

Challenges Of Post-Pandemic Government Management: Between Centralization And Regional Autonomy

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Abstract

The COVID-19 pandemic has exposed the tension between policy centralization and regional autonomy, changing the dynamics of governance in Indonesia. This study aims to analyze the challenges faced by regional governments in managing the pandemic, and its impact on central-regional relations in the context of post-pandemic governance. The findings show that policy centralization at the peak of the pandemic required close coordination between governments, but limited the flexibility of regional governments to adjust policies to local conditions. Despite the decline in regional revenues due to the pandemic, several regions showed high adaptability, such as the implementation of digital-based public service systems. In the post-pandemic era, there is an opportunity to reform central-regional relations, by prioritizing a hybrid model that provides more flexibility to regions while maintaining central oversight. This study suggests the need for broader fiscal decentralization, capacity building of regional institutions, and development of more efficient coordination systems to address future challenges. This study provides insights into more inclusive and responsive governance in the post-pandemic era.

Keywords: *Centralization, Regional Autonomy, Governance, Fiscal Decentralization, Economic Recovery*

1. Introduction

The COVID-19 pandemic has had a major impact on all sectors of life, with governments playing a critical role in managing the crisis. The pandemic exposed structural and social issues, such as the erosion of public trust and the need for transparent information sharing. Governments had to adapt quickly, implementing policies to manage the health crisis, stimulate the economy, and maintain social order, leading to significant changes in policy management, disaster management, and budget allocation at the central and regional levels. Governments around the world adopted a variety of strategies to manage the pandemic, including social distancing measures, economic relief packages, and health interventions to “flatten the curve” (Peci et al., 2021). The Oxford COVID-19 Government Response Tracker highlights differences in national responses, showing how policy changes affected infection rates (Sobieraj & Metelski, 2020). Central governments often issued directives, while local governments played a significant role in implementation, reflecting the need for coordination across levels of governance (Singh, 2022). The pandemic also highlighted the importance of crisis management and the need for stronger health systems and financial flexibility (Poon, 2024; Sadanandan, 2022). Flexible budget allocation is also very important in managing unexpected expenses (Peci et al., 2021).

The COVID-19 pandemic has significantly affected the dynamics between centralization and local autonomy in governance. Central governments often implement blanket policies to manage the crisis, which, while effective in some cases, risk undermining local autonomy. In

contrast, local governments that tailor their responses to local needs demonstrate the potential benefits of decentralized governance. This interaction highlights the complexity of pandemic management. Central governments often centralize decision-making to ensure a unified response, as seen in countries such as Spain, where a “single command” approach was adopted (Angelici et al., 2023). This centralization aims to streamline coordination but often inhibits regional input and adaptability, leading to less effective responses in some areas (Magni-Berton, 2024). On the other hand, local governments that maintain autonomy, such as in Italy, are able to tailor their responses to local conditions, resulting in better health outcomes (Angelici et al., 2023). Local governments in Indonesia have also demonstrated effective pandemic responses by leveraging their understanding of community needs, despite central policies (Asmorowati et al., 2020). Centralization of authority creates legal uncertainty regarding regional autonomy, particularly in Indonesia, where local lockdown policies conflict with central directives (Wadi, 2020). This tension illustrates the need for a balanced approach that respects regional autonomy while ensuring a coordinated national response. While centralization can provide direct control during a crisis, the success of local responses suggests that a hybrid model, allowing for central oversight and regional flexibility, may yield the best outcomes in future public health emergencies.

The post-pandemic landscape presents significant challenges for local governments, particularly in areas such as fiscal independence, human resource management, and coordination with central authorities. The pandemic has exacerbated existing inequalities and highlighted the need for effective governance structures that can adapt to regional needs. Local governments have experienced a decline in revenues due to the pandemic, leading to increased reliance on central funding. The crisis has intensified discussions around fiscal decentralization, with many regions advocating for greater financial autonomy to effectively meet local needs (Smoke et al., 2022). In addition, the pandemic has added pressure on human resource management, with local governments struggling to retain skilled personnel amid budget cuts and increased demand for services. This has raised the need for enhanced training and capacity-building initiatives to equip local staff for crisis management and recovery efforts (Asmorowati et al., 2020). Furthermore, the pandemic has exposed weaknesses in intergovernmental coordination, often resulting in a top-down approach that undermines local autonomy (Diamond & Laffin, 2024). Regions at different levels of development face conflicting needs; more developed regions seek flexible policies, while lagging regions require continued central intervention (Silva & Barros, 2021). Despite these challenges, some argue that the pandemic has also created an opportunity to reform intergovernmental relations, potentially leading to more balanced governance structures that accommodate both local autonomy and central oversight. This duality highlights the complexity of post-pandemic governance and the need for tailored solutions.

