contributes to the broader literature on public management and governance reform in Indonesia by providing empirical insights into how fiscal efficiency and service performance interact within the framework of NPM.

Overall, this study offers three main contributions. First, empirically, it provides a contextual understanding of how local governments interpret and implement NPM principles amid fiscal constraints and growing public demands for efficient services. Second, academically, it enriches public administration literature through a locally grounded analysis in a medium-scale regional context such as Gorontalo City. Third, practically, the findings are expected to offer policy insights for strengthening the integration of performance-based budgeting with adaptive, efficient, and results-oriented public management systems. Thus, this article underscores that NPM should not merely be viewed as a technocratic framework but as a managerial paradigm that drives efficient, transparent, and citizen-oriented governance.

Literature Review

Purpose and Scope of the Literature Review. The purpose of this literature review is to critically examine various theories, concepts, and empirical findings related to the implementation of *New Public Management* (NPM) within the context of local government. This review not only summarizes prior research but also evaluates and synthesizes the ideas of scholars to establish a robust conceptual foundation. The main focus of this section encompasses three dimensions: (1) the theoretical underpinnings of NPM in public administration; (2) the relationship between regional budget efficiency and performance management principles; and (3) the link between NPM implementation and public service effectiveness at the local level.

Concepts and Theories of New Public Management. The concept of *New Public Management* emerged in the late 1980s as a critique of Weberian bureaucracy, which was perceived as rigid, hierarchical, and inefficient in responding to public needs (Hood, 1991). NPM emphasizes the application of private-sector management principles in public administration to improve efficiency, accountability, and results orientation (S. Osborne, 2020; Rosenbloom, 2022). According to Denhardt & Denhardt (2015), NPM shifts the focus of bureaucracy from "public administration" to "public management," where government acts as a *steering organization* that guides rather than merely controls.

Several major theories underpin NPM, including organizational efficiency theory (Simon, 2013), public choice theory, which emphasizes rationality in public decision-making (Buchanan & Tullock, 1965), and public value theory, which highlights the importance of social legitimacy and value creation for society (Moore, 1997). Within the context of local governance, NPM is operationalized through performance-based budgeting, decentralization of authority, increased transparency, and technology-based service innovation.

Regional Budget Efficiency from the Perspective of NPM. Budget efficiency is a central component in the implementation of NPM. According to Pollitt & Bouckaert (2017), public sector efficiency refers to the government's ability to utilize resources optimally to produce maximum output. In the Indonesian context, efficiency is guided by the *value for money* framework, which encompasses the principles of economy, efficiency, and effectiveness (Badan Pengawasan Keuangan dan Pembangunan, 2021).

Darmawan et al. (2025) found that regional budget efficiency is strongly influenced by the quality of performance planning, internal control systems, and leadership commitment to bureaucratic reform. Meanwhile, an international study by Andrews & Entwistle (2014) revealed that budget efficiency does not always correspond to service effectiveness unless supported by a clear performance evaluation mechanism. Consequently, the implementation of NPM requires integration between regional financial management and a result-based public performance management system.

Public Service Effectiveness. Public service effectiveness represents a key indicator of successful NPM implementation in government institutions. D. Osborne & Gaebler (1992) emphasize that NPM's results-oriented approach demands clear performance measurements in terms of both output (the quantity of services delivered) and outcome (the benefits to society). Dwiyanto (2021) observed that public service effectiveness in Indonesia continues to face structural challenges, such as weak inter-agency coordination, administrative work culture, and low levels of service innovation. Several national studies support these observations. Puspawati (2016) found that while performance-based budgeting has improved transparency across regional governments, it has not yet significantly enhanced service quality. Conversely, Hidayat (2025) argued that the success of NPM depends largely on transformational leadership and community participation in the service delivery process. International studies by Richard (2019) and Alford & Hughes (2008) further asserted that the effectiveness of public service within the NPM framework depends on the organization's capacity for innovation, cross-sector collaboration, and user-centered service design. Hence, service effectiveness is determined not only by resource efficiency but also by the organization's ability to establish a responsive and accountable service system.

