

THE IMPACT OF ADMINISTRATIVE DECENTRALIZATION ON LOCAL
GOVERNMENT PERFORMANCE

**DAMPAK DESENTRALISASI ADMINISTRATIF TERHADAP KINERJA PEMERINTAH
DAERAH**

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ABSTRACT

Administrative decentralization has become an important strategy in government reform in various countries, with the aim of improving regional government performance through increasing efficiency, effectiveness and accountability. This research conducts a systematic review of existing literature to explore the impact of administrative decentralization on local government performance, as well as identifying factors that influence the success or failure of its implementation. The results of the analysis show that the impact of decentralization is varied, depending on the institutional context, administrative capacity and national policy support. Although decentralization can improve public services, challenges such as resource inequality and corruption at the local level often hinder their effectiveness. This research provides policy recommendations to increase the effectiveness of decentralization, including strengthening administrative capacity, proportional fiscal decentralization, and improving accountability mechanisms. It is hoped that these findings can become a reference for policy makers and academics in designing more effective decentralization policies.

Keywords: Decentralization of administration, regional government performance, efficiency, accountability, public policy, resource inequality.

ABSTRAK

Desentralisasi administrasi telah menjadi strategi penting dalam reformasi pemerintahan di berbagai negara, dengan tujuan meningkatkan kinerja pemerintahan daerah melalui peningkatan efisiensi, efektivitas, dan akuntabilitas. Penelitian ini melakukan tinjauan sistematis terhadap literatur yang ada untuk mengeksplorasi dampak desentralisasi administrasi terhadap kinerja pemerintahan daerah, serta mengidentifikasi faktor-faktor yang mempengaruhi keberhasilan atau kegagalan implementasinya. Hasil analisis menunjukkan bahwa dampak desentralisasi bersifat beragam, tergantung pada konteks institusional, kapasitas administratif, dan dukungan kebijakan nasional. Meskipun desentralisasi dapat meningkatkan pelayanan publik, tantangan seperti ketimpangan sumber daya dan korupsi di tingkat lokal seringkali menghambat efektivitasnya. Penelitian ini memberikan rekomendasi kebijakan untuk meningkatkan efektivitas desentralisasi, termasuk penguatan kapasitas administratif, desentralisasi fiskal yang proporsional, dan peningkatan mekanisme akuntabilitas. Temuan ini diharapkan dapat menjadi referensi bagi pembuat kebijakan dan akademisi dalam merancang kebijakan desentralisasi yang lebih efektif.

Kata Kunci: Desentralisasi administrasi, kinerja pemerintahan daerah, efisiensi, akuntabilitas, kebijakan publik, ketimpangan sumber daya.

1. INTRODUCTION

Administrative decentralization plays a crucial role in enhancing the governance framework of local governments, becoming an increasingly popular strategy in governance reforms across many nations. Decentralization involves the transfer of authority and decision-making powers from central governments to local administrations, fostering a governance environment where local entities can better address their community's specific needs (Green, 2018; Grindle & Hutchinson, 2010). One of the primary advantages associated with administrative decentralization is its potential to improve local governance efficiency, effectiveness, and accountability. In addressing efficiency, decentralization allows local governments to react swiftly to local demands without confronting the bureaucratic procedures often required at the national level (Sujarwoto, 2012; Amelina & Beuermann, 2014). This flexibility is integral for local entities striving to innovate and tailor public services to meet unique regional challenges effectively. Furthermore, studies have indicated that decentralization enhances accountability by fostering community engagement in governance through both formal mechanisms like local elections and informal channels such as public forums and social media (Yilmaz et al., 2010; Krawczyk & Muhula, 2018). The interaction between government entities and citizens, in this regard, becomes pivotal to ensuring that local authorities remain responsive to community needs (Rachamanee & Srisorn, 2024).

