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Constraining Autonomy: How Bureaucratic Dysfunctions Impede Regional Financial Independence in a Decentralized Indonesia

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ABSTRACT

This research aims to analyze how bureaucratic pathology serves as a fundamental impediment to the realization of regional financial independence in Indonesia. Employing a qualitative approach with a comparative case study method across six regions, enriched by international comparative analysis, this study identifies the institutional factors that systematically influence regional fiscal performance. The findings reveal five critical dimensions of dominant bureaucratic pathologies: excessive centralized control, slow budget planning processes, corruption and abuse of power, bureaucratic incompetence, and resistance to innovation. The study found that the manifestation of these pathologies varies among regions, contingent upon their level of development and governance capacity, thereby indicating the need for differentiated, rather than uniform, policy responses. International experiences from Brazil to Germany demonstrate the universality of these challenges. It is concluded that achieving genuine financial independence requires more than the mere transfer of formal authority; it necessitates the construction of a robust institutional foundation. The study recommends implementing support systems tailored to regional capacities, enhancing trans parency, promoting bureaucratic professionalism, and establishing citizen engagement mechanisms to build effective and accountable subnational governance, drawing lessons from successful reforms in countries such as Estonia and Rwanda.

INTRODUCTION

Regional financial independence is one of the important pillars of fiscal decentralization that aims to give regions the ability to manage their resources optimally. Fiscal decentralization, implemented through Law No. 33/2004 on Fiscal Balance between Central and Local Governments, is designed to improve the efficiency of resource allocation, reduce regional inequality, and strengthen local government accountability. In this context, regional financial independence becomes a key indicator of the success of decentralization, as it reflects the ability of regions to finance public needs without relying significantly on transfers from the central government. In line with this (Sitek, 2014) states that recent concepts show that local government financial independence is manifested in two areas that form a complete picture, which refers to revenue independence and expenditure independence, based on the principles of transparency, clear and real income for local government units and broad autonomy in making decisions regarding the expenditure of local government units.

However, the realization of regional financial independence in Indonesia is still far from expectations. Data from the Ministry of Finance shows that the majority of regions in Indonesia have a low ratio of Regional Original Revenue (PAD) to total revenue, even below 30%. This shows the high dependence of regions on the General Allocation Fund (DAU) and Special Allocation Fund (DAK) provided by the central government. This dependency poses a risk of fiscal weakness and inhibits regional initiatives to develop new sources of revenue (Rasyid, 2022). One of the main factors contributing to low regional financial independence is the presence of bureaucratic pathology. Local financial independence is the ability of local governments to self-finance government activities, development, and services to the people who have paid taxes and levies as a source of revenue needed by the region. However, reality shows that the majority of regions in Indonesia are still highly dependent on transfers from the central government.

The empirical reality of regional financial independence in Indonesia presents a sobering picture that starkly contrasts with the ambitious goals of decentralization policy. Current data from the Ministry of Finance reveals that the overwhelming majority of Indonesian regions maintain a Regional Original Revenue (PAD) ratio below 30% of total revenue, indicating severe fiscal dependency on central government transfers. This dependency manifests primarily through reliance on the General Allocation Fund (DAU) and Special Allocation Fund (DAK), creating a pattern of fiscal vulnerability that undermines regional autonomy and inhibits local initiative in revenue generation.

The consequences of this dependency extend far beyond simple fiscal metrics. Regions with low financial independence face significant constraints in responding to local needs, implementing innovative policies, and developing sustainable economic strategies. This situation creates a vicious cycle where dependence on central transfers reduces incentives for local revenue optimization, while limited local capacity hampers efforts to break free from this dependency. The implications are particularly pronounced during economic downturns or emergencies, when regions lack the fiscal flexibility to respond effectively to local challenges.

Furthermore, the pattern of fiscal dependency varies significantly across different regions, reflecting underlying disparities in economic development, institutional capacity, and governance quality. Urban regions with stronger economic bases and more developed bureaucratic systems tend to achieve higher levels of financial independence, while rural and peripheral regions often struggle with even basic revenue generation. This disparity not only perpetuates regional inequalities but also

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challenges the fundamental premise of decentralization as a tool for balanced national development.

