

Meaning Policy Innovation in The Era of Regional Autonomy

Sopian^{1*}, Asgari², Nurdin³, Uyu Wahyudin⁴, Saifan⁵, Titin Supriatin⁶, Enung Nuroniah⁷, and Maemunah⁸

^{1,2,3,4,5}Magister of Management, Universitas Bina Bangsa, Indonesia

^{6,7,8}Universitas Bina Bangsa, Indonesia

Abstract - This study aims to highlight the significance of policy innovation in the era of regional autonomy. Utilizing a literature-based approach, the findings underscore several key conclusions. First, innovation in the implementation of regional autonomy, as mandated by the 1945 Constitution, is constitutionally and legally oriented toward accelerating the achievement of community welfare. Innovations in improving public services and empowering community participation can enhance regional competitiveness while upholding the principles of democracy, equity, privilege, uniqueness, and the diversity of regional potentials within the framework of the Unitary State of the Republic of Indonesia. Second, innovation plays a crucial role in accelerating regional development and fostering local independence, including in newly established autonomous regions. By embracing innovation, local governments can creatively explore and manage regional potentials to maximize their use for both local development and business growth. Third, innovation reduces reliance on central government transfers. Financial transfers from the central government should not serve as the primary source of funding for local governments, as innovation enables regions to become more financially self-reliant.

Keywords – Innovation, Regional Autonomy, Policy

¹ This article was presented at **The 1st BB International Conference, Research and Innovation (The 1st BBIC 2024)** on November 26, 2024, in Banten Province, Indonesia. This is the first conference organized by Universitas Bina Bangsa in collaboration with the College of Business and Public Administration, Pangasinan State University Philippines, <https://pbic-uniba.com/>

INTRODUCTION

The challenges of being less innovative, plagued by corruption, and showing low productivity are recurring issues in the era of regional autonomy. A lack of innovation in formulating regional policies, identifying potentials, managing local revenue sources, handling taxation, and allocating regional resources significantly hampers the acceleration of development in these areas.

These issues are further exacerbated by the persistence of corruption, insecurity, and indifference among state administrators, which hinders regional growth and development. This reality contradicts the objectives outlined in Law No. 32 of 2004 on Regional Government and Law No. 33 of 2004 on the Financial Balance between Central and Regional Governments.

Additionally, the absence of innovation in attracting and collaborating with investors contributes to sluggish regional development. Untapped tourism potential, poorly managed mining and mineral resources, and underutilized forestry and plantation sectors all weaken local revenue (PAD) and strain the regional income and expenditure budget (APBD).

Given these pressing challenges, innovation emerges as a crucial driver for accelerating development in the era of regional autonomy. With bold, targeted, and well-planned innovations, transformative changes can be achieved, unlocking the true potential of regional autonomy.

OBJECTIVES OF THE STUDY

This study's objective to highlight the significance of policy innovation in the era of regional autonomy. Utilizing a literature-based approach, the findings underscore several key conclusions.

MATERIALS AND METHOD

The approach of this research is descriptive library research sourced from various up-to-date scientific literature, both sourced from textbooks, journals, and other scientific sources. After the draft writing was arranged, it

was then read to two colleagues to get input and suggestions. Then after being repaired, focus group discussions (FGD) were carried out by involving all 12 colleagues. Based on some input during the FGD then the manuscript was improved, to be published through the journal.

RESULTS AND DISCUSSION

Building with New Innovations

As discussed, regional autonomy plays a pivotal role in enhancing a region's ability to serve its people effectively. The extent of attention, responsiveness to public aspirations, and quality of service delivery are critical dimensions to evaluate. Despite numerous studies on regional autonomy, these aspects are often overlooked in analysis and discussion.

Isran Noor highlights the indispensable role of innovation in strengthening regional governance, stating that innovation is essential for building institutions that synergize efforts to optimize local government capacity and operations [1]. Similarly, regional autonomy and its variants are not exclusive to Indonesia. Flanagan et al. (2009) note that various forms of regional autonomy exist across Europe, each fostering unique innovations in public policy-making [2].