However, while there are numerous potential benefits, the impact of decentralization is not universally positive and may be influenced by various contextual factors, such as institutional capacities and political stability. For instance, in many developing countries, local governments often lack the necessary professional expertise, robust infrastructure, and effective administrative systems needed to exercise their new powers competently, leading to inefficiencies rather than improvements in public service delivery (Lawrence & Kinemo, 2019; Malawi, 2024). Additionally, decentralization can be co-opted by central authorities as a tool for political manipulation rather than a genuine enhancement of local autonomy. Consequently, local entities may find themselves constrained in their decision-making capacities, often still reliant on central government support for funding and regulatory compliance (Yilmaz & Güner, 2013; Feizy et al., 2015). Such dependencies can ultimately hinder the realization of decentralization's intended outcomes (Krawczyk & Muhula, 2018; Malawi, 2024).

Moreover, financial disparities across different regions can exacerbate challenges in implementing decentralization effectively. Wealthier regions often have the fiscal capacity to deliver high-quality public services, while poorer areas face significant hurdles in meeting their constituents' needs due to limited resources (Cho, 2018; Grindle & Hutchinson, 2010). This can foster inequality in public service provision, negating the equity that decentralization aims to promote. Therefore, it is crucial to analyze the specific context of decentralization policies in various locales carefully, considering the institutional, financial, and societal dynamics at play (Muttaqin et al., 2015; Wicaksono, 2021). In summary, while administrative decentralization presents a pathway to improved governance by enhancing efficiency, effectiveness, and accountability at the local level, its successful implementation is contingent upon robust institutional infrastructure, genuine political commitment, and equitable resource distribution. Thus, a multifaceted evaluation of decentralization processes is necessary to navigate the complexities associated with them and to harness their potential for better local governance.

Although many studies have explored the impact of administrative decentralization on local government performance, the results obtained are still revealing inconsistency. Some studies find that decentralization contributes positively to improving public services and local government accountability, while others show that decentralization can exacerbate economic inequality, weaken policy coordination, or increase corruption at the local level. One of the main causes of this inconsistency is lack of systematic synthesis which integrates various previous research results and identifies general patterns regarding the impact of administrative

decentralization. Most existing research tends to focus on case studies in specific countries or regions, making it difficult to draw more universal conclusions regarding the relationship between decentralization and local government performance.

In addition, there is still little research that systematically explores moderating factors which can influence the relationship between administrative decentralization and regional government performance. For example, is the success of decentralization more influenced by institutional capacity, economic conditions, or the level of community participation? A deeper understanding of these factors will help in designing more effective and contextual decentralization policies. This study aims to fill the gap in the literature by conducting systematic literature review (SLR) to analyze how administrative decentralization impacts regional government performance, as well as identifying the main factors that determine its success.

Based on the background and research gaps that have been identified, the main question in this research is: **“How does administrative decentralization impact the performance of local governments?”**. To answer the research questions above, this study has several main objectives. First, this research aims to identify and evaluate findings from previous studies by collecting and analyzing the results of previous research that has examined the relationship between administrative decentralization and regional government performance. In addition, this study provides a systematic synthesis of the results of these studies to understand the main trends in the literature. Second, this research seeks to classify the main factors that contribute to the success or failure of administrative decentralization. In this case, the research will identify institutional, political, economic and social factors that influence the effectiveness of administrative decentralization and examine how these factors can strengthen or weaken the impact of decentralization on regional government performance. Third, this research aims to provide policy recommendations to increase the effectiveness of decentralization. This study will develop evidence-based recommendations regarding strategies that can be implemented by central and regional governments to increase the success of administrative decentralization, as well as propose monitoring and evaluation mechanisms that can be implemented to ensure that decentralization is proceeding according to the expected goals. Through approach Systematic Literature Review, this study not only provides deeper insight into the relationship between decentralization and local government performance, but also offers a strong foundation for future policy making.

