



Legal Analysis of Strategies for Regional Institutional Reform to Advance Democratic Governance

Analisis Yuridis Arah Kebijakan Penataan Kelembagaan Daerah menuju Sistem Pemerintahan yang Demokratis

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History:

Submitted: 03-04-2026

Revised: 27-05-2026

Accepted: 29-05-2026

Keyword:

Democracy; Local Institutions; Systems of Government; Local Policy; Public Administration.

Kata Kunci:

Demokrasi; Kelembagaan Daerah; Sistem Pemerintahan; Kebijakan Daerah; Tata Laksana.

Abstract

The institutional framework of local government in Indonesia faces challenges from covert centralism, which restricts democratic processes at the local level. This study applies a normative legal method, using statutory and conceptual approaches, to examine the direction of legal policies that shape local government institutions. Unlike previous studies that discuss public management, this research emphasizes the integration of constitutional democratic values into the design of local governance structures. Its objective is to propose a reconstruction of institutional policy that strengthens democratic governance. The findings show that strict central government standardization creates a democratic deficit and reduces the oversight capacity of the Regional People's Representative Council (DPRD) over the executive branch. The criminalization of local policy discretion also hinders governance innovation. The study concludes that local governance requires a model balancing administrative efficiency and popular sovereignty. Public policy must harmonize regulations, ensure legal certainty, and support responsive, innovative, democratic regional institutions.

Abstrak

Penataan kelembagaan daerah di Indonesia saat ini menghadapi tantangan sentralisme terselubung yang membatasi ruang demokrasi di daerah. Penelitian ini menggunakan metode penelitan hukum normatif dengan menggunakan pendekatan perundang-undangan dan konseptual untuk menganalisis arah kebijakan hukum penataan kelembagaan daerah. Berdasarkan penelitian terdahulu yang hanya berfokus pada aspek manajemen publik, studi ini lebih menekankan pada integrasi nilai-nilai demokrasi konstitusional dalam desain struktur tata kelola pemerintahan daerah. Penelitian ini bertujuan untuk merumuskan rekonstruksi kebijakan kelembagaan yang demokratis guna mewujudkan pemerintahan yang demokratis. Temuan utama menunjukkan bahwa standarisasi kaku dari pusat mengakibatkan defisit demokrasi dan pelemahan fungsi pengawasan DPRD terhadap eksekutif. Selain itu, risiko kriminalisasi terhadap diskresi kebijakan daerah secara signifikan menghambat inovasi tata kelola. Sebagai simpulan, diperlukan model aspirational governance yang menyelaraskan efisiensi administrasi dengan kedaulatan rakyat. Implikasi praktis bagi kebijakan publik menuntut adanya harmonisasi regulasi yang memberikan kepastian hukum bagi inovasi kelembagaan daerah guna mewujudkan tata laksana pemerintahan yang responsif dan demokratis.



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<https://doi.org/10.65101/jsd.v1i3.364>

A. INTRODUCTION

1. Background

The restructuring of regional institutions in Indonesia following Law No. 23 of 2014 has generated significant political and legal tensions between the constitutional mandate for regional autonomy and the prevailing trend of bureaucratic recentralization. Instead of promoting governance that is responsive to local characteristics, the central government's institutional standardization has reduced popular sovereignty at the local level.¹

The legal and political framework of regional governance in Indonesia has continued to evolve, particularly after the enactment of Law No. 23 of 2014 on Regional Governance. The current framework emphasizes a more systematic division of governmental responsibilities between the central and local governments.² Nevertheless, frequent regulatory changes suggest that Indonesia is still seeking an optimal balance between bureaucratic efficiency and the principle of popular sovereignty at the local level.³ Institutional instability frequently impedes the effectiveness of local governance.⁴

Fundamental legal issues arise when conflicts of authority occur between the central government and regional heads, often due to ambiguous norms governing the division of governmental responsibilities. This challenge is intensified by a tendency toward covert centralization in Law No. 23 of 2014, which in certain respects resembles governance patterns from the New Order era.⁵ As a result, regions face legal uncertainty in managing their local government apparatus independently and democratically.⁶

Furthermore, normative uncertainty persists regarding the definitions of “local content” and “regional distinctiveness” in the formulation of regional regulations governing institutional frameworks. This ambiguity complicates alignment with higher-level legislation and often prevents regions from innovating in line with their territorial

¹ Yogi Prasetyo, “Local Autonomy As a Form of Constitutional Reform In Aspirational Governance,” *Pancasila And Law Review* 2, no. 1 (2023): 49–60, <https://doi.org/https://doi.org/10.25041/plr.v2i1.2248>.

