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Implementation of the Principle of Fiscal Efficiency in Determining Performance-Based Staff Expenditure Allocations for Civil Servants

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Abstract: This study aims to analyze the implementation of the principle of state financial efficiency in performance-based civil servant expenditure allocation in Indonesia, particularly in response to the fiscal challenges of 2025. The main issue examined is the disconnect between fiscal tightening policies and the reality of civil service performance targets amid the era of bureaucratic transformation. The research method employed is a normative legal approach using both *a statutory approach* and *a conceptual approach*. The findings reveal that current budget efficiency policies are often linear and not yet based on evaluation formulas that reflect actual workloads. Furthermore, the implementation of the "money follows program" paradigm remains hindered by the rigidity of input cost standards that are not aligned with the demands of objective performance outputs. The contribution of this research lies in proposing a reconstruction of budgeting norms that integrates results-based accountability within the framework of the latest civil service management system. Thus, the optimization of civil service performance can only be achieved through the synchronization of regulations between state financial law and civil service management law to ensure legal certainty and fiscal justice. The implication of these findings is the urgent need to strengthen the accountability system as an instrument for mediating budget efficiency to realize sustainable *good governance*.

1. Introduction

Public financial management in Indonesia is currently in a phase of transformation that demands synchronization between fiscal efficiency and bureaucratic productivity. The 2025 budget efficiency policy serves as a strategic instrument for the government to maintain national economic stability amid the pressures of global uncertainty. The primary challenge lies in how state expenditure allocation, [1] particularly personnel expenditure, can be optimized so that it is not merely routine but yields tangible impacts on development.[2]

Public financial management must adhere to the principles of efficiency, economy, and effectiveness as mandated by Article 3 of Law No. 17 of 2003 on State Finance. These principles constitute fundamental standards for ensuring that state finances are managed in an orderly, lawful, transparent, and accountable manner while remaining oriented toward the achievement of public objectives. Efficiency requires public institutions to optimize the relationship between resources utilized and outputs produced, whereas economy emphasizes the prudent acquisition and use of public resources at reasonable costs. Effectiveness, meanwhile, concerns the extent to which budgetary expenditures successfully achieve predetermined governmental programs, policy objectives, and public benefits. Accordingly, sound financial management cannot be measured solely by the level of budget absorption but must also consider the quality and results of public expenditure.

The implementation of these principles is particularly important because the state budget represents a legal and fiscal instrument through which the government performs its constitutional and administrative responsibilities. Every allocation and expenditure of public funds should therefore be based on clear priorities, measurable performance indicators, and accountable decision-making processes. Budget efficiency should not simply be interpreted as reducing expenditure or limiting government programs. An indiscriminate reduction in expenditure may adversely affect the quality of public services and hinder the achievement of development objectives. Instead, efficiency should be understood as an effort to eliminate unnecessary expenditure, improve resource allocation, strengthen institutional performance, and ensure that every public expenditure generates proportional benefits for society.

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[1] S. Suherman, T. L. Kurniawan, and S. Syaifullah, "Kebijakan Efisiensi Dalam Pengelolaan Anggaran Negara Indonesia Tahun 2025 Ditinjau Dari Undang-Undang Nomor 17 Tahun 2003 Yang Berkeadilan," *Jurnal Hukum dan Kebijakan Publik*, 2025.
[2] Salman and M. Ikbal, "Analisis Efektivitas Kebijakan Efisiensi Anggaran: Ditinjau Dari Aspek Ekonomi," Jurnal Riset Ekonomi, 2025.

From the perspective of good governance, the principles of efficiency, economy, and effectiveness are closely connected with transparency, accountability, legal certainty, and responsible public administration. Government institutions must be capable of demonstrating not only that public funds have been spent in accordance with applicable procedures, but also that such expenditure has produced measurable and socially beneficial outcomes. This approach requires a shift from an administrative model that primarily emphasizes procedural compliance toward performance-oriented financial governance. Consequently, the implementation of Article 3 of Law No. 17 of 2003 should serve as a normative foundation for ensuring that budgetary policies, including efficiency measures, remain proportionate, accountable, and consistent with the broader objectives of state financial management and public welfare. [3] These principles require that every government expenditure have a direct correlation with measurable results or outputs.[4] However, in reality, efforts to synchronize fiscal availability with the performance targets of the Civil Service often still face disconnects.