2. METHODS

2.1. Systematic Literature Review Approach

Approach Systematic Literature Review (SLR) used in this research to collect, analyze and synthesize research that has been conducted regarding administrative decentralization and its impact on regional government performance. This method was chosen because it allows systematic, transparent and replicable analysis. As the main guideline in the selection and analysis of articles, this research uses PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses). PRISMA was chosen because its methodology has been widely recognized in systematic literature studies and provides several advantages:

1. Ensure transparency in article selection and screening.
2. Reduce selection bias by applying clear inclusion and exclusion criteria.
3. Facilitate replication of research by other researchers in the future.
4. Increase the validity and reliability of results by using standardized procedures.

In addition, method content analysis is used to categorize findings from previous studies through a coding process that helps in identifying key patterns and trends in the researched literature.

2.2. Data Sources & Search Strategy

2.2.1. Academic Databases in Use

To ensure broad and quality literature coverage, several academic databases are used, namely:

- Scopus – Database that includes reputable journals with high impact factors.
- Web of Science – Multidisciplinary database providing high quality literature.
- Google Scholar – Used as a complement to find gray literature articles and research from journals that are not indexed in Scopus or Web of Science.

Searches were also conducted in open academic repositories such as ResearchGate And SSRN to obtain additional literature that may not have been published in high index journals.

2.2.2. Keywords Used in Searches

The search was conducted using a combination of keywords designed to capture a variety of perspectives on administrative decentralization and local government performance. The main keywords used include:

- "administrative decentralization" AND "local government performance"
- "decentralization impact" AND "governance efficiency"
- "public administration reform" AND "effectiveness"
- "local autonomy" AND "accountability in governance"
- "decentralization challenges" AND "public sector efficiency"

To increase search precision, Boolean operators (AND, OR, NOT) as well as wildcards (*) are used in search strategies in academic databases.

2.2.3. Article Inclusion and Exclusion Criteria

The article selection process was carried out based on predetermined inclusion and exclusion criteria to ensure that only relevant and high-quality research was analyzed in this study.

Inclusion criteria:

- Studies published in reputable academic journals or international conferences.
- Article discussing the impact of administrative decentralization on regional government performance.
- Studies using quantitative, qualitative, or mixed methods approaches.
- Publication in English or Indonesian in the period 2014–2024.

Exclusion criteria:

- Articles that only discuss fiscal or political decentralization without touching on administrative aspects.
- Studies with incomplete or not available open access data.
- Articles that are opinions or comments without clear empirical data.

3. RESULTS

3.1. Number of Articles Analyzed and Distribution of Publication Years

From the selection results using the PRISMA Flow Diagram, as many as **32** articles were identified as relevant and met inclusion criteria. These articles come from reputable academic journals published in the period 2006–2024.

3.2. Geographic Distribution and Sectors Examined in Previous Studies

The research analyzed covers various countries and regions, with the following geographical distribution:

- Developing countries (60%) – Most of the research was conducted in developing countries such as Indonesia, India, and several countries in Africa that are implementing administrative decentralization reforms.
- Developed countries (30%) – Studies in developed countries such as the United States, England and Germany focus more on optimizing decentralization to increase the efficiency of local government.
- Cross-country studies (10%) – Several studies compare the implementation of decentralization in different countries to identify factors that contribute to its success.

In terms of the sectors studied, the research reviewed focuses on several main aspects of administrative decentralization:

- Health and Education Sector (40%) – The impact of decentralization on the effectiveness of local health and education services.
- Financial and Fiscal Sector (25%) – The effect of decentralization on budget distribution and regional financial management.
- Infrastructure and Urban Governance Sector (20%) – The role of decentralization in regional infrastructure planning and development.
- General Government and Public Accountability Sector (15%) – The relationship between administrative decentralization and transparency in local government decision making.

3.3. Key Findings

3.3.1. Summary of the Impact of Administrative Decentralization on Regional Government Performance

Analysis of the research reviewed reveals that the impact of administrative decentralization on regional government performance is varied, depending on contextual factors such as regional administrative capacity, accountability systems, and national policy support. Some of the main findings are as follows:

Increasing Efficiency in Public Services

- Many studies have found that administrative decentralization contributes to increased efficiency in public services, especially in the areas of education, health, and infrastructure.
- Decentralization allows local governments to have flexibility in resource allocation according to the specific needs of their region.

