

The Analysis of Entrepreneurial Leader on Local Government Performance

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Abstract

This study examines the difference of performance between local governments led by entrepreneur and non-entrepreneur. The purpose of this study is to examine whether local governments led by entrepreneur have better performance compare to non-entrepreneur in terms of local government original revenue growth (Pendapatan Asli Daerah), economic growth, level of poverty, and Human Development Index. The samples of this study consist of 102 local governments in West Java, D.I. Yogyakarta, Central Java, and East Java. The existing data classified into two groups based on the background of local government leader, 35 of them categorized as entrepreneur and 67 categorized as non-entrepreneur local government leader. The two-sample Kolmogorov-Smirnov test is used to analyze data. This study provides evidence that the performance between local governments led by entrepreneur and non-entrepreneur is significantly different. Local governments led by entrepreneur on average has better performance compared to non-entrepreneur measured by PAD growth, economic growth, poverty, and HDI.

Keywords: *Entrepreneur, Performance, PAD growth, PDRB growth, Poverty, Human Development Index*

Introduction

It has been one decade public sector reform in Indonesia going on. Since the reformation movement in 1998 there are massive changes in management of Indonesian public sector organizations. The reformation agenda occurs in all aspects that called “total reform.” Bureaucracy system, legal and institutional, financial management, public sector audit as well as accounting are the most important aspect that has been reformed. All of those aspects are part of public sector reform to pursue good governance and clean government. Public

sector reform in Indonesia may be still a new issue, but actually it has become main agenda in developed countries for last two decades. For example, United Kingdom has sponsored to reform its public sector by implementing the concept of New Public Management that later adopted by several countries in Europe, Africa, and Asia (Ferlie et al. 1997, Polidano, 1999). In United State of America, the movement of government reform conducted at the Bill Clinton administration era with the concept of Reinventing Government proposed by David Osborne and Ted Gaebler (1992).

Public sector reform in Europe with the concept of New Public Management and in U.S.A with Reinventing Government principles directly or indirectly influence and inspiring public sector reform in Indonesia. New Public Management concept as proposed by Christopher Hood (1991) characterized by seven principles i.e. professionalism in public sector management, using performance measure and performance standard, emphasis on output and outcome control, split of organization unit or decentralization, adopting market mechanism into public sector, adopting private sector management technique into public sector, and discipline in using public resources. Meanwhile, the concept of Reinventing Government as proposed by Osborne and Gaebler consist of ten principles i.e. catalytic government, community-owned government, competitive government, mission-driven government, result-oriented government, customer-driven government, enterprising government, anticipatory government, decentralized government, and market-oriented government. Osborne's Reinventing Government idea emphasize on how the entrepreneurial

spirit is transforming the public sector. This idea also in line with the NPM principles especially the concept of adopting private sector management technique into public sector.

In Indonesian context, although it is not explicitly stated that Indonesian public sector reform adopted NPM or Reinventing Government but implicitly and principally adopted and adapted such concept. Since the reformation era, Indonesian government had moved from traditional public management into modern public management. It is more pro-market oriented governance practice and more open to the presence of entrepreneur in public sector management. Since the implementation of local autonomy and fiscal decentralization based on Law 32/2004 and Law 33/2004 and under new regulation of local leader general election Law No. 12/2003 later revised by Law No. 22/2007 people is directly vote their local leader such as governor, municipal manager, and regency manager. Every citizen has the right to be elected as local government manager if he or she eligible.

As a consequence of these new regulations on local government general election, there is interesting phenomenon that it become more entrepreneurs elected as local government manager i.e. governor (*gubernur*), municipal manager (*walikota*), and regency manager (*bupati*). There are many entrepreneurs that involved into political world and then hold important managerial position in public sector organization i.e. vice president like M. Jusuf Kalla, minister, parliament member, governor, city manager, and regency manager. As a comparison to the era of New Order government under President Soeharto, practically most of public managers position fulfilled by person that had military background. Hence today there is major change in public sector managerial style from military style to managerial

style. This new phenomenon needs to be studied to know the impact of the presence of entrepreneur towards government performance. Did public manager with the background as entrepreneur really provide better performance to local government than non-entrepreneur?