² Sherlock Halmes Lekipiouw, “Konstruksi Penataan Daerah Dan Model Pembagian Urusan Pemerintahan,” *Sasi* 26, no. 4 (2020): 557, <https://doi.org/10.47268/sasi.v26i4.414>.

³ Gunawan Undang, “Mengevaluasi Kembali Tatakelola Pemerintahan Daerah Di Indonesia,” *Temali : Jurnal Pembangunan Sosial* 7, no. 1 (2024): 121–30, <https://doi.org/10.15575/jt.v7i1.35000>.

⁴ Ristika Gredenggo, Ismail Nurdin, and Rizki Amalia, “Implementasi Kebijakan Penataan Organisasi Sekretariat Daerah Kota Depok Provinsi Jawa Barat,” *Journal on Education* 5, no. 4 (April 5, 2023): 14791–803, <https://doi.org/10.31004/joe.v5i4.2549>.

⁵ Undang, “Mengevaluasi Kembali Tatakelola Pemerintahan Daerah Di Indonesia.”

⁶ I Made Sugita, “Implikasi Undang-Undang Nomor 23 Tahun 2014 Tentang Pemerintahan Daerah Terhadap Pengelolaan Bahan Galian Mineral Bukan Logam Dan Batuan,” *Vyavahara Duta* 18, no. 2 (2014): 26–37, <https://doi.org/DOI:10.25078/vyavaharaduta.v18i2.2993>.

characteristics.⁷ The issue of synchronization is also evident in the dualism of local regulatory review models, which undermines the stability of institutional governance at the local level.⁸

For example, the restructuring of local government agencies in Gorontalo Province demonstrates that the established organizational structure has not been fully grounded in responsive formation principles, as evidenced by the inadequate integration of government affairs into the labor sector.⁹ Conversely, some regions have created local government structures that surpass the capacity and workload mandated by central regulations, resulting in budget inefficiencies. These inconsistencies suggest that institutional restructuring policies frequently overlook the principles of effectiveness and efficiency.¹⁰

From a democratic perspective, institutional restructuring should ensure robust checks and balances between the regional executive and the Regional People's Representative Council (DPRD). However, recent trends indicate a shift in the DPRD's role, as it increasingly functions as an extension of the regional executive, thereby weakening its oversight of institutional restructuring. Strong democratic legitimacy should enhance accountability in local government performance by facilitating meaningful public participation in the design of local government structures.¹¹

The significance of this issue necessitates further research, particularly given the widespread appointment of acting regional heads, which poses challenges to the institutionalization of democracy. Appointing regional leaders without direct elections risks producing institutional governance policies that lack robust democratic legitimacy.¹² Moreover, the authority of local leaders is essential to ensuring that government services function optimally for the community's welfare.¹³

⁷ Lekipiouw, "Konstruksi Penataan Daerah Dan Model Pembagian Urusan Pemerintahan."

⁸ Nurul Aprianti, Muchamad Safa'at, and Indah Qurbani, "Dualisme Model Pengujian Peraturan Daerah Pasca Undang-Undang Nomor 11 Tahun 2020 Tentang Cipta Kerja," *Jurnal IUS Kajian Hukum Dan Keadilan* 9, no. 2 (August 27, 2021): 472–85, <https://doi.org/10.29303/ius.v9i2.919>.

⁹ Abdul Hamid Tome, "Anotasi Penataan Perangkat Daerah Pemerintah Provinsi Gorontalo Berdasarkan Asas Pembentukannya," *Al-Ahkam* 16, no. 1 (2020): 24, <https://doi.org/10.37035/ajh.v16i1.2558>.

¹⁰ Dhany Sukma et al., "Implementation of Local Government and Decentralization within City: A Qualitative Study in Jakarta, Indonesia," *International Journal of Membrane Science and Technology* 10, no. 3 (2023): 984–96, <https://doi.org/10.15379/ijmst.v10i3.1646>.

