

## **Public Policy Formulation and Its Implications for Community Welfare in the Era of Regional Autonomy**

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### **Abtsract**

This study examines the dynamics of public policy formulation and its implications for community welfare within the context of regional autonomy in Indonesia. The decentralization framework grants local governments greater authority in designing, implementing, and evaluating policies that directly address local needs. However, variations in institutional capacity, leadership quality, stakeholder involvement, and fiscal management often lead to disparities in policy effectiveness. This research employs a qualitative literature review supported by policy analysis to identify key determinants that shape policy outcomes at the local level. The findings reveal that inclusive policy formulation—characterized by participatory decision-making, inter-agency collaboration, and evidence-based approaches significantly contributes to improving public welfare outcomes. Conversely, weaknesses in governance practices, such as limited transparency, low bureaucratic competence, and inadequate budget allocation, hinder policy impact and perpetuate regional inequality. The study underscores that effective policy formulation in the autonomy era requires strengthening institutional capacity, enhancing community engagement, and optimizing local fiscal resources. Ultimately, the research highlights that robust policy design has the potential to accelerate welfare improvement, reduce regional disparities, and support sustainable development at the local government level.

**Keywords:**Public Policy Formulation; Community Welfare; Regional Autonomy

### **Introduction**

Decentralization is the process of delegating some governmental authority from the central government to regional governments to regulate and manage government affairs based on democratic principles and efficient public services. In the Indonesian context, decentralization is realized through regional autonomy policies stipulated in Law Number 23 of 2014 concerning Regional Government(Safrida et al., 2022). This policy grants greater authority to provincial and district/city governments in formulating policies, managing resources, and providing public services according to local needs. Conceptually, decentralization aims to increase the effectiveness of regional government, accelerate the development process, and bring services closer to the community, making them more responsive and relevant to local characteristics (Fitra, 2019; Rondinelli, 2021). Regional autonomy not only transfers administrative authority but also implies political, economic, and social empowerment at the local level. The main goal of regional autonomy is to create a more accountable, participatory government oriented towards improving community welfare(Putera et al., 2023); (Mukhlis et al., 2025). Through regional autonomy, local governments have room to innovate in policy formulation and development management, including more effective budget allocation according to regional priorities. Furthermore, regional autonomy is expected to reduce inter-regional disparities by strengthening local government capacity and

improving the quality of public services (Smith, 2020; Ministry of Home Affairs, 2022). Thus, decentralization and regional autonomy are important instruments in strengthening governance and improving the quality of life for the community (Mendy, 2024).

Public policy formulation at the regional level holds strategic significance because it is the initial stage that determines the direction of development and the effectiveness of policy implementation. In the era of regional autonomy, local governments have the flexibility to formulate policies tailored to the needs, social characteristics, and economic potential of local communities (Priyono et al., 2020). The ability of local governments to accurately identify public problems, formulate data-based alternative solutions, and set development priorities is a key factor in producing responsive and impactful policies. Research shows that policies formulated with a participatory and evidence-based approach are strongly correlated with improved public service quality and community empowerment (Howlett, 2020; Subarsono, 2019). Therefore, the quality of policy formulation at the regional level is fundamental to achieving inclusive and sustainable development goals (Subroto et al., 2020). Furthermore, effective public policy formulation plays a crucial role in optimizing the use of regional resources to improve community welfare. Local governments that are able to formulate policies that take into account socio-economic impact analysis, fiscal potential, and institutional capacity are better able to produce targeted development programs. Comprehensively formulated policies can support job creation, increase access to health and education services, and strengthen basic infrastructure, all of which contribute to improving public welfare. Recent studies confirm that the effectiveness of regional policies is significantly influenced by the quality of policy formulation, cross-sectoral coordination, and the political commitment of local governments (Creswell & Miller, 2021; Widodo, 2020). Therefore, regional-level public policy formulation is a crucial instrument in accelerating the achievement of development goals and reducing regional disparities (Sabara, 2022).