Research Objective

Based on previous discussion, the aim of this research is to test the significant difference of performance between local governments led by entrepreneur and non-entrepreneur. The second objective is to know did local government led by entrepreneur have better performance than non-entrepreneur.

Literature Review and Hypothesis Development

Public sector reform or public management reform has occurred in almost all countries around the world within last two decades till now (Jones & Kettl, 2003). But firstly it is important to raise question what is public management reform and why it should be reformed. Pollit & Bouckaert (2002) defined that public management reform consists of deliberate change to the structures and process of public sector organizations with the objective of getting them in some sense to run better. Public management reform include making saving in public expenditure, improving the quality of public services, efficiency and effectiveness of government operation.

The need to reform public sector management as identified by Hughes (1998) related to some critics towards unsatisfied public sector performance. Public sector organizations

were seen less innovative, irresponsive, highly bureaucratic style, unproductive, inefficient and ineffective, always suffer loss, low quality, and other negative views. These conditions triggered the movement to reform public sector management. The initiatives to reform public sector management both from structural as well as process have been apparent in the UK public services of the 1980s under New Public Management banner. Then New Public Management undoubtedly had become an important part of global process in reforming public sector management.

Besides New Public Management, there are several name refer to modern public sector management that known as “managerialism”, “market-based public administration”, “post-bureaucratic paradigm”, “entrepreneurial government”, “result oriented management”, and “entrepreneurialism” (Lynn, 1998; Hughes, 1998; LeMay, 2002). Although there are several notions to attribute public sector management reform but actually these approach have similar objectives especially to move away from traditional public administration into modern public management. There is an attempt to make the public sector more business-like, pro-market oriented, efficient government with higher-quality services, more transparent, accountable, and responsive (Mahmudi, 2010a).

From several terms refer to public sector management reform, New Public Management become the most popular term used by academicians, researchers, and practitioners. New Public Management is public sector management theory assume that private sector management practices are better than management practices in public sector. So, in order to improve its performance, public sector should adopt practices and

management techniques applied in business sector - for example adoption of market mechanism, using *Compulsory Competitive Tendering Contract*, privatization of public corporations – into public sector (Hughes, 1998; Jackson, 1995; Broadbent & Guthrie, 1992). Therefore the New Public Management has been seen by critics as a market-based ideology invading public sector organizations previously infused with counter-cultural values (Laughlin 1991). Pollit (1990) sees the New Public Management movement as an ideological thought system, characterized by the importation of ideas generated in private sector settings within public sector organizations.

Another approach of public management reform inline with New Public Management is “entrepreneurialism”. Entrepreneurialism is public sector management techniques that emerge from the private sector. This approach advocates that managers become change agents who transform their organization’s culture by infusing it with a new vision. The new vision must permeate an entire government organization, not just its upper-level management. The technique assumes that (1) competitiveness can be infused into the public sector, (2) practices from private sector organizations can be transferred to the public sector, and (3) government organizations can be managed in a more business-like way (LeMay, 2002). Entrepreneurialism manifested e.g. in the form of "public-private partnership" in which local governmental use its powers to try and attract external sources of funding, new direct investments, or new employment sources (Harvey, 1989).

Meanwhile, Osborne & Gaebler (1992) with their “Reinventing Government” monumental book proposed ten concepts to reform public sector management. One of the

tenth concepts in reinventing government is “enterprising government”. Through this concept of enterprising government, Osborne & Gaebler tried to injecting entrepreneurial spirit to transform public sector organizations. The government shifted to become “entrepreneurial government”. The entrepreneurial government can be done by turning the profit motive to public use, raising money by charging fees, spending money to save money or in other word investing for a return, and turning public managers into entrepreneurs.

