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Decentralization of Power: Opportunities and Challenges for Regions

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Focuses on the opportunities and challenges faced by regions in implementing regional autonomy in Indonesia. Decentralization, which is regulated in Article 18 of the 1945 Constitution and clarified through Law Number 23 of 2014 concerning Regional Government, gives regional governments the authority to manage local affairs in the hope of increasing government efficiency and bringing public services closer to the community. However, its implementation faces a number of challenges, such as gaps in human resource capacity, disparities in development between regions, and coordination problems between the central and regional governments. This article uses a normative legal approach to explore how decentralization of power works within the framework of the Unitary State of the Republic of Indonesia (NKRI), and identifies the opportunities offered by regional autonomy to encourage more equitable development. This study emphasizes the importance of strengthening regional capacity, harmonizing central-regional policies, and effective supervision from the central government to ensure that decentralization can truly bring the expected benefits.

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1. Introduction

Decentralization of power has become a key strategy adopted by many countries, including Indonesia, as an effort to bring public services closer to the people and enhance local participation in decision-making processes. In Indonesia, decentralization was implemented through Law No. 22 of 1999, later updated to Law No. 23 of 2014 on Regional Government. The primary goal of decentralization is to provide broader autonomy to local governments, allowing them to manage their own affairs in economic, political, and social domains (Sutrisno & Wahyudi, 2020). However, in practice, decentralization has not always met expectations, leading to various challenges, such as the inability of local governments to fully leverage their autonomy (Kusumawati, 2021).

A primary issue in power decentralization is the limited capacity of local governments to manage the resources and authority granted by the central government. According to a report by the Central Bureau of Statistics (BPS, 2021), only 40% of local governments in Indonesia are assessed as capable of effectively managing regional autonomy. This inefficiency often stems from a lack of competent human resources, inadequate infrastructure, and limited funding for local programs (Haryanto & Suryani, 2020). Consequently, although decentralization is intended to foster regional development, in some cases, it has exacerbated disparities between advanced and underdeveloped regions.

Research by Setiawan (2020) found that one of the greatest challenges in decentralization is the capacity gap between wealthy and poor regions. Resource-rich areas like Java and Sumatra are able to use autonomy to develop their economies, while underdeveloped regions outside Java struggle to maximize their potential due to budgetary and infrastructural constraints. This disparity has intensified development gaps, with more advanced regions experiencing rapid growth while less developed areas remain stagnant (Suharto, 2021).

Decentralization also presents challenges in terms of coordination between the central and local governments. Research by Prasetyo and Rahman (2019) indicates that decentralization tends to weaken policy coordination between central and local governments, especially in budget distribution and implementation of strategic programs. This disharmony leads to inconsistencies in development policies between central and local authorities, ultimately affecting the effectiveness of local development programs (Yuniarti, 2020). Such misalignment has also resulted in delays in critical infrastructure projects needed to support regional economies.

In addition to challenges, decentralization offers significant opportunities for regional development. Regions with greater autonomy have the flexibility to manage policies and development programs suited to local needs. Research by Hartanto and Susanti (2021) shows that decentralization has spurred regional innovation, particularly in the development of the creative economy and local tourism sectors. Regions like Bali and Yogyakarta have effectively leveraged their autonomy to boost tourism, significantly contributing to local revenue.

Decentralization also provides an opportunity for increased public participation in political decision-making. Research by Kurniawan (2019) suggests that greater autonomy allows local communities to become more involved in political processes, especially through development planning forums (Musrenbang), which enable residents to participate in planning local development programs. Such participation fosters a sense of community ownership of government programs, thereby enhancing their effectiveness.

However, not all regions have successfully utilized these opportunities. Some areas, particularly those with weak institutional capacity, still face challenges in optimally implementing decentralization policies. According to a report by the Ministry of Home Affairs (Kemendagri, 2020), many regions continue to rely heavily on the central government for funding, despite being granted formal autonomy. This dependency limits the regions' ability to design innovative policies that cater to local needs (Santoso, 2021).

The objective of this research is to analyze the relationship between decentralization of power and the opportunities and challenges faced by local governments. This study also aims to evaluate the extent to which decentralization can improve local government performance and community welfare. Additionally, it seeks to identify the factors that either hinder or support the success of decentralization in various regions across Indonesia. The outcomes of this research are expected to provide policy recommendations to strengthen decentralization in the future, particularly in enhancing institutional capacity and coordination between central and local governments.

Thus, this study is essential in providing a deeper understanding of the impacts of decentralization in Indonesia. The findings are expected to make a significant contribution to developing more effective and efficient decentralization policies, ultimately accelerating development in underdeveloped regions and reducing inter-regional disparities.