The diversity in the implementation of regional autonomy spurs healthy competition among regions, driving innovations aimed at:

- Accelerating regional development, fostering a competitive environment to advance various sectors.
- Promoting political maturation by encouraging public participation in planning, implementing, evaluating, and utilizing development initiatives.
- Enhancing service quality by ensuring equitable, responsive, and needs-based public services.
- Directing and expediting regional development, encouraging structured and sustainable progress.
- Bringing governance closer to the people by increasing political participation and

offering more transparent career opportunities within regional government.

Innovative policies often become the cornerstone of regional development, enabling regions to navigate challenges and achieve milestones such as improved Human Development Index (HDI) scores and progress toward Millennium Development Goals (MDGs). The competitive landscape among regions in attracting domestic and foreign investors further underscores the importance of innovation.

Many forward-thinking regions have formed collaborations with other regions or international entities to maximize resource utilization. These partnerships have accelerated development and created noticeable differences in progress, setting benchmarks for others to emulate. This dynamic competition and collaboration ultimately benefit regional and national development.

Regional autonomy also empowers local governments to adopt national policies to address specific local challenges. The macro-

level national policies often fail to resolve region-specific issues, necessitating policy innovations that remain within legal frameworks. Such local-level innovations enhance the overall effectiveness of regional autonomy and contribute to regional development [3].

According to Walendowski (2011), the benefits of regional autonomy concerning policy innovation include [4]:

1. Encouraging investments and policies in key priority areas.
2. Strengthening regional competitiveness on a higher level.
3. Facilitating the implementation of region-specific innovations.
4. Exploring untapped private sector potential.
5. Addressing the increasingly diverse needs of stakeholders.

This innovative approach ensures that regional autonomy continues to evolve as a powerful instrument for sustainable development and community empowerment.