The implementation of Performance-Based Budgeting serves as a legal solution to ensure that every allocation of funds is based on the performance outcomes that government agencies aim to achieve.[5] Through the "money follows program" paradigm, budgeting policies should prioritize national priorities over the approach focused solely on budget absorption.[6] However, efficiency is often implemented without considering actual workloads, which subsequently triggers issues in civil service performance management.[7]

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[3] Op.Cit., S. Suherman, T. L. Kurniawan, and S. Syaifullah.
[4] I. Suliantoro, "Menimbang kembali Formula Efisiensi pada Evaluasi Kinerja Anggaran," Jurnal Keuangan Negara", Jurnal Manajemen Keuangan Publik 4.11 (2020).
[5] S. A. Fitri, R. S. N. Simatupang, and N. Mauliza, "Evaluasi Kebijakan Penganggaran Berbasis Kinerja di Pemerintah Daerah," Jurnal Akuntansi dan Keuangan, 2024.
[6] D. Suwanda, R. Moenek, and S. Lukman, "The Implementation of Performance-Based Budgeting Through A Money Follow Program in Impressing Budget Corruption," Journal of Financial Accountability", Jurnal Ilmiah Universitas Batanghari Jambi, 21.2 (2021).
[7] RD Suryanto, "Peran Krusial Oditur Dalam Mengadili Kasus Penipuan Koneksitas Terhadap Militer Dan Masyarakat Sipil," *Jurnal Multidisiplin Ilmu Akademik*, no. Query date: 2026-08-24 23:00:15 (2025), https://ejurnal.kampusakademik.co.id/index.php/jmia/article/view/6996.

Observations in the field reveal a mismatch between regulatory expectations and the implementation of budget policies across various ministries and agencies.[8] Many government agencies are trapped in administrative routines that result in personnel expenditure not being directly proportional to improvements in the quality of public services. This problem becomes even more complex when efficiency policies are implemented broadly without being based on comprehensive performance evaluations.

A critical legal issue arises when there is a discrepancy between cost standards and the achievement of individual civil servants' work targets. Normatively, cuts to operational budgets in the name of efficiency often disregard civil servants' administrative rights to fulfill their professional obligations.[9]This creates legal uncertainty regarding the limits of accountability if performance targets are not met due to insufficient fiscal resources.[10]

A real-world example is evident in the 2025 employee expenditure efficiency policy, which mandates significant cost-cutting while simultaneously demanding improved public services. This policy risks eroding work motivation if not accompanied by the reformulation of a fair reward system. Legally, budget adjustments that do not consider fairness for civil servants may be deemed to violate the principle of legal certainty in civil service management.[11]

Furthermore, institutional oversight of civil servant performance amid budget constraints remains suboptimal. Strengthening the role of oversight bodies such as the Civil Service Commission (KASN) is vital to ensure that budget efficiency does not undermine the merit system.[12] The imbalance between workload and financial

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[8] M. Darmawan, M. R. A. Athalla, and O. B. Y. Hutasoit, "Efisiensi Anggaran dan Dampaknya terhadap praktik Good Governance di Kementerian Dalam Negeri dalam Era Reformasi Birokrasi," Jurnal Administrasi Publik, 2025.
[9] Op.Cit., S. Suherman, T. L. Kurniawan, and S. Syaifullah.
[10] M. M. Al-Zawahreh and K. R. H. Al-Halqi, "The Role of Technology in Enforcing Judicial Rulings and Ensuring Compliance with Legal Obligations," *Studies in Systems, Decision and Control* 227 (2026): 771–82, Scopus, https://doi.org/10.1007/978-3-031-95310-1_59.
[11] Ibid…
[12] S. I. Barus, "Reformulasi Pengaturan Dan Penguatan Komisi Aparatur Sipil Negara Sebagai Pengawas Eksternal Dalam Rancangan Undang-Undang Aparatur Sipil Negara," Jurnal Legislasi Indonesia, 2022

resource allocation often creates a gap leading to inefficiencies that result in a decline in the quality of Good Governance.