Turning public managers into entrepreneurs become interesting discourse. This thought raised the concept of “Public Entrepreneurship”. Public entrepreneurship can be viewed as a creatively destructive force, tearing down old thoughts, processes, programs, or even organizations, in order to institute something hopefully more effective in its place. Public entrepreneurs are particularly concerned with increasing government's capacity to respond to issues of quality of life. The innovative approaches taken by certain municipalities to addressing major issues such as affordable housing, recreation and open space, land use planning, and poverty show an entrepreneurial spirit at work (Kennen 2009). The question rise then who is public entrepreneur. As Kennen (2009) says that anyone is a potential public sector entrepreneur – from elected officials, to government leaders, to government employees, to “civic entrepreneurs,” or folks who are not directly connected to the government.

Public entrepreneurship is an important element of the necessary innovation of strategic management of government bureaucracies. Public entrepreneurship originally is constructed by Osborne and Gaebler as a device to 'reinvent government'. The concept of

public entrepreneurship provides promising possibilities for radical reform of the government bureaucracy, especially by injecting mechanisms of competition and democratic control into public organizations. Public entrepreneurship seems to provide an escape from the dilemma between market fetishism on the one hand and bureaucratization on the other hand. An analytical distinction has to be made between two levels of public entrepreneurship: the level of the public organization and the level of the public official. At the first level, the bureaucratic organization of government has to be changed into a more entrepreneurial one. At the second level, the bureaucratic official and department within the government has to be changed into a more entrepreneurial one. Entrepreneurship as a characteristic of public organizations and as a characteristic of public officials can be connected by the sociological role-concept (van Mierlo, 1996).

Several studies concerning public entrepreneurship have been done by many researcher, for example Harvey, 1989, van Mierlo, 1996, Klein et al. (2009), Bartlett & Dibben, 2002, Morris & Jones (1999), Schnellenbach, 2007, Teske & Schneider, 1994. In Indonesian case, previous research have been conducted by Mahmudi (2010b) that tried to test the significant difference of local government performance between local public manager with the background as entrepreneur and non-entrepreneur. Local government performance measured by three variables i.e. PAD growth, local economy growth, and poverty. His research put 78 local governments as the sample of research that drawn from D.I. Yogyakarta, Central Java, and East Java. This research provides early result that there is significant difference of local government performance between local public manager with

the background as entrepreneur and non-entrepreneur. Local public manager with the background as entrepreneurs have higher performance than non-entrepreneur.

Hypothesis:

1. There is significant difference of performance between local governments led by entrepreneur and non-entrepreneur measured by local government original revenue growth (Pendapatan Asli Daerah), economic growth, level of poverty, and Human Development Index.
2. Local governments led by entrepreneur have higher/better performance in terms of local government original revenue growth (Pendapatan Asli Daerah), economic growth, level of poverty, and Human Development Index compared to non-entrepreneur

Research Method

Sample and Population

The sample studied was drawn from 102 local governments in Java island with the distribution 5 from D.I . Yogyakarta, 25 from West Java, 35 from Central Java, and 38 from East Java. All local governments in Java island were used except for provincial government. The focus of study only on local government entity especially on regency (kabupaten) and city (kota) government not for provincial government because the leverage of local autonomy implemented in Indonesia based on Law No. 32/2004 about Local Government focused on

municipal government. The population of this research is all local governments in Indonesia. Since the implementation of local autonomy and fiscal decentralization in Indonesia started from 1 January 2001, until the year of 2010 there are 33 provincial governments and more than 480 municipal governments. The total population of local governments in Indonesia till 2010 is around 514. This number is still possible to increase because the policy and regulation to split local government not yet suspended.

Data

This research used secondary data that was drawn from Badan Pusat Statistik (BPS-Statistics Indonesia) for the data of local government original revenue growth, economic growth, poverty, and human development index. While the data of local government leader background derived from curriculum vitae of each local leader that was explored from local government website, newspaper, and other related information. Three years data of PAD growth, PDRB growth, level of poverty, and HDI observed from the year of 2005, 2006, and 2007.

