

The Effectiveness of Regional Innovation Policies in Increasing Local Government Innovation: A Study on the Regional Innovation Index Program

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Abstract.

This study aims to analyze the effectiveness of the Regional Innovation Index (Indeks Inovasi Daerah/IID) policy managed by the Regional Policy Strategy Agency (Badan Strategi Kebijakan Dalam Negeri/BSKDN) of the Ministry of Home Affairs in encouraging regional government innovation in Indonesia. Using a qualitative descriptive approach with data collection techniques of in-depth interviews with eight key informants (BSKDN officials and regional government representatives), observation, and documentation study, this research applies the policy effectiveness framework of Subarsono covering four dimensions: input, process, output, and outcome. The results show that from the policy design perspective, the IID has a strong regulatory framework (Law No. 23/2014, Government Regulation No. 38/2017, Minister of Home Affairs Regulation No. 104/2023), structured assessment indicators, and an award mechanism (Innovative Government Award/IGA) that functions as an effective non-fiscal incentive. In the process aspect, implementation runs systematically through the stages of data collection, verification, validation, assessment, and publication of results. However, the effectiveness of the IID is still hindered by three main factors: (1) disparities in human resource and institutional capacity across regions, (2) inequality in budget support, (3) dominance of administrative compliance orientation over innovation substance. Consequently, although quantitative output has increased dramatically (from 576 innovations in 2017 to 31,719 innovations in 2024 with 529 out of 546 regions participating), substantive outcomes such as improved public service quality and innovation sustainability have not been optimal. This study recommends strengthening quality assurance mechanisms, developing an innovation impact evaluation system, and reinforcing the inter-regional innovation learning ecosystem.

Keywords: Policy effectiveness, Regional Innovation Index, regional government innovation, BSKDN and governance.

I. INTRODUCTION

Background

Bureaucratic transformation in the digital era demands governance that is not only efficient but also innovative. Public sector innovation has become an unavoidable global agenda, as emphasized by Hartley [1] that innovation in governance is not merely technical modernization but a fundamental change in how governments create public value. In Indonesia, the spirit of government innovation has a constitutional foundation through the 1945 Constitution and is further strengthened by Law Number 23 of 2014 concerning Regional Government, which mandates the central government to assess and award regional innovations.

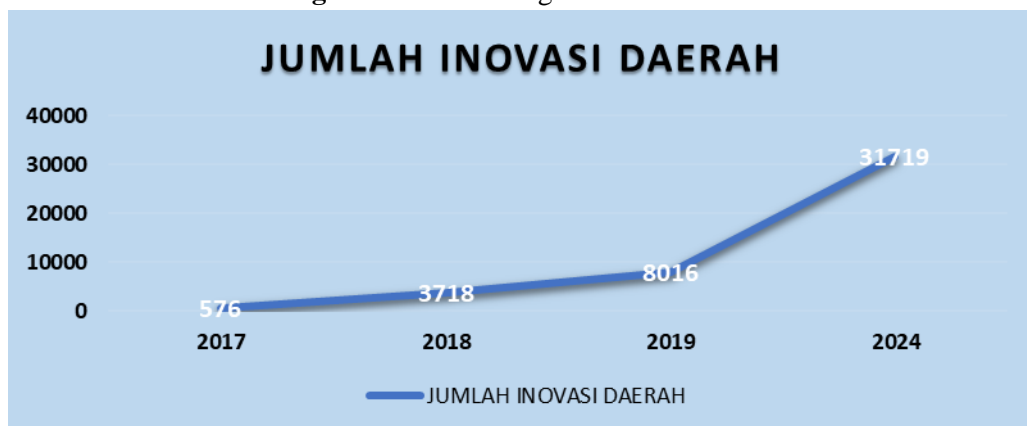
In the context of decentralization, regional governments have broad authority to manage governmental affairs according to the principle of regional autonomy [2]. This

authority opens space for creativity while demanding great responsibility in providing quality public services. Regional innovation becomes a strategic instrument to accelerate the achievement of development goals, increase regional competitiveness, and ultimately contribute to national competitiveness [3].

