

Decentralization and Effectiveness of Regional Government: Literature Review on the Implementation of Regional Autonomy in Indonesia

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Abstract

This study aims to examine the relationship between decentralization and the effectiveness of regional government in Indonesia through a qualitative approach with a literature study method. Decentralization implemented after the reform through regional autonomy policies has given broad authority to regional governments to regulate their own household affairs. Although it is expected to improve the quality of public services and locally-based development, its implementation shows mixed results. This study analyzes various scientific sources in the form of journals, academic books, policy reports, and regulations to identify patterns of success and challenges in the implementation of regional autonomy. The results of the study show that the effectiveness of regional government is greatly influenced by institutional capacity, human resource competence, regional head leadership, community participation, and the ongoing monitoring system. Some regions are able to utilize autonomy to innovate governance, but most still face structural and cultural obstacles. In addition, fiscal dependence on the central government and weak coordination between institutions are obstacles to achieving effectiveness. Therefore, strengthening regional capacity and implementing an asymmetric decentralization model are important to realize effective, accountable, and participatory governance in the era of regional autonomy.

Keywords: decentralization, government effectiveness, regional autonomy.

Introduction

Since the reform era began in 1998, Indonesia has experienced a major transformation in its governance system, especially with the implementation of decentralization through regional autonomy policies as stated in Law Number 22 of 1999 (which was later updated to Law Number 23 of 2014). The centralistic paradigm that during the New Order placed control of government and decision-making in the hands of the central government, changed to a decentralized system



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that provides greater space for regions to manage their own household affairs. This change is not only structural, but also concerns philosophical changes in the implementation of government, where the state is expected to be closer to the community, responsive to local needs, and more accountable in managing public resources. Decentralization in Indonesia is not just a division of administrative authority, but is a strategic step to strengthen local democracy, accelerate region-based development, and reduce disparities between regions.

In the context of its implementation, the regional autonomy policy provides broad authority to regional governments, both provincial and district/city, to regulate and manage government affairs outside of those under the authority of the central government. Regional governments have the authority to prepare budgets (APBD), establish regional regulations (Perda), and design development policies in accordance with the potential and needs of each region. However, although the legal framework for decentralization seems promising, the practice of its implementation in various regions still faces many challenges. Inequality in human resource capacity, weak institutional infrastructure, and a bureaucratic culture that is not yet adaptive to change are factors that influence the effectiveness of the implementation of autonomy. Some regions have succeeded in utilizing autonomy well through innovation in public services and improving government performance, while other regions are trapped in corrupt practices, conflicts of interest, and inefficient budget management. This shows that the success of decentralization is highly dependent on the quality of local institutions, leadership commitment, and civil society participation.

The effectiveness of local government is an important parameter in measuring the success of decentralization, because the main objective of regional autonomy is to improve the quality of local governance. This effectiveness can be seen from how capable the local government is in providing public services that are equitable, efficient, and responsive to the needs of the community. In addition, effectiveness also reflects the ability of the region to formulate and implement data-based development policies, transparency in regional financial management, and accountability in reporting and evaluating performance. In previous studies, there was a significant relationship between government effectiveness and the quality of local institutions and the leadership of regional heads. Regions that have good bureaucratic capacity, participatory planning, and visionary leaders tend to show better performance in terms of public services and economic development. Conversely, regions with poor governance often experience stagnation or even decline in development, even though they have abundant natural resources.



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Therefore, a literature review on the implementation of regional autonomy is very relevant to be conducted in order to provide a more comprehensive picture of how decentralization impacts the effectiveness of regional governance. This study can identify trends, patterns, and key factors that influence the success or failure of regional autonomy in various regions. Through thematic analysis of various scientific literature, academic journals, and government policy evaluation results, researchers can compile a synthesis of best practices and obstacles that often arise in the implementation of regional governance. This kind of study not only provides academic contributions in enriching the discourse on decentralization, but also provides policy input for decision makers at the national and local levels. Thus, efforts to improve the design and implementation of decentralization in the future can be carried out in a more targeted, evidence-based, and oriented towards improving the quality of life of people throughout Indonesia.

Method

This study uses a qualitative approach with a literature study method (library research) as the main basis for data collection and analysis. The qualitative approach was chosen because it allows researchers to gain a deep understanding of the phenomenon of decentralization and the effectiveness of regional government in the context of implementing regional autonomy in Indonesia. Through literature studies, this study aims to explore, analyze, and synthesize various relevant scientific sources in order to gain theoretical and empirical understanding of the issues studied.

The data used in this study are sourced from various secondary literature, such as national and international scientific journals indexed by SINTA or Scopus, academic books, government policy documents, research reports, conference articles, and regulations related to decentralization and regional autonomy. The selected literature has a publication criterion of a maximum of the last five years to ensure the actuality and relevance of the data. In addition, the focus is given to sources that review the concept of decentralization, the effectiveness of regional government, local governance models, and case studies of the implementation of regional autonomy in various regions in Indonesia.

The data analysis technique used is content analysis which is carried out systematically and thematically. Researchers coded the main themes such as regional authority, public services, transparency, institutional capacity, and community participation. Furthermore, interpretations were made of the patterns that emerged to understand the factors that influence the effectiveness



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of regional government within the framework of decentralization. The results of this analysis were then critically reviewed by comparing the theories and practices found in the literature.

With this literature study method, it is hoped that the research can provide theoretical contributions to the development of decentralization discourse in Indonesia and provide a basis for thinking about formulating more adaptive and effective decentralization policies in the future.