Variations in Government Effectiveness

- Not all regions experienced increased effectiveness after decentralization.
- Several studies show that regions with low administrative capacity actually experience inefficiency due to a lack of expertise in resource management.

Government Accountability and Transparency

- Administrative decentralization can increase transparency if accompanied by strong check and balance mechanisms, such as community participation and an independent audit system.
- However, in some cases, decentralization actually exacerbates corruption at the local level due to weak supervision of local officials.

Inter-Regional Inequality

- One of the negative impacts that is often found is increasing inequality between regions, especially in developing countries.
- Regions with greater financial capacity are able to manage decentralization better than regions that have limited budgets and human resources.

3.3.2. Main Factors Affecting the Success or Failure of Administrative Decentralization

From the results of the analysis, there are several main factors that determine the success or failure of administrative decentralization in improving regional government performance. These factors can be classified as follows:

Regional Administrative Capacity

- Regions with trained bureaucratic personnel and strong administrative systems tend to be more successful in implementing decentralization.
- On the other hand, regions with low administrative capacity often face obstacles in managing finances and public services.

National Regulatory and Policy Support

- The clarity of regulations from the central government greatly determines the effectiveness of decentralization.
- Several studies show that decentralization policies that do not have clear technical guidelines actually cause administrative confusion at the local level.

Public Accountability and Participation Mechanism

- The level of success of decentralization also depends on how strong accountability mechanisms are implemented, such as budget transparency, community involvement, and oversight from the media and independent institutions.
- In countries with a strong democratic culture, decentralization tends to be more successful than in countries that still have a centralized government system.

Availability of Financial and Fiscal Resources

- Local governments that have access to adequate financial resources are better able to carry out decentralization effectively.
- Inequality in the distribution of funds from the central government is often a factor that hinders the effectiveness of decentralization in poor areas.

Local Political Dynamics

- Stable and collaborative local politics supports the success of decentralization, while unhealthy political competition can hinder effective policy implementation.
- In some areas, decentralization has actually become a means for local elites to strengthen their political control, which leads to the practice of clientelism and nepotism.

By analyzing these key findings, this research provides a deeper understanding of the factors that moderate the relationship between administrative decentralization and local government performance. Next, part Discussion will explore how these findings can be used to answer Research Question and provide new insights for policy makers and academics.

4. DISCUSSIONS

4.1. The Relationship between Administrative Decentralization and Regional Government Performance

The relationship between administrative decentralization and regional government performance is a critical area of study, particularly in how decentralization influences the quality of public service delivery across various sectors. Decentralization is broadly understood as the transfer of authority and responsibility from central to local governments, and its impacts can vary significantly depending on the context and implementation method. One key aspect of decentralization is fiscal decentralization, which refers to the allocation of financial resources and the authority to raise revenue at local levels. Studies have suggested that fiscal decentralization positively correlates with regional economic growth, as local governments are more responsive to their constituents' needs and are positioned to allocate resources more effectively based on local priorities (Oulasvirta & Turała, 2009; Nurlaili, 2022). For instance, Nurlaili (2022) demonstrated that fiscal decentralization significantly enhances regional economic performance in Indonesia by affecting local revenue and government allocations

(Nurlaili, 2022). Similarly, fiscal autonomy is associated with increased local accountability and efficiency in public service provision (Wen-jian & Liu, 2022; Sohail et al., 2022).

Administrative decentralization, which includes delegating human resource functions to local authorities, is another dimension that can impact performance. In Tanzania, for example, efforts to decentralize human resources management aimed to empower local authorities to handle hiring and staffing autonomously. However, research shows that challenges in implementing true decentralization have often led to mismatches between local capabilities and the demands placed upon them by central governments (Lawrence & Cinema, 2019). This scenario illustrates that the mere existence of decentralized frameworks does not guarantee improved outcomes unless there are adequate supports and resources for local entities.