However, Indonesia's innovation achievements at the global level still require improvement. The Global Innovation Index 2024 released by the World Intellectual Property Organization (WIPO) ranks Indonesia 54th out of 133 countries. Although this is an improvement from 61st place in 2023, this position still lags behind Asian countries such as Singapore (4th), South Korea (6th), China (11th), Japan (13th), and Hong Kong (18th). In the ASEAN region, Indonesia is below Singapore, Malaysia, Thailand, and Vietnam [4]. This fact confirms that Indonesia's challenge is not only in increasing the quantity of innovation but also in strengthening the quality, sustainability, and systemic impact of innovation on national development.

In a decentralized system, national innovation performance heavily depends on the innovation capacity of regional governments. Regional governments as the frontline of public service delivery are required to become the main actors in creating contextual innovations according to local characteristics [5]. Regional innovation must be directed at three main targets: improving the quality of public services to be faster, cheaper, and more transparent; strengthening accountable and performance-based governance; and increasing regional economic competitiveness [6].

Fig. 1. Number of Regional Innovations



Source: Data processed by the author, 2025

To encourage this, the Ministry of Home Affairs through the Regional Policy Strategy Agency (BSKDN) developed the Regional Innovation Index (IID) as an instrument for measuring the innovation performance of regional governments. The IID functions as a quantitative and qualitative measurement tool and serves as the basis for awarding the Innovative Government Award (IGA). This instrument is expected not only to capture innovation achievements but also to become a catalyst for changing bureaucratic behavior towards a more adaptive and responsive government [7].

Data from BSKDN shows an increase in participation and the number of reported innovations: in 2017 there were only 576 innovations from a small number of regions, soaring to 31,719 innovations in 2024 with the participation of 529 out of 546 regional governments. However, behind these positive numbers, there are fundamental problems. The majority of innovations (more than 90%) are at the implementation stage, while the initiative and trial stages are very low. This indicates that innovation tends to have become a fixed policy, not a process of continuous renewal. Furthermore, there are still regional disparities, especially in underdeveloped, frontier, and outermost (3T) regions that have capacity limitations.

More critically, the orientation of innovation reporting is still dominated by administrative compliance, not the drive for substantive change. Many innovations are developed merely to meet IID indicators, not as solutions to real public problems. This phenomenon indicates a gap between good policy design and field implementation, as well as between increased quantity and quality of innovation.

Based on these gaps, this research focuses on answering three main questions: (1) How effective is the IID policy in enhancing regional government innovation? (2) What are the supporting and inhibiting factors in IID implementation at the regional level? (3) What efforts are made by BSKDN to improve the utilization of IID for strengthening regional innovation?

Literature Review

Innovation in the public sector is defined by Damanpour [8] as a new product, service, process, system, structure, or plan adopted by public organizations. Rogers [9] in his diffusion of innovations theory emphasizes five characteristics of innovation: relative advantage, compatibility, complexity, trialability, and observability. In the context of regional government in Indonesia, Government Regulation Number 38 of 2017 specifically defines regional innovation as breakthroughs in service types, methods, or work processes that improve efficiency, effectiveness, service quality, and do not create conflicts of interest.

Previous research on regional innovation in Indonesia has mostly focused on technology-based public service innovation at the service unit level [10]–[12]. These studies generally use Rogers' diffusion of innovation theory or Kalvet's e-government success factors. This research differs because it analyzes innovation policy at the macro level (regional innovation index as a national policy instrument) and uses a more comprehensive policy effectiveness theory.