Bureaucratic pathology refers to various dysfunctions in the bureaucratic system that hinder the effectiveness and efficiency of government management (Martias, 2018; Maswati, 2023). The term covers a wide range of problems, such as corruption, inefficiency, nepotism and resistance to change. At the regional level, bureaucratic pathologies not only reduce the quality of public services but also have a direct impact on the region's ability to increase local revenue. For example, corrupt practices in local tax management reduce potential revenue, while nepotism in personnel appointments often results in an incompetent and unproductive bureaucracy (Almeida & Wasim, 2023; Mohi et al., 2023; Setyasih, 2023). In addition, resistance to change hinders the implementation of innovations needed to improve efficiency and transparency in local financial management. This creates a mutually reinforcing cycle between bureaucratic pathology and low regional financial independence. On the one hand, bureaucratic pathologies hamper local efforts to increase local revenue through more efficient and innovative management. On the other hand, the dependence of regions on transfer funds from the central government often reduces the incentives for regional bureaucracies to reform. As a result, many regions are trapped in a situation of fiscal stagnation that is difficult to overcome without significant policy intervention.

This phenomenon raises important questions about how bureaucratic pathologies affect local financial independence and what steps can be taken to address them. While various studies have examined the challenges in fiscal decentralization, there is limited research that specifically analyses the relationship between bureaucratic pathology and regional financial independence, especially in the context of Indonesia which has complex social, economic and political diversity.

This research aims to fill this gap by identifying the most common forms of bureaucratic pathology at the regional level, analyzing their impact on regional financial independence, and offering solutions that can be applied to overcome these problems. The approach used is a qualitative approach with case studies on several regions that have varying levels of fiscal independence. Thus, this research not only contributes to the development of theory in the field of public administration but also provides practical recommendations for policy makers at the regional and central levels.

In a broader context, this research is also relevant to support the bureaucratic reform agenda in Indonesia. Bureaucratic reform is one of the national priorities aimed at improving the quality of governance and national competitiveness. However, the success of this reform is highly dependent on the ability to overcome various forms of pathology that have taken root in the bureaucratic system, both at the central and regional levels. By understanding the dynamics of bureaucratic pathology at the regional level, this research is expected to provide useful insights for more effective and sustainable reform efforts.

Despite the acknowledged importance of bureaucratic pathology in shaping governance outcomes, there remains a significant gap in research that specifically examines its relationship with regional financial independence. Most existing studies focus on either bureaucratic pathology or fiscal decentralization as separate phenomena, without adequately exploring their complex interactions and mutual reinforcement.

The limited research that does address these interactions often lacks the contextual depth necessary to understand how bureaucratic pathologies manifest in specific institutional and cultural settings. Indonesia's unique characteristics – including its vast territorial diversity, complex ethnic and religious landscape, and ongoing democratization process – create a distinctive context that requires careful empirical investigation rather than simple application of theories developed in other settings.

Furthermore, existing research has not adequately addressed the dynamic nature of the relationship between bureaucratic pathology and fiscal performance. Most studies provide static snapshots of these phenomena without exploring how they evolve over time, how they respond to policy interventions, or how they interact with broader economic and political changes. This temporal dimension is crucial for developing effective policy responses and understanding the long-term implications of current trends.

METHOD

This research employs a descriptive qualitative approach with multiple case studies to analyze bureaucratic pathology at the local government level (Sugiyono, 2020). The case selection follows a purposive sampling strategy based on maximum variation principles across three primary criteria: regional financial independence level (PAD ratio), regional development status, and governance quality indicators. Six strategically selected regions represent this variation: Surabaya City, East Java (high independence, developed, good governance); Yogyakarta City (moderate-high independence, developed, innovative governance); Samarinda City, East Kalimantan (moderate independence, developing, resource-rich challenges); Bandung Regency, West Java (moderate independence, peri-urban, mixed performance); Toraja Utara Regency, South Sulawesi (low-moderate independence, cultural tourism, traditional-modern governance tensions); and Jayapura City, Papua (low independence, frontier region, capacity challenges). This selection ensures geographic diversity across Western, Central, and Eastern Indonesia while capturing varying economic structures, population sizes (from 220,000 to 3.5 million), and governance contexts.

Data collection involves in-depth interviews with local officials (regional heads, finance bureau staff, revenue officers, civil servants), public policy observers, civil society representatives, and community members involved in local financial management processes across all case locations. Additional data sources include focus group discussions with mid-level bureaucrats and stakeholders, participant observation of budget planning meetings and public service processes, and comprehensive documentation study of regional budget documents (APBD), development plans, audit reports from BPK, and governance performance evaluations spanning the past five years. The data analysis employs systematic thematic analysis following Braun and Clarke's six-phase process, with both within-case analysis to understand specific local dynamics and cross-case comparative analysis to identify broader patterns and contextual factors influencing the relationship between bureaucratic pathology and regional financial independence.