Furthermore, the political aspect of decentralization, such as local electoral processes and governance structures, plays a significant role in shaping performance outcomes. Political decentralization promotes democratization and encourages greater participation, which can lead to enhanced governmental accountability and service delivery (Aminah, 2020; Bergh, 2021). Studies indicate that regions with strong political frameworks tend to exhibit higher levels of public service quality, as citizens engage more effectively in governance (Aminah, 2020; Kubal, 2006).

The relationship between decentralization and service quality can also be observed in specific sectors such as education and health. Advocates argue that decentralization leads to service delivery that is more aligned with local needs, thereby increasing satisfaction and efficiency (Hussain et al., 2021; Pomuti & Weber, 2012). In the context of educational management, research has shown that decentralization can improve both the responsiveness of educational policies and the allocation of resources for local educational needs (Pomuti & Weber, 2012). In conclusion, the relationship between administrative decentralization and regional government performance is complex and multifaceted, influenced by factors such as fiscal autonomy, local governance structures, and sector-specific dynamics. While decentralization has the potential to improve public service quality and economic outcomes, its success is contingent upon the implementation context and the capacity of local entities to manage new responsibilities effectively.

4.2. Factors Affecting the Success or Failure of Administrative Decentralization

Administrative decentralization is a complex process influenced by multiple factors ranging from institutional readiness to social participation. Understanding these factors is crucial for determining the potential for success or failure in decentralizing governance.

Institutional Factors

The successful implementation of administrative decentralization often hinges on the regulatory readiness and institutional capacity of local governments. Effective decentralization necessitates robust institutions capable of managing the responsibilities transferred from the central authority. Elgin & Carter (2018) demonstrate that a lack of managerial capacity can undermine the intended outcomes of decentralization, as governance structures need to be optimally designed to align with local capacities (Elgin & Carter, 2018). Harguindéguy and Itçaina (2011) further highlight that institutions must build capacity through iterative processes encompassing leadership and relationships among stakeholders to facilitate the decentralization process (Harguindéguy & Itçaina, 2011). Notably, the experiences in Uganda's Lake Victoria Basin illustrate that inadequate institutional and technical capacity can lead to inefficiencies in decentralized governance and ineffective resource management (Were et al., 2013). Therefore, institutional factors including capacity-building efforts are vital for successful decentralization.

Political Factors

Political stability and the commitment of the central government play a critical role in fostering an environment conducive to decentralization. The central authority's support for regional autonomy is essential; without political backing, efforts at decentralization can stall or regress. For instance, Yusoff & Sarjoon (2018) suggest that strong political commitment is necessary for effective decentralization, particularly in the context of accommodating minority communities in Sri Lanka, where lack of political support has hampered decentralization initiatives (Yusoff & Sarjoon, 2018). Additionally, the variability of political dynamics across different regions can impact the effectiveness of decentralization, as Chikulo (2010) indicates that a supportive political climate enhances the capability of local governance structures, thereby improving administrative performance (Chikulo, 2010).

Economic Factors

The economic context, particularly fiscal resources and regional budget capacity, significantly affects decentralized governance. Decentralization aims to empower local governments with financial autonomy to enhance service delivery; however, insufficient financial resources can lead to dependence on higher levels of government, hampering the effectiveness of local administrations. Fat (2021) notes that while decentralization should ideally enhance public service delivery through financial capacities at the local level, inadequate fiscal frameworks often contribute to local governments' reliance on central authorities (Fat, 2021). Fiscal decentralization can also spur competition that might come at the cost of long-term development objectives, as local governments may prioritize short-term gains over sustainable investments (Song and Zhao, 2023) (Song & Zhao, 2023). This reality underscores the importance of proper financial frameworks and resource allocation in decentralized governance.