Operational Variable Definition

The independent variable employed in this study is local government leader background that will be categorized as group variable to be tested. Local government leader here are city managers (*walikota*) and municipal managers (*bupati*) as the top manager or chief administrative officer in local government. Local government leader background divided

into two group, the first group is local government leader with the background as entrepreneur and the second group is nonentrepreneur. Entrepreneur background means local government leader that has experience or employment as entrepreneur, business owner, or worker in private (business) sector before he/she lead in local government. Where as nonentrepreneur is local government leader that has no experience as worker or employment in private sector, but in government or public sector related organizations, i.e. military and government official (bureaucrat). The dependent variable is local government performance that consist of four variables, i.e. the growth of local government original revenue (*Pendapatan Asli Daerah*), economic growth that is measured by the growth of gross regional domestic product (*Produk Domestik Regional Bruto*) at 2000 constant market prices, level of poverty, and Human Development Index.

Data Analysis

To test hypotheses proposed, this research employed nonparametric significance test. The first hypotheses testing conducted with two-sample Kolmogorov-Smirnov test to analyze whether there is significant difference of performance between local governments lead by entrepreneur and non-entrepreneur. The second hypotheses want to prove is local governments lead by entrepreneur have higher performance in term of local government original revenue growth (*Pendapatan Asli Daerah*), economic growth, level of poverty, and Human Development Index compared to non-entrepreneur. To analyze which of the two

groups that has higher performance conducted by comparing mean of each performance between two groups whichever of them is higher. In this research, Kolmogorov-Smirnov two-sample test is used to test whether two independent samples of an ordinal variable come from the same sample or can be considered to be significantly different. It tests if the maximum absolute difference in cumulative distributions of the two groups are large enough to be significant, in which case the two groups are found not to be from the same distribution. This two samples test is concerned with the agreement between two cumulative distributions. If the cumulative distributions show a large enough maximum deviation, it is evidence for rejecting the H_0 (Cooper and Schindler, 2001). Besides that, the Kolmogorov-Smirnov test has the advantage of making no assumption about the distribution of data.

Results

Sample Description

Data analyses are based on 102 samples of local government distributed in D.I. Yogyakarta, West Java, Central Java, and East Java. From the 102 total samples used 79 of them can be classified as regency governments and 23 are city governments. From the existing data, than classified into two groups, 35 categorized as local government lead by entrepreneur (34,3%) and 67 classified as non-entrepreneur leader (65,7%). The result of descriptive statistics depicted on table 1 and 2 below:

Hypothesis Testing

Result of two-sample Kolmogorov Smirnov Test

Two-sample Kolmogorov Smirnov test is used to test H1. The result of the test depicted on table 1.

Insert Table 1. here

In the SPSS output depicted on the table 1, the Kolmogorov-Smirnov test returns a finding of significance ($p = .003$) for PAD growth, ($p = .005$) for PDRB growth, ($p = 0.020$) for poverty, and ($p = .002$) for HDI meaning that the entrepreneur and non-entrepreneur local government leader groups significantly differ on PAD growth, PDRB growth, level of poverty, and Human Development Index. Therefore, this research conclude to **accept H1** that there is significant difference of performance between local governments led by entrepreneur and non-entrepreneur in term of local government original revenue growth (Pendapatan Asli Daerah), economic growth, level of poverty, and Human Development Index

Mean Comparison

Second hypotheses (H2) testing conducted through mean comparison between two sample groups. By using descriptive statistic proceed from SPSS program it can be analyzed which

of the two sample groups has higher or better performance. Descriptive statistic for average of three years data depicted on table 2.

Insert Table 2. here

From table 2 it can be seen that PAD growth of 35 local governments that lead by entrepreneur on average of three years data is 19,74% whereas 67 local governments lead by non-entrepreneur leader is 13,4%. PDRB growth for entrepreneur leader 5,5% whereas non-entrepreneur 4,69%. Level of poverty for entrepreneur leader 15,56% and non-entrepreneur 20,66%. Human Development Index for entrepreneur leader 71,98 and non-entrepreneur 68,65. Since entrepreneur local government leader on average has higher performance than non-entrepreneur leader that measured by PAD growth, PDRB growth, level of poverty, and HDI, so researcher concludes to **accept H2**.