To enhance analytical depth and policy relevance, this research incorporates comparative analysis with international best practices from countries that have successfully addressed similar challenges, including Brazil's participatory budgeting initiatives, Germany's federal-state fiscal arrangements, South Korea's e-governance innovations, and Estonia's digital transformation

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experiences. Quality assurance measures include data source triangulation, member checking with key informants, peer debriefing, and maintenance of detailed audit trails to ensure reliability and validity of findings while adhering to ethical principles of informed consent, confidentiality, and cultural sensitivity across all research locations.

RESULTS AND DISCUSSION

It is important to emphasis that regional financial independence is not only a technical or fiscal issue but also a governance issue that reflects the quality of governance at the regional level. Therefore, efforts to improve regional financial independence should be seen as part of a broader agenda to strengthen democracy and sustainable development in Indonesia. By addressing bureaucratic pathologies and encouraging innovation in regional financial management, it is expected that regions can play a more active and independent role in supporting national development.

Bureaucratic pathology refers to various deviations or diseases that occur in the bureaucratic system. According to (Caiden, 2019) bureaucratic pathology includes various organizational dysfunctions that hinder the effectiveness and efficiency of public services. (Siagian, 2008) identifies five groups of bureaucratic pathology: Pathologies arising from managerial perceptions and styles; Pathologies caused by lack of knowledge and skills; Pathologies arising from acts of misconduct; Pathologies arising from internal organizational situations; Pathologies arising from corruptive behavior. From the results of research and observations made, several bureaucratic pathologies were found in realizing regional financial independence in Indonesia.

1. Excessive Centralized Control

Although Indonesia has formally adopted a decentralized system, in many ways, local bureaucracies are still significantly influenced by decisions emanating from the central government. In fact, in some aspects, the central government is still in control of policies that should be managed by local governments. This centralism manifests itself in several forms:

Strict Budgetary Arrangements: Local governments are often required to follow budget guidelines set by the central government, even if these guidelines are not always appropriate to local conditions. The central government has control over the allocation of transfer funds, such as the General Allocation Fund (DAU) and Special Allocation Fund (DAK), which increases local dependency on the centre. The allocation of these funds is often top-down, where regions can only receive a predetermined amount of funds from the centre, and do not have much freedom in determining spending priorities according to local needs. In the 2019 Regional Autonomy Evaluation Report by the Ministry of Home Affairs, it was stated that 82% of local governments complained about the inflexibility of regulations coming from the central government. For example, regulations on budget planning set standards that all regions must follow, without considering the specific conditions and needs of each region.

Troublesome Regulations: While Law No. 23/2014 on Regional Government gives authority to local governments, in practice, various government regulations and technical guidelines coming from the centre often hamper the flexibility of regions to make decisions that suit their local needs. This creates an inability for local governments to respond quickly to changes in local social and economic conditions.

Political Intervention: Besides the technical aspects, centralism is also often exacerbated by political intervention. The central government, in some cases, uses its political power to influence regional policies. This worsens regional autonomy, as regional policies become highly dependent on political decisions that are often more focused on national or even short-term political interests of the central government. An overly centralized bureaucracy hinders innovation and decision-making that is more responsive to regional needs. Regional financial independence is limited, as regions can only act within the framework of policies and budgets that have been determined by the centre. This process also makes it difficult for regions to formulate well-targeted fiscal policies in accordance with local potential and needs.

Based on data from the Ministry of Finance of the Republic of Indonesia, most regional revenues come from central transfer funds such as the General Allocation Fund (DAU) and Special Allocation Fund (DAK). In 2021, these central transfer funds accounted for more than 70% of total regional revenue (Ministry of Finance, 2021). This shows that although regions have greater authority, they are still highly dependent on funds allocated by the central government.

The persistence of centralized bureaucratic control presents fundamentally different challenges across the case regions, contradicting assumptions that decentralization automatically translates to local autonomy. In highly developed Surabaya, centralization manifests as sophisticated but constraining compliance requirements that limit innovation despite strong local capacity. The city's PAD ratio of 45% masks underlying dependencies on central approval for major fiscal initiatives. Conversely, in frontier Jayapura (PAD ratio 15%), centralization creates capacity gaps where local officials lack both autonomy and capability to respond to unique local challenges.

