



The Impact of Decentralization on Local Governance: Comparative Study between Java and Sulawesi

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Abstract

Decentralization has been a central pillar of governance reform in Indonesia, aiming to redistribute political authority, administrative functions, and fiscal resources from the central to local governments. This study examines the impact of decentralization on local governance through a comparative qualitative analysis of two contrasting regions, Java and Sulawesi. Case studies were conducted in Surabaya and Yogyakarta representing Java, and Makassar and Gorontalo representing Sulawesi. Data were gathered from in-depth interviews and secondary sources, with particular attention to administrative capacity, fiscal autonomy, and citizen participation. The findings reveal marked regional disparities in decentralization outcomes. In Java, decentralization has contributed to more effective governance, supported by stronger institutions, greater fiscal independence, and active citizen engagement, as reflected in Surabaya's digital governance initiatives and Yogyakarta's participatory planning model. In contrast, decentralization in Sulawesi remains constrained by weak institutional capacity, heavy dependence on central government transfers, and political fragmentation. These conditions limit the effectiveness of local governance and policy implementation. This study underscores that decentralization does not function uniformly across regions but is shaped by variations in institutional strength and fiscal capacity. It highlights the need for targeted capacity-building and fiscal reforms in less-developed regions to ensure more equitable decentralization outcomes.

INTRODUCTION

Decentralization has become a pivotal reform mechanism in the governance landscape of developing countries, aimed at redistributing political authority, administrative responsibilities, and fiscal resources from central to local governments. In the context of Indonesia, the fall of the New Order regime in 1998 marked a turning point in the nation's political and administrative trajectory, triggering a broad decentralization agenda intended to enhance local autonomy, improve public service delivery, and strengthen citizen participation in governance (Hofman & Kaiser, 2004; Muriu, 2013; Bueno & Salapa, 2022; Yi & Qiu, 2025; Berman et al., 2025). Formally institutionalized through Law No. 22 of 1999 on Regional Governance and Law No. 25 of 1999 on Fiscal Balance, this reform

represents a deliberate effort to create a more responsive and accountable system of local governance. Over the past two decades, decentralization has reshaped Indonesia's administrative landscape, producing a complex interplay of successes and challenges across its diverse regions, highlighting both the potential and the limitations of devolved authority in a highly heterogeneous nation (Ricart-Huguet & Sellars, 2023; Ganis, 2024).

The importance of studying decentralization lies in its profound implications for socio-economic development, democratic consolidation, and equity among regions. As an archipelagic state, Indonesia exhibits considerable variation in geographic, demographic, and economic characteristics, which influence the outcomes of decentralization initiatives. Java, as the nation's political and economic core, has historically benefited from denser infrastructure networks, higher fiscal capacity, and a concentration of skilled human resources, resulting in relatively strong local governance institutions (Hill, 2008; Shao & Razzaq, 2022; Rahmani et al., 2025). In contrast, regions such as Sulawesi, located in the eastern part of the archipelago, face geographic fragmentation, limited infrastructure, and weaker institutional capacity (Buehler, 2010). These regional disparities suggest that decentralization's promise of equity and participatory governance may not be uniformly realized, warranting a comparative analysis to understand how local governance evolves under devolved authority. The examination of Java and Sulawesi thus provides a meaningful lens to explore the differential implementation and outcomes of decentralization within a single national framework.

Despite the theoretical expectation that decentralization enhances efficiency, accountability, and citizen engagement, empirical evidence from Indonesia presents a more nuanced picture. While some local governments have effectively leveraged devolved powers to improve service delivery and stimulate local development, others continue to grapple with bureaucratic inefficiencies, fiscal dependence, and political patronage networks (Hadiz, 2010; Smoke, 2015). The core problem addressed in this study is the uneven impact of decentralization across regions, which raises critical questions about the conditions under which devolved governance translates into meaningful improvements. Existing studies indicate that the success of decentralization is contingent upon local institutional capacity, political will, and socio-economic context, suggesting that formal authority alone does not guarantee effective governance outcomes (Rondinelli, 1981; Abdillahi & Benjamin, 2025). This research seeks to interrogate these dynamics by comparing regions with divergent administrative capabilities, fiscal autonomy, and citizen engagement.