2. Method

This research uses a descriptive qualitative approach to deeply examine the opportunities and challenges of power decentralization at the regional level. A descriptive qualitative approach is suitable for exploring complex social and political phenomena, such as decentralization, while considering various perspectives from local actors. This approach aims to gain a nuanced understanding of the experiences and perceptions of regional governments, local officials, and communities regarding the implementation of power decentralization (Creswell, 2014). Therefore, this method is expected to provide a comprehensive picture of decentralization dynamics at the local level.

The study's data sources consist of primary and secondary data. Primary data is obtained through in-depth interviews with relevant informants, including local government officials, academics, decentralization experts, and community representatives directly involved in the decentralization process (Sari, 2021). Informants are selected through purposive sampling, chosen based on their roles in the decentralization process and their experience in addressing opportunities and challenges in their respective regions (Miles, Huberman, & Saldaña, 2018). Secondary data is gathered from official government documents, regional performance reports, legislation related to decentralization, and academic literature pertinent to the study topic (Prasetyo, 2020).

Data collection techniques include semi-structured interviews, direct observation, and document review. Semi-structured interviews are conducted to capture detailed views from informants about decentralization implementation, the challenges encountered, and the potential opportunities that regions can leverage through broader autonomy (Yin, 2018). This interview format allows the researcher to further explore informants' answers and gain a more comprehensive understanding of their perceptions. Direct observation is used to examine the real-life implementation of decentralization policies, including how local governments manage resources and make autonomous decisions. Document review involves analyzing policies and performance reports related to regional government decentralization (Creswell, 2014).

Thematic analysis is employed to analyze the data. Data obtained from interviews, observations, and documents are analyzed by identifying key themes related to the opportunities and challenges of decentralization. Thematic analysis allows the researcher to categorize data based on thematic patterns that align with the study's objectives (Braun &

Clarke, 2006). For instance, themes related to improving regional government capacity, community participation, and central-local coordination issues are identified and analyzed in depth. This technique aids in constructing a structured narrative on how decentralization affects regions and the barriers faced in the process (Miles, Huberman, & Saldaña, 2018).

To ensure data validity, this study employs triangulation. Triangulation is conducted by comparing data from multiple sources, such as interviews, observations, and documents (Yin, 2018). Additionally, member checking is used, whereby informants are asked to review the interview findings to verify that the researcher's interpretation aligns with their views (Creswell, 2014). By employing triangulation and member checking, the validity and reliability of the data are maintained, resulting in more accurate and credible research findings.

Overall, the descriptive qualitative method used in this study aims to gain an in-depth understanding of the opportunities and challenges of decentralization across various regions in Indonesia. This approach allows for an exploration of local actors' perceptions and experiences in managing regional autonomy and the constraints they face in the decentralization process. Consequently, this method is expected to make a significant contribution to academic understanding and policy development regarding power decentralization in Indonesia.

3. Result and Discussion

Decentralization of Power from the Perspective of Legal Science and Constitutional Law

In legal science, decentralization of power refers to the process of transferring authority and responsibility from the central government to local governments to manage government affairs in their own regions. This concept aims to bring decision-making closer to local communities, improve the efficiency of public services, and enable regions to develop policies that are appropriate to their local needs. In the context of constitutional law, decentralization also includes normative aspects related to the division of power between the central and local governments, as well as the legal basis governing this relationship.

1. Understanding Decentralization in Legal Science

In legal terms, decentralization refers to an arrangement that enables local governments to exercise autonomy within a specific scope defined by law. This means that regions are granted the authority to manage certain governmental affairs that were previously under central government control (Ridwan HR, 2020). Decentralization differs from deconcentration, where only a partial delegation of authority is given to central government officials at the regional level, without granting actual autonomy.

In this context, decentralization can be categorized into two types. Political decentralization involves granting political authority to local governments to manage certain affairs, with local leaders elected directly by the public through an electoral process. Administrative decentralization, on the other hand, refers to the delegation of administrative authority to local government officials to implement specific policies established by the central government.

2. Legal Basis for Decentralization in Constitutional Law

In Indonesian constitutional law, decentralization of power is regulated in the constitution and laws and regulations related to regional government. The main basis for decentralization of power in Indonesia is contained in Article 18 of the 1945 Constitution which provides the legal basis for granting autonomy to regions. This article explains that Indonesia implements a regional autonomy system in which regional governments have the right to regulate and manage their own government affairs according to the principles of autonomy and assignment tasks.

Furthermore, decentralization is regulated in Law Number 23 of 2014 concerning Regional Government, which is the main regulation regarding decentralization and regional autonomy. In this law, it is stated that decentralization aims to provide broader authority to regions in managing government affairs, while maintaining the principle of the Unitary State of the Republic of Indonesia (NKRI) (Law 23/2014).