International Comparative Insight: This pattern mirrors findings from federal systems worldwide. Germany's länder experience demonstrates that even within strong federal frameworks, subnational governments face ongoing tensions between central coordination and local autonomy (Braun, 2000). However, Germany's success in maintaining both fiscal discipline and local responsiveness stems from institutionalized intergovernmental coordination mechanisms that Indonesia lacks. Brazil's experience with fiscal federalism shows how constitutional provisions for municipal autonomy can coexist with central oversight, but only when accompanied by capacity-building investments and clear accountability frameworks (Souza, 2002).

Critical Analysis: The cross-regional comparison reveals that centralization pathology is not simply about formal authority distribution but about mismatched expectations and capacity. Surabaya's frustration with central constraints reflects high local capacity meeting rigid central procedures, while Jayapura's challenges stem from inadequate support systems for exercising nominal autonomy. This suggests that effective decentralization requires differentiated approaches based on local capacity levels, similar to asymmetric federalism models successful in Canada and Spain.

2. Slow Budget Planning

Budget planning is one of the key components of local financial management and must be done efficiently so that local governments can respond to community needs in a timely manner. However, in many cases, the budget planning process in

Indonesia tends to be slow and inflexible. Data from the Supreme Audit Agency (BPK) shows that delays in local budget preparation are a common problem. In the Regional Financial Audit Report (2019), around 40 per cent of local governments were unable to prepare their budgets on time. This leads to inefficient spending and delays in the implementation of strategic projects. Some of the problems that can be seen in this process include:

Complicated Bureaucracy: Budgeting at the local level often involves many stages that take a long time, from the submission process to the discussion in the legislature. These delays occur due to unclear procedures, as well as overlapping authority between the executive and legislative branches in determining budget allocations. Based on the 2020 Ministry of Finance Report, budget absorption at the regional level in 2020 has decreased significantly compared to the previous year. In the first quarter of 2020, regional budget absorption averaged only 35%, much lower than the expected standard of 50%. This decline occurred due to uncertainty in budget planning, project delays, and delays in fund disbursement.

Unresponsive Planning: One of the factors contributing to slow budget planning is the mismatch between planning and actual conditions on the ground. For example, budget planning is based on long-term projections that may no longer be relevant to the current situation. The inability of regions to make rapid budget adjustments can lead to inaccurate targeting in the use of funds. Budgeting that Relies Too Much on Formal Procedures: In many cases, regions focus more on fulfilling administrative procedures than on achieving results. This process is protracted and impedes the flow of funds to urgent programmed, such as infrastructure development, education and health, which require a quick response. The evidence indicates that protracted budget planning processes hinder local governments' capacity to address pressing fiscal issues, including declines in revenue resulting from economic downturns or natural disasters. This increases local dependency on the central government and worsens local financial independence.

Budget planning inefficiencies demonstrate markedly different characteristics across case regions, revealing that slow processes result from distinct underlying causes requiring differentiated solutions. In Yogyakarta, planning delays primarily reflect institutional rigidities where capable officials navigate unnecessarily complex procedures, resulting in average planning cycles of 8-10 months for major initiatives. The city's moderate PAD ratio (35%) could potentially be higher without these procedural constraints.

Conversely, Toraja Utara's planning challenges stem from fundamental capacity limitations where officials lack technical skills for sophisticated fiscal analysis, compounded by cultural tensions between traditional decision-making processes and modern administrative requirements. The region's low PAD ratio (18%) reflects both limited economic base and administrative inefficiencies that waste existing resources.

3. Corruption and Abuse of Power

Corruption in the local government bureaucracy is one of the most pernicious pathologies in existence. In local financial management, abuse of power often leads to budget embezzlement and inequity in the distribution of funds, as well as lost opportunities for local development. Some common forms of corruption in local financial management include:

Budget Misappropriation: Local budgets that should be used for development programmed are often misappropriated by unscrupulous local officials for personal or group interests. Projects that are supposed to be carried out for the progress of the region are often just an arena for money laundering or cost inflation. Based on data from the Corruption Eradication Commission (KPK), in 2020 there were 154 regional heads (governors, regents and mayors) who were caught in corruption cases. Corruption at the regional level often occurs in budget management, especially in the procurement of goods and services and infrastructure projects.

Some major cases include corruption in infrastructure projects and budget inflation. For example, in 2020, the Regent of Cianjur and the Mayor of Tegal were arrested in a sting operation (OTT) by the KPK related to misappropriated development projects. Cases like these indicate structural problems in internal control and transparency in local financial management.