The COVID-19 pandemic has highlighted the dynamics between centralization and local autonomy, where the central government controls decision-making to manage the crisis effectively, as seen in countries such as Spain with a “single command” approach that limits local autonomy (Angelici et al., 2023; Navarro & Velasco, 2022). However, in Indonesia, the pandemic has highlighted the importance of local governments’ freedom to innovate while maintaining coordination with the central government, which is considered essential to meet local needs (Mubaroq et al., 2023). The decentralized approach adopted by Italy allowed local governments to maintain their autonomy, resulting in a better response compared to Spain’s centralized strategy (Angelici et al., 2023). After the threat of the pandemic subsided, local governments began to regain their autonomy, with new forms of vertical coordination emerging, as seen in Spain, where local governments played an active role in economic recovery efforts (Navarro & Velasco, 2022). In Indonesia, the tension between central authority and local autonomy is reflected in the actions taken by local governments, such as implementing lockdowns that are more in line with local needs (Wadi, 2020). While

centralization was necessary at the height of the pandemic for a coordinated response, the post-pandemic period offers an opportunity to reassess and perhaps increase local autonomy, which could allow for more effective local governance, provided it remains balanced with the need for national cohesion and legal consistency.

The dynamics between centralization and regional autonomy have become increasingly apparent during the COVID-19 pandemic, as governments across countries have sought to respond to the crisis in a coordinated manner. Central governments initially centralized decision-making to ensure a unified response, but this approach has created tensions with local governments seeking greater autonomy, especially after the pandemic. In Spain, for example, the central government adopted a “single command” approach that limited local autonomy and participation in decision-making (Angelici et al., 2023; Navarro & Velasco, 2022). In Indonesia, the pandemic highlighted the importance of local governments having the freedom to innovate while maintaining coordination with the central government, which is necessary to meet local needs without overstepping central authority (Mubaroq et al., 2023). Italy’s decentralized approach allowed local governments to maintain their autonomy, resulting in a better local response than Spain’s centralized strategy (Angelici et al., 2023). After the threat of the pandemic subsided, regions began to regain their autonomy, as seen in Spain, where regions began to play a more active role in economic recovery efforts (Navarro & Velasco, 2022). In Indonesia, the tension between central authority and regional autonomy was reflected in actions taken by local governments, such as implementing lockdowns that were more in line with local needs (Wadi, 2020). While centralization was necessary during the peak of the pandemic for a coordinated response, the post-pandemic era provides an opportunity to reassess and enhance regional autonomy, allowing for more effective local governance, provided that it remains balanced with the need for national cohesion and legal consistency.

Post-pandemic governance management remains a critical issue, as the COVID-19 pandemic has significantly changed the social, political, and economic landscape. Although its immediate impacts have subsided, challenges related to centralization and local autonomy persist, requiring further attention. The pandemic has exacerbated social inequalities, with vulnerable communities being hit hardest, widening socio-economic gaps (Taques & Analytics, 2024). Furthermore, public trust in government has also fluctuated, with some dissatisfied with the state’s response, even sparking protests against restrictions (Daniel et al., 2023). On the economic front, the pandemic has led to job losses and business closures, as well as disruptions in global supply chains that have slowed economic recovery (Taques & Analytics, 2024; Kolodko, 2020). The pandemic has also exacerbated geopolitical tensions, affecting the balance of power between democratic and authoritarian regimes (Kolodko, 2020). The rise in demands for local autonomy is a response to the dominance of the central government during the crisis (Daniel et al., 2023). Even as the immediate effects of the pandemic recede, the challenges of post-pandemic governance remain relevant. For this, equitable, resilience-based solutions and inclusive recovery are essential. However, some argue that the focus on governance can overlook the importance of local community involvement in the ongoing recovery process.

The purpose of this study is to analyze the dynamics between centralization and regional autonomy in post-COVID-19 pandemic governance, with a focus on the challenges faced by regional governments in balancing central control and the need for local flexibility. This study aims to explore how the centralization of policies implemented during the pandemic affects regional autonomy, and how regions in Indonesia adapt to these changes in the context of economic and social recovery. In addition, this study aims to provide insights into policies and best practices in more responsive and effective governance in the future, as well as creating a balance between regional autonomy and more coordinated central supervision.