Regulatory updates through Law No. 20 of 2023 on the Civil Service provide a foundation for more flexible talent mobility. However, this flexibility must be supported by aligned financial policies to prevent performance management from becoming trapped in inefficient, outdated patterns. The integration of state financial law and civil service management law is urgently needed to strengthen performance accountability. [13]

The application of the New Public Management concept in the Indonesian bureaucracy should promote results-oriented efficiency. However, in practice, fear of legal sanctions resulting from administrative errors often makes civil servants reluctant to implement cost-saving innovations.[14] This phenomenon results in low budget absorption rates in strategic sectors that actually require greater efficiency.

Another normative obstacle relates to subjectivity in performance evaluations that are not aligned with budget allocations.[15] The need for legal reconstruction of the efficiency formula in budget performance evaluation is highly relevant to ensure that performance assessments are truly objective and accountable.[16] This aims to create a balance between state savings and the welfare of high-performing civil servants.

This issue is critically important to examine from a legal perspective as it relates to the public's constitutional right to receive quality services funded by allocated budgets. Equitable efficiency must be clearly defined in implementing regulations to prevent multiple interpretations in the management of state finances. Ambiguity

[13] B. Lubis, "Manajemen Kinerja Aparatur Sipil Negara Di Indonesia: Sebuah Konsep Manajemen Publik Baru," Jurnal Papatung 3.3 (2020).
[14] Op. Cit.,D. Suwanda, R. Moenek, and S. Lukman.
[15] Tiyas Asri Putri and Tundjung Herning Sitabuana, "Pengawasan Pengelolaan Keuangan Negara Terhadap Badan Usaha Milik Negara (BUMN)," *SIBATIK JOURNAL: Jurnal Ilmiah Bidang Sosial, Ekonomi, Budaya, Teknologi, dan Pendidikan* 1, no. 7 (May 2022): 1003–18, https://doi.org/10.54443/sibatik.v1i7.118.
[16] D. D. P. Situmorang, Erlina, and S. Hasyim, "Assessing the Impact of Performance-Based Budgeting on Regional Development and Environmental Outcomes Mediated by Government Agency Accountability in Dairi District," Environmental Research, 2023.

regarding the limits of efficiency can harm the long-term interests of the state and society.[17]

Theoretically, this study contributes to the development of public administration law theory, particularly regarding performance accountability within the framework of resource constraints.[18] Practically, the results of this study are expected to serve as a reference in formulating more precise regulations for the allocation of personnel expenditures.[19] Thus, the state can reduce expenditures without having to lower the standards of public services that are its obligation.

The primary objective of this study is to formulate an ideal implementation model for the principle of fiscal efficiency in determining performance-based personnel expenditure allocation. This study focuses on reforming budgeting norms to align with the performance accountability system of government agencies. Through this study, it is hoped that a legal framework will be established capable of driving bureaucratic transformation toward sustainable and accountable efficiency.

2. Method

This study employs a normative legal research method using a statutory approach and a conceptual approach.[20] The analysis focuses on harmonizing state financial management regulations with civil servant performance management rules under Law No. 20 of 2023. Secondary data is analyzed qualitatively to identify the most ideal budgeting model for enhancing civil servant productivity.

3. Result and Discussion

Based on New Public Management (NPM) theory, public administration should incorporate selected management principles commonly associated with the private

[17] Op.Cit., M. Darmawan, M. R. A. Athalla, and O. B. Y. Hutasoit
[18] Op.Cit., D. D. P. Situmorang, Erlina, and S. Hasyim
[19] Op.Cit., S. Suherman, T. L. Kurniawan, and S. Syaifullah.
[20] Ahmad Muliadi, "Applying Principles of Legal Certainty and Equal in the Implementation of Investment in Indonesia," *European Research Studiess Journal* XX, no. 4A (2017).

sector to improve efficiency, effectiveness, responsiveness, and organizational performance. NPM emerged as a critique of traditional bureaucratic administration, which tends to emphasize hierarchical authority, rigid procedures, and compliance with administrative rules. Rather than evaluating public institutions primarily on whether procedures have been formally followed, NPM directs attention toward the results achieved through the use of public resources. Consequently, government agencies are encouraged to establish measurable objectives, performance indicators, evaluation mechanisms, and managerial accountability as instruments for determining whether public programs and administrative activities actually produce the expected outcomes.