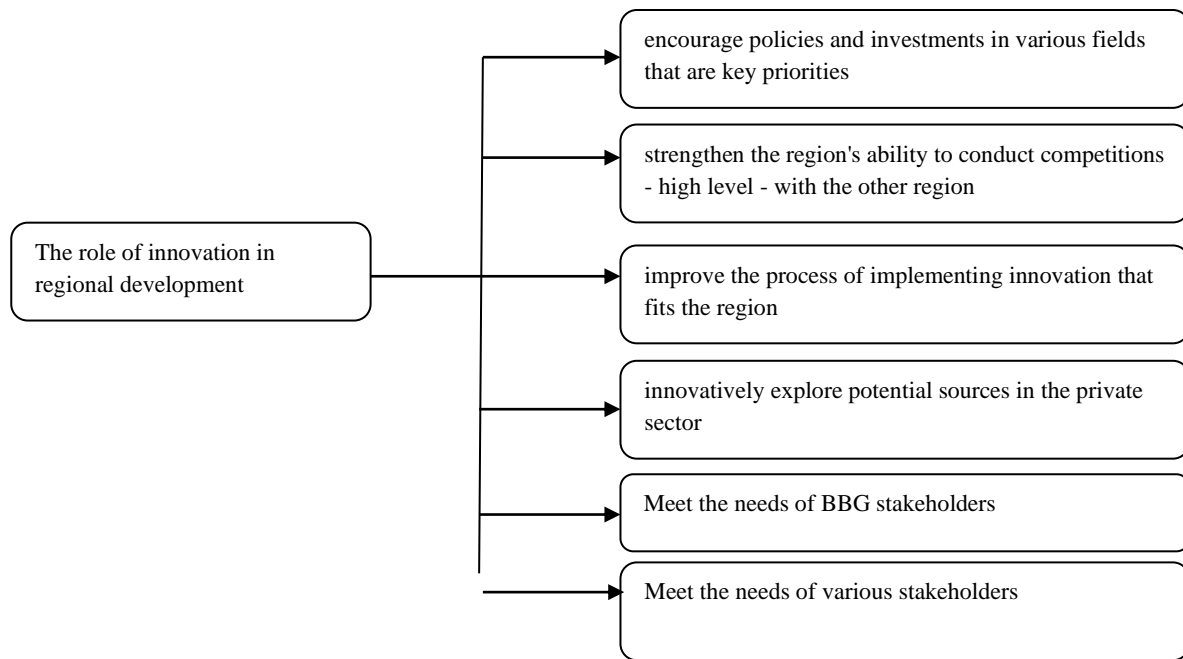


Fig 1. The role of innovation in regional development

From the perspective of innovation theory, regional autonomy can be analyzed through three lenses. Geographically, regional autonomy drives development innovations tailored to the unique characteristics and needs of each region. Economically, it enhances the capacity for innovation by expanding the distribution of services and goods markets, particularly benefiting newly autonomous regions. Politically, regional autonomy fosters regional innovations aimed at achieving a balanced political landscape [5].

Development policy innovation in autonomous regions, as Cooke et al. (2003) argue, contributes to improvements in key areas, including public health, education, per capita income growth, overall economic growth across sectors, and the expansion of the employment market. These areas are interconnected, each influencing and reinforcing the others to create a comprehensive framework for regional progress [6].

Dawkins (2003) emphasizes that policy innovation under regional autonomy also focuses on reducing the distance between government centers and the public, as well as improving the efficiency of goods and services distribution. This leads to the creation of growth centers within regions, where the flow of goods becomes smoother, and services become more accessible. These growth centers not only bring essential goods closer to the people but also make it easier for communities to access critical services, fostering both economic and social development [7].

In essence, regional autonomy, when approached with innovative policies, has the potential to unlock region-specific solutions, improve economic infrastructure, and create politically balanced and economically vibrant growth hubs.

Innovation Turns Weakness into a Challenge

While regional autonomy offers numerous advantages, it is not without weaknesses. As Dawkins (2003) highlights, these weaknesses include a diminished sense of nationalism, increased violence and inter-ethnic

conflict, political stagnation, and economic decline [8]. However, such challenges can be transformed into opportunities through innovative approaches. Regional autonomy should strengthen citizens' sense of nationalism by fostering pride in local achievements. Political instability driven by ethnocentric sentiments is often temporary and can subside as economic development in autonomous regions progresses. Similarly, regional conflicts can be mitigated by improving access to essential public services, and economic setbacks should be counteracted by leveraging regional autonomy to accelerate meaningful development.

Addressing these issues requires strong, reliable, and competitive development innovators who are willing to dedicate themselves to the advancement of their regions. Newly autonomous regions often face significant challenges, such as providing essential facilities and infrastructure, establishing government offices, and improving healthcare and education systems. These are compounded by low locally generated revenue (PAD), limited skilled human resources, and a lack of investor interest. However, these challenges, if approached strategically, can be transformed into substantial opportunities for progress.

For instance, the development of office facilities and infrastructure presents an opportunity to create integrated government hubs. Constructing modern government buildings, healthcare and education facilities, places of worship, community sports areas, and transportation infrastructure can lay the foundation for sustainable growth. Improving highway networks, for example, can reduce travel distances and times between districts, sub-districts, and regional government centers, facilitating better service delivery and connectivity.

Additionally, opportunities lie in increasing own-source revenues and regional incomes (PDS), enhancing the quality of human resources through education and training, and attracting investors by demonstrating the

region's economic potential. By addressing these challenges innovatively and effectively, new autonomous regions can unlock significant opportunities for economic growth and societal advancement.

Innovation in exploring potential in the region

Regional potentials will remain untapped and unable to contribute to local revenue unless managed wisely. For instance, innovative strategies for leveraging non-oil Gross Regional Domestic Product (GRDP) can significantly boost per capita income and safeguard national interests [7]. Innovation in fiscal policy serves as a critical tool for regional governments to manage development and stimulate economic growth. By fostering financial innovation, regions can enhance the effectiveness of their development initiatives, ultimately improving economic conditions and advancing societal welfare.