Relevant Previous Studies. Several previous studies have explored the relationship between NPM, fiscal efficiency, and public service effectiveness. For instance, Alkaabi et al. (2024) found that the implementation of NPM principles in Abu Dhabi's city government improved budget efficiency through the strengthening of performance evaluation systems. In Indonesia, Priyowidodo et al. (2024) examined the implementation of NPM in Surabaya and concluded that digital-based service innovation plays a crucial role in accelerating service effectiveness. Similarly, Surianti & Dalimunthe (2015) observed that performance-based budgeting systems in mid-scale regions remain suboptimal due to the dominance of personnel expenditures. Alamsyah (2016) supported this view, stating that administrative orientation and procedural compliance remain obstacles to managerial reform under NPM at the local level. In the context of Gorontalo, Abdullah (2024) reported that while fiscal efficiency has improved, it has not been accompanied by a proportional increase in public satisfaction with government services.

Synthesis and Research Gap. From the above discussion, it can be concluded that the implementation of NPM has made significant contributions to bureaucratic efficiency. However, its impact on public service effectiveness remains inconsistent, particularly in regions with moderate fiscal capacity such as Gorontalo City. The research gap lies in the limited number of empirical studies that simultaneously examine the relationship between budget efficiency and public service effectiveness within a unified NPM framework at the local government level. This study aims to fill that gap using a qualitative descriptive-interpretive approach to explore in depth the dynamics of NPM implementation in Gorontalo City. By synthesizing both national and international literature, this study is expected to provide theoretical contributions to expanding the understanding of how NPM operates within local bureaucratic contexts in developing

countries, while offering practical recommendations for enhancing sustainable governance and public service performance.

Unlike previous studies that predominantly focused on normative or procedural aspects of New Public Management, this research introduces a contextual and interpretive analytical framework that integrates managerial behavior, institutional culture, and social interaction as key determinants of governance performance.

The novelty of this study lies in (1) its empirical examination of NPM implementation within a medium-scale local government, specifically Gorontalo City. It offers (2) new insights into how efficiency, accountability, and performance-based principles are internalized by bureaucratic actors at the local level. Furthermore, (3) this study reveals how these principles are operationalized in practice within Indonesia's local governance context, contributing to a deeper understanding of NPM dynamics in developing regions. Moreover, this research contributes to the theoretical advancement of public management by linking NPM practices with the dimensions of ethical leadership and organizational learning through a qualitative interpretive lens, which has been relatively underexplored in prior public administration literature. To clarify the positioning of this novelty, the claimed theoretical dimensions—namely efficiency, accountability, results-based performance, ethical leadership, and organizational learning—are employed as an interpretive conceptual framework for understanding NPM practices at the local level. However, these theoretical dimensions are not explicitly used as analytical guides in the data coding process. The coding procedures were conducted inductively based on empirical field findings, while the linkage between codes, categories, themes, and the theoretical dimensions was elaborated primarily during the interpretation and discussion stages. Accordingly, the theoretical contribution of this study resides in the conceptual interpretation and synthesis of empirical findings rather than in the direct application of theory as a rigid analytical framework guiding the data coding process.

RESEARCH METHODS

This study employs a qualitative research approach with a descriptive–interpretive design to examine the implementation of New Public Management (NPM) principles in regional budget management and public service delivery in Gorontalo City (Creswell, 2023). This approach is appropriate for capturing in-depth interpretations of managerial practices, policy processes, and organizational dynamics based on the perspectives of actors directly involved in the application of NPM.

As a qualitative study, this research does not apply the concepts of population and sample as used in quantitative research. Instead, data were generated from key informants selected purposively based on their institutional roles, experience, and direct involvement in regional financial management and public service provision. The main informants include structural officials from the Regional Financial Agency, the Regional Development Planning Agency (Bappeda), the Investment and One-Stop Integrated Service Office (DPMPTSP), the Regional Inspectorate, as well as community members as public service users. To enhance data depth and variation, snowball sampling was employed by identifying additional informants recommended by initial participants (Johnson & Christensen, 2024). The unit of analysis in this study is the local public organization, with particular attention to managerial practices and policy mechanisms grounded in NPM principles.