In the context of civil service management law in Indonesia, the NPM perspective supports a transition from personnel administration based predominantly on status, seniority, and procedural compliance toward a performance-oriented system. Civil servants are no longer expected merely to perform duties according to formal job descriptions but are increasingly required to demonstrate measurable contributions to institutional objectives and the quality of public services. Performance therefore becomes an important basis for evaluating individual and organizational achievement, determining professional development, providing rewards, identifying competency gaps, and considering career advancement. Such an approach is intended to create a professional civil service in which individual performance is directly connected with the broader objectives of government institutions.

The application of performance-based management also requires a clear relationship between planning, budgeting, implementation, and evaluation. Performance targets must be formulated objectively and accompanied by indicators capable of measuring both outputs and outcomes. This is particularly important because an excessive emphasis on administrative activities may create a situation in which government institutions appear successful based on procedural compliance or budget absorption while failing to demonstrate meaningful improvements in public services. From an NPM perspective, public expenditure and civil service performance should therefore be evaluated according to the value and results generated, rather than merely according to the completion of administrative processes.

Nevertheless, the incorporation of NPM principles into civil service management cannot simply reproduce private-sector management mechanisms without considering the distinctive character of public administration. Unlike private organizations, government institutions operate within a legal framework and exercise public authority that must remain subject to the principles of legality, accountability, equality, transparency, and protection of public interests. Performance-based rewards and sanctions must therefore be supported by objective indicators, transparent assessment procedures, and mechanisms capable of preventing arbitrary managerial decisions. Efficiency cannot justify actions that disregard statutory requirements or undermine the legal rights of civil servants.

Accordingly, NPM should be understood as a managerial framework that complements rather than replaces the principles of administrative law. Its relevance to Indonesian civil service management lies in its capacity to strengthen performance orientation, institutional accountability, and the efficient use of public resources while maintaining legal safeguards in the exercise of governmental authority. The ideal implementation of NPM therefore requires a balance between managerial flexibility and legal accountability, ensuring that performance becomes a meaningful basis for rewards, career development, and institutional evaluation without reducing public administration to purely quantitative targets or weakening the fundamental principles of good governance. [21] This theory justifies the restructuring of personnel expenditure allocation to align with the actual output generated by each individual civil servant.

The principle of efficiency in state financial law is explicitly stipulated in Article 3 of Law No. 17 of 2003. The implementation of efficiency requires state financial management to be conducted by optimally comparing inputs (costs) and outputs

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[21] Op.cit., B. Lubis.

(results).[22] This principle obligates every policy-maker to ensure that the allocation of personnel expenditures is not merely a routine expenditure but a fiscal instrument that drives the productivity of public services.

The implementation of such efficiency is carried out through the Performance-Based Budgeting paradigm, which employs a “money follows program” approach. This approach mandates that budgets be allocated to programs that have a direct correlation with national strategic objectives, rather than merely based on organizational unit divisions.[23] This strengthens the aspect of legal accountability because every use of personnel expenditure funds must be accountable through objective work results.

Performance accountability, particularly when viewed through the perspective of punishment theory, requires a performance management system to establish clear consequences when predetermined targets, duties, or standards are not achieved. Accountability cannot be limited to the preparation of performance reports or the formal completion of administrative procedures, but must provide mechanisms through which the performance of public institutions and officials can be evaluated and followed by appropriate institutional responses. In this framework, rewards and sanctions function as complementary instruments: rewards encourage the achievement of organizational objectives, while sanctions address negligence, non-compliance, or unjustifiable performance failures. The existence of consequences is therefore important to prevent performance evaluation from becoming merely procedural and to strengthen responsibility within public administration.

In public financial management, performance accountability acquires greater significance because government institutions exercise authority over fiscal resources originating from and intended for the public interest. Accountability consequently involves not only demonstrating that expenditures have been made in accordance with formal budgetary procedures, but also explaining whether the resources

[22] Salman and M. Ikbal, "Analisis Efektivitas Kebijakan Efisiensi Anggaran: Ditinjau Dari Aspek Ekonomi," Jurnal Riset Ekonomi, 2025.
[23] Op. Cit., D. Suwanda, R. Moenek, and S. Lukman

allocated have been used efficiently, effectively, economically, and consistently with predetermined objectives. A government institution may comply with expenditure procedures and remain within its authorized budget while still demonstrating weak performance when the expenditure fails to generate the expected outputs or public benefits. Performance accountability therefore connects the legality of public expenditure with the substantive results achieved through the use of state financial resources.