Discussion

Although on average of three years data there is significant difference of local government performance led by entrepreneur and non-entrepreneur and on average entrepreneur local government leader has higher or better performance than non-entrepreneur, but it still leaves many questions. If we see to table 3 the result of two-sample Kolmogorov Smirnov Test for each of three years data, for every single year 2005, 2006, and 2007 the results not always consistent for variable of PAD growth, PDRB growth, and level of poverty. Only Human

Development Index variable has consistent result within tree years with the p-value 0.004 for HDI 2005 & 2006, and 0.003 for HDI 2007.

Insert Table 3. here

Variable of PAD growth only for the year of 2005 that has significant result ($p = .000 <$ significant level .05). However, PAD growth 2006 has $p = 0.249$ and PAD growth 2007 $p = .208$ that means there is no difference of local government performance measured by PAD growth between entrepreneur and non-entrepreneur for the year 2006 and 2007. However, on average of three years it is significant with p-value 0.003 (see table 1).

Insert Table 4. here

From table 4, it can be seen that local government original revenue (PAD) growth within three years period from 2005 to 2007 for the entrepreneur leader consecutively 42,16%, 12,20%, and 4,87% whereas for non-entrepreneur leader 15,10%, 14,52%, and 10,59%. Local economic growth that was measured by PDRB growth for the entrepreneur leader 5,22%, 5,29%, and 5,77% whereas for non-entrepreneur leader 4,55%, 4,85%, and 5,24%. Level of poverty for entrepreneur leader 15,19%, 15,98%, and 15,39% whereas for non-entrepreneur leader 20,14%, 21,48%, and 19,37%. Human Development Index for

entrepreneur leader 71.35, 72.03, and 72,57 whereas for non-entrepreneur leader 67.94, 68.76, and 69,26.

Only for the year 2005 entrepreneur has higher performance than non-entrepreneur that described on table 4 whereas the mean of PAD growth in 2005 for entrepreneur 42,5% and non-entrepreneur 15,09%. Unfortunately, PAD growth in 2006 and 2007 for entrepreneur is lesser than non-entrepreneur. In these years, non-entrepreneur leaders have higher performance than entrepreneurs. The mean of PAD growth 2006 for entrepreneur only 12,20% but non-entrepreneur 14,52%, then mean of PAD growth 2007 for entrepreneur just 4,87% and non-entrepreneurs 10,59%.

For the variable of PDRB growth only the year of 2005 and 2007 that provide weak significant difference showed by the p-value 0.063 and 0.066 at the significant level of alpha 10% (see table 3). While for PDRB growth 2006 it doesn't significantly difference with p-value 0.388. However, the mean of PDRB growth of the entrepreneurs within three years consistently higher than non-entrepreneurs although its mean difference is very small not more than 1%. PDRB growth 2005 for entrepreneur 5,21% and non-entrepreneur 4,55%. PDRB growth 2006 for entrepreneur 5,29% and non-entrepreneur 4,85%. PDRB growth 2007 for entrepreneur 5,77% and non-entrepreneur 5,23%.

Level of poverty variable, for the year 2005 and 2006 both of them are significant at alpha 5% but for 2007 has weak significant (p-value 0.094, significance at alpha 10%). However, the mean of poverty of the entrepreneurs within three years consistently lower than non-entrepreneurs. The mean of Poverty 2005 for entrepreneur 15,19% and non-entrepreneur

20,14%. The mean of Poverty 2006 for entrepreneur 15,98% and non-entrepreneur 21,48%. The mean of Poverty 2007 for entrepreneur 15,39% and non-entrepreneur 19,37%.

Only HDI variable that provides consistent result within three years as well as on average. From the output of Kolmogorov Smirnov Test there is significant difference of local government performance measured by Human Development Index between entrepreneur and non-entrepreneur. Entrepreneur local government leaders consistently have higher HDI than non-entrepreneur. So, for HDI variable there is no doubt about the result.