General solutions to the challenges of decentralization have typically focused on broad policy interventions, such as the establishment of regulatory frameworks to govern local autonomy, fiscal equalization mechanisms to address resource disparities, and capacity-building programs to enhance bureaucratic competence (Omweri, 2024; Syafaruddin, 2025; Vučetić, 2025). In practice, these approaches have yielded mixed results. While legal frameworks provide the foundation for devolved governance, the effectiveness of decentralization is ultimately mediated by local implementation capacities and governance culture. Similarly, fiscal mechanisms intended to balance resources among regions may be insufficient in addressing entrenched inequalities when local governments lack the expertise or political authority to deploy resources effectively. Capacity-building initiatives, including training programs and institutional support from central agencies, have demonstrated some success in improving administrative performance; however, their impact remains uneven, particularly in peripheral regions with limited human capital.

More specifically, research examining decentralization in Indonesia has identified concrete strategies adopted by local governments to enhance governance outcomes.

In Java, cities such as Surabaya and Yogyakarta have implemented technology-driven governance models and participatory planning systems that promote transparency, streamline bureaucratic procedures, and foster citizen engagement (Mietzner, 2014). Surabaya's E-Government Smart City Program exemplifies the integration of digital platforms into public service delivery, enabling real-time monitoring and responsiveness to citizen needs. Yogyakarta's Musrenbang Kelurahan system allows community members to directly participate in budget planning and policy development, reinforcing the accountability of local governments (Anindito et al., 2022; Nalu et al., 2025). Conversely, in regions of Sulawesi, attempts to implement similar reforms have been constrained by inadequate infrastructure, limited fiscal autonomy, and the prevalence of political patronage networks, which undermine transparency and reduce public participation (Aspinall & Berenschot, 2019; Kadir & Idris, 2021). These findings underscore that decentralized governance is not a uniform process but is shaped by the interplay of institutional capacity, political culture, and regional socio-economic conditions.

The literature also highlights persistent gaps that justify further investigation. While numerous studies have documented the challenges of decentralization in Indonesia, there is comparatively limited research that systematically compares regions with contrasting administrative capacities and governance outcomes. Existing analyses tend to focus on single-case studies or rely on aggregate national statistics, which obscure the nuanced effects of decentralization across heterogeneous contexts. Moreover, while some scholars have emphasized institutional or fiscal factors, fewer studies have integrated citizen participation and accountability mechanisms into a comprehensive comparative framework. This research addresses these gaps by examining both institutional and socio-political dimensions of decentralization, emphasizing the interaction between local capacity, fiscal management, and civic engagement in shaping governance outcomes.

The purpose of this study is to critically assess the impact of decentralization on local governance by comparing Java and Sulawesi. The study aims to identify the factors that contribute to divergent outcomes in administrative capacity, fiscal management, and citizen participation, thereby contributing to a more nuanced understanding of how decentralization functions in practice. By adopting a comparative approach, this research not only illuminates regional disparities but also offers practical insights for policymakers seeking to strengthen local governance across Indonesia. The novelty of this study lies in its integrated focus on institutional performance, fiscal autonomy, and participatory governance, which provides a holistic framework for evaluating the effectiveness of decentralization. The scope of the study encompasses selected urban and provincial administrations in both islands, incorporating qualitative data from interviews, official documents, and secondary sources to produce a comprehensive analysis of the decentralization experience. Ultimately, this research seeks to inform policy strategies aimed at promoting equitable, efficient, and accountable governance across Indonesia's diverse regions.

METHODS

This section outlines the research design, data collection methods, and data analysis techniques employed in this study to investigate the impact of decentralization on local governance in Indonesia. The study uses a comparative qualitative research approach to examine the differential outcomes of decentralization in two distinct regions: Java and Sulawesi. Given the complexity and variability in local governance systems, a qualitative approach is particularly suited to understanding the nuanced ways in which decentralization affects administrative performance, fiscal management, and citizen participation across regions with differing socio-economic conditions and institutional capacities.

Research Design and Rationale

The research adopts a multiple-case study design, a widely recognized approach for comparing cases within a single national context (Yin, 2018). The selection of Java and Sulawesi as the study regions is based on the distinct socio-political and economic contexts that characterize these islands. Java, being the economic and political heart of Indonesia, exhibits higher levels of administrative capacity, fiscal autonomy, and infrastructure compared to Sulawesi, which is characterized by geographic fragmentation and limited institutional development (Hill, 2008; Buehler, 2010). By comparing these regions, the study aims to identify the institutional, fiscal, and socio-political factors that contribute to the differing outcomes of decentralization.