¹¹ Prasetyo, "Local Autonomy As a Form of Constitutional Reform In Aspirational Governance."

¹² Ahmad Siboy et al., "Legal Social Justice in Appointment Non-Definitive Regional Heads toward Welfare State," *Bestuur* 11 (May 3, 2023): 144, <https://doi.org/10.20961/bestuur.v11i1.71055>.

¹³ Hariyanto, Muhammad Mutawalli Mukhlis, and Daud Rismana, "The Role and Authority of the Deputy Regional Head According to Islamic Principles within the Framework of Regional Government Law," *Juris: Jurnal Ilmiah Syariah* 24, no. 1 (2025): 13–27, <https://doi.org/10.31958/juris.v24i1.12678>.

Previous research includes Sartika et al.'s study on the institutional evaluation of Samarinda City, which is limited by its focus on organizational policy, budgeting, typology of affairs, and alternative institutional models. This study does not thoroughly connect institutional arrangements to constitutional democracy, the strengthening of the Regional People's Representative Council (DPRD), or the protection of regional policy discretion.¹⁴ Ansori et al. examine the DPRD's oversight function in regional governance, but their analysis centers on oversight rather than the relationship between regional institutional arrangement policies and the effectiveness of local democracy.¹⁵ Khatimah et al. investigate discretion as a protective element in state administration, demonstrating that it can intersect with official notices, administrative law, and criminal law, thereby discouraging public officials from adopting innovative policies. However, this study does not sufficiently address the relationship between the risk of criminalizing discretion and the design of democratic regional institutions.¹⁶ In contrast to these prior works, which primarily address technical-administrative aspects of public management, the present study adopts a novel approach by analyzing institutional reform through the lens of democratic legitimacy.

This article contends that restructuring regional institutions in the absence of electoral democratic legitimacy, as exemplified by the widespread appointment of Acting Regional Heads, results in a rigid, elitist institutional design. To address this issue, the study proposes a legal policy reconstruction that balances national administrative efficiency with substantive guarantees of local political participation rights, thereby ensuring effective checks and balances.

2. Research Questions

Given this context, the present study addresses two primary research questions. First, what are the political and legal implications of the ongoing contestation of authority between central and regional governments for democratic legitimacy within the current

¹⁴ Dewi Sartika et al., "Evaluasi Kelembagaan Kota Samarinda Berdasarkan Kebijakan Penataan Kelembagaan Pemerintah Daerah : Studi Kasus Pada Dinas Kesehatan Kota Samarinda," *Jurnal Riset Inossa : Media Hasil Riset Pemerintahan, Ekonomi Dan Sumber Daya Alam* 5, no. 2 (September 4, 2024): 15–38, <https://doi.org/10.54902/jri.v5i02.105>.

¹⁵ Mhd. Ansori et al., "Fungsi Pengawasan Dewan Perwakilan Rakyat Daerah Dalam Penyelenggaraan Pemerintahan Daerah Di Indonesia," *Wajah Hukum* 8, no. 1 (2024): 419, <https://doi.org/10.33087/wjh.v8i1.1465>.

¹⁶ Muh. Rinaldy Bima AR, Husnul Khatimah, Abd. Rahman, "Diskresi Yang Menjadi Objek Sengketa Tata Usaha Negara Berdasarkan Undang-Undang Nomor 30 Tahun 2014 Tentang Administrasi Pemerintahan," *Journal of Lex Theory* 2, no. 1 (2021): 244–55.

local institutional framework? Second, what constitutes an optimal legal policy design to ensure that regional institutional structures achieve both administrative efficiency and effective checks and balances that are responsive to local characteristics?

3. Research Methods

A normative legal research design was employed, utilizing statutory, conceptual, and analytical-prescriptive approaches. This methodology is appropriate because the research focuses on legal norms, principles of regional autonomy, constitutional democracy, and the policy direction of regional institutional arrangements within the Indonesian government system. Normative legal research is suitable when the primary focus is on positive norms, legal principles, doctrines, and legal systematics, rather than on empirical social behavior.¹⁷ Accordingly, this study analyzes the conformity of regional institutional policy directions with the 1945 Constitution of the Republic of Indonesia, the principles of a unitary state, regional autonomy, the function of the Regional People's Representative Council (DPRD), government discretion, and the principles of democratic governance.