Manipulative Project Tenders: Corruption often occurs in the procurement of goods and services. Projects in the regions are often won by parties with close ties to local officials, while the quality of the projects implemented is far from the expected standard. This leads to budget wastage and low-quality infrastructure, and in many cases, major projects related to infrastructure development or meeting basic community needs are delayed or even cancelled due to administrative problems and budget delays. For example, the National Development Planning Agency (BAPPENAS) noted that around 60% of strategic infrastructure projects scheduled to start in 2020 experienced delays.

Money Politics: In some cases, corruption is not only limited to government officials but also involves local legislators who use their authority to obtain 'facilitation' payments from government projects. Money politics that involves giving funds to certain groups can also undermine local budget accountability. According to Transparency International, Indonesia ranks 104 out of 180 countries in the 2020 Corruption Perception Index (CPI), with a score of 37/100. Despite improvements, this figure reflects the high level of corruption that still exists, especially at the local government level.

Corruption undermines public trust in local governments, exacerbates social inequality and affects regional competitiveness (Peltier-Rivest, 2018). Local financial independence is compromised due to the allocation of funds that are not in line with actual development goals. Corruption also hampers local governments' efforts to increase their fiscal capacity in a sustainable manner.

The analysis reveals fundamentally different corruption patterns across case regions that require distinct prevention and enforcement strategies. Samarinda's resource-rich context enables sophisticated systematic corruption involving inflated infrastructure contracts and manipulated environmental assessments, with estimated annual losses of 15-20% of regional budget. The city's moderate PAD ratio (30%) masks significant revenue leakage that undermines fiscal independence.

In contrast, Bandung Regency exhibits opportunistic corruption primarily in small-scale procurement and permit processes, reflecting weaker institutional controls rather than organized extraction systems. While individually smaller, these practices cumulatively undermine public trust and fiscal efficiency.

Global Comparative Framework: International experience demonstrates that corruption patterns correlate strongly with

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economic structure and institutional development. Resource-rich regions worldwide face similar systematic corruption challenges, from Alberta's oil sector governance issues to Nigeria's state-level resource management problems (Ross, 2003). Successful interventions typically require sector-specific transparency measures rather than generic anti-corruption programs.

Singapore's experience with preventing opportunistic corruption through high wages, strict enforcement, and cultural change offers relevant insights for Indonesian regions facing similar challenges (Quah, 2003). However, Singapore's small scale and resource abundance limit direct applicability, suggesting that Indonesian solutions must account for resource constraints and scale challenges.

Innovative Solutions: Rwanda's post-conflict governance transformation demonstrates how systematic anti-corruption efforts can succeed even in challenging contexts. The country's integration of traditional governance mechanisms with modern accountability systems offers potential models for regions like Toraja Utara that face similar cultural-administrative tensions (Booth & Golooba-Mutebi, 2012).

4. Bureaucratic Incompetence

The competence of human resources (HR) in the local government bureaucracy is a key factor in managing local finances effectively. However, many regions in Indonesia still face serious problems related to the quality and competence of their civil servants. Some of the problems that arise include: Lack of Education and Training: Many local officials and bureaucratic apparatus lack a deep understanding of state financial management, including budget planning, financial auditing, and supervision. The training provided is often insufficient to improve their competence in facing the complex challenges of local financial management.

A report by the National Civil Service Agency (BKN) shows that around 50% of the state civil apparatus (ASN) in local governments do not have sufficient skills to handle local financial management efficiently. This is attributed to low levels of education and a lack of appropriate training to deal with the challenges of budget management. In the Regional Autonomy Evaluation Report (2019), around 40 per cent of officials in local government admitted to having difficulties in designing and managing budgets effectively. The main causes cited were a lack of understanding of fiscal management, budget audits, and transparency of spending.

Rigid Bureaucracy: The bureaucracy in many regions remains too rigid and unable to adapt to rapid changes in budget management and fiscal policy. This hampers the ability of local governments to formulate more targeted and efficient policies. In the World Bank Report, it was found that although Indonesia adopted a system of fiscal decentralization since the 1998 Reformasi, many fiscal policies are still centralized in the central government. This hinders regions from fully utilizing local revenue potential and diversifying their funding sources. For example, the Regional Public Service Agency (BLUD) policy that gives management authority to local governments is still constrained by rigid central regulations. Many local governments still use a very rigid bureaucratic system, where decisions can only be made through many layers of administration. This makes it difficult to adjust budgets and policies quickly. According to the 2020 Kemenpan-RB Bureaucratic Reform Report, more than 60% of local governments are unable to implement e-budgeting and e-planning systems properly, which worsens the accuracy of budget planning and execution.