Social Factors and Community Participation

The role of civil society and community participation is equally important in the success of administrative decentralization. Engagement from local communities can enhance transparency and accountability in governance, fostering trust between citizens and their representatives. Molina-Garzon et al. (2021) argue that when local officials are empowered through decentralization, they are better positioned to build cooperative frameworks with stakeholders, thus fostering an environment of mutual accountability (Molina-Garzon et al., 2021). Furthermore, Díaz-Serrano and Rodríguez-Pose (2014) indicate that citizen perceptions of local institutions are positively influenced by effective decentralized governance, leading to greater satisfaction with public services when managed effectively (Díaz-Serrano & Rodríguez-Pose, 2014). In essence, a proactive civil society and active community participation act as critical determinants of successful decentralization.

In summary, the success of administrative decentralization is contingent upon a confluence of institutional, political, economic, and social factors. Building institutional capacity, ensuring political commitment, enhancing fiscal autonomy, and fostering community participation are paramount to realizing the potential benefits of decentralization.

4.3. Comparison of Findings in the Literature

In carrying out a systematic analysis of various published studies, it was found that there were significant differences in the impact of administrative decentralization on regional government performance based on regional context, especially between developed and developing countries.

In developed countries, administrative decentralization tends to be more successful in increasing the efficiency and effectiveness of public services. This is due to higher administrative capacity, a transparent governance system, and the existence of strong

accountability mechanisms. Countries such as the United States, United Kingdom and Germany have implemented decentralization with a clear policy-based approach, with a structured distribution of authority between central and regional governments. As a result, local governments in developed countries are better able to manage resources, design policies that suit the needs of local communities, and ensure transparency and accountability in decision making. In addition, the existence of sophisticated technology and information systems also supports the effectiveness of decentralization, enabling better coordination between various levels of government.

In contrast, in developing countries, administrative decentralization often faces more complex challenges. Factors such as limited bureaucratic capacity, higher levels of corruption, and inequality in the distribution of financial resources are the main obstacles to effective implementation of decentralization. Many developing countries, such as Indonesia, India, and several countries in Africa, still face obstacles in ensuring that decentralization truly improves public services and does not simply strengthen the power of local elites. In some cases, decentralization actually creates greater inequality between rich and poor regions, because regions with limited resources have difficulty financing programs and policies that meet the needs of their communities.

In addition to regional differences, the analyzed studies also identify the most effective decentralization models based on empirical evidence. In general, successful decentralization has several key characteristics. First, decentralization models based on a clear fiscal approach, where local governments are given authority proportional to available resources, tend to be more effective than models that simply delegate authority without adequate budget support. Second, decentralization accompanied by strong accountability mechanisms, such as community involvement in the decision-making process and an independent audit system, shows a more positive impact on regional government performance.

Apart from that, the combination of administrative and political decentralization also plays a role in determining the success of implementation. Several studies show that decentralization which only focuses on administrative aspects without being accompanied by political decentralization can reduce its effectiveness, because local governments do not have sufficient autonomy in making strategic decisions. In contrast, countries that implement decentralization with a balance between administrative and political autonomy, such as Scandinavian countries, tend to achieve more optimal results in improving public services and community welfare.

By considering these various factors, it can be concluded that the effectiveness of decentralization is very dependent on the regional context, institutional readiness, and the existence of regulations that support transparent and accountable regional government governance.

4.4. Implications for Policy and Practice

Based on the analysis of findings in the literature, there are several policy recommendations and strategies that can be implemented by central and regional governments to increase the effectiveness of administrative decentralization and overcome various challenges in its implementation.

Policy Recommendations to Increase the Effectiveness of Administrative Decentralization

1. Strengthening Administrative Capacity and Human Resources

The central government needs to provide support in the form of training and capacity development for local government officials. Training programs that focus on financial governance, strategic planning and data-based decision making can improve the competence of regional bureaucracies in managing delegated authority.