This study uses secondary data, including primary, secondary, and tertiary legal materials. Primary legal materials comprise the 1945 Constitution of the Republic of Indonesia, Law Number 23 of 2014 concerning Regional Government, Law Number 30 of 2014 concerning Government Administration, Law Number 12 of 2011 and its amendments concerning the Formation of Legislation, and Government Regulation Number 18 of 2016 concerning Regional Apparatus. Secondary legal materials include journal articles, law books, research findings, and expert opinions on decentralization, regional institutions, local democracy, central-regional harmonization, and government discretion. Tertiary legal materials include legal dictionaries, regulatory indexes, legal encyclopedias, and other supporting references. Data collection was conducted through literature review, tracing, inventorying, classification, and comparison of legal materials based on their relevance to the identified legal issues.¹⁸

The primary research instrument was the researcher, supported by a legal materials inventory sheet, a norm conformity matrix, and a legal issues analysis sheet. The

¹⁷ Audina Sukmawan and Yulia Damayanti, "Metode Penelitian Hukum Normatif Dan Empiris Sebagai Strategi Penguatan Perspektif Kajian Ilmu Hukum," *Master of Notary, Faculty of Law, Lambung Mangkurat University* 4, no. 01 (2025): 114–28.

¹⁸ Kornelius Benuf and Muhamad Azhar, "Metodologi Penelitian Hukum Sebagai Instrumen Mengurai Permasalahan Hukum Kontemporer" 7 (April 1, 2020): 20–33, <https://doi.org/10.14710/gk.7.1.20-33>.

inventory sheet documented the identity of regulations, the norm hierarchy, the substance of authority, the institutional objects, and their relevance to regional government democracy. The norm conformity matrix facilitated examination of the relationships among regional institutional arrangement policies, the principle of autonomy, DPRD oversight, public participation, and discretionary legal certainty. Validation was achieved through source criticism, regulatory hierarchy checks, norm consistency, and triangulation of primary, secondary, and tertiary legal materials. According to Wiraguna, data validity is maintained through source triangulation, while reliability is enhanced by the use of consistent instruments. In normative research, reliability is ensured through traceable analysis procedures, including the recording of sources, the application of inclusion criteria for legal materials, and the systematic interpretation of legal materials.¹⁹ Data analysis was conducted qualitatively using grammatical, systematic, teleological, and conceptual interpretation methods. This approach generated prescriptive arguments regarding a regional institutional arrangement model that balances administrative efficiency, legal certainty, regional autonomy, and local democracy.

B. DISCUSSION

1. Political and Legal Implications of Centralization and the Phenomenon of Criministration

Regional autonomy within the Unitary State of the Republic of Indonesia embodies the democratic principles mandated by the Constitution. Institutional structuring of regions extends beyond administrative division, representing constitutional reform aimed at aspirational governance that recognizes regions as autonomous governmental units responsive to local community needs.²⁰ From a normative legal perspective, such arrangements require a robust legal foundation to safeguard popular sovereignty at the regional level from bureaucratic pragmatism. The extensive autonomy granted to regions necessitates an institutional structure that is both technically efficient and fundamentally democratic, ensuring that every policy reflects public aspirations through formal institutional mechanisms.

¹⁹ Sidi Wiraguna, "Metode Normatif dan Empiris Dalam Penelitian Hukum: Studi Eksploratif di Indonesia," *Public Sphere: Jurnal Sosial Politik, Pemerintahan Dan Hukum* 3, no. 3 (November 30, 2024), <https://doi.org/10.59818/jps.v3i3.1390>.

²⁰ Prasetyo, "Local Autonomy As a Form of Constitutional Reform In Aspirational Governance."

The effectiveness of local government administration is closely linked to the design of institutional frameworks that support democratic political leadership. Well-constructed institutional frameworks are critical for strengthening responsive local leadership, especially in addressing the increasingly complex challenges of public service delivery.²¹ Inclusive institutional structures enable political leaders to drive development while maintaining public trust. In contrast, inadequate democratic institutional design can erode public confidence and undermine the stability of local governance.