Subarsono [13] defines public policy effectiveness as the extent to which policy implementation achieves predetermined goals. The four dimensions of effectiveness measurement according to Subarsono include: (1) input (resources, regulations, institutions), (2) process (implementation mechanisms, coordination), (3) output (direct policy results), and (4) outcome (impact on the target system). This framework accommodates assessment not only of final results but also of implementation quality.

This theory is relevant for assessing IID because the policy has dual goals: as a measurement tool and as a development instrument. Effectiveness is not sufficiently measured by the increase in the number of innovations but also by changes in bureaucratic behavior and improvement of governance [14].

The IID is a public policy instrument designed to assess, encourage, and direct the innovation performance of regional governments. This instrument contains indicators covering institutional aspects (Regional Government Unit/SPD) and innovation aspects (Regional Innovation Unit/SID) with a larger SID weight (74.8%). Assessment results are converted to a scale of 0-100 and categorized as Very Innovative (65.01-100), Innovative (40.01-65.00), Less Innovative (0.01-40.00), and Cannot Be Assessed (0) [15].

As a policy, the IID functions not only evaluatively but also stimulatively and as a control mechanism. The setting of indicators and evaluation mechanisms is intended to shape the mindset and culture of innovation in regional governance. This research positions the IID as an object of public policy evaluation, not merely an administrative system.

Table 1. Cluster-Based Term Mapping

Cluster	Items
1	Regional Innovation Index, Policy effectiveness, Efficiency, Local government, Regional innovation
2	Public sector innovation, Kebijakan publik, Value, Increase (improvement)
3	BSKDN, Public administration

Source : VOSviewer, 2025

II. METHODS

This research uses a qualitative approach with a descriptive method. The qualitative approach was chosen because the research aims to understand the phenomenon of policy effectiveness in-depth, holistically, and contextually [16]. The descriptive method is used to systematically describe the facts and characteristics of IID implementation based on empirical field data [17].

The research was conducted at the Regional Policy Strategy Agency (BSKDN) of the Ministry of Home Affairs, Jakarta, as the agency managing the IID Program. Location selection was based on the consideration that BSKDN has the authority and most comprehensive access to information regarding regional innovation policy.

Informants were selected using purposive sampling technique [18], namely deliberately choosing individuals who have knowledge, experience, and significant roles in IID implementation. Informant criteria included: (a) directly involved in the formulation or implementation of IID policy, (b) having a strategic position at BSKDN or regional government, (c) able to provide rich and in-depth information. Total informants numbered 8 people, consisting of: Head of the Center for Policy Strategy for HR Development, Government Digitalization, and Domestic Government

Innovation (1 person); Madya Expert Policy Analysts (2 people); Muda Expert Policy Analyst (1 person); Pertama Expert Policy Analyst (1 person); representatives of regional governments from Tanjung Jabung Timur Regency, Balikpapan City, and Cimahi City (3 people).

Data collection was conducted through three techniques:

In-depth interviews used a semi-structured guide. Interviews took place between April-May 2026, each session lasting 60-120 minutes, recorded with informant permission, and transcribed verbatim. Questions covered informants' perceptions of policy design, implementation processes, achievements, obstacles, and efforts to improve IID.

Observation was conducted at the BSKDN work environment to directly observe the data verification process, coordination meetings, and interactions between work units related to IID. Observation was non-participative with a focus on work procedures, use of digital systems, and communication dynamics.

Documentation study included collecting primary documents (laws and regulations, IID technical guidelines, ministerial decrees, annual IID reports) and secondary documents (regional innovation statistical data, related scientific publications, official news). Documents were analyzed to complement and verify interview findings.

Data analysis followed the interactive model of Miles, Huberman, and Saldaña [19] consisting of three flows: data reduction, data display, and conclusion drawing/verification. Data reduction was conducted through selection, simplification, and coding of raw data into thematic analysis units. Data display was presented in matrices, narratives, and flowcharts to facilitate interpretation. Conclusions were drawn iteratively, constantly verified with new data until saturation was reached.