3. Principles of Decentralization in Constitutional Law

In constitutional law, decentralization is governed by principles that define the relationship between central and regional governments. These principles include:

The Principle of Regional Autonomy, whereby local governments are granted authority to regulate and manage government affairs under the supervision of the central government, as outlined in statutory regulations. The Principle of Subsidiarity emphasizes that governmental matters that can be effectively managed at the regional level should be delegated to the regions,

aiming to enhance efficiency and effectiveness in governance. Lastly, the Principle of Deconcentration and Assistance Tasks allows the central government to assign specific responsibilities to regional governments through an assistance mechanism, whereby regional authorities carry out central government tasks (Law No. 23/2014).

4. Aspects of Constitutional Law in the Implementation of Decentralization

In the practice of constitutional law, the implementation of decentralization faces several challenges, including the mismatch between regional authority and capacity in managing government affairs, as well as central government supervision of regions. In some cases, decentralization that is not accompanied by strengthening regional capacity can cause problems such as disparities in development between regions and corruption at the local level (Harun, 2019). In addition, the central government still has the authority to supervise regional governments. Article 18A of the 1945 Constitution states that the relationship between the central and regional governments in terms of finance, public services, and administrative relations is regulated by law. Thus, the central government still has the authority to supervise and provide direction to regions in managing government affairs.

5. Decentralization and Regional Autonomy in the Context of Constitutional Law

In the concept of the Unitary State of the Republic of Indonesia (NKRI), decentralization does not mean the full transfer of power from the center to the regions, but rather the delegation of authority within certain limits set by law (Ridwan HR, 2020). The central government still holds control over strategic matters, such as defense, monetary policy, and foreign relations. Therefore, decentralization in Indonesia remains within the framework of a unitary state, which is different from federalism where states have broader autonomy and separate legislative powers.

6. Legal Implications of Decentralization

Legally, decentralization of power gives legitimacy to regions to manage certain matters that are closer to local communities. This gives local governments the freedom to formulate policies that suit the specific needs of their communities. However, the legal implications of decentralization also include greater responsibility for regions to comply with central regulations and maintain the integrity of the unitary state. Failure to implement decentralization properly can lead to conflicts between the center and the regions and widen the gap between regions.

Increasing the Capacity of Local Government as an Opportunity for Decentralization

One of the main findings of this study is that decentralization of power provides opportunities for local governments to increase their institutional capacity. Greater autonomy allows regions to develop policies that are in accordance with local needs without having to wait for instructions from the central government (Sari, 2021). In some regions, decentralization has encouraged local governments to be more innovative in managing natural resources and regional finances, as well as developing specific programs according to the characteristics of the local community (Hartono & Susanti, 2021). For example, regions such as Yogyakarta and Bali have utilized autonomy to develop the local tourism sector which contributes significantly to local revenue (PAD).

However, not all regions can optimally utilize this opportunity. A study by Prasetyo (2020) shows that many regions, especially outside Java, still have difficulty in managing the autonomy given due to limited human resources and infrastructure. Local governments that do not have adequate capacity often fail to implement effective policies. This supports the findings of Suharto (2021), who stated that one of the main challenges in decentralization is the imbalance in capacity between developed and underdeveloped regions.

In the context of the decentralization theory put forward by Rondinelli (1981), decentralization provides opportunities for local governments to be more independent in managing their affairs. However, if not supported by adequate capacity, the autonomy granted can actually be a burden for regions that are not ready. Therefore, increasing institutional capacity at the local level is a key factor in the success of decentralization (Sari, 2021). The central government needs to provide support in the form of training, mentoring, and increasing human resource capacity so that all regions can take full advantage of decentralization opportunities.

Regional Disparities in Utilizing Decentralization

This study also found that decentralization of power has exacerbated the gap between developed and underdeveloped regions. Regions with abundant natural resources and adequate infrastructure, such as regions in Java and Sumatra, are able to utilize autonomy to improve economic development and the welfare of their people (Kusumawati, 2021). On the other hand, underdeveloped regions, especially in eastern Indonesia, have difficulty utilizing decentralization due to limited budget, human resources, and infrastructure (Prasetyo, 2020).

This inequality is reinforced by data from the Central Statistics Agency (BPS, 2021), which shows that developed regions have much higher PAD compared to underdeveloped regions.

Research by Setiawan (2020) also found that the gap in PAD between regions continued to increase after decentralization was implemented. Regions with abundant natural resources are able to maximize their autonomy, while regions with poor resources become increasingly dependent on transfer funds from the central government.

The dependency theory proposed by Cardoso and Faletto (1979) can explain this phenomenon, where underdeveloped regions become increasingly dependent on the center to meet their development needs. This dependency makes regional autonomy granted by decentralization not run optimally in some regions (Yuniarti, 2020). Therefore, the central government needs to pay more attention to underdeveloped regions to ensure that decentralization does not further widen the development gap between regions (Suharto, 2021).