Local governments face the challenge of balancing decentralization of power with the pursuit of strategic sustainable development goals. Decentralization and de-concentration of authority are fundamental democratic features that enable both rural and urban areas to realize their potential independently.²² In practice, however, local governments often contend with fiscal constraints and rising public expectations. Consequently, institutional reform should focus on strengthening local capacity through a clear legal framework that facilitates innovation in public services while respecting established jurisdictional boundaries.

Institutional reform is a crucial mechanism for national progress, particularly by safeguarding fundamental human rights at the local level. The delegation of authority and decentralization of power are recognized as primary drivers of national development, as advancements by local governments directly contribute to broader progress.²³ In administrative law, such delegation must be paired with clear accountability measures to prevent abuse of power. Multidisciplinary research demonstrates that legally guaranteed local autonomy enhances public participation in policy-making, thereby reinforcing democratic foundations at the grassroots level.

In Indonesia, regional autonomy is constitutionally established in Article 18 of the 1945 Constitution, which mandates that regions manage their own affairs in accordance with the principles of autonomy and auxiliary duties.²⁴ Implementing this mandate is

²¹ Jacob Torfing, Tina Øllgaard Bentzen, and Marte Slagsvold Winsvold, "How Institutional Designs Condition Perceived Local Political Leadership," *Local Government Studies* 48, no. 3 (2022): 341–66, <https://doi.org/10.1080/03003930.2020.1821664>.

²² Lekipiouw, "Konstruksi Penataan Daerah Dan Model Pembagian Urusan Pemerintahan."

²³ Anna Phirtskhalashvili and George Gvartadze, "Solving Global Challenges Locally: Multidisciplinary Approaches to Local Governance," *Open Journal of Social Sciences* 12, no. 04 (2024): 624–38, <https://doi.org/10.4236/jss.2024.124041>.

²⁴ Rezky Ananda et al., "Decentralization and the Challenge of Policy Alignment: Lessons from Financial Regulation," *Jurnal Integrasi Ilmu Syariah (Jisrah)* 6, no. 1 (2025): 73–79, <https://doi.org/10.31958/jisrah.v6i1.15657>.

challenged by regulations such as the Omnibus Law, which necessitates extensive synchronization and harmonization of local regulations. These challenges extend beyond administrative concerns, testing the resilience of decentralization amid national regulatory simplification that could re-centralize strategic regional authorities. Effective synchronization is essential to prevent normative conflicts that may impede democratic governance at the local level.²⁵

Indonesia's local democracy has evolved from the appointment of local heads to the current model of direct elections. This transformation signifies efforts to strengthen popular sovereignty in the selection of local leadership.²⁶ However, the transition from representative to direct democracy has significant implications for institutional arrangements, requiring local bureaucratic structures to adapt to complex and often costly political dynamics. Despite the move toward direct elections, the quality of democracy ultimately depends on institutions' ability to function fairly, transparently, and in alignment with public aspirations.

A current issue in local governance is the phenomenon of "crimination," in which the distinction between administrative law violations and criminal offenses blurs. In Indonesia, it is common for local officials' policy decisions to be criminalized, even when these actions fall within the scope of administrative discretion for institutional restructuring or innovation.²⁷ This environment discourages bureaucrats from pursuing necessary institutional reforms. Establishing clear criteria to distinguish between actions warranting criminal versus administrative sanctions is essential to safeguard the integrity of public policies enacted in the public interest.

Internationally, local government institutional reform is also directed toward changes in functions and structures supported by information technology. Globally, institutional reform in local government increasingly involves changes in functions and structures supported by information technology. The integration of artificial intelligence and digital technologies into governance is a key aspect of contemporary public

²⁵ Zaenal Hoesein, Arifudin Arifudin, and Susi Rahayu, "The Effectiveness of Decentralization Policy in Local Government Administration," *Jurnal Akta* 9, no. 2 (June 30, 2022): 242, <https://doi.org/10.30659/akta.v9i2.23544>.

²⁶ Muhammad Zulfan Hakim et al., "Rise and Fall of Democracy in Regional Government: From Assignment to Election," *Yuridika* 39, no. 3 (2024): 329–52, <https://doi.org/10.20473/ydk.v39i3.59821>.