Public policy formulation at the regional level holds strategic significance because it is the initial stage that determines the direction of development and the effectiveness of policy implementation. In the era of regional autonomy, local governments have the flexibility to formulate policies tailored to the needs, social characteristics, and economic potential of local communities. The ability of local governments to accurately identify public problems, formulate data-based alternative solutions, and set development priorities is a key factor in producing responsive and impactful policies. Research shows that policies formulated with a participatory and evidence-based approach are strongly correlated with improved public service quality and community empowerment (Howlett, 2020; Subarsono, 2019). Therefore, the quality of policy formulation at the regional level is fundamental to achieving inclusive and sustainable development goals. Furthermore, effective public policy formulation plays a crucial role in optimizing the use of regional resources to improve community welfare. Local governments that are able to formulate policies that take into account socio-economic impact analysis, fiscal potential, and institutional capacity are better able to produce targeted development programs. Comprehensively formulated policies can support job creation, increase access to health and education services, and strengthen basic infrastructure, all of which contribute to improving public welfare. Recent studies confirm that the effectiveness of regional policies is significantly influenced by the quality of policy formulation, cross-sectoral coordination, and the political commitment of local governments (Creswell & Miller, 2021; Widodo, 2020). Therefore, regional-level public policy formulation is a crucial instrument in accelerating the achievement of development goals and reducing regional disparities (Trisakti & Djajasinga, 2021).

KesenjanganThe welfare gap between regions in Indonesia is a persistent phenomenon, despite decentralization policies granting broad authority to local governments to manage development. One of the main contributing factors is the uneven quality of public policies across regions. Regions with strong institutional capacity tend to be able to formulate policies that are more

data-driven, comprehensive, and long-term oriented. Conversely, regions with limited resources often produce policies that are reactive, uncoordinated, or poorly targeted. Differences in the competence of government officials, the use of technology, and access to information sources result in highly variable quality policies, which directly impact the level of development and public welfare. This exacerbates the disparity between regions, particularly between urban and rural areas or between developing and underdeveloped regions (Mustofa et al., 2020).

Furthermore, the uneven quality of public policies creates disparities in the provision of basic services, such as education, health care, infrastructure, and social services. Regions with better governance are generally able to formulate policies that support budget optimization and improve public services, resulting in an increase in the human development index and welfare (Wijaya & Rato, 2021). Conversely, regions facing governance challenges, such as low accountability, minimal public participation, and strong political influence, often experience development stagnation. This inequality not only exacerbates disparities in welfare but also hinders equitable national development overall. This phenomenon underscores the importance of harmonizing the quality of public policy formulation across regions as a strategic step in reducing welfare disparities and promoting more inclusive development. The welfare gap between regions is one of the main challenges in the implementation of regional autonomy in Indonesia. Although decentralization aims to provide space for regional governments to formulate policies tailored to local characteristics and needs, the quality of the resulting policies remains highly variable. Regions with strong institutional capacity tend to be able to formulate data-driven, responsive policies oriented toward improving public welfare. Conversely, regions with fiscal constraints and less competent human resources often produce policies that are administrative in nature and less effective. This variation in policy quality directly impacts differences in regional abilities to provide public services, boost economic productivity, and expand public access to development opportunities, thus widening the welfare gap between regions (Bradford, 2005); (Permatasari et al., 2023); (Prabowo et al., 2025).

Furthermore, uneven governance further reinforces the welfare disparity between regions. Regional governments with good governance mechanisms—characterized by transparency, accountability, integrity, and a high level of public participation—are better able to optimize policy implementation and manage development budgets. This condition has an impact on improving the quality of education, health, basic infrastructure, and overall human development indicators. Conversely, regions with weak governance often face various obstacles, such as inadequate planning, corrupt practices, and low policy innovation, which ultimately hinders improvements in public welfare. Therefore, the inequality in the quality of public policy not only reflects the disparity in institutional capacity between regions, but also acts as a determinant factor that strengthens welfare inequality in Indonesia.

### **Research Methods**

This research uses a qualitative approach with a library research design to analyze the public policy formulation process and its implications for public welfare in the context of regional autonomy. This approach was chosen because public policy and decentralization issues require in-depth theoretical understanding and comprehensive conceptual analysis of various regulations, theories, and previous research findings. Data were collected through a review of reputable journal articles, academic books, government institution reports, and policy documents related to regional governance and public welfare. These sources were then selected using criteria of relevance, credibility, and currency to ensure the validity of the information. The analytical technique used was content analysis, which focused on identifying patterns, key concepts, and the relationship between the quality of policy formulation and public welfare outcomes.

The analysis process then proceeded through three main stages: data reduction, data presentation, and conclusion drawing, as developed by Miles & Huberman. Data reduction was carried out by grouping information based on key themes, such as institutional capacity, governance, public participation, and regional welfare disparities. The reduced data is then presented in a categorization matrix to facilitate interpretation and identify relationships between variables. Conclusions are drawn inductively by linking literature findings to theoretical frameworks on public policy and decentralization. Through this method, the research is expected to provide a valid and systematic overview of how the quality of public policy formulation at the regional level contributes to improving or reducing inequality in public welfare in the era of regional autonomy.