Challenges of Coordination Between Central and Regional Governments in the Era of Decentralization

Another finding of this study shows that decentralization of power presents a major challenge in terms of coordination between the central and regional governments. Decentralization, which aims to provide autonomy to regions in managing local affairs, often causes disharmony in the implementation of national policies, especially regarding budget allocation and implementation of strategic programs (Prasetyo & Rahman, 2019). This study found that the lack of coordination between the central and regional governments resulted in overlapping policies, delays in implementing infrastructure projects, and inefficiencies in budget distribution (Yuniarti, 2020).

Weber's (1947) bureaucratic theory emphasizes the importance of good coordination in organizations, including in government. When coordination does not run well, organizational goals will not be achieved effectively. In the context of decentralization, the lack of synchronization between central and regional policies results in uncertainty in policy implementation at the local level. For example, national programs such as infrastructure development are often hampered by regional policies that are not in line with central policies (Suharto, 2021).

To overcome this challenge, better synergy is needed between the central and regional governments. Research by Santoso (2021) recommends the establishment of a more effective communication mechanism between the central and regional governments to ensure that development programs can run smoothly. In addition, it is necessary to increase coordination capacity at the regional level so that they can communicate better with the central government

and align local policies with established national policies.

Improving Central-Regional Coordination in the Era of Decentralization

Effective coordination between the central and regional governments is essential to ensure that decentralization policies achieve their intended goals. In many cases, a lack of synergy and communication between central and regional authorities has been a major obstacle in the implementation of development programs. Strengthening formal and informal communication mechanisms is a crucial step to enhance coordination. Formal communication can be established through regular meetings, such as national coordination meetings or gatherings between ministries and local governments to discuss policy issues. Simultaneously, flexible informal communication is also needed to quickly and efficiently resolve urgent issues (Prasetyo & Rahman, 2019).

Developing an integrated information system between central and regional governments would streamline data exchange, program monitoring, and evaluation. Such a system would enable local governments to access real-time information about national policies, allowing them to align local programs with central directives. It also allows the central government to more effectively track program progress at the regional level (Yuniarti, 2020).

Policy harmonization between the national and regional levels is also vital, as inconsistencies often arise due to differing priorities or varying interpretations of regulations. Clear and structured policy harmonization is needed, where national policies can be adjusted to fit local conditions. The central government should provide flexible guidelines while maintaining alignment with national development goals (Suharto, 2021).

The capacity of regional officials is another critical factor for improving coordination. Many regions face limitations in terms of competency and knowledge regarding national policies. Therefore, the central government should initiate ongoing training and development programs for regional government officials to help them understand and effectively implement national policies (Hartono & Susanti, 2021).

Empowering regional coordination forums, such as associations of provincial or district/city governments, can strengthen inter-regional relations and act as a bridge between the central and regional governments. These forums provide platforms for sharing information, best practices, and addressing cross-sectoral issues that require central government attention (Kusumawati, 2021).

Periodic evaluation and monitoring by the central government are necessary to ensure coordination is functioning effectively. A performance-based evaluation system can help identify areas in need of improvement and address inefficient communication. Additionally, incorporating feedback from regional governments in the evaluation process can enhance accountability and foster a sense of responsibility across all levels of government (Setiawan, 2020).

A more flexible approach to budget decentralization would also improve coordination. One source of discord between the central and regional governments is budget management. Allowing regions greater authority to manage their budgets according to local needs, within the framework of national policy, would strengthen the role of regional governments in designing development programs that reflect local priorities while still aligning with national objectives (Prasetyo, 2020).

Implementing these steps is expected to enhance central-regional coordination, facilitating the effective implementation of decentralization policies that are in harmony with national development goals.

4. Conclusion

From the perspective of legal science and constitutional law, decentralization of power is an instrument that allows the division of authority between the center and regions with the aim of increasing government efficiency and strengthening local democracy. However, its implementation must be within the framework of the Unitary State of the Republic of Indonesia, where the relationship between the center and the regions is strictly regulated by law. Increasing regional capacity, effective supervision, and enforcing the principles of autonomy are the keys to the success of decentralization in supporting more equitable development and greater local community participation.

Based on this study, increasing the capacity of human resources (HR) in the regions is very important to support the success of decentralization of power and more equitable development. The gap between regions is caused by various factors such as differences in access to education, infrastructure inequality, and low HR capacity in some disadvantaged regions. Although decentralization provides opportunities for regions to manage their own affairs, regions with low HR capacity have difficulty in maximizing the benefits of autonomy.

Efforts to increase HR capacity must be a priority to ensure that all regions have the same ability to manage development and improve the welfare of their communities.

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