²⁷ Nathalina Naibaho et al., "Criministrative Law: Developments and Challenges in Indonesia," *Indonesia Law Review* (University of Indonesia Faculty of Law, April 1, 2021), <https://doi.org/10.15742/ilrev.v11n1.647>.

management reform aimed at improving efficiency.²⁸ In many countries, local administrative reform generates positive effects across the bureaucracy, contributing to national development. Such restructuring requires legal flexibility to enable regions to adapt to evolving circumstances while maintaining autonomy from central government control. Research in public administration indicates that innovation is a sine qua non—an absolute prerequisite—for the future development of local governments. Institutional design must not be confined to rigid traditional structures but must be capable of accommodating multidisciplinary approaches to solving local problems. Space for innovative knowledge and research must be widely opened within local government practices so that the resulting governance is truly grounded in strong scientific evidence relevant to on-the-ground conditions.²⁹

In the face of contemporary challenges, local democratic institutions must be fortified against threats such as the global democratic recession. Academics and practitioners have a critical role in advancing understanding of local government operations in modern society.³⁰ Institutional design should serve as a safeguard for democracy, protecting citizen participation from elite dominance. Strengthening managerial and public policy capacities at the local level enables regions to serve as foundational pillars of a broader, more sustainable national democracy.

The study identifies a contradiction between the principle of autonomy and the prevailing centralistic institutional arrangements. A re-evaluation of local government governance in Indonesia indicates that Law No. 23 of 2014 has revived covert centralization, thereby restricting local innovation in the formation of the local government apparatus.³¹ Institutional arrangements are predominantly determined by inflexible central government indicators that often do not reflect local realities. Consequently, a democratic deficit emerges as regions lose the authority to design organizational structures tailored to their unique geographical and sociological contexts.

This restrictive normalization of central-regional relations poses a normative threat to the principle of popular sovereignty at the local level. Excessive central government

²⁸ Yanti Aneta et al., “Bureaucratic Transformation Optimizing Village Bureaucracy Transformation: Gorontalo, Indonesia,” *Policy & Governance Review* 7, no. 3 (2023): 211, <https://doi.org/10.30589/pgr.v7i3.775>.

²⁹ Neil Barnett, “Meeting the Critical Challenge: Re-Tooling and Re-Founding Defences of Local Democratic Institutions,” *Local Government Studies* 50, no. 6 (2024): 980–88, <https://doi.org/10.1080/03003930.2024.2401922>.

³⁰ Barnett.

³¹ Undang, “Mengevaluasi Kembali Tatakelola Pemerintahan Daerah Di Indonesia.”

control over the regional institutional framework undermines the essence of self-governance.³² Cooperative relationships are replaced by subordinate dynamics, ultimately diminishing regions' capacity to address local issues effectively. Democratic institutional restructuring should accommodate local content within bureaucratic structures to ensure that institutions genuinely reflect the will of local communities.

The criminalization of policy decisions undermines legal certainty in local government governance. Employing criminal law to scrutinize public policy without regard for administrative utility and effectiveness inhibits bureaucratic innovation.³³ From an administrative law perspective, discretion in institutional design should be safeguarded when exercised in the public interest and in accordance with the general principles of good governance (AUPB). Excessive law enforcement fosters institutional instability, ultimately impairing the delivery of public services to local communities.

Table 1. Overview of Institutional Framework, Legal Context, and Democratic Challenges

Variables of Analysis	Normative and Empirical Findings	Legal Perspectives and Interpretations	Implications for Democracy
Independence of Institutions	The restructuring process is primarily characterized by central standardization (Government Regulation No. 18 of 2016).	Stringent regulatory frameworks limit local governments' capacity to implement innovative practices.	Democratic legitimacy is diminished when institutions fail to respond effectively to local aspirations.
Functions of Oversight	The Regional People's Representative Council (DPRD) functions as a component of the regional executive branch rather than serving solely as a legislative body.	Diminished effectiveness of <i>checks and balances</i> within the organizational structure undermines accountability.	The quality of public accountability in local governance declines under these conditions.
Security of Policy Frameworks	There is a risk of criminal liability associated with the exercise of discretion in the management of	The adoption of punitive legal measures impedes organizational innovation.	Bureaucratic inertia occurs when officials resist change and are reluctant to pursue

³² Prasetyo, "Local Autonomy As a Form of Constitutional Reform In Aspirational Governance."