From the perspective of punishment theory, failure to achieve performance targets may justify corrective or disciplinary consequences when such failure can reasonably be attributed to negligence, misconduct, deliberate non-compliance, or an unjustifiable failure to perform established responsibilities. However, the imposition of sanctions should not automatically follow every instance in which a performance target is unmet. Public-sector performance is frequently influenced by budgetary changes, institutional coordination, regulatory constraints, emergencies, and other circumstances beyond the control of individual officials. A legally sound accountability system must therefore distinguish between poor performance caused by culpable conduct and performance deficiencies arising from objective institutional or external conditions. This distinction is essential to prevent performance accountability from developing into arbitrary punishment.

Accordingly, an effective performance accountability framework requires clear performance indicators, measurable targets, transparent evaluation procedures, reliable performance data, and proportional consequences. Sanctions should correspond to the nature and seriousness of the failure and must be imposed through procedures that guarantee legal certainty and fairness. At the same time, performance evaluation should also function as a corrective mechanism by identifying weaknesses in institutional capacity, budget allocation, policy implementation, and human-resource management. In this sense, punishment is not the sole objective of accountability but one component of a broader system designed to encourage compliance, improve performance, and prevent repeated failures.

Ultimately, performance accountability in public financial management should integrate fiscal responsibility, institutional performance, and legal accountability. Public officials and government agencies must be able to demonstrate not merely where public funds have been spent, but why they were spent, what results were achieved, and whether those results were proportionate to the resources utilized. A system that combines measurable performance standards with fair rewards, corrective measures, and proportionate sanctions can strengthen fiscal discipline while encouraging more responsible use of public resources. Such an approach transforms accountability from a predominantly administrative reporting obligation into a substantive mechanism for ensuring that public expenditure contributes effectively to governmental objectives and the broader public interest.[24] Regulations regarding sanctions and rewards (reward and punishment) serve as the cornerstone in ensuring that the principle of efficiency is not merely a slogan but an operational standard that is adhered to.[25]

Strengthening accountability requires synchronization between performance evaluation and budget allocation to avoid bureaucratic inefficiency. Efficiency policies must be based on accurate performance data to avoid undermining the professionalism of civil servants.[26] Furthermore, the success of performance-based budgeting in enhancing government agency accountability depends on the strength of the accountability system's mediation within the organization.[27] This is relevant for Indonesia in formulating civil service expenditure policies that focus not merely on nominal savings but on improving the quality of spending (value for money).[28]

[24] SFK Al-Mihimdi, "The Associated Challenges with the Legal Regulation of Deepfake" A Comparative Analytical Legal Study"," *Twejer Journal*, no. Query date: 2026-05-19 15:00:01 (2025), https://journals.soran.edu.iq/index.php/Twejer/article/download/2061/1080.
[25] J. B. Priyambodo, A. F. Wijaya, and Wike, "The Analysis of Performance Accountability System for Government Agency: A Punishment Theory Perspective," Journal of Public Administration, 2023.
[26] Ibid.
[27] Op.Cit., D. D. P. Situmorang, Erlina, and S. Hasyim
[28] I. Arsyad, D. B. Kharisma, and J. Wiwoho, "Artificial Intelligence and Islamic Finance Industry: Problems and Oversight," *International Journal of Law and Management*, ahead of print, 2025, Scopus, https://doi.org/10.1108/IJLMA-07-2024-0236.

From the perspective of legal-political reconstruction of civil service regulations following the enactment of Law No. 20 of 2023, the bureaucracy is being steered toward a more flexible merit-based system oriented toward talent, yet still bound by fiscal efficiency constraints. The integration of state financial law and civil service law is crucial for creating a competitive and efficient work ecosystem amidst budget constraints.