Data validity was ensured through source triangulation (comparing information from various informants) and technique triangulation (comparing interview, observation, and documentation data) [20]. In addition, member checking was conducted by reconfirming summarized interview results to informants to ensure accuracy of interpretation.

III. RESULT AND DISCUSSION

Overview of the Regional Innovation Index Policy

The IID is a policy instrument operationalized by BSKDN since 2017. Its legal foundations include Law No. 23/2014 (Articles 388 paragraphs 9 and 11) which mandates the central government to assess and reward regional innovation, Government Regulation No. 38/2017 regulating regional innovation governance, and Minister of Home Affairs Regulation No. 104/2023 serving as technical guidelines for assessment.

The IID assessment method combines two components: the Regional Government Unit (SPD) with a weight of 25.2% measuring institutional aspects (3

variables, 15 indicators), and the Regional Innovation Unit (SID) with a weight of 74.8% measuring innovation aspects (5 variables, 20 substantive indicators + 1 indicator for number of innovations). The maximum total score of 250 is converted to a scale of 0-100. Regions with scores >65 are categorized as "Very Innovative" and eligible to receive the IGA.

Since its launch, the IID has shown an increasing trend in participation and number of innovations. 2017: 576 innovations, 2018: 3,718, 2019: 8,016, 2020: 12,400, 2021: 18,230, 2022: 22,450, 2023: 27,111, and 2024: 31,719 innovations. Regional participation increased from 188 regions (2018) to 529 regions (2024) out of 546 total. However, the distribution of innovation between eastern and western regions remains uneven, with Papua, West Papua, Maluku, and East Nusa Tenggara consistently in the lower group.

3.2 IID Effectiveness: Analysis of Input, Process, Output, Outcome Dimensions

From the regulatory aspect, the IID has a strong and comprehensive legal foundation. The Head of the BSKDN Policy Strategy Center stated: *"The IID is positioned as a national policy instrument that not only functions to capture the level of regional innovation but also as a driver of innovation performance improvement itself."* This regulatory clarity is an important foundation for policy implementation.

However, normative clarity does not fully align with ease of implementation. A Madya Expert Policy Analyst acknowledged: *"Conceptually, the policy has been formulated quite clearly. But at the implementation level, there are still several aspects that need to be simplified to be more easily understood and applied by regional governments."* This shows a design-implementation gap exacerbated by the diversity of regional capacities. The gap becomes more visible when examining how different regions interpret the same regulatory language. For example, the requirement to report "minimum four innovations per regional apparatus" was understood by some regions as a mandatory target to be met at any cost, while other regions interpreted it as a guideline to encourage creativity. This interpretive flexibility, while not inherently negative, creates inconsistencies in implementation quality.

From the HR side, BSKDN has technically competent personnel, but their number is limited (total 243 employees) to serve 546 regions. HR competence across regions is also uneven. Another Madya Expert Policy Analyst affirmed: *"Apparatus competence is basically available, but its distribution is uneven across regions. Some regions have been able to run programs optimally, while others still face capacity limitations."* A representative from Balikpapan City illustrated the technical obstacles: *"The obstacle is usually with the HR inputting data. Sometimes because their tasks are many, the input process becomes late or less than optimal. As a result, the innovation maturity score that should be good becomes not maximal due to administrative factors."*

Institutional support for innovation across regions also varies. Some regions, such as Tanjung Jabung Timur Regency, have built internal regulations (Regent

Regulation) mandating every regional device to create at least four innovations. Conversely, other regions do not yet have a dedicated innovation management unit. Budget support is another crucial factor. Although there is a view that innovation does not always require a large budget—as stated by a representative from Tanjung Jabung Timur: *"Innovation can be born from existing programs and activities"*—in practice, regions with greater fiscal capacity tend to be more capable of developing sustainable innovation. A representative from Cimahi City noted: *"The budget has indeed decreased a lot, but we are still relatively larger compared to several other regions."*

The input dimension also reveals a structural paradox: regions that already have strong institutional capacity and budget allocation tend to receive more attention from BSKDN because they are easier to assist and produce better scores. Meanwhile, regions with the greatest need for capacity building are often left behind due to logistical challenges and limited BSKDN resources. This creates a Matthew effect in policy implementation, where the already-capable regions become more capable, and the less-capable regions struggle to catch up.