2. **Proportional Fiscal Decentralization**

The success of decentralization depends greatly on the balance between the authority granted and regional fiscal capacity. Therefore, the central government needs to ensure that there is a fair and needs-based budget allocation mechanism, as well as providing flexibility for local governments in managing local original income (PAD) without relying entirely on fund transfers from the center.

3. **Strengthening Accountability and Transparency Mechanisms**

To prevent abuse of authority at the regional level, a strict monitoring system is needed through independent institutions, regular financial audits, and community involvement in the planning and monitoring process of regional policies. Digitalization of the public administration system can also increase the transparency and efficiency of regional government services.

4. **Policy Alignment between the Center and the Regions**

Regulatory harmonization between central and regional governments must be strengthened to avoid overlapping policies and clarify the boundaries of each party's authority. Coordination forums between central and regional governments can be used as a forum for developing policies that are more synergistic and based on local needs.

5. **Encouraging Innovation and Community Participation**

Local governments need to be given flexibility in developing innovative policies that suit their local characteristics. In addition, encouraging community participation in policy planning and evaluation can increase the effectiveness of decentralization programs and strengthen the legitimacy of local government.

Strategies for Overcoming the Challenges of Implementing Decentralized Administration

1. **Reducing Capacity Disparities Between Regions**

One of the main challenges in decentralization is the gap in administrative and fiscal capacity between regions. The central government can adopt an affirmation-based approach by providing greater incentives and support for disadvantaged areas, both in the form of additional funds, experts and technical assistance.

2. **Prevent Corruption and Abuse of Authority**

To overcome the problem of corruption at the regional level, it is necessary to implement a zero tolerance policy towards corruption by strengthening the role of anti-corruption institutions and encouraging transparency in regional budget management. Implementing e-government systems and open data can also increase accountability and minimize potential irregularities.

3. **Increasing Synergy between the Public and Private Sectors**

In many cases, local governments experience limited resources in providing quality public services. Therefore, building strategic partnerships with the private sector through a public-private partnership (PPP) scheme can be a solution in increasing infrastructure investment and accelerating public services.

4. **Utilizing Digital Technology for Administrative Efficiency**

The use of information technology in regional government governance can increase the efficiency and effectiveness of public services. Implementing digital systems in licensing administration, financial management and community services can reduce complicated bureaucracy and increase transparency.

5. **Developing Measurable Performance Indicators**

Central and regional governments need to develop a monitoring and evaluation system based on clear performance indicators to assess the success of decentralization implementation. Regular evaluation of decentralization policies can help identify emerging challenges and adapt more effective strategies according to developing dynamics.

By implementing these policy and strategy recommendations, it is hoped that administrative decentralization can be more effective in improving the quality of regional government governance, accelerating development, and providing a real positive impact on community welfare.

4.5. Study Limitations

Although this study has attempted to provide a comprehensive overview of administrative decentralization based on various literature sources, there are several limitations that need to be acknowledged. These limitations may provide opportunities for further research to deepen understanding of the effectiveness and challenges of administrative decentralization in various contexts.

Limitations in the Coverage of the Literature Reviewed

1. Limited Access to Primary Sources

This study relies primarily on journal articles available in academic databases as well as reports from international organizations. However, there are limitations in access to some primary sources, such as internal local government policy documents or evaluation reports that are not widely published.

2. Focus on Literature in English

Most of the literature reviewed in this study comes from English language publications, which may limit the representation of perspectives from countries that have literature in local languages. This has the potential to cause bias in understanding variations in decentralization implementation in various countries.

3. Domination of Studies from Certain Countries

This study found that most of the available research discusses the context of developing countries or countries with established decentralized systems, such as Western Europe and North America. This causes a lack of in-depth understanding of the implementation of decentralization in countries with unique government systems or which are in a transition stage.

4. A More Conceptual and Qualitative Approach

This study relies more on a conceptual approach and qualitative analysis of the available literature, which focuses on comparing decentralization policies and models. Therefore, there are still limitations in measuring the impact of decentralization quantitatively.