This comparative approach allows for the examination of both successful and struggling decentralization cases, providing valuable insights into the dynamics that shape local governance in different contexts. The purpose is to understand the mechanisms through which decentralization either enhances or hinders governance and to explore the underlying factors that contribute to regional disparities.

Case Selection

The study includes four case study cities: Surabaya and Yogyakarta in Java, and Makassar and Gorontalo in Sulawesi. These cities were purposively selected based on their contrasting governance outcomes and regional significance. Surabaya and Yogyakarta are recognized for their relative success in implementing decentralization, with well-established administrative systems, strong public services, and high levels of citizen participation (Mietzner, 2014). Surabaya, for instance, has developed a robust e-government system that streamlines bureaucratic processes and enhances service delivery, while Yogyakarta's Musrenbang Kelurahan system empowers local citizens to contribute directly to policy-making.

In contrast, Makassar and Gorontalo were chosen for their ongoing challenges with decentralization. These cities, although significant in their respective regions, face persistent issues such as weak fiscal autonomy, limited bureaucratic capacity, and political fragmentation. The selection of these cases ensures a comprehensive analysis that compares successful versus struggling regions and highlights the factors that influence decentralization outcomes.

Data Collection

Data for this study were collected through a combination of secondary sources and semi-structured interviews. The use of multiple data sources ensures a more holistic understanding of decentralization's impact on local governance.

Secondary Data

Secondary data were gathered from official government reports, local development plans (RPJMD), Ministry of Home Affairs statistics, World Bank governance indicators, and previous academic research on Indonesian decentralization. These documents provide essential information on the fiscal capacity, administrative performance, and governance outcomes of the selected regions. Secondary data are particularly useful in understanding the broader structural factors that influence decentralization outcomes, such as the allocation of resources, institutional frameworks, and policy contexts. These data were analyzed to assess the extent to which decentralization has empowered local governments to deliver services and manage resources effectively.

Semi-Structured Interviews

In addition to secondary data, semi-structured interviews were conducted with local government officials, civil society representatives, and academic experts. Semi-structured interviews allow for flexibility in exploring complex topics while ensuring consistency across interviews. A total of 24 interviews were conducted between March and August 2024, with 12 interviews in Java (six each in Surabaya and Yogyakarta) and 12 in Sulawesi (six each in Makassar and Gorontalo). The respondents were selected using snowball sampling, starting with key informants from local government institutions and expanding to other stakeholders as the interviews progressed (Creswell & Creswell, 2018).

The interviews explored various aspects of decentralization, including perceptions of local government performance, fiscal autonomy, citizen participation, and barriers to effective governance. The respondents were asked about the implementation of decentralization policies, challenges faced, and the perceived benefits or shortcomings of devolved authority. The semi-structured format allowed respondents to provide detailed insights into their experiences and opinions, contributing to a richer understanding of the local governance dynamics in each region.

Data Analysis

The data analysis process involved thematic content analysis, a widely used technique for analyzing qualitative data. Thematic content analysis enables the identification of patterns, themes, and recurring issues within the data, which are then categorized into meaningful themes that address the research questions (Braun & Clarke, 2006). The analysis was conducted in several stages:

Coding and Theme Identification

The first step involved coding the data to identify significant themes and patterns related to three core dimensions: administrative capacity, fiscal autonomy, and citizen participation. Each interview transcript was read thoroughly, and key phrases and sentences were marked and categorized according to the emerging themes. This process was iterative, with codes being refined and adjusted as the analysis progressed.

Comparative Analysis

Following the initial coding, a comparative analysis was conducted to explore the differences and similarities between the cases from Java and Sulawesi. The analysis focused on how administrative capacity, fiscal management, and citizen participation were shaped by decentralization and how these factors contributed to the varying outcomes across the two regions. The comparative approach allowed for the identification of causal mechanisms that explain why decentralization works differently in Java and Sulawesi, despite being implemented under the same national framework.

Triangulation

To strengthen the validity and reliability of the findings, triangulation was used to cross-verify the results obtained from different data sources. Triangulation involves comparing and cross-checking data from multiple sources (e.g., interview data, official documents, and secondary research) to ensure that the findings are consistent and reliable (Pierre & Peters, 2020). This approach helps reduce bias and enhances the credibility of the results by ensuring that the conclusions drawn from the data are not based on a single source or perspective.