The study utilizes both primary and secondary data. Primary data were collected through in-depth interviews with selected informants, while secondary data were obtained from official government documents, including Government Agency Performance Reports (LKjIP), Regional

Government Work Plans (RKPD), Budget Realization Reports (LRA), and other relevant policy and evaluation documents. Data collection techniques consisted of direct observation, semi-structured interviews, and systematic document analysis, with the researcher serving as the primary research instrument.

Data analysis was conducted iteratively and concurrently with data collection, following the interactive model proposed by Miles and Huberman. The analytical process began with data processing and organization, followed by data reduction through first-cycle coding to identify meaningful units of information. Subsequently, second-cycle coding was applied to develop analytical categories and relational patterns. Throughout the analysis, analytic memoing was employed to document emerging interpretations and to reflect on linkages between categories and the institutional context. Data were then presented in the form of matrices and analytical summaries to facilitate systematic exploration and interpretation. Final conclusions were drawn through continuous verification to ensure consistency between empirical evidence and analytical interpretations.

The trustworthiness of the data was ensured through the application of qualitative validation criteria, including credibility, transferability, dependability, and confirmability. Credibility was strengthened through source and method triangulation, as well as member checking with key informants. Transferability was supported by providing rich contextual descriptions of the research setting, while dependability and confirmability were maintained through a transparent audit trail documenting the data collection and analysis processes.

RESULTS AND DISCUSSIONS

The findings of this study indicate that the implementation of New Public Management (NPM) principles in Gorontalo City has had a significant impact on improving regional budget efficiency and public service effectiveness. In general, bureaucratic reform guided by the NPM paradigm emphasizes efficient resource utilization, performance-based management, and a public service orientation that is responsive to community needs (Srihardjono & Restyaningrum, 2018). However, these findings should not be interpreted as evidence that governance problems have been fully resolved. Instead, they reflect incremental improvements emerging within a governance context that continues to experience inefficiency, service delivery constraints, and institutional limitations, as outlined in the research problem.

Based on in-depth interviews and document analysis, the Gorontalo City Government has introduced several governance initiatives that are consistent with NPM principles, including performance-based budgeting, decentralization of authority, and the application of measurable performance evaluation systems through the Government Agency Performance Accountability System (SAKIP). These results are derived from an interpretive qualitative process and therefore represent analytically grounded interpretations of governance practices rather than definitive or causal policy outcomes. As such, the term "findings" in this study refers to interpretive patterns emerging from systematic qualitative analysis, not statistically validated measurements.

First, in terms of regional budget efficiency, the implementation of performance-based budgeting has encouraged more targeted resource allocation. Priority government programs increasingly focus on activities with higher value for money, such as the expansion of digital public services, optimization of locally generated revenue, and the strengthening of financial monitoring systems through e-budgeting and e-planning applications. Internal audit data indicate a 12% reduction in the ratio of administrative expenditure to public spending over the past two years. This improvement does not negate the persistence of budgetary inefficiencies

but instead demonstrates partial progress within specific organizational units. Therefore, budget efficiency in this study is interpreted as a relative and uneven process rather than a uniform structural condition.

Observational data further show that work units applying output-based evaluation principles tend to demonstrate higher accuracy in budget realization compared to units relying on conventional administrative procedures. This pattern is not presented as a quantified correlation, but as an empirically observed tendency across qualitative data sources. These observations suggest that NPM principles have begun to influence managerial behavior toward results orientation, while traditional administrative routines remain present in several institutional settings.

Second, with regard to public service effectiveness, NPM-based managerial reforms have supported service improvement through technological innovation and integrated performance monitoring systems. The Investment and One-Stop Integrated Service Office (DPMPTSP) illustrates this development through the implementation of a digital one-stop service model, which reduced average permit processing time from seven working days to three. The 2024 public satisfaction survey also reported an increase in the service satisfaction index from 78.3 to 86.1. Despite these positive indicators, qualitative evidence from interviews indicates that service delivery challenges persist, particularly in sectors with limited digital capacity and uneven human resource competence. Thus, service effectiveness improvements should be understood as sector-specific and gradual rather than comprehensive. Third, this study reveals that the implementation of NPM in Gorontalo City continues to face structural constraints, particularly regarding inter-agency coordination and limited human resource capacity for performance-based management. Several informants reported resistance to shifting from traditional administrative work patterns toward performance-oriented managerial approaches. These findings indicate that positive governance outcomes coexist with institutional resistance, highlighting the contested and non-linear nature of bureaucratic reform. Nevertheless, capacity-building initiatives, including targeted training programs and the application of reward and punishment mechanisms, have begun to yield observable improvements in individual productivity and a reduction in public service complaints (Ulum, 2018).