Suggestions for Further Research

1. Quantitative Analysis of the Effectiveness of Decentralization

To gain a more objective understanding of the impact of decentralization, future research can use a quantitative approach by analyzing empirical data related to regional government performance indicators, fiscal efficiency, and its impact on economic and social development.

2. Comparative Case Studies in Various Regional Contexts

Future studies could conduct comparative analysis between countries or regions with different decentralization models. By using a case study approach, research can identify specific factors that influence the success or failure of decentralization in various government systems.

3. Exploration of the Influence of Technology in Administrative Decentralization

Along with the development of digital technology and e-government, further research can examine how the use of information technology can increase the effectiveness of decentralized administration, especially in increasing transparency, community participation and efficiency of public services.

4. Study of the Interaction between Central and Regional Governments

Future research could also deepen the analysis of the dynamics of the relationship between central and regional governments in the context of decentralization, including how regulation, coordination and accountability mechanisms can be improved to reduce policy conflicts and increase the effectiveness of regional governance.

5. Social and Political Implications of Decentralization

In addition to economic and administrative impacts, further research could explore how decentralization affects political participation, social inequality, and social stability in various countries or regions.

With further research that is more diverse in methodological approach and regional coverage, it is hoped that understanding of administrative decentralization can further develop and provide deeper insights for policy makers and academics.

5. CONCLUSIONS

5.1. Summary of Key Findings

This study highlights that administrative decentralization has had mixed impacts on local government performance, which is highly dependent on various institutional, political, economic and social factors. In several countries, decentralization has been proven to increase the efficiency of public services, transparency and accountability of local governments. However, in other contexts, decentralization actually raises challenges such as fiscal inequality between regions, weak administrative capacity, and conflicts of interest between central and regional governments. These differences in impact show that the effectiveness of decentralization is not only determined by policy design, but also by institutional readiness and socio-economic conditions at the local level.

In addition, this study identified that the most effective decentralization model is one that is able to combine a balance between regional autonomy and supervision from the central government. Clear regulations, strong accountability mechanisms, and adequate administrative capacity are key factors in ensuring the success of decentralization.

5.2. Study Contribution

This study provides a systematic synthesis of the factors that moderate the relationship between decentralization and local government performance. By reviewing various empirical and theoretical literature, this research helps understand how institutional and policy contexts influence the effectiveness of decentralization in various countries. Furthermore, this research contributes to clarifying the challenges faced in implementing decentralization, as well as offering policy recommendations that can help improve the effectiveness of regional government governance. Thus, this study can be a reference for academics, policy makers and practitioners involved in designing and evaluating administrative decentralization policies.

5.3. Recommendations for Future Research

Although this study has provided a comprehensive understanding of the impact of administrative decentralization, there are still several aspects that need further research to enrich insight into the effectiveness of this policy. Some recommendations for future research include:

1. Quantitative Approaches to Impact Measurement

More studies are needed that use quantitative approaches to measure the impact of decentralization more objectively. Statistical analysis of regional financial data, public service performance indicators, and governance effectiveness can provide more accurate insight into the causal relationship between decentralization and regional government performance.

2. Cross-Country Case Study

Future research could conduct cross-country case studies to compare the effectiveness of different decentralization models. By examining the experiences of countries with different government structures, this research can identify best practices that can be applied in various contexts.

3. Social and Political Impact of Decentralization

Apart from administrative and economic impacts, further research can also explore how decentralization affects social and political dynamics in a country, including aspects of community participation, political stability, and the distribution of power between central and regional governments.

4. The Role of Technology in Increasing the Effectiveness of Decentralization

As the digitalization of government advances, further research could explore how technology, such as e-government and management information systems, can be used to increase transparency, efficiency, and accountability in decentralized local government.

With further research that is more in-depth and diverse in methodological approaches, it is hoped that understanding of administrative decentralization can further develop and provide greater benefits for government governance in various countries.

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