Results and Discussion

Decentralization is one of the strategic steps in governance reform in Indonesia which aims to bring public services closer to the community and increase the efficiency and effectiveness of regional development. Since the enactment of Law No. 22 of 1999 and later revised into Law No. 23 of 2014, decentralization has significantly changed the pattern of relations between the central and regional governments. Regional governments are given greater authority to regulate their own household affairs, including in budget management, licensing, and local development planning. However, it should be noted that this delegation of authority has given rise to new dynamics that are not only related to administrative aspects, but also to issues of capacity, accountability, and integrity in the implementation of regional government.

The results of studies from several literatures show that the implementation of regional autonomy has dual implications. On the one hand, there are regions that are able to innovate in public services, such as Surabaya and Banyuwangi, which have succeeded in building an efficient and responsive bureaucratic system. This proves that with strong leadership, adequate human resource capacity, and support from community participation, decentralization can increase the effectiveness of government. However, on the other hand, many regions actually face serious challenges in the implementation of autonomy. Several literatures note the emergence of corrupt practices at the local level, conflicts of interest in licensing, and weak data-based development planning. The disparity in capabilities between regions is evidence that decentralization without being accompanied by increased institutional capacity can actually widen the development gap.

The effectiveness of regional government is not only measured by the speed in responding to public aspirations, but also by the quality of the output and outcomes of public services produced. A study by Prasojo (2020) stated that the effectiveness of regional government administration is greatly influenced by three main factors, namely an adaptive institutional structure, technocratic capacity in decision-making, and an accountable evaluation system. Regional governments that have a clear and flexible organizational structure are more easily able to adapt to changes in



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regulations and the socio-economic dynamics of society. Meanwhile, technocratic capabilities are key in developing programs that are right on target, especially when facing limited resources. Continuous performance evaluation is an important tool to ensure that the programs implemented are not merely ceremonial, but have a real impact on society.

One of the major challenges in implementing decentralization is the weak coordination between the central and regional governments. In many cases, there is an overlapping of authority between vertical and horizontal agencies which causes inefficiency and confusion in policy implementation. A study by Rasyid (2021) shows that one of the causes of the low effectiveness of decentralization policies is the lack of synergy between institutions and the weak supervision mechanism from the center to the regions. Autonomy that is too broad without adequate supervision risks creating "little kings" in the regions who prioritize local political interests over public services. Therefore, strengthening the role of the Ministry of Home Affairs and internal supervisory institutions is key to maintaining a balance between autonomy and democratic control.

Furthermore, community participation in the process of formulating and evaluating regional public policies is also an important indicator in assessing the effectiveness of decentralization. Literature from Nugroho (2020) emphasizes that the effectiveness of regional governance cannot be separated from the active role of civil society, especially in the Musrenbang mechanism, citizen forums, and social media as a means of social control. When the community is given space to convey aspirations and participate in development planning, the resulting policies tend to be more in line with local needs. Conversely, if planning is top-down and elitist, it is likely that development programs will not be on target and will only become symbolic projects.

The human resources of state civil apparatus (ASN) in the regions are also a crucial factor in determining the success of regional autonomy. A study by Dwiyanto (2022) stated that the majority of ASN in the regions still face obstacles in terms of technical, managerial, and bureaucratic ethics competencies. Low professionalism and the still strong patrimonial culture in the regional bureaucracy are the main obstacles in increasing government effectiveness. Therefore, ASN capacity building programs, either through technical training, further education, or meritocracy-based recruitment system reform, are important agendas to improve the quality of public services at the local level.

From the fiscal side, decentralization also presents its own challenges. Although the central government has provided General Allocation Funds (DAU) and Special Allocation Funds (DAK), many regions still rely on central transfers to finance government activities. This shows that fiscal



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decentralization has not been fully achieved, because most of the original regional income (PAD) is still low and cannot support development needs. According to the BPK report (2023), around 70% of districts/cities in Indonesia have PAD whose contribution to the APBD is less than 20%. This dependence creates fiscal vulnerability which ultimately has an impact on low regional flexibility in setting development priorities.

From various literature studies analyzed, it is clear that the success of regional autonomy implementation is highly contextual and depends on the synergy between institutional capacity, regional head leadership, community participation, and an effective monitoring system. Several regions such as Sleman, Denpasar, and Makassar demonstrate innovative and data-based local governance practices, while other regions are still lagging behind because they are trapped in conventional bureaucratic patterns that are not adaptive to change. Therefore, a more differential policy approach is needed and based on regional capacity (asymmetric decentralization), so that decentralization can run effectively and fairly.

Based on the discussion above, this literature study strengthens the argument that decentralization is not a policy that automatically produces effective governance. The implementation of regional autonomy must be accompanied by increased institutional capacity, bureaucratic reform, strengthening citizen participation, and a strong monitoring system. Only then can decentralization be an effective instrument in realizing democratic, transparent, and accountable governance throughout Indonesia.

Conclusion

Based on the results of the literature review that has been discussed, it can be concluded that decentralization through the implementation of regional autonomy in Indonesia is a strategic step in bringing public services closer to the community and strengthening local democracy. However, the success of decentralization is highly dependent on various internal and external factors of local government, including institutional capacity, human resource competence, regional head leadership, community participation, and the effectiveness of coordination between levels of government. Although there are several regions that are able to demonstrate innovative and efficient governance practices, most regions still face serious challenges in implementing autonomy due to fiscal limitations, low bureaucratic professionalism, and weak monitoring and accountability systems. Therefore, decentralization cannot be understood as a universal policy, but must be adjusted to local conditions and capacities. Strengthening institutional capacity,



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bureaucratic reform, and the implementation of an asymmetric decentralization model are important strategies in improving the effectiveness of local government in Indonesia as a whole.

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