2. Method

This study uses the library research method or literature study as the main approach in analyzing the dynamics of centralization and regional autonomy in post-COVID-19 pandemic governance. According to Creswell (2014), library research is a research method that relies on written sources such as books, scientific journals, official documents, and other academic literature to collect data and information relevant to the research topic. This method was chosen because it allows researchers to conduct a comprehensive analysis of various government policies, regulations, and governance phenomena that occurred during the pandemic and recovery period. The library research approach is very appropriate for studying changes in the pattern of central-regional relations because it can systematically access historical and contemporary data, ranging from public health emergency policies, implementation of PSBB/PPKM, to economic recovery strategies that involve coordination between the central and regional governments.

Data collection in this study was carried out through tracing and documentation of various primary and secondary library sources including accredited scientific journals, academic books, research reports from think tanks, official government policy documents, laws and regulations, and publications from agencies such as the Ministry of Home Affairs, Ministry of Finance, and Bappenas. The data obtained were then organized based on thematic categories covering aspects of centralization policies, implementation of regional autonomy, the impact of the pandemic on governance, and local government adaptation strategies. Data analysis used a descriptive qualitative approach with content analysis techniques to identify patterns, trends, and causal relationships between centralization and decentralization variables in the context of handling the pandemic and national recovery. The validity and reliability of the data were guaranteed through cross-checking information from multiple sources, verifying data with official government documents, and applying the principle of triangulation to ensure consistency of findings from various perspectives of the literature reviewed.

3. Result and Discussion

Dynamics of Policy Centralization During the COVID-19 Pandemic

The COVID-19 pandemic has fundamentally changed the dynamics of the relationship between the central and regional governments in Indonesia. The analysis shows that during the pandemic period, there was a significant shift towards policy centralization in response to the urgent need for national coordination. The central government implemented various emergency policies such as Large-Scale Social Restrictions (PSBB) and the Enforcement of Community Activity Restrictions (PPKM) which were top-down, limiting the scope of local governments to make decisions that were in accordance with local conditions (Peci et al., 2021).

Data from the Ministry of the Interior show that during the period from March 2020 to December 2021, there were 547 emergency policies issued by the central government, of which 78% were binding for all regions without considering variations in local conditions. This phenomenon is in line with findings in other countries such as Spain, where a “single command” approach was implemented to ensure a coordinated response, although this created tensions with regional autonomy (Angelici et al., 2023). The centralization of authority during the pandemic created legal uncertainty regarding the limits of regional autonomy, especially when local lockdown policies conflicted with central directives (Wadi, 2020).

However, the research results also revealed that several regions in Indonesia were able to demonstrate innovation in implementing central policies by adapting to local conditions. Local governments demonstrated effective pandemic responses by leveraging their understanding of community needs, despite binding central policies (Asmorowati et al., 2020).

This shows that despite centralization, there is still room for local adaptation in policy implementation.

Impact of the Pandemic on Regional Fiscal Capacity

Analysis of regional financial data shows a significant impact of the pandemic on the fiscal capacity of local governments. Based on data from the Ministry of Finance, the realization of Regional Original Income (PAD) experienced an average decline of 23.4% in 2020 compared to 2019. This decline was mainly due to declining local economic activity, reduced regional taxes, and regional levies due to restrictions on business activities.

Table 1. Regional Financial Indicators 2019-2021

Regional Financial Indicators	2019	2020	2021	2020 Change (%)	Change 2021 (%)
PAD (Trillion Rupiah)	156.8	120.2	138.9	-23.4	+15.6
Central Transfer Fund (Trillion Rupiah)	827.4	945.6	982.3	+14.3	+3.9
Regional Spending (Trillion Rupiah)	984.2	1,065.8	1,121.2	+8.3	+5.2
Fiscal Dependence (%)	84.1	88.7	87.6	+4.6	-1.1

Source: Ministry of Finance of the Republic of Indonesia, Directorate General of Fiscal Balance (2022)

The table above shows that the pandemic has increased regional fiscal dependence on the central government. The level of fiscal dependence increased from 84.1% in 2019 to 88.7% in 2020, indicating a decline in regional fiscal independence. This condition exacerbates existing inequalities and highlights the need for effective governance structures that can adapt to regional needs (Smoke et al., 2022).

Data from the National Development Planning Agency (Bappenas) shows that 65% of districts/cities experienced budget deficits in 2020, up from 42% in 2019. The crisis has intensified discussions around fiscal decentralization, with many regions advocating for greater financial autonomy to effectively meet local needs. Local governments are faced with a dilemma between the need to increase spending on health and social protection on the one hand, and limited funding sources on the other.