Overall, the input dimension shows strength in regulatory and policy design aspects, but weakness in the equitable distribution of HR capacity, institutions, and budget support. This aligns with Subarsono's theory [13] that adequate input is a prerequisite for effectiveness, but uneven resource readiness can hinder implementation.

The IID implementation process is designed to be tiered and systematic: (1) collection of innovation data by regional governments through a digital system, (2) administrative and substantive verification by the BSKDN team, (3) validation and assessment based on indicators, (4) determination of scores, rankings, and categories, (5) publication of results and awarding of IGA. A Madya Expert Policy Analyst explained: *"The process is relatively long because each stage is designed to ensure the validity and accuracy of the data used, so that the assessment results can be accounted for."*

However, in practice, the quality of data submitted by regions varies greatly. The Head of Center acknowledged: *"The quality of data submitted by regions still shows variation, thus affecting the consistency and accuracy of the assessment results."* A representative from Balikpapan City added: *"The obstacle is the completeness of evidence. Innovation is actually already running in the regional device, but in terms of documentation, it still needs assistance."*

Coordination between BSKDN and regions is conducted through socialization, technical guidance, communication forums, and direct assistance. However, the intensity is not evenly distributed. BSKDN's resource limitations mean that certain regions, especially those geographically distant, receive less assistance. More intensive guidance tends to be given to regions that already have good initial capacity, while those most in need are less reached. The annual cycle of IID also creates a "reporting season" phenomenon: regions become very active in the months leading to the

submission deadline, but their engagement drops significantly afterward. This episodic rather than continuous engagement undermines the developmental intent of the policy.

One of the most significant findings is the dominance of administrative compliance orientation over innovation substance. A Pertama Expert Policy Analyst revealed: *"Many regions still tend to focus on fulfilling data completeness rather than on the substance and quality of reported innovations, so the essence of innovation measurement has not been fully achieved."* A representative from Cimahi City criticized more sharply: *"Often in innovation competitions or measurements, what is prioritized is the administrative aspect. In the end, when they have to complete the administration, they are forced to do various things to make the documents complete. Whereas the community doesn't really care about that administrative aspect."*

This phenomenon indicates "goal displacement," where indicators that should be a means to achieve the ultimate goal (improving service quality) become the goal itself. Regions tend to innovate to meet reporting formats, not to solve public problems. This is reinforced by data showing that more than 90% of innovations are at the "implementation" stage (already a fixed policy) and very few at the "trial" or "initiative" stage, indicating low experimentation and learning in innovation. In policy learning theory, experimentation and failure tolerance are essential for genuine innovation, but the IID's current design penalizes failure by not recognizing trial-stage innovations adequately.

Transparency has been pursued through national publication of IID results, but regional understanding of the assessment methodology remains limited. Consequently, many regions do not understand why their scores are low, and improvement efforts become less directed. The digital system, while helpful, still presents technical challenges, especially for regions with limited internet infrastructure.

The IID policy output shows impressive quantitative achievements. The number of innovations increased more than 55 times in 7 years. Regional participation reached 96.9% in 2024. The average national IID score also increased from 22.4 (2018) to 41.2 (2024). Several regions managed to make significant leaps, for example, Mamuju Regency from a score of 20.70 (2023) to 44.69 (2024). A Muda Expert Policy Analyst stated: *"There has been a significant increase in the number of innovations reported by regions, reflecting the increasing attention and participation of regional governments in encouraging innovation practices."*

Furthermore, the IID has produced derivative policy products in many regions. Tanjung Jabung Timur Regency, for example, issued a Regent Regulation mandating every regional device to create at least four innovations. Balikpapan City is in the process of drafting a Regional Regulation on Innovation, whose academic manuscript has been completed. This shows that the IID has succeeded in encouraging the institutionalization of innovation in regional government systems. The existence of these derivative regulations indicates a cascading effect of policy implementation: national policy stimulates regional regulation, which in turn shapes local behavior.