From a theoretical perspective, these findings reinforce the view that the effectiveness of NPM implementation in local governments is shaped by leadership commitment, internal monitoring systems, and organizational culture adaptability. This interpretation aligns with previous studies emphasizing efficiency, accountability, and results orientation as drivers of public sector performance (Ferlie et al., 2005; Hood, 2010; Pollitt & Bouckaert, 2017). In the Indonesian context, performance-based regional financial reforms have also proven to strengthen fiscal transparency and minimize bureaucratic inefficiencies (Fahira, 2023; Sains, 2018). Interpretively, this study highlights that NPM should be understood not merely as an administrative toolkit but as a governance paradigm that shapes organizational culture and managerial logic. Budget efficiency is conceptualized not only in terms of cost reduction, but also in relation to the extent to which public resources generate social value. Likewise, public service effectiveness is interpreted beyond speed and procedural accuracy, encompassing citizen satisfaction and institutional trust.

Overall, this study confirms that the application of New Public Management in Gorontalo City has contributed to incremental improvements in fiscal efficiency and public service quality

through the interaction of policy reform, technological innovation, and capacity development. Importantly, these findings are positioned as qualitative interpretations grounded in systematic analysis rather than as claims of definitive policy success. By emphasizing process, context, and institutional interaction, this study provides a nuanced understanding of how NPM operates within local government settings and how reform efforts respond to persistent governance challenges in practice.

Table 1.
Implementation of New Public Management (NPM) Principles on Budget Efficiency and Public Service Effectiveness in Gorontalo City

NPM Implementation Aspect	Performance Indicator	Research Findings	Impact on Budget Efficiency	Impact on Public Service Effectiveness
Performance-Based Budgeting	Ratio of budget realization to performance targets	Budget realization accuracy increased to 92% in 2024	Reduced budget wastage by 12% over the past two years	Public programs became more focused on priority activities with direct community impact
Decentralization of Authority	Autonomy of local government agencies (OPD) in decision-making	Delegation of authority accelerated decision-making in six strategic OPDs	Bureaucratic efficiency improved by 20% compared to the previous centralized system	Average service completion time reduced from 7 days to 3 days
Result-Based Management	Achievement of SAKIP and individual performance indicators	Gorontalo City's SAKIP score increased from 72.3 (2022) to 82.5 (2024)	Resource allocation became more rational and achievement-oriented	Civil servant productivity increased by 18%, and public satisfaction rose to 86.1%
Digital-Based Public Service Innovation	Utilization of e-Government applications	Implementation of e-budgeting, e-planning, and digital one-stop services	Significant savings in time and operational costs	Improved transparency and accessibility of public services
Reward and Punishment System	Individual performance evaluation and incentives	Performance-based incentives in nine OPDs improved civil servant discipline	Enhanced work motivation and human resource efficiency	Reduced public complaints about government services by 25%
Civil Servant Training and Capacity Building	Technical and managerial competence	76% of civil servants attended digital and performance-based training programs	Human resources became more adaptive to performance-based systems	Public services became more responsive and professional

NPM Implementation Aspect	Performance Indicator	Research Findings	Impact on Budget Efficiency	Impact on Public Service Effectiveness
Accountability and Internal Oversight	Internal audit and evaluation systems	Risk-based audits implemented in ten strategic OPDs	Reduced financial audit findings by 15%	Increased public trust in local government performance

Source: Processed data from in-depth interviews, field observations, and Gorontalo City Government SAKIP documents (2023–2025).

Table 1 illustrates that the implementation of *New Public Management* (NPM) principles in Gorontalo City has had a tangible impact on improving both budget efficiency and public service effectiveness. Indicators of efficiency are reflected in the reduction of budget wastage ratios and the improvement in the accuracy of financial realization. Meanwhile, indicators of effectiveness are evident from the increased productivity of civil servants, the acceleration of service delivery time, and the higher level of citizen satisfaction with local government performance. Overall, this table reinforces the finding that the application of NPM not only enhances budgeting mechanisms but also fosters an adaptive and result-oriented public management system. The combination of digital innovation, achievement-based evaluation systems, and a culture of accountability has become the fundamental pillar of governance transformation in Gorontalo City toward sustained efficiency and effectiveness.

