



SIGn Jurnal Hukum

E-ISSN: 2685 – 8606 || P-ISSN: 2685 – 8614

<https://jurnal.penerbitsign.com/index.php/sjh/article/view/v8n1-5>

Vol. 8 No. 1: April - September 2026

Published Online: April 10, 2026

Article Title

The Paradox of Decentralization in Local Innovation Governance: An Analysis of Vertical Regulatory Synchronization in Serdang Bedagai Regency

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How to cite:

Pangaribuan, T. A. R., & Rahmi, A. (2026). The Paradox of Decentralization in Local Innovation Governance: An Analysis of Vertical Regulatory Synchronization in Serdang Bedagai Regency. *SIGn Jurnal Hukum*, 8(1), 62-82. <https://doi.org/10.37276/sjh.v8i1.666>



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ABSTRACT

Legal certainty is a fundamental prerequisite for implementing decentralized governance, particularly to ensure protection for the apparatus in developing public service innovations. However, regulatory fragmentation often leads to overlapping authority and administrative uncertainty at the local level. This research aims to examine the legal certainty construction of innovation through a vertical synchronization test of Regulation Number 20 of 2021, and to evaluate its sociological implications on the fluctuation of regional innovation performance. This research employs a normative legal method calibrated with policy evaluation through statutory and conceptual approaches, and analyzes Regional Innovation Index data for the 2020 to 2025 period. The analysis results indicate that the Regent Regulation suffered multilayered substantive defects over time. In the initial formulation phase, the budget deprivation threat sanction for innovations deemed unsuccessful contradicted the apparatus protection principle under Law Number 23 of 2014. Furthermore, the local government has been found to have committed legislative omission by failing to amend the Regent Regulation to accommodate the updates to the institutionalization obligation and affirmative financing guarantees mandated following the promulgation of Ministerial Regulation Number 91 of 2021 and Governor Regulation Number 3 of 2022. Factual evidence confirms that this static and defective legal formulation triggered a climate of bureaucratic fear, resulting in a drastic decline in the regional innovation score in the first year of the regulation's implementation and subsequent stagnation. In conclusion, punitive innovation regulations that are unresponsive to hierarchical updates have degraded the essence of regional autonomy and created a governance paradox. Therefore, the revocation of the administrative sanction clause and the execution of the institutionalization amendment must be executed to restore a safe authorizing environment for experimental legislation.

Keywords: *Decentralization; Legal Certainty; Policy Institutionalization; Regional Innovation; Regulatory Synchronization.*

INTRODUCTION

Legal certainty is a fundamental principle in all state governance and public administration. An ideal legal order is not merely a collection of written texts but a hierarchical system of norms that binds and provides legitimacy for every action of the state apparatus (Kelsen, 2007). From a normative perspective, a regulation or policy issued by a state organ may lose validity if it contains formal or substantive defects arising from a contradiction with higher norms. This lack of synchronization can produce defective laws and create administrative uncertainty, thereby detrimentally affecting the exercise of public authority (Radbruch, 2006). Therefore, the principle of the hierarchy of norms requires that every legal instrument at the operational level strictly comply with and align with its umbrella legal instrument.

The principle of hierarchical legal validity is directly relevant to the implementation of Indonesia's decentralization system. The delegation of authority from the central government to local governments does not allow the regions to become independent sovereign entities. Decentralization is essentially a transformation effort from merely a division of administrative tasks to a participatory and adaptive local governance system (Cheema & Rondinelli, 2007; Faguet, 2014). During this governance transition, local governments are given a legal mandate to exercise discretion and

formulate operational guidelines at the local level. Nevertheless, all autonomous authorities remain absolutely bound to the framework of national legal certainty to prevent the abuse of authority and bureaucratic inefficiency.

The demand for such adaptive local governance culminates in the urgency of creating innovations in the public service sector. Government institutions in the modern era are required to transform into organizations that are responsive to society's dynamic needs by formulating new working procedures (Vigoda, 2002). Global expectations position public innovation no longer merely as an administrative discourse but as an institutional instrument to create tangible benefits for the public (Crosby et al., 2017). By operationalizing innovation, local government administrators are obligated to simplify bureaucracy and continuously improve the quality of public services.