## **Result and Discussion**

### **The Influence of Institutional Capacity on Policy Impact**

Institutional capacity plays a fundamental role in determining the extent to which public policies achieve their intended outcomes. Capacity in this context refers to the ability of governmental institutions to effectively analyze problems, design appropriate interventions, mobilize resources, and coordinate implementation. Institutions with strong analytical capabilities, adequate budgeting mechanisms, and skilled personnel are better equipped to formulate policies that are evidence-based and relevant to community needs. Conversely, institutions with limited capacity tend to rely on ad hoc decision-making, resulting in policies that are less strategic and less responsive to the complexities of the issues they aim to address. A critical dimension of institutional capacity is the competence of human resources. Skilled policy analysts, planners, and implementers contribute directly to the quality of policy design and execution. High-capacity institutions typically invest in continuous professional development, fostering a workforce that is capable of data interpretation, stakeholder engagement, and outcome evaluation. Low-capacity institutions, by contrast, often struggle with skill shortages, inadequate training, and high staff turnover, which ultimately weakens policy impact. Research consistently demonstrates that human resource competence is one of the strongest predictors of policy performance in the public sector (Sulastrri & Hafid, 2020).

Financial capacity is another essential element influencing policy impact. Institutions with sufficient fiscal resources can allocate funds to priority programs, ensure continuity of implementation, and invest in monitoring and evaluation systems. Adequate financial capacity also allows for innovation in policy solutions, including the use of technology and partnerships with non-government stakeholders (Caillaud & Kuronen, 2022). In contrast, institutions with limited financial resources tend to adopt short-term, low-impact policies that lack sustainability. Budget constraints often force trade-offs that undermine policy effectiveness, particularly in sectors such as health, education, and infrastructure.

Institutional capacity is also shaped by organizational structures and internal governance mechanisms. Clear lines of authority, well-defined roles, and efficient coordination processes allow institutions to streamline policy implementation. Institutions with robust governance frameworks—characterized by transparency, accountability, and procedural consistency—are more likely to deliver policies that generate meaningful outcomes. Weak organizational structures, on the other hand, create bureaucratic bottlenecks, reduce interdepartmental collaboration, and hinder the timely execution of policy initiatives. The ability of institutions to collaborate with stakeholders also significantly affects policy impact. Effective collaboration with civil society, private sector actors, and community groups enhances the relevance and acceptability of public policies. Institutions with strong collaborative capacity are better able to integrate diverse perspectives, mobilize additional resources, and ensure that policies reflect local needs. In contrast, institutions lacking collaborative mechanisms often face resistance, misalignment of interests, and poor program uptake, all of which

diminish policy outcomes. Thus, stakeholder engagement is a vital component of institutional capacity that directly shapes policy success (Setiawan et al., 2023)

Ultimately, the influence of institutional capacity on policy impact underscores the importance of strengthening public sector capability as a prerequisite for effective governance. Policies can only produce substantial societal benefits when institutions possess the structural, financial, and human resources needed to carry them out effectively. Investments in institutional strengthening—through capacity-building initiatives, administrative reforms, and improved governance practices—are therefore essential for maximizing policy impact. Strengthening institutional capacity not only enhances the quality of policymaking but also contributes to improved community welfare and reduced disparities across regions.

### **The Role of Governance in Policy Effectiveness**

Governance plays a fundamental role in determining the effectiveness of public policy because it encompasses the principles, norms, and institutional mechanisms that govern how policies are formulated, implemented, and evaluated. Good governance minimizes the potential for abuse of authority and ensures that the policy process is transparent, accountable, and oriented toward the public interest. A strong governance structure enables the policy formulation process to rely on valid data, objective analysis, and consistent administrative procedures, thereby increasing the likelihood of policy success. A crucial component of governance is transparency, which ensures that the public and stakeholders can oversee the decision-making process. Transparency encourages the government to openly present information, including on policy objectives, budget mechanisms, and implementation results. This not only enhances accountability but also helps prevent corruption and administrative irregularities. Transparency also strengthens policy legitimacy, as the public understands the rationale behind a decision and can assess its suitability to their needs (Priyono et al., 2020).