Innovative approaches to revenue generation aim to increase community participation in funding public services, enabling citizens to directly experience the benefits of paying taxes or fees. On the other hand, innovation in expenditure management emphasizes efficiency, effectiveness, and precise targeting to ensure that public spending meets community needs while maximizing utility. These fiscal innovations align with the government's discretion to allocate funds based on regional priorities and necessities.

Additionally, innovative measures are essential in strengthening the link between transferred expenditure responsibilities and compliance with Minimum Service Standards (SPM). With such innovation, long-standing issues like the reformulation of DAU (General Allocation Funds) and DAK (Specific Allocation Funds) grants, as well as inequities in revenue-sharing mechanisms, can be systematically addressed.

Fiscal innovation also supports the consolidation of democracy at the local level. By empowering provincial and district/city governments sustainably, innovation fosters

more effective governance and ensures that regional autonomy can deliver tangible benefits to communities.

The Importance of Innovation

All the aforementioned innovations must be refined to align with the development and political dynamics of the Indonesian nation. They should ensure the implementation of popular sovereignty, safeguard the values of national unity, and create opportunities to promote public welfare and enhance the nation's intellectual growth.

Without innovation, progress cannot be considered a meaningful step forward within the framework of democracy. Advancements in democracy must be approached innovatively to elevate procedural democracy, ensuring it becomes more effective and aligned with the goals of regional governance.

Innovations in democratic practices enable regional leaders to exercise leadership with greater credibility and accountability. Such efforts also enhance decentralized executive functions, streamline administrative systems, improve the efficiency and standardization of regional finances, and accelerate the mobilization of revenue sources. By embracing innovation, regional governance can operate more effectively, fostering both development and trust in democratic institutions.