The IGA award is also a motivating output. Since 2018, awards have been given to dozens of regions in the Very Innovative category. Although non-fiscal, the IGA has proven to increase regional reputation and become a source of pride for regional heads and apparatus. The award ceremony, widely covered in local and national media, creates positive publicity that regional governments value as political capital.

However, these quantitative achievements conceal quality problems. A Pertama Expert Policy Analyst affirmed: *"Quantitatively, there is an increase in the number of reported innovations, but in terms of quality, not all of these innovations show a real impact on improving performance and public services in the regions."* Even, *"there are still a number of innovations that tend to be developed only to meet assessment needs, so they are not fully oriented towards sustainability and real impact on public services."*

Supporting data shows that out of 31,719 innovations in 2024, only about 4% were new innovations (initiative/trial stage), the rest were innovations already running and re-reported. This indicates that the increase in quantity is more due to improved reporting and documentation than to the creation of new substantive innovations. In other words, what the IID measures as "innovation" often includes routine activities that have been rebranded, not genuinely new practices. This distinction is critical: reporting an existing activity as an innovation does not generate new value for citizens.

Fig. 2. Regional Innovation Category

TAHUN	PROVINSI	KABUPATEN	KATEGORI INOVASI DAERAH	SCORE
2024	PAPUA	KABUPATEN MAMBERAMO RAYA	Tidak Dapat Dinilai	-
2024	PAPUA PEGUNUNGAN	KABUPATEN INDOHA	Tidak Dapat Dinilai	-
2024	PAPUA BARAT DAYA	KABUPATEN MAYBRAT	Tidak Dapat Dinilai	-
2024	PAPUA PEGUNUNGAN	KABUPATEN YAHUKIMO	Tidak Dapat Dinilai	-
2024	PAPUA	KABUPATEN WAROPEN	Tidak Dapat Dinilai	-
2024	PAPUA PEGUNUNGAN	KABUPATEN PEGUNUNGAN BINTANG	Tidak Dapat Dinilai	-
2024	PAPUA	KABUPATEN KEPULAUAN YAPEN	Tidak Dapat Dinilai	-
2024	PAPUA BARAT	KABUPATEN MANDOWARI	Tidak Dapat Dinilai	-
2024	PAPUA TEGAH	KABUPATEN PUNCAK	Tidak Dapat Dinilai	-
2024	PAPUA PEGUNUNGAN	KABUPATEN TOLIKARA	Tidak Dapat Dinilai	-
2024	PAPUA PEGUNUNGAN	KABUPATEN YALIMO	Tidak Dapat Dinilai	-
2024	PAPUA BARAT	KABUPATEN PEGUNUNGAN JERBAH	Tidak Dapat Dinilai	-

Figure 2 below presents the distribution of regional innovation categories based on the 2024 IID data, illustrating the proportion of governance innovations, public service innovations, and other types of regional innovations.

From the system side, the digital IID application is considered to facilitate the process, but still requires improvement. A Muda Expert Policy Analyst said: *"Generally, it is quite good, but further refinement is still needed so that its implementation becomes more optimal and on target."* Technical issues such as bugs, slow system during high traffic, and lack of analytical features for regions are common complaints.