Contextual Interpretation

The analysis also included a contextual interpretation of the data, recognizing that decentralization outcomes are shaped by local political cultures, economic

structures, and governance histories (Pierre & Peters, 2020). By taking these contextual factors into account, the study aims to provide a deeper understanding of how decentralization interacts with local conditions to produce varying results.

RESULTS AND DISCUSSION

Indonesia's decentralization reform has often been described as one of the most ambitious political and administrative transformations ever attempted in a developing country. Implemented in 2001 through the "big bang" decentralization model, the policy transferred substantial authority to more than 500 district and municipal governments across the archipelago (Hofman & Kaiser, 2004). This transformation was designed to promote democratic participation, enhance local responsiveness, and correct the historic imbalance of power that had concentrated in Jakarta during the New Order era. Over two decades later, however, the outcomes of decentralization have proven to be uneven, shaped by the distinct institutional capacities, economic structures, and political dynamics of Indonesia's diverse regions.

Java and Sulawesi illustrate these contrasts vividly. Java, as the economic and political center, has benefited from high administrative capacity, fiscal independence, and dense infrastructure networks. Many of its local governments have integrated technology-based public services and participatory governance models. Sulawesi, by contrast, faces persistent structural challenges such as limited human resources, weaker bureaucratic institutions, and geographic fragmentation. Although decentralization has improved local access to decision-making, it has not consistently translated into effective or transparent governance outcomes. These differing regional trajectories provide the foundation for this study's comparative analysis.

Administrative Capacity and Institutional Performance

Interview data and documentary analysis indicate a stark contrast between Java's and Sulawesi's administrative capacities. Respondents from Surabaya and Yogyakarta emphasized that decentralization has enabled them to:

"Design local policies aligned with regional priorities," particularly in public service innovation and urban governance (Interview, Surabaya, 2024).

Surabaya's municipal government has implemented an integrated digital governance system, *E-Government Smart City Program*, which streamlines bureaucratic procedures and enhances transparency. Meanwhile, Yogyakarta's participatory planning system, known as *Musrenbang Kelurahan*, allows citizens to directly contribute to local development proposals, strengthening government accountability.

In Sulawesi, however, local administrative performance remains constrained by capacity limitations. Respondents from Makassar and Gorontalo revealed that decentralization:

"Increased responsibilities without matching capacity-building support" from the central government (Interview, Makassar, 2024).

The lack of skilled personnel and inadequate digital infrastructure hinder the implementation of governance reforms. In Gorontalo, for example, local officials reported difficulties in managing fiscal data and monitoring public projects effectively due to limited technical expertise. This finding aligns with Buehler (2010), who argued that decentralization in peripheral regions often replicates centralized inefficiencies at the local level when institutional development lags behind policy delegation.

The comparative results suggest that decentralization amplifies existing institutional disparities rather than eliminating them. Java's stronger human resource base and administrative experience have translated autonomy into innovation, while Sulawesi's weaker bureaucratic structures have struggled to meet the demands of devolved governance. Hence, decentralization's success depends less on the reform itself and more on the capacity readiness of local institutions.

Fiscal Autonomy and Resource Distribution

Fiscal data and interview responses reveal significant gaps in financial management and resource distribution between the two islands. In Java, local governments enjoy relatively high **own-source revenue (PAD)**, supported by strong local tax bases and active investment climates. Interviewees from Yogyakarta reported that "fiscal autonomy has allowed us to tailor budget allocations to local needs,

"Emphasizing flexibility in health, education, and infrastructure spending (Interview, Yogyakarta, 2024).

This aligns with Hill (2008), who observed that fiscal decentralization in Java has fostered more strategic and efficient local budgeting practices.

In contrast, local governments in Sulawesi remain heavily dependent on central government transfers, particularly the *Dana Alokasi Umum (DAU)* and *Dana Alokasi Khusus (DAK)*. Respondents from Makassar expressed frustration that "most of our local budget is predetermined by central allocation formulas," leaving limited space for region-specific initiatives (Interview, Makassar, 2024). This dependency constrains local innovation and reinforces vertical fiscal imbalance. Moreover, fiscal mismanagement and limited transparency in budget reporting have further undermined local trust. As one civil society leader in Gorontalo noted,

"People often do not know how funds are spent, and audit results rarely lead to policy change" (Interview, Gorontalo, 2024).