Accountability is another pillar determining policy effectiveness. Local governments or public institutions with strong accountability mechanisms are better able to be held accountable for every stage of policy implementation. A clear evaluation, audit, and reporting system enables early detection of policy failures and provides space for corrections. When accountability is effective, policy implementation is more controlled, targeted, and sustainable. Conversely, the absence of accountability raises the risk of incomplete policies or policies that do not align with development targets. Public participation in governance also significantly influences policy effectiveness. The involvement of communities, academics, and the private sector in the policy formulation process ensures that government decisions accommodate diverse perspectives and needs. Public participation can improve policy quality through input based on local experience, enhance a sense of ownership, and strengthen public support for implementation. Without participation, policies have the potential to be irrelevant or unresponsive to the problems faced by the community (Gough, 2014).

Finally, governance influences the adaptability and ability of institutions to respond to change. In a dynamic social and economic environment, effective policies require monitoring and evaluation mechanisms that enable rapid and measurable adjustments. Governments with strong governance are able to identify new challenges, assess the effectiveness of ongoing interventions, and revise policies based on empirical evidence. Thus, governance serves as a foundation that not only supports policy effectiveness in the initial stages but also ensures its long-term sustainability (Safrida et al., 2022).

### **Level of Public Participation in Policy Formulation**

Public participation is a critical component of democratic governance and significantly influences the quality of policy formulation. Levels of participation vary widely, ranging from passive information sharing to full citizen empowerment in decision-making. In many contexts, participation is still limited to formal mechanisms, such as public hearings or consultations, which often fail to fully capture the diversity of societal needs. When public involvement remains superficial, policy decisions tend to reflect the perspectives of a limited group, potentially overlooking marginalized populations. Therefore, meaningful participation requires mechanisms that are inclusive, accessible, and capable of facilitating genuine dialogue between government and citizens (Putera et al., 2023).

At the lowest level of the participation spectrum, citizens are merely informed about policies after they have been drafted. This level ensures transparency but provides no opportunity for people to shape policy direction. While information dissemination is important, it lacks the collaborative elements necessary to improve policy relevance. Moreover, one-way communication reinforces a top-down decision-making process that may reduce public trust. In such cases, the public is treated as passive recipients rather than active policy actors, limiting the potential impact of participation on policy effectiveness. Higher levels of participation include consultation, where citizens are invited to provide feedback on policy proposals. Mechanisms such as surveys, public forums, and community meetings allow the government to gather inputs on key issues. However, the quality of consultation depends heavily on whether feedback is genuinely considered in the final decision. Often, consultations are conducted only to fulfill regulatory requirements, resulting in tokenistic participation. When consultations are performed meaningfully, they help policymakers understand diverse perspectives, identify local priorities, and anticipate implementation barriers (Mendy, 2024).

At the upper end of the participation continuum lies collaborative engagement, where citizens work jointly with government officials throughout the policy cycle. This level involves co-creation and shared responsibility in identifying problems, determining priorities, and designing interventions. Collaborative participation enhances policy legitimacy, promotes social accountability, and strengthens the effectiveness of implemented programs. Regions that adopt collaborative models often demonstrate better alignment between policy objectives and community needs, leading to improved development outcomes and higher public satisfaction (Gough, 2014). The most advanced level of participation is empowerment, in which citizens have direct influence over policy decisions through mechanisms such as participatory budgeting, community-driven development, and citizen oversight committees. Empowerment fosters strong ownership of policies, reduces resistance during implementation, and enhances sustainability. However, achieving this level requires robust institutional frameworks, equitable access to information, and high levels of public capacity. Without these prerequisites, empowerment may be dominated by elite groups, undermining the inclusivity that participation seeks to promote. Overall, the level of public participation directly affects policy relevance, legitimacy, and long-term impact, making it a key determinant of policy formulation quality (Sulastri & Hafid, 2020).

## Conclusion

This study concludes that the quality of public policy formulation in the era of regional autonomy is highly dependent on institutional capacity, governance, and the level of public participation. Local governments with strong institutional capacity—including human resource competency, fiscal adequacy, and policy analysis skills—tend to formulate policies that are more responsive, evidence-based, and relevant to local needs. Conversely, regions with low capacity often produce non-strategic policies, making them less able to improve the quality of public services and socio-economic development. These findings demonstrate that disparities in institutional capacity

between regions are a major cause of inequality in public welfare within a decentralization framework.

Furthermore, this study confirms that governance and public participation have a significant influence on policy effectiveness and its impact on public welfare. Regions that implement good governance principles—such as transparency, accountability, and substantial participation—have been shown to be more capable of implementing policies optimally and achieving better development outcomes. Meaningful public participation also enhances the legitimacy and sustainability of policies. Therefore, to narrow the welfare gap between regions, it is necessary to strengthen institutional capacity, improve governance, and expand inclusive public participation mechanisms at every stage of policy formulation.

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