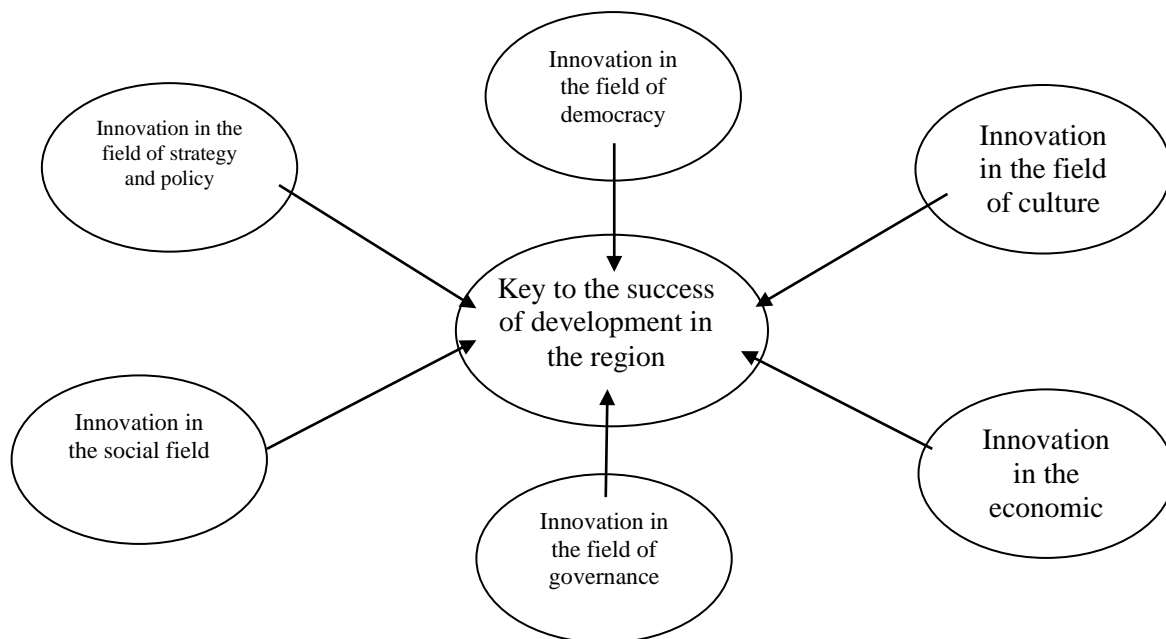


Fig 2. Key to the success of development in the region

Innovation in the cultural field plays a vital role in fostering the growth of local culture. It creates conditions that allow for the institutionalization of cultural practices and critical popular participation, which serve as an effective form of political oversight over regional governance.

In the economic field, innovation strengthens regional economic foundations. The development of infrastructure stimulates local economic growth by activating economic hubs and improving access to essential community services. These advancements not only boost the regional economy but also enhance the quality of life for residents.

In the realm of governance, innovation fosters transparent and accountable leadership among regional heads, paving the way for significant bureaucratic reforms. Good governance practices promote efficiency, equity, and trust in public administration, ensuring that leadership aligns with the principles of service delivery and fairness.

Social innovation, particularly in policies focused on public welfare, contributes

significantly to raising the Human Development Index (HDI). These innovations lead to advancements in education and healthcare while actively reducing poverty. Efforts to develop inclusive and people-centered policies amplify the overall impact of regional development.

Additionally, innovative poverty reduction strategies have proven effective in improving social security systems and expanding access for underprivileged communities to essential services such as healthcare, education, clean water, and sanitation. These initiatives empower communities, promote inclusive growth, and address systemic inequalities.

Ultimately, innovation is the cornerstone of regional development success, driving progress across cultural, economic, governance, and social domains.

CONCLUSION AND RECOMMENDATION

From the description above, it can be concluded that innovation plays a critical role in

the effective implementation of regional autonomy. As a constitutional and legal mandate derived from the 1945 Constitution, innovation is aimed at accelerating the realization of public welfare. By improving services and empowering community participation, innovation enhances regional competitiveness while adhering to the principles of democracy, equity, specialization, regional uniqueness, and diversity within the framework of the Unitary State of the Republic of Indonesia.

Innovation also holds significant importance in fostering regional development and independence, including in newly established autonomous regions (DOB). It enables local governments to creatively explore and manage their region's potential, turning it into resources for development and regional business growth.

Furthermore, innovation helps reduce dependency on central government transfers. Local governments should strive to diversify their funding sources, ensuring that central transfers do not become the primary means of financing regional development.

REFERENCES

- [1] Noor, Isran, 2012a, *Politics of Regional Autonomy for Strengthening NKRI*, Kutai Timur: Seven Strategic Studies
- [2] Flanagan, et.al., 2009. Opening the policy black box: Understanding innovation policy mixes in multi-level multi actor spaces. In Baier et.al., 2013, *regional Autonomy with regard to Innovation Policy*, Working paper Firms and Region No R3/2013, <http://www.isi.fraunhofer.de> (accessed: 24 May 2013).
- [5] Cooke, et.al., 1997, Regional innovation system: Institutional and organizational dimensions: research policy, Vol. 26. 1997, pp 475-491
- [4] Walendowski, J. 2011, Regional Innovation monitor: Thematic Paper @: policies and Processes of smart specialization: Realising New Opportunities: Technopolis: Online: <http://www.rim-europa.eu/index.cfm?q> (accessed: 25 May 2013).
- [5] Scott, A.J. 1998, From silicon valley to Hollywood, In: Braczyk et.al., (ed), *Regional Innovation System*, London: UCL Press 136-162
- [6] Dawkins, Casey J., 2003, Regional Development Theory: Conceptual Foundations, Classic Works, and Recent Development, *Journal of Planning Literature*, Vol. 18 No. 2. November 2003, pp. 131-152
- [7] Noor, Isran, 2012b, *Isran Noor from Media Perspective*, Kutai Timur: Profajar Journalism.