³³ Naibaho et al., "Criministrative Law: Developments and Challenges in Indonesia."

	regional government agencies.		institutional transformation.
Harmonization of Regulatory Frameworks	There is an overlap between the Regional Government Law and various sectoral laws, such as the Mineral and Coal Law.	Conflicts between vertical and horizontal regulatory frameworks generate uncertainty within organizational processes.	These factors undermine the effectiveness of governance, which is expected to provide certainty for citizens.

The data in Table 1 indicate that the primary challenges in regional institutional restructuring in Indonesia arise from regulatory disharmony and evolving roles of oversight bodies. Analysis of the table's second row demonstrates that when the Regional People's Representative Council (DPRD) ceases to function effectively as an independent oversight body, regional institutional restructuring becomes a technical, bureaucratic process that neglects political accountability. Institutional reform that does not reinforce democratic oversight risks producing an inefficient and unresponsive bureaucracy. From a legal standpoint, a clear separation between executive and legislative functions at the local level is necessary to maintain the integrity of institutional restructuring.

2. Institutional Reconstruction Toward an Aspirational Governance Model

There is an urgent need to reconstruct legal policy to establish a more aspirational institutional model. Regional governance should be firmly grounded in its constitutional framework to promote public welfare through democratic governance.³⁴ This reconstruction requires a shift from a power-sharing model that simply allocates residual authority to one that genuinely empowers regions to manage their distinct potential. An optimal institutional model should combine structural flexibility with strict adherence to democratic public service standards.

To achieve democratic governance, public involvement should extend beyond participation in local elections. Public participation must be institutionalized in the formation of local government bodies to ensure that these institutions maintain both emotional and functional connections with their communities.³⁵ This reconstruction also

³⁴ Lekipiouw, "Konstruksi Penataan Daerah Dan Model Pembagian Urusan Pemerintahan."

³⁵ Prasetyo, "Local Autonomy As a Form of Constitutional Reform In Aspirational Governance."

requires implementing transparent accountability mechanisms, in which institutional performance is evaluated not only by budget absorption but also by the extent to which citizens' aspirations are reflected in local policies. Such an approach enables institutional restructuring to serve as a catalyst for the development of robust, sustainable local democracy.³⁶

The theoretical implication of this study is the necessity to redefine the central-local relationship within the legal framework of a unitary state to better accommodate local diversity. In practice, the central government should streamline the standards for establishing local organizations and offer incentives to regions that implement institutional innovations, enhancing the local democracy index. A critical reflection on these findings suggests that failure to organize regional institutions democratically will undermine the realization of national values at the local level. Therefore, synergy among legal certainty, policy protection, and the strengthening of democratic institutions is essential for the future of regional autonomy in Indonesia.

It is recommended that policymakers establish regulations granting limited immunity for regional policy innovations that have undergone rigorous academic review and public consultation. Furthermore, the capacity of Regional People's Representative Councils (DPRDs) should be enhanced to conduct normative legal analyses of institutional restructuring proposals submitted by the executive branch. Consequently, any modifications to the structure of local institutions should be grounded in objective considerations that are both legally and morally justifiable to the public. The future of Indonesian democracy depends on the effective, fair, and democratic management of local governance.

C. CONCLUSIONS

The ongoing contestation of authority between central and regional governments, characterized by stringent centralized standardization, engenders a significant democratic deficit by eroding local autonomy and weakening the oversight capacity of the Regional People's Representative Council (DPRD). Furthermore, this centralistic framework and the persistent threat of criminalizing administrative discretion stifle institutional innovation, culminating in a rigid, elitist governance structure that fails to

³⁶ Rifki Fakhudin, "Impeachment of Regional Heads Resulted in Direct Election in the Perspective of Constitutional Law," *Jurnal Scientia Indonesia* 7, no. 1 (2021): 1-14, <https://doi.org/10.15294/jsi.v7i1.36149>.

reflect distinct local socio-geographical realities. To resolve these systemic deficiencies, an optimal legal policy design must transition toward an aspirational governance model that deliberately balances administrative efficiency with popular sovereignty. Consequently, public policy reconstruction should harmonize vertical regulations, ensure robust legal certainty to protect legitimate local bureaucratic innovations, and institutionalize democratic public participation to foster responsive local institutions with effective checks and balances.

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