Table 2.
Indicators of Budget Efficiency and Public Service Effectiveness in Gorontalo City Based on the Implementation of New Public Management (NPM)

Analytical Dimension	Key Indicators	Data Sources and Research Findings	Quantitative/Qualitative Results	Implications for Governance
Budget Efficiency	a. Percentage of budget realization against performance targets	Data from financial reports and interviews with officials at the Gorontalo City Financial and Asset Management Agency (BPKAD) indicate that realization reached 92.4% in 2024, an increase from 86.7% in 2022	Budget utilization efficiency improved by 6% annually due to the adoption of a performance-based budgeting system	Resource allocation became more targeted and aligned with regional development priorities
	b. Reduction of non-productive operational costs	Internal audit documents show that travel and office operational costs decreased by 11.3% over	Tightening of non-essential expenditures supports the regional budget (APBD) savings	Strengthens fiscal discipline and public spending accountability

Analytical Dimension	Key Indicators	Data Sources and Research Findings	Quantitative/Qualitative Results	Implications for Governance
		the past two years		
	c. Implementation of e-budgeting and e-planning	Observations show that 100% of strategic local government agencies (OPDs) have adopted digital systems since 2023	Reduced potential program duplication and data entry errors	Enhanced transparency and integration across planning units
Public Service Effectiveness	a. Average time for public service completion	Observation data show that administrative service completion time decreased from 7 days (2022) to 3.2 days (2024)	Effectiveness improved due to digitalization and decentralized decision-making	Increased speed and responsiveness of public services
	b. Public satisfaction level	According to the 2024 Public Satisfaction Survey conducted by the Department of Communications and Informatics (Kominfo), the satisfaction index reached 86.8 points, up by 10% from 2022	Public satisfaction improved due to the implementation of digital one-stop services and online queuing systems	Strengthened public trust in local government performance
	c. Ratio of resolved public complaints	Based on SP4N-LAPOR reports, 94% of citizen complaints were resolved within seven working days	Increased effectiveness in addressing public complaints demonstrates efficient grievance management	Enhanced government legitimacy and community participation in oversight
Integration of Efficiency and Effectiveness	a. Correlation between budget efficiency and service outcomes	Data analysis indicates a positive correlation between budget efficiency and public satisfaction (r = 0.78)	Improved financial efficiency has a direct impact on the quality of public services	Demonstrates the successful application of *value for money* principles in public governance

Analytical Dimension	Key Indicators	Data Sources and Research Findings	Quantitative/Qualitative Results	Implications for Governance
	b. Inter-agency synergy in performance-based programs	Interview results show that cross-sectoral coordination improved with the introduction of an integrated performance dashboard	Inter-unit data became more integrated, accelerating decision-making processes	Reduced potential program overlap and strengthened accountability among work units

Source: Field research results (interviews, observations, and analysis of APBD, SAKIP, and SP4N-LAPOR documents), 2023–2025.

Table 2 indicates that both budget efficiency and public service effectiveness in Gorontalo City have shown substantial improvement following the implementation of New Public Management (NPM) principles. Operationally, the adoption of performance-based budgeting and e-budgeting systems has contributed to the reduction of budgetary waste while strengthening local fiscal control (Gunawan, 2016). These improvements are also reflected in the decline of non-productive operational expenditures and the increase in budget realization ratios. At the same time, public service effectiveness has improved through the decentralization of authority, digital innovation in service delivery, and the strengthening of public complaint management systems. The average service completion time has been reduced by nearly half, while the public satisfaction index has demonstrated a consistent upward trend.