These findings reveal that decentralization has not produced uniform fiscal empowerment. While Java's financial autonomy encourages adaptive governance, Sulawesi's dependence on central transfers perpetuates inequality and weakens accountability. This disparity underscores the importance of fiscal equalization mechanisms that balance local capacities without diluting autonomy (Smoke, 2015; Brahimi & Frroku, 2025).

Citizen Participation and Accountability Mechanisms

Citizen participation is widely recognized as a cornerstone of democratic decentralization. In Java, interviews show that participatory governance practices have become embedded in local decision-making. In Surabaya, for instance, local forums and digital feedback platforms enable residents to report service complaints directly to city officials. One respondent noted that:

"Citizens feel their voices are heard because policy feedback channels are visible and responsive" (Interview, Surabaya, 2024).

This participatory model enhances government legitimacy and reduces bureaucratic opacity.

In Sulawesi, however, participation often remains symbolic. Respondents from Gorontalo reported that community meetings (*Musrenbang Desa*) are,

"Dominated by local elites or village heads," limiting genuine citizen influence (Interview, Gorontalo, 2024).

Similar patterns were found in Makassar, where political patronage networks shape participation outcomes, reflecting what Aspinall and Berenschot (2019) describe as

the “localization of clientelism.” Consequently, while decentralization theoretically broadens participation, in practice it may reinforce elite control when institutional checks are weak.

The comparative evidence indicates that citizen participation alone does not guarantee accountability; it must be supported by transparent procedures, inclusive access, and active civil society engagement. Java’s participatory culture is sustained by civic education and digital transparency tools, while Sulawesi’s participatory mechanisms are hindered by socio-political hierarchies and limited public awareness.

This section interprets the findings presented in the previous chapter, comparing the decentralization outcomes between Java and Sulawesi. The discussion focuses on the factors that have contributed to the divergent results in these regions, particularly in terms of administrative capacity, fiscal autonomy, and citizen participation. By analyzing these factors, this section seeks to provide a deeper understanding of how decentralization works in practice and what conditions are necessary for it to succeed.

One of the key findings of this study is that administrative capacity plays a central role in the success or failure of decentralization. In Java, where local governments like Surabaya and Yogyakarta have more robust administrative systems, decentralization has largely led to positive outcomes in terms of public service delivery, governance efficiency, and transparency. These cities benefit from a combination of skilled personnel, efficient institutional frameworks, and the ability to integrate technology into governance practices. Surabaya’s E-Government Smart City Program and Yogyakarta’s participatory planning system exemplify how decentralization can enhance governance when local governments are capable of managing the devolved responsibilities effectively.

However, this success is not universal across Indonesia. In Sulawesi, local governments in cities like Makassar and Gorontalo face significant challenges due to weak administrative capacity, lack of skilled personnel, and inadequate infrastructure. The findings from these regions suggest that decentralization in its current form has not been able to overcome these structural challenges. Makassar, for example, has seen its responsibilities increase without an accompanying capacity-building effort, resulting in inefficient governance and a lack of effective service delivery. This aligns with previous research, which suggests that decentralization often exacerbates administrative inefficiencies in regions with weak institutional frameworks (Hadiz, 2010; Ricart-Huguet & Sellars, 2023; Bojanic & Collins, 2021).

The comparative analysis indicates that decentralization’s success is highly dependent on the institutional readiness of local governments. In Java, where the institutional framework is more developed, decentralization has facilitated innovation in governance, such as the implementation of digital systems for public service delivery. In contrast, Sulawesi’s underdeveloped institutions have hindered the ability of local governments to effectively utilize the autonomy granted to them. This highlights the importance of building administrative capacity and strengthening institutional frameworks in peripheral regions for decentralization to succeed (Polverari et al., 2024; Nijkamp et al., 2024).

The findings also reveal that fiscal autonomy plays a crucial role in determining the outcomes of decentralization. In Java, local governments have the ability to generate significant revenue through local taxes and investments, which has allowed them to independently allocate resources to meet local priorities. This fiscal autonomy has given cities like Surabaya and Yogyakarta the flexibility to invest in critical infrastructure, improve public services, and support local development initiatives. As

Yogyakarta's experience with fiscal decentralization shows, the ability to tailor budget allocations to local needs has led to more strategic and efficient governance.