From this explanation it can be obtained the lesson that on average local government leader with the background as entrepreneur probably be able to provide better performance than non-entrepreneur measured by PAD growth, economy growth, level of poverty, and HDI. But it is not a guarantee that entrepreneur local government leader always provide better performance than non-entrepreneur. For some local governments analyzed it could be found that non-entrepreneur has higher performance than entrepreneur and entrepreneur has lower performance than non-entrepreneur. For these cases need deeper exploration and further research.

Therefore, it is more important to injecting entrepreneurial spirit into bureaucrats or government official than just “importing” real private entrepreneur into public sector organizations. However, it should be treated fairly in positive view about the presence of private or commercial entrepreneurs in local government management as an agent of change that convey positive principles of private management techniques into public sector organizations.

Conclusion

Based on the result of statistical test upon hypotheses proposed, it could be concluded that there is significant difference of performance between local government led by entrepreneur and non-entrepreneur measured by PAD growth, PDRB growth, level of poverty, and Human Development Index. On average, local government led by entrepreneur has better performance than non-entrepreneur local government leader. However, only Human Development Index variable that provides convince result. Conversely for the variable of PAD growth, PDRB growth, and poverty provide partial or weak significant result although test on average of three years data all of the variables provide significant result.

Implication of the Research

This study provides inspiration towards the need for local government management reform in Indonesia. Local government management reform can be conducted through the adoption of the concept of public sector (local government) entrepreneurship. Entrepreneurial local government could be done by adopting management technique practiced in business sector into government sector or by opening the chance for entrepreneur to be involved in governmental management. Public sector organization as well as local government should be open to the presence of entrepreneurs in managerial structure. Conversely, the entrepreneurs that involved in governmental bureaucracy should convey positive impact in changing

management style of local government, so that eventually will enhance performance of public sector organization.

Suggestion for Future Research

In order to improve future research, next researcher suggested to extent data by adding research sample and observation period. It's also possible to used different research method to analyze the data. Besides that, it is better to add local government performance variable tested for example by including performance related to financial, health, environment, good governance index, corruption index, education, unemployment, and other performance that accommodate local government task and function. Local government leader background may be extended not just grouping into entrepreneur and non-entrepreneur but can be categorized as entrepreneur, technocrat, military, artist, etc.

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Van Mierlo, J.G.A. 1996. *Public Entrepreneurship As Innovative Management Strategy In The Public Sector A Public Choice-Approach*. Paper Originally Presented at the 65th Annual Conference of the Southern Economic Association Fairmont Hotel, New Orleans, Louisiana, United States of America November 18-20, 1995

Table 1. Result of two-sample Kolmogorov Smirnov Test for average of three years data

| | PAD Growth | PDRB Growth | Poverty | HDI |
|-----------------------------------|------------|-------------|---------|-------|
| Most Extreme Differences Absolute | .374 | .359 | .317 | .394 |
| Positive | .374 | .359 | .015 | .394 |
| Negative | .000 | .000 | -.317 | .000 |
| Kolmogorov-Smirnov Z | 1.791 | 1.724 | 1.521 | 1.887 |
| Asymp. Sig. (2-tailed) | .003* | .005* | .020* | .002* |

Grouping Variable: Local Leader Background

* Significant at the level of α 5%

Table 2. Descriptive Statistics for Average of Three Years Data

| Variable Measured | Local Leader Background | N | Mean | Std. Deviation | Std. Error Mean |
|-------------------|-------------------------|----|---------|----------------|-----------------|
| PAD Growth | Non-Entrepreneur | 67 | 13.4031 | 8.98845 | 1.09811 |
| | Entrepreneur | 35 | 19.7420 | 11.18142 | 1.89000 |
| PDRB Growth | Non-Entrepreneur | 67 | 4.6957 | 1.20907 | .14771 |
| | Entrepreneur | 35 | 5.5140 | .97421 | .16467 |
| Poverty | Non-Entrepreneur | 67 | 20.6606 | 8.05890 | .98455 |
| | Entrepreneur | 35 | 15.5557 | 6.41719 | 1.08470 |
| HDI | Non-Entrepreneur | 67 | 68.6545 | 3.87889 | .47388 |
| | Entrepreneur | 35 | 71.9857 | 3.43636 | .58085 |