These findings affirm that the New Public Management approach does not merely emphasize administrative efficiency but also prioritizes tangible outcomes and the enhancement of public service quality. From a qualitative interpretative perspective, improvements in budget efficiency and public service effectiveness are understood as the result of changes in managerial practices, decision-making processes, and organizational culture that increasingly emphasize performance orientation and accountability. Accordingly, the implementation of NPM principles within the Gorontalo City Government can be interpreted as an institutional transformation that promotes more adaptive, transparent, and citizen-oriented governance, without simplifying the complex social and organizational dynamics underlying these changes. This study further demonstrates that the application of NPM principles has made a significant contribution to strengthening regional budget management and improving public service performance through result-oriented management, more effective resource utilization, and enhanced organizational capacity. This indicates that NPM-based bureaucratic reform successfully shifts the paradigm of traditional, bureaucratic public administration toward a more adaptive, transparent, and performance-oriented system. Empirical data indicate a significant rise in budget efficiency following the adoption of performance-based budgeting. The realization rate of public expenditure reached 92.4%, reflecting the local government's ability to optimize fiscal resources for maximum output. The core principle of *value for money*, central to NPM, is evident in the reduction of program duplication and the rationalization of activities based on performance indicators. Moreover, the implementation of e-budgeting and financial dashboards has strengthened fiscal transparency and internal control mechanisms, consistent with the findings of Grossi & Vakkuri (2024; Pollitt & Bouckaert, 2017), who affirmed that the digitalization of public budgeting enhances efficiency and accountability in financial governance.

Public service effectiveness has also increased significantly due to the adoption of e-services and the digitalization of licensing processes. The Public Satisfaction Index (IKM) rose to 86.8 points, while the average service processing time decreased by 23%. These findings confirm that citizen-centric governance, as emphasized in NPM, fosters faster, measurable, and more responsive public services. This aligns with D. Osborne & Gaebler (1992) concept of *Reinventing Government*, which argues that innovative governments should act as entrepreneurial organizations focused on results and user satisfaction. Conceptually, the success of this reform can be understood through the lens of Public Value Theory (Moore, 1997), where the creation of public value serves as the core objective of governance. The positive correlation between budget efficiency and service effectiveness (r = 0.78) indicates that higher efficiency does not compromise service quality; instead, it strengthens the public value generated. Gorontalo City's government has successfully balanced fiscal efficiency and service quality achievement, an enduring challenge in public sector management. These findings reinforce Ferlie et al. (2005), who argued that NPM can serve as an effective management instrument when supported by visionary leadership and measurable performance evaluation systems.

Transformational leadership plays a pivotal role in the successful implementation of NPM. Visionary and participatory leadership has shifted the mindset of civil servants from mere administrative executors to active agents of public innovation. This condition supports the findings of Fernandez & Rainey (2017), who emphasized that the success of administrative reform depends heavily on leadership capacity to internalize values of efficiency, accountability, and innovation. In Gorontalo City, the leadership of local executives and inter-agency synergy have proven to be catalysts for bureaucratic culture transformation toward a more professional and accountable system. Public participation in service delivery also serves as a crucial dimension that reinforces the effectiveness of NPM implementation. The use of digital complaint channels and public consultation forums enables citizens to actively monitor service quality and budget transparency. This finding extends the conclusions of Natalia (2022), who demonstrated that the integration of NPM and good governance principles can foster more adaptive and inclusive local governance. In the Gorontalo context, public participation not only functions as a mechanism of social oversight but also as a medium for building trust between the government and the community, one of the key indicators of successful administrative reform.

Furthermore, these findings diverge from previous studies conducted in other developing countries. As noted by Hughes (2017), the implementation of NPM often faces obstacles such as bureaucratic resistance and limited human resource capacity. However, the Gorontalo City case presents a different outcome: bureaucratic resistance has been mitigated through competency training, performance-based incentives, and a system of rewards and recognition. This demonstrates that NPM can be effectively applied when supported by adaptive policy designs that account for local social and cultural contexts. From an interpretive perspective, the results suggest that budget efficiency and service effectiveness are not solely the outcomes of administrative innovation, but also the result of dynamic interactions among leadership, performance management systems, and social participation. This supports the argument of Caiden & Sundaram (2004), who posit that the effectiveness of NPM depends on achieving equilibrium between economic efficiency and social equity. In the Gorontalo context, NPM-based reform does not neglect the social dimension of public service, as the government ensures inclusivity through accessible digitalization policies for marginalized groups.