Academic discourse regarding the dynamics of innovation in the public sector has received extensive attention in global literature. Previous studies tend to analyze innovation exclusively from the perspective of organizational management and process administration. The majority of research focuses on identifying the driving variables of policy innovation, the cultural obstacles within the bureaucracy, and the mechanisms for interdepartmental program adoption (Osborne & Brown, 2011; Walker, 2014; Torugsa & Arundel, 2016). This public management approach indeed succeeds in untangling technical obstacles in the field. However, the literature tends to ignore the most fundamental prerequisite for the state civil apparatus in exercising discretion, namely the availability of a regulatory framework for experimentation protection that is free from the threat of bureaucratic sanctions.

This lack of focus on the legal framework becomes a highly critical anomaly when confronted with the dynamics of Indonesia's decentralization regime. A review of recent local legal literature shows that the current stagnation of regional autonomy is rooted in high levels of regulatory fragmentation and policy disharmony across levels of government (Anwar et al., 2024; Jayuska et al., 2025; Triwahyuningsih et al., 2025). A governance paradox occurs when the regulatory hierarchy at the central level provides absolute protection for the bureaucracy to test new methods, yet the regional apparatus precisely formulates technical regulations that contradict each other and carry the threat of administrative sanctions. This fragmentation of normative content breeds a climate of fear at the operational execution level, where the apparatus chooses to avoid innovation to save the budgetary continuity of their organizations.

The phenomenon of substantive legal uncertainty is clearly evident in Serdang Bedagai Regency following the enactment of Regent Regulation Number 20 of 2021¹.

¹Serdang Bedagai Regent Regulation Number 20 of 2021 on Innovation within the Serdang Bedagai Regency Government.

This Regent Regulation was formulated as an operational foundation for regional agencies in managing service renewal programs. However, the existence of this local instrument chronologically generated philosophical and structural defects. These defects do not solely originate from initial formulation errors that contradict the principle of apparatus protection but are also exacerbated by the passive attitude of the local government in maintaining legal harmonization. The Regent Regulation remained static, without any amendments, to address subsequent updates to the Ministerial and Provincial Regulations. This chronological synchronization defect in the operational instrument is believed to be the cause of implementative causality that triggers the decline and instability of government apparatus performance in the region.

This research aims to examine the legal certainty construction of local government innovation through a vertical-synchronization analysis of operational regulations in Serdang Bedagai Regency and the hierarchy of guiding norms at the ministerial and provincial levels. The normative review is then correlated to evaluate the sociological implications of administrative sanction loopholes and the void of institutional norms on the fluctuations in local innovation performance. By integrating legal analysis and factual evidence, this research aims to formulate theoretical arguments for a responsive, protection-oriented regulatory design for decentralization to ensure the sustainability of high-performing governance.

METHOD

This research constitutes normative legal research calibrated with the evaluation of governance policy implementation. The primary approaches combined encompass the statute approach and the conceptual approach (Qamar & Rezah, 2020). The statute approach is used to examine the sequence of regulations chronologically and to test the validity principle in the delegation of authority between the central and local governments. The conceptual approach is designed to develop a theoretical framework on the principle of apparatus legal protection, the urgency of policy institutionalization, and public sector innovation management. The combination of these two approaches positions local regulations not merely as static documents but as dynamic instruments tested for their destructive impacts on the governance ecosystem. The territorial scope is centered in Serdang Bedagai Regency as the epicenter of policy observation. The analytical timeframe is drawn specifically from 2020 to 2025 to record the bureaucratic stability conditions before and after the enactment of the operational legal framework in the region.

The unit of analysis in this examination is classified into testing regulatory instruments and a causality review of the Regional Innovation Index data (Sampara

& Husen, 2016). The primary legal materials rely on documents from the statutory regulatory hierarchy, from the central level to the regional operational level, which directly correlate with the innovation development design. These instruments encompass Law Number 23 of 2014², Government Regulation Number 38 of 2017³, Ministerial Regulation Number 104 of 2018⁴, Ministerial Regulation Number 91 of 2021⁵, and Governor Regulation Number 3 of 2022⁶. All these guiding norms are then compared with the normative content of Regent Regulation Number 20 of 2021, the implementing norm, by considering the promulgation dates of each instrument. Secondary legal materials in the form of literature, academic drafts, and previous research findings are integrated to sharpen the philosophical interpretation of the primary legal materials. Without using primary field data collection methods, this research draws on the Regional Innovation Index data published periodically by technical ministries as a factual projection of the Regent Regulation's impact on apparatus performance sustainability. All the legal materials and the Regional Innovation Index are analyzed prescriptively and qualitatively through three continuous technical stages (Irwansyah, 2020).