Table 3. Result of two-sample Kolmogorov Smirnov Test for each of three years data

| | | PAD | PAD | PAD | PDRB | PDRB | PDRB | Poverty | Poverty | Poverty | HDI | HDI | HDI |
|--------------------------|----------|--------|--------|--------|--------|--------|--------|---------|---------|---------|-------|-------|-------|
| | | Growth | Growth | Growth | Growth | Growth | Growth | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 |
| | | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 | 2005 | 2006 | 2007 |
| Most Extreme Differences | Absolute | .447 | .213 | .222 | .274 | .188 | .272 | .331 | .303 | .258 | .366 | .366 | .381 |
| | Positive | .447 | .209 | .029 | .274 | .188 | .272 | .030 | .015 | .015 | .366 | .366 | .381 |
| | Negative | .000 | -.213 | -.222 | -.015 | -.007 | .000 | -.331 | -.303 | -.258 | .000 | .000 | .000 |
| Kolmogorov-Smirnov Z | | 2.143 | 1.020 | 1.063 | 1.315 | .904 | 1.307 | 1.587 | 1.452 | 1.237 | 1.756 | 1.754 | 1.826 |
| Asymp. Sig. (2-tailed) | | .000* | .249 | .208 | .063* | .388 | .066** | .013* | .030* | .094* | .004* | .004* | .003* |

Grouping Variable: Local Leader Background

* Significant at the level of α 5%

**Significant at the level of α 10%

Table 4. Descriptive Statistics for Three Years Data

| Variables | Local Government Leader | N | Mean | Std. Deviation |
|------------------|-------------------------|----|---------|----------------|
| PAD Growth 2005 | Non-Entrepreneur | 67 | 15.0957 | 22.95241 |
| | Entrepreneur | 35 | 42.1589 | 38.85042 |
| PAD Growth 2006 | Non-Entrepreneur | 67 | 14.5199 | 24.03964 |
| | Entrepreneur | 35 | 12.2031 | 12.62076 |
| PAD Growth 2007 | Non-Entrepreneur | 67 | 10.5933 | 19.46703 |
| | Entrepreneur | 35 | 4.8660 | 25.45542 |
| PDRB Growth 2005 | Non-Entrepreneur | 67 | 4.5510 | 1.82135 |
| | Entrepreneur | 35 | 5.2171 | 1.26211 |
| PDRB Growth 2006 | Non-Entrepreneur | 67 | 4.8530 | 1.09886 |
| | Entrepreneur | 35 | 5.2969 | 1.22718 |
| PDRB Growth 2007 | Non-Entrepreneur | 67 | 5.2394 | .99043 |
| | Entrepreneur | 35 | 5.7717 | .92322 |
| Poverty 2005 | Non-Entrepreneur | 67 | 20.1436 | 8.02749 |
| | Entrepreneur | 35 | 15.1906 | 6.26754 |

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|--------------|------------------|----|---------|---------|
| Poverty 2006 | Non-Entrepreneur | 67 | 21.4845 | 8.25915 |
| | Entrepreneur | 35 | 15.9771 | 6.86736 |
| Poverty 2007 | Non-Entrepreneur | 67 | 19.3687 | 7.68269 |
| | Entrepreneur | 35 | 15.3897 | 6.38742 |
| HDI 2005 | Non-Entrepreneur | 67 | 67.939 | 4.0793 |
| | Entrepreneur | 35 | 71.351 | 3.6343 |
| HDI 2006 | Non-Entrepreneur | 67 | 68.764 | 3.8580 |
| | Entrepreneur | 35 | 72.032 | 3.4265 |
| HDI 2007 | Non-Entrepreneur | 67 | 69.260 | 3.8515 |
| | Entrepreneur | 35 | 72.572 | 3.2773 |