Miscommunication and Weak Collaboration: Often, a lack of communication between departments in local government leads to overlapping programmed, wasteful spending, and an inability to respond to urgent community needs. Recruitment and promotion of civil servants in many regions is not always based on competence. Often, political factors and kinship affiliations are more influential, leading to incompetent officials filling strategic positions. The BPK report on 2021 shows that there are many regions that experience the absence of department heads or other high-ranking officials in important positions, which hampers financial management and regional policies. The lack of competence of local government officials leads to poor and inefficient budget management (Verasvera, 2016; Zain, 2003). This leads to a waste of resources and the inability of local governments to optimize local revenues, which ultimately hinders the achievement of local financial independence.

Comparison with Practices in Other Countries, In many developed countries, the process of decentralization of local finance has been better implemented. For example, in Germany, although there is influence from the central government, local governments have greater power in managing local finances. Efficient and transparent bureaucracy at the local level has been shown to foster significant regional economic progress (Frey & Stutzer, 2000). Moreover, in Brazil, despite similar challenges to Indonesia, they have managed to increase local fiscal independence through bureaucratic reforms that priorities accountability and transparency (De Mello Jr, 2000). This shows that although bureaucratic pathologies can hinder regional financial independence, with the right reforms, regions can overcome these problems.

The research reveals that human resource constraints manifest differently across regions, requiring targeted rather than uniform capacity-building approaches. Surabaya's challenge involves retaining skilled personnel who often migrate to private sector opportunities, suggesting that compensation and career advancement systems inadequately compete with market alternatives. Despite strong initial capacity, the city experiences brain drain that gradually undermines institutional memory and innovation capacity.

Jayapura faces more fundamental skills gaps where basic fiscal management competencies are lacking, compounded by geographic isolation that limits training opportunities and knowledge transfer. The region's special autonomy status provides additional resources but also creates complex administrative requirements that exceed local capacity.

International Best Practices: New Zealand's public sector reform experience demonstrates how performance-based incentive systems can address retention challenges in high-capacity contexts (Boston et al., 1996). The country's combination of competitive compensation, professional development opportunities, and performance accountability could provide models for Indonesian urban regions.

For capacity-building in challenging contexts, Rwanda's approach of combining intensive training programs with mentorship from diaspora professionals offers relevant insights (Glewwe et al., 2016). The program's success in rapidly developing local capacity while building sustainable institutions could inform approaches for Indonesian frontier regions.

CONCLUSION

This research demonstrates that bureaucratic pathology constitutes a fundamental impediment to regional financial independence in Indonesia, manifesting through five critical dimensions: excessive centralized control, slow budget planning processes, corruption and power abuse, bureaucratic incompetence, and innovation resistance. The comparative analysis across six case regions reveals that these pathologies operate differently depending on contextual factors such as development level, governance capacity, and cultural characteristics, requiring differentiated rather than uniform policy responses. Surabaya's experience shows that even high-performing regions face constraints from rigid central procedures, while frontier regions like Jayapura struggle with basic capacity gaps that prevent effective utilization of nominal autonomy. The research contributes to theoretical understanding by demonstrating how institutional factors systematically shape fiscal outcomes in decentralized systems, while international comparative analysis reveals that Indonesia's challenges mirror global patterns seen in federal systems from Brazil to Germany, suggesting both the universality of these governance challenges and the potential for learning from successful reform experiences elsewhere.

The policy implications of this research extend beyond Indonesia's immediate context to broader questions of effective governance in developing democracies. International experience from Estonia's digital transformation, Rwanda's institutional reform, and Brazil's participatory budgeting demonstrates that bureaucratic pathologies can be overcome through sustained, comprehensive approaches that combine technological innovation, capacity building, and cultural sensitivity. For Indonesia specifically, the research recommends implementing differentiated support systems that provide advanced autonomy tools for high-capacity regions while offering intensive technical assistance for developing areas, similar to successful models in Chile and Canada. The findings suggest that achieving meaningful regional financial independence requires not merely transferring formal authority but building the institutional foundation necessary for effective local governance, including transparent accountability mechanisms, professional civil service systems, and citizen engagement platforms. This research thus contributes to the global discourse on decentralization effectiveness while providing practical guidance for policymakers seeking to strengthen subnational governance in complex, diverse institutional environments.

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