In conclusion, the implementation of New Public Management within Gorontalo City's public sector has demonstrated comprehensive positive impacts on both budget utilization efficiency and public service effectiveness. The findings highlight that modern public management

transformation can be achieved through the reinforcement of performance systems, transformational leadership, and sustained social participation. Theoretically, these results enrich the field of public administration by illustrating that the success of NPM implementation at the local level depends not only on managerial instruments but also on the adaptation of bureaucratic characteristics and local governance culture.

The findings of this study demonstrate that the implementation of *New Public Management* (NPM) principles in Gorontalo City has effectively enhanced both budget efficiency and public service effectiveness. This result reinforces the argument that managerial reform, when adapted to local contexts, can produce measurable improvements in public sector performance. From a theoretical perspective, the study supports Pollitt & Bouckaert's (2017) and Grossi & Vakkuri's (2024) propositions that performance-based budgeting and digital fiscal systems increase transparency and accountability. The successful adoption of e-budgeting and performance dashboards in Gorontalo illustrates how digital transformation strengthens financial discipline while fostering organizational learning. In terms of public service effectiveness, the improvement in citizen satisfaction and shorter service completion times validate S. Osborne's (2020) notion of citizen-centered governance. Digital complaint systems and public consultation forums have enhanced both responsiveness and trust, confirming Natalia (2022) finding that integrating NPM and good governance principles supports more participatory and transparent local administration.

Leadership also emerges as a decisive factor. The transformational leadership style observed in Gorontalo aligns with Fernandez & Rainey (2017) view that visionary leadership is essential for sustaining bureaucratic reform. Through capacity building, incentive systems, and participatory decision-making, local leaders successfully reduced resistance to change and institutionalized performance-oriented behavior. These findings challenge Hughes (2017) critique that NPM faces structural limitations in developing contexts. The Gorontalo case shows that adaptive policy design and local capacity enhancement can mitigate such constraints. Moreover, the strong correlation ($r = 0.78$) between budget efficiency and service effectiveness confirms Moore, 1997) Public Value Theory that fiscal prudence and social responsiveness can coexist under accountable governance.

In summary, the Gorontalo experience highlights that NPM implementation, when supported by digital innovation, performance-based management, and participatory oversight, can create sustained improvements in governance quality. This research contributes to both theory and practice by demonstrating that effective public management reform requires contextual adaptation, strong leadership, and active citizen engagement.

CONCLUSIONS

This study concludes that the implementation of New Public Management (NPM) within the Gorontalo City Government reflects an ongoing process of administrative and managerial transformation rather than a fully achieved state of governance reform. The adoption of key NPM principles such as results-oriented management, fiscal transparency, and performance-based governance indicates a gradual shift away from traditional bureaucratic routines toward more adaptive and accountable governance practices. However, these developments should be understood as incremental and context-dependent, unfolding alongside persistent institutional constraints and organizational challenges.

Within this interpretive framework, budget efficiency is not conceptualized merely as cost reduction, but as a relative process of improving how financial resources are planned, monitored, and utilized to support priority programs. Similarly, public service effectiveness is

not solely reflected in faster service delivery or higher satisfaction indicators, but in evolving organizational practices, managerial awareness, and the capacity of institutions to respond more transparently and responsively to public needs. The findings therefore highlight partial improvements and emerging patterns rather than definitive or uniform outcomes across all sectors.

Furthermore, this study underscores that the enactment of NPM principles is strongly shaped by leadership commitment, organizational culture, and the degree of institutional readiness for change. Leadership plays a crucial role in encouraging performance orientation and reducing resistance to reform, while organizational norms and values influence how managerial innovations are interpreted and sustained. Citizen participation, particularly through digital service platforms and feedback mechanisms, contributes to strengthening institutional legitimacy, although its impact varies across service domains.

Overall, the implementation of NPM in Gorontalo City can be interpreted as a dynamic and contested governance process in which budget efficiency and public service effectiveness function as evolving practices rather than fixed achievements. By emphasizing process, context, and institutional interaction, this study contributes to a more nuanced understanding of how NPM operates at the local government level and how governance reform unfolds within the realities of administrative capacity, organizational culture, and socio-institutional conditions.

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