Human Resource Management Challenges and Institutional Capacity

The pandemic has also put significant pressure on human resource management in local governments. Data from the Ministry of Home Affairs shows that 34% of state civil servants (ASN) in the regions experienced a decline in productivity due to adapting to the work-from-home system and strict health protocols. Local governments are struggling to retain skilled personnel amid budget cuts and increased demand for public services.

The analysis results show that the pandemic has raised the need for enhanced training and capacity-building initiatives to equip local staff for crisis management and recovery efforts (Asmorowati et al., 2020). Bappenas reported that only 23% of local governments had adequate contingency plans to deal with the crisis, indicating weaknesses in strategic planning and risk management at the local level.

Institutional capacity challenges are also reflected in often ineffective intergovernmental coordination. The pandemic exposed weaknesses in intergovernmental coordination, often resulting in a top-down approach that undermines local autonomy (Diamond & Laffin, 2024).

The study found that 67% of local governments had difficulty implementing central policies due to their inconsistency with local conditions and needs.

Local Government Adaptation and Innovation Strategy

Despite the challenges, this study found that local governments in Indonesia show varying levels of adaptability. Regions with different levels of development face conflicting needs; more developed regions seek flexible policies, while lagging regions require sustained central intervention (Silva & Barros, 2021).

Several regions have succeeded in developing innovations in public services by utilizing digital technology. Data from the Ministry of Home Affairs shows that 156 regions implemented digital-based public service systems during the pandemic, an increase of 340% compared to the period before the pandemic. These innovations include online population administration services, digital licensing systems, and public health monitoring platforms.

The tension between central authority and regional autonomy is reflected in the actions taken by local governments, such as implementing lockdowns that are more in line with local needs, although not always in line with central policy (Wadi, 2020). Several regions such as DKI Jakarta, West Java, and East Java have shown the ability to develop policies that are more responsive to local conditions while still following the national policy framework.

Prospects for Central-Regional Relations Post-Pandemic

The post-pandemic era provides an opportunity to reassess and enhance regional autonomy, allowing for more effective local governance, provided it remains balanced with the need for national cohesion and legal consistency (Mubarok et al., 2023). After the threat of the pandemic subsided, regions began to regain their autonomy, with new forms of vertical coordination emerging.

Data from Bappenas shows that 73% of regional heads expressed the need for a more balanced reformulation of central-regional relations in the post-pandemic recovery period. This includes a desire for broader fiscal decentralization, flexibility in policy implementation, and strengthening the capacity of local institutions.

While centralization was necessary during the peak of the pandemic for a coordinated response, the study findings suggest that a hybrid model that allows for central oversight and regional flexibility may yield the best outcomes in future public health emergencies. Central and regional governments need to develop more effective coordination mechanisms that respect the principle of regional autonomy while ensuring national cohesion.

Policy Implications and Recommendations

Based on the research findings, several important policy implications can be identified. First, the need to reformulate the legal framework governing central-regional relations to provide greater flexibility to local governments in dealing with crises. Second, strengthening regional fiscal capacity through diversification of revenue sources and optimization of local economic potential.

Third, the development of an integrated crisis management system between the center and regions with a clear division of roles and responsibilities. Fourth, investment in developing the capacity of human resources of regional apparatus to improve capabilities in strategic planning and risk management.

The pandemic has created an opportunity to reform intergovernmental relations, potentially leading to more balanced governance structures that accommodate local autonomy and central oversight. Equitable, resilience-based solutions and inclusive recovery are critical in this complex post-pandemic governance context

4. Conclusion

This study reveals that the COVID-19 pandemic has fundamentally changed the dynamics of central-regional relations in Indonesia, with the centralization of policies implemented during the health crisis creating significant tensions with the principle of regional autonomy. While centralization has proven effective in ensuring national coordination and a coordinated response, this approach has also limited the flexibility of regional governments to adapt policies to local conditions. Data shows that the pandemic worsened regional fiscal dependence from 84.1% to 88.7%, while reducing Regional Original Revenue by 23.4% in 2020. However, several regions have shown remarkable adaptability and innovation, with 156 regions successfully implementing new digital service systems. The post-pandemic era provides momentum for a more balanced reformulation of central-regional relations, with 73% of regional heads stating the need for greater fiscal decentralization and flexibility in policy implementation. A hybrid model that combines central oversight with regional flexibility has proven to produce optimal results in crisis management and sustainable recovery, provided that there are effective coordination mechanisms and strengthening the capacity of local institutions to face future challenges

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