Furthermore, the concept of Good Governance in the era of bureaucratic reform demands transparency in the allocation of personnel expenditures to prevent disparities. Efficiency must be implemented fairly while maintaining the minimum service standards that must be provided to the public.[29] Therefore, the theoretical framework of this study establishes the relationship between modern management, financial law norms (efficiency), and accountability systems as the primary basis for optimizing civil servant performance.[30]

Based on the implementation of the principle of efficiency in budget management in 2025 in Indonesia, personnel expenditures were identified as the primary target for cost savings through operational efficiency policies. However, these policies are often not accompanied by evaluation frameworks capable of measuring the extent to which such budget reductions impact the achievement of key performance indicators.[31] Consequently, efficiency tends to be linear without considering the actual workload on the ground.

Determining performance-based personnel expenditure allocations requires precise cost standards to reflect principles of fairness and professionalism. Findings indicate that there remains a disconnect between budgeting regulations that demand efficiency and performance evaluation regulations that remain administrative in nature.[32] Reformulation of legal norms is necessary to ensure that

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[29] Op.Cit., M. Darmawan, M. R. A. Athalla, and O. B. Y. Hutasoit

[30] David Debenham, "Big Data Analytics, Big Financial Institutions, and Big Money Fraud Litigation," *Westlaw, 32 Banking and Finance Law Review* 103 (2016).

[31] I. Suliantoro, "Menimbang kembali Formula Efisiensi pada Evaluasi Kinerja Anggaran," Jurnal Keuangan Negara", Jurnal Manajemen Keuangan Publik 4.11 (2020).

[32] Harmaini, E. Antoni, and R. Agustina, "Penilaian Prestasi Kerja Pegawai Negeri Sipil dalam Perspektif Peraturan Perundang-undangan," Adagium: Jurnal Ilmiah Hukum 2.2 (2024).

high-performing civil servants continue to receive appropriate incentives even amidst fiscal tightening policies.

In the “money follows program” approach, budget efficiency should drive innovation in service delivery through the use of technology. ASN performance management based on remote work (work from home) has proven to significantly reduce office operational costs when supported by a robust monitoring system[33]. However, legal obstacles arise due to the absence of remuneration standards that specifically regulate the distribution of allowances based on operational cost efficiencies achieved by civil servants.[34]

Strengthening accountability through SAKIP serves as a crucial instrument in mitigating the risk of budget inefficiency.[35] Government agencies that fail to meet performance targets should face consequences in the form of a reduction in the personnel expenditure ceiling for the following year as a means of enforcing the principle of fiscal responsibility. However, these sanctions must be applied carefully so as not to undermine public service motivation in essential sectors.

The role of the State Civil Service Commission in overseeing the merit system is crucial to prevent budget efficiency policies from being used as a pretext for unilateral cuts to employees’ rights. Reformulating external oversight is necessary to ensure that every cost-saving policy remains within legal boundaries and does not violate the principle of legal certainty for employees[36]. Effective oversight will ensure that efficiency is achieved in unproductive expenditure categories, not in expenditures for civil servant competency development.

A critical reflection on budget efficiency in the higher education sector and Public Service Agencies indicates that flexibility in financial management can drive

[33] T. Rawinarno, H. Setyoko, and A. Widiarto, "Manajemen Kinerja Aparatur Sipil Negara Berbasis Bekerja Dari Rumah," Jurnal Manajemen ASN, 2023.
[34] S. Ahmed, “The Fatal Flaw of Glocal ‘Solutions’ to Illicit Financial Flows,” *Journal of Economic Criminology* 7 (2025), Scopus, https://doi.org/10.1016/j.jeconc.2024.100116.
[35] Op. Cit., J. B. Priyambodo, A. F. Wijaya, and Wike,
[36] S. I. Barus, "Reformulasi Pengaturan Dan Penguatan Komisi Aparatur Sipil Negara Sebagai Pengawas Eksternal Dalam Rancangan Undang-Undang Aparatur Sipil Negara," Jurnal Legislasi Indonesia, 2022

more productive efficiency. By granting agencies the authority to manage cost savings as incentive funds, organizational performance actually improves without increasing the burden on the state budget.[37] This model should be adopted more widely within the general bureaucracy through a more dynamic performance-based incentive scheme.