The IID policy outcome—medium-term impact on behavior, culture, and performance of regional governments—shows mixed results. On one hand, the IID has

succeeded in encouraging positive change. A Madya Expert Policy Analyst stated: *"The IID encourages positive competition among regions in innovating, which is a quite significant change in the culture of regional governance."* The Head of Center added: *"Since the IID was implemented, there has been a quite significant increase in the awareness of regional governments to innovate, which can be seen from the increasing number of initiatives and innovation development efforts in various regions."*

Awareness of the importance of innovation is beginning to be internalized. Many regions that never documented innovation now have recording systems. Innovation is starting to be included in regional development planning documents (RPJMD) and performance reports (LAKIP). Some regions have even formed special bodies such as RIDA (Regional Research and Innovation Agency) in Cimahi City. This institutionalization of innovation functions represents a structural change that has the potential to outlast any single policy cycle.

However, this impact is not evenly distributed. The Head of Center acknowledged: *"The impact of IID implementation has begun to be seen, but its influence is still not evenly distributed across all regions, so there is variation in achievement levels between regions."* Regions with high initial capacity are advancing further, while disadvantaged regions are still struggling at the basic understanding stage. The innovation gap between regions potentially widens. This is a classic problem in performance-based policy instruments: they tend to benefit those who are already performing well, leaving behind those who need the most improvement.

Innovation sustainability is a serious problem. Many innovations are developed only to meet annual assessments, then abandoned after obtaining IGA or after a change of regional head. There is no mechanism to ensure that innovations are continuously maintained, developed, or replicated. A Madya Expert Policy Analyst admitted: *"The practice of innovation replication has begun to be seen in several regions, but this has not yet become a strong and consistent culture in regional governance."*

Innovation replication is still sporadic and depends on individual initiative. There is no structured learning system that allows regions with similar problems to adopt solutions that have proven successful in other regions. Consequently, each region tends to "reinvent the wheel," which is inefficient in terms of cost and time. Moreover, the lack of a formal replication mechanism means that successful innovations remain localized and do not generate broader public value.

The impact on the quality of public services—which should be the ultimate outcome—has not been systematically measured. Community satisfaction surveys have not been integrated with IID assessments. There is no national data linking high IID scores with increased community satisfaction index or decreased public complaints. This is a fundamental weakness because the effectiveness of innovation policy must ultimately be measured by the benefits felt by citizens, not merely by the number of innovation reports. In other words, the current IID measures *innovativeness* (the

capacity to produce innovation reports) rather than *innovation* (the actual improvement in public service delivery).

Supporting and Inhibiting Factors

First, the clarity of the IID policy framework and indicators provides measurable direction for regions. The detailed indicators (35 indicators) allow regions to know performance expectations. The transparent assessment formulation (combining SPD and SID) enables regions to calculate their potential scores independently. This clarity reduces ambiguity and uncertainty, which are common sources of implementation failure in public policy.

Second, standardized procedural systems create process certainty. The stages from data collection to publication of results are fixed and known to all regions. This reduces uncertainty and interpretation conflicts. Standardization also facilitates comparability across regions, which is essential for fair competition and national benchmarking.

Third, the IGA award mechanism as a non-fiscal incentive has proven effective in encouraging participation. Awards increase the motivation of regional apparatus, who often feel underappreciated in the hierarchical bureaucratic system. IGA also becomes political capital for regional heads to demonstrate innovation performance. In the Indonesian political context, where local elections create strong incentives for visible achievements, the IGA provides a tangible marker of success.

First, the gap in HR and institutional capacity across regions is the most serious structural obstacle. Disadvantaged regions not only lack the number of apparatus but also the quality of understanding of the innovation concept. Many apparatus in remote areas have never attended innovation management training or even do not understand the difference between innovation and routine activities. This capacity gap is compounded by high staff turnover, especially after regional elections, which erodes institutional memory.

Second, inequality in budget support. Wealthy regions (Java, Sumatra, Kalimantan) have fiscal space to develop innovation systems, recruit experts, and conduct comparative studies. Fiscal-poor regions (East Nusa Tenggara, Maluku, Papua) struggle to allocate budgets for daily operations, let alone for innovations considered "additional." Even when innovations are developed from existing program budgets, documentation and reporting require dedicated personnel and resources that many poor regions cannot afford.