On the other hand, Sulawesi faces substantial challenges related to fiscal dependency. Local governments in cities like Makassar and Gorontalo rely heavily on central government transfers, which are often insufficient to meet local needs. The study found that most local budgets in Sulawesi are predetermined by central allocation formulas, which limits the ability of local governments to invest in region-specific initiatives. This fiscal imbalance has resulted in inefficient governance and limited opportunities for local governments to address their unique challenges. In Makassar, for example, local officials expressed frustration with the lack of flexibility in fiscal decision-making, noting that the reliance on central transfers left little room for innovative or tailored solutions to local issues. These findings corroborate the research of Smoke (2015), who argues that fiscal decentralization without corresponding local capacity and financial independence is unlikely to achieve its goals.

Moreover, the study found that fiscal mismanagement and a lack of transparency in Sulawesi further exacerbate the challenges of decentralization. In Gorontalo, for instance, the opacity in budget allocation and the lack of accountability mechanisms have undermined public trust in local government. This suggests that decentralization alone is insufficient to improve governance; fiscal autonomy must be accompanied by effective resource management, transparent budgeting, and accountability mechanisms to ensure that the benefits of decentralization are realized.

Another important finding is the role of citizen participation in ensuring the success of decentralization. In Java, the implementation of participatory governance systems, such as Yogyakarta's Musrenbang Kelurahan and Surabaya's digital feedback platforms, has contributed to more responsive and accountable local governments. These systems provide citizens with direct channels to influence local decision-making, which has led to increased public trust in local authorities. Yogyakarta's participatory planning system, in particular, has been successful in aligning local policies with the needs of the community, enhancing the legitimacy of local governance.

In contrast, citizen participation in Sulawesi has been hindered by political fragmentation, weak institutional frameworks, and the dominance of local elites. In cities like Makassar and Gorontalo, political patronage networks have undermined the effectiveness of participatory governance, limiting the ability of ordinary citizens to influence local policies. In Makassar, for instance, one respondent noted that local meetings were often dominated by political elites, leaving little room for meaningful citizen engagement. Similarly, in Gorontalo, community meetings were often controlled by village heads, which restricted the participation of marginalized groups. This observation aligns with the findings of Aspinall and Berenschot (2019), who argue that political clientelism can undermine the democratic potential of decentralization by reinforcing elite control over local decision-making.

The contrast between Java and Sulawesi in terms of citizen participation highlights the importance of not only creating participatory mechanisms but also ensuring that these mechanisms are inclusive and transparent. In Java, the combination of civic education, digital transparency tools, and strong institutional support has facilitated more meaningful citizen engagement. In Sulawesi, however, the lack of institutional support and the persistence of political patronage have limited the effectiveness of participatory governance. These findings suggest that decentralization's success depends not only on providing citizens with the opportunity to participate but also

on ensuring that participation is not co-opted by elites and that local governments are genuinely responsive to the needs of their communities.

The study underscores the importance of considering local context when evaluating the success of decentralization. While decentralization is intended to promote equity and improve governance, its outcomes are shaped by the local political, economic, and institutional context. In Java, the concentration of resources, infrastructure, and skilled human capital has facilitated successful decentralization, while in Sulawesi, the lack of these resources has hindered the implementation of decentralization policies.

This variation in outcomes suggests that decentralization cannot be viewed as a one-size-fits-all solution. Rather, it requires a nuanced understanding of local conditions and the development of context-specific policies. In regions with weaker institutional frameworks and limited resources, decentralization should be accompanied by targeted capacity-building efforts, fiscal reforms, and support for inclusive governance. The findings of this study align with those of Pierre and Peters (2020), who emphasize the importance of contextualizing decentralization reforms to ensure their effectiveness in diverse settings.

CONCLUSION

This study provides a comparative analysis of decentralization's impact on local governance in Java and Sulawesi, highlighting the critical role of administrative capacity, fiscal autonomy, and citizen participation in determining governance outcomes. The findings reveal that decentralization has led to positive results in Java, where strong administrative frameworks, fiscal independence, and inclusive participation systems have fostered effective governance. In contrast, Sulawesi's local governments struggle due to weak institutional capacity, fiscal dependence on central transfers, and political fragmentation. These disparities underscore the need for context-specific decentralization strategies that consider local capacities and resources. The study contributes to the existing body of knowledge by demonstrating how decentralization's success is contingent on local governance structures, emphasizing the importance of capacity-building and fiscal reforms for achieving equitable outcomes. Future research could explore the role of political culture and regional identity in shaping the effectiveness of decentralization, particularly in less-developed areas, to further refine strategies for successful implementation.

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