However, legal challenges remain regarding the harmonization between the State Finance Law and regulations concerning rigid input cost standards. Current efficiency formulas often fail to capture the true essence of productivity, resulting in performance evaluations becoming mere formalities of filling out forms.[38] A reconstruction of cost standards is needed to align with the output demands generated by each position within the bureaucracy.

The application of the principle of equitable efficiency also demands transparency in determining the allocation of personnel expenditures across regions. Fiscal disparities between regions can lead to injustice for civil servants who bear heavy workloads yet receive minimal budgetary support. State financial policies must ensure a minimum standard of welfare for civil servants as a prerequisite for optimizing performance.[39]

An evaluation of performance-based budgeting in local governments indicates that there are still many overlapping programs, leading to inefficiencies. The integration of planning and budgeting information systems serves as a legal solution to ensure that all government expenditures genuinely support the region's strategic objectives.[40] This aligns with the principles of transparency and effectiveness in good governance.

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[37] S. A. M. Zen & Murtanto, "Pengaruh Efektivitas Dan Efisiensi Anggaran Terhadap Kinerja Universitas Negeri Badan Layanan Umum," Jurnal Akuntansi, 2023.

[38] I. Suliantoro, "Menimbang kembali Formula Efisiensi pada Evaluasi Kinerja Anggaran," Jurnal Keuangan Negara", Jurnal Manajemen Keuangan Publik 4.11 (2020).

[39] Mellisa Anggraini, "Optimalisasi Good Governance melalui Prinsip Akuntabilitas Hukum dalam Pengelolaan Keuangan Negara," *Coopetition : Jurnal Ilmiah Manajemen* 15, no. 3 (October 2024): 627–38, https://doi.org/10.32670/coopetition.v15i3.4826.

[40] S. A. Fitri, R. S. N. Simatupang, and N. Mauliza, "Evaluasi Kebijakan Penganggaran Berbasis Kinerja di Pemerintah Daerah," Jurnal Akuntansi dan Keuangan, 2024.

Overall, the findings of this study confirm that budget efficiency is not merely a cost-saving effort but a strategic approach to repositioning the role of civil servants in development. Performance optimization can only be achieved if there is synchronization between financial inputs, efficient work processes, and accountable outputs.[41] Therefore, regulatory reform must focus on maximizing public value from every rupiah spent on civil service salaries.

This study concludes that NPM theory and the principles of fiscal efficiency provide a solid framework for bureaucratic optimization, but its success is heavily determined by aspects of fairness and legal certainty.[42] The reconstruction of civil service legal policy must be directed toward a performance management model that is adaptive to budgetary dynamics. By integrating the principle of results-based accountability into every stage of the budgeting process, the state can achieve a lean, professional, and sustainably efficient bureaucracy.

As a final synthesis, the discussion findings indicate that budget efficiency policies must transform from mere cost-cutting into data-driven productivity enhancement strategies. Alignment between financial legal norms and performance management norms is an absolute prerequisite for the realization of good governance. Thus, optimizing civil servant performance in the era of efficiency is no longer an option but a legal imperative to ensure public welfare

4. Conclusion

The implementation of the principle of fiscal efficiency in determining the allocation of personnel expenditures demands a shift from mere cost-cutting of routine expenditures toward a strategy for measurable productivity improvement through the “money follows program” paradigm. The disconnect between budget efficiency regulations and imprecise performance evaluation formulas risks lowering

[41] Salman and M. Ikbal, "Analisis Efektivitas Kebijakan Efisiensi Anggaran: Ditinjau Dari Aspek Ekonomi," Jurnal Riset Ekonomi, 2025.
[42] B. Lubis, "Manajemen Kinerja Aparatur Sipil Negara Di Indonesia: Sebuah Konsep Manajemen Publik Baru," Jurnal Papatung 3.3 (2020).

the quality of public services if not accompanied by strong accountability standards for results. Legal synchronization between the State Finance Law and the latest Civil Service Law, which emphasizes strengthening the merit system and output-based remuneration flexibility. Thus, optimizing civil servant performance amid budget constraints can only be achieved through the reconstruction of budgeting norms that are transparent, fair, and oriented toward public value (value for money), to ensure the sustainability of accountable bureaucratic reform.

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