Third, uneven guidance and assistance. With BSKDN's limited HR (only about 20 policy analysts handling IID for 546 regions), the intensity of assistance is highly unbalanced. Regions close to Jakarta or those with strong network access tend to receive more frequent assistance. Geographical distance and transportation costs further limit the reach of direct assistance. As a result, regions in eastern Indonesia receive significantly less face-to-face guidance than those in western Indonesia.

Fourth, the dominance of administrative compliance orientation erodes innovation substance. The excessive number of IID indicators (35 indicators) that tend to be procedural encourages regions to focus on "filling out forms" rather than "solving problems." Consequently, pseudo-innovation emerges: routine activities wrapped in new names and reported as innovations. This phenomenon is reinforced by the absence of verification mechanisms that distinguish genuine innovation from rebranded routine activities.

Improvement Efforts by BSKDN and Theoretical Implications

Facing these challenges, BSKDN undertakes various efforts. First, capacity strengthening through more massive technical guidance and socialization, including online training (webinars) and e-learning modules. Second, development of a more integrated digital IID system, with analytical dashboard features for regions to see their position in real-time. Third, need-based assistance, where regions with low scores receive more intensive assistance. Fourth, dissemination of best practices through publication of superior innovation compilation books and inter-regional sharing session forums. Fifth, awarding of IGA with continuously refined criteria to place more emphasis on impact and sustainability.

These efforts show that BSKDN not only acts as an evaluator but also as a facilitator and catalyst for change. However, the effectiveness of these efforts is still constrained by BSKDN's own budget and HR limitations. Without increased resource allocation for guidance, the capacity gap between regions will be difficult to overcome.

From a theoretical perspective, this study offers three contributions to the literature on policy effectiveness. First, it demonstrates that in the context of multi-level governance (central-regional relations), policy effectiveness is not solely determined by design quality but also by the capacity of subnational actors to interpret and implement policy. Second, the finding of administrative compliance orientation (goal displacement) suggests that performance-based policy instruments must be carefully designed to avoid incentivizing symbolic compliance over substantive achievement. Third, the Matthew effect observed in IID implementation highlights the need for progressive universalism in policy assistance: targeted support for low-capacity regions rather than uniform treatment.

These theoretical implications extend beyond the Indonesian case. Many developing countries with decentralized governance structures face similar challenges in implementing national innovation policies. The Indonesian experience with IID offers lessons about the importance of balancing standardization with contextual adaptation, and the risks of relying solely on quantitative indicators to drive behavioral change.

IV. CONCLUSION

This study concludes that the effectiveness of the Regional Innovation Index (IID) policy in enhancing regional government innovation is at a "fairly effective" level

with important caveats. From the policy design side (input), the IID has a strong regulatory framework, measurable indicators, and standardized procedures. From the process side, implementation runs systematically with clear stages. From the output side, quantitative achievements are very impressive: a more than 55-fold increase in the number of innovations and regional participation reaching 96.9% over 7 years.

However, from the outcome side—which is the highest measure of effectiveness—the IID has not been fully optimal. The impact on improving public service quality and innovation sustainability remains limited. There is a gap between quantity and quality improvement, as well as between administrative and substantive orientation. The main inhibiting factors are disparities in HR and institutional capacity across regions, budget inequality, and uneven guidance. The main supporting factors are clarity of the policy framework, standardization of procedures, and the award mechanism.

Thus, the IID has succeeded as a data collection instrument and an initial awareness raiser, but it still needs to be strengthened as an instrument for sustainable governance transformation. The policy has successfully created a nationwide conversation about innovation and has motivated many regions to document their practices. However, moving from documentation to transformation requires more fundamental changes in the policy design and implementation approach.

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