The analytical stages commence with the reconstruction of a comprehensive and chronologically sequenced regulatory hierarchy mapping to prove that the authority to formulate regional guidelines is bound by the dynamic delegation principle. The second stage executes a comparative vertical synchronization test by analyzing five substantive indicators in the normative content of the regent regulation. These five indicators encompass definition synchronization, fulfillment of absolute criteria, the obligation to institutionalize the cycle, the scope of the reward mechanism, and the philosophical contradiction between national legal protection and the formulation of local administrative sanctions. The third stage formulates a causal analysis by positioning the findings of initial defects and regulatory amendment negligence as causal variables for the fluctuation in the regional index score during the evaluative observation period. Through this operational structure, the research aims to develop a prescriptive conclusion on a responsive and appropriate regulatory design to support the transformation of regional public services.

²Law Number 23 of 2014 on Local Government, as amended several times, lastly by Article 176 of Law Number 6 of 2023.

³Government Regulation Number 38 of 2017 on Regional Innovation.

⁴Minister of Internal Affairs Regulation Number 104 of 2018 on the Assessment and Granting of Awards and/or Incentives for Regional Innovation.

⁵Minister of State Apparatus Empowerment and Bureaucratic Reform Regulation Number 91 of 2021 on Public Service Innovation Development.

⁶North Sumatera Governor Regulation Number 3 of 2022 on the Implementation of Regional Innovation.

RESULTS AND DISCUSSION

A. Reconstruction of the Hierarchy of Norms and Regional Innovation Authority

Legal certainty in the administration of government cannot be separated from the concept of the continuous validity of authority delegation. In analyzing the regional innovation regulatory framework, the most relevant theoretical approach is the doctrine of norm hierarchy. The legal order binding a state is not a sociological entity standing in parallel but rather a hierarchical pyramid construction where lower-level norms must obtain their validity from the formative norms at a higher level (Kelsen, 2007). The logical consequence of this doctrine is that local government authority in formulating innovative legal instruments is not a manifestation of absolute sovereignty. Such authority is a form of delegation of power from the central legal order, which requires absolute and dynamic vertical synchronization.

The urgency of this dynamic vertical synchronization becomes even more crucial given that constitutional and administrative legal instruments continually evolve. Legal products generated at the regional level may create administrative uncertainty if their normative content conflicts with national policy updates. Substantially unaligned laws can be categorized as defective laws, thereby ultimately reducing protection for the state apparatus itself (Radbruch, 2006). In the context of daily governance implementation, legal certainty is not limited to the formal availability of regulatory documents at the time of promulgation. Furthermore, legal certainty demands regional legislative proactivity to continuously update information on rights, obligations, protections, and the boundaries of discretion as new guiding norms emerge (Ramadhani, 2018). Therefore, the first step in testing the legal certainty of regional innovation is to reconstruct the chain of its formative authority in chronological order.

By tracking the primary legal instruments governing public sector innovation, a multilevel regulatory structure emerges. This chain of authority delegation stretches from the national legal-political level to the operational technical level at the regency level. The comprehensive mapping of the norm hierarchy, along with its promulgation time, is shown in Table 1 below.

Table 1. Reconstruction of the Regional Innovation Regulatory Norm Hierarchy

Hierarchy Level	Innovation Indicator	Primary Legal Instrument	Regulatory Characteristics and Functions
National	Legal Politics and Mandator	Law Number 23 of 2014. Promulgated October 2, 2014.	Provides the delegation foundation in Article 388 and absolute protection from criminal prosecution in Article 389 for the state civil apparatus.
	Main Umbrella and Basic Design	Government Regulation Number 38 of 2017. Promulgated September 15, 2017.	Elaborates on the statutory mandate by stipulating five basic criteria in Article 6 and delegates the formulation of internal procedures in Article 20.
	Performance Assessment Technicalities	Ministerial Regulation Number 104 of 2018. Promulgated December 7, 2018.	Operationalizes the measurement of the Regional Innovation Index instrument in Article 10 and the reward mechanism from Article 15 to Article 17.
	Development Technical Update	Ministerial Regulation Number 91 of 2021. Promulgated December 31, 2021.	Stipulates sustainability criteria updates in Article 3 and the transition obligation toward permanent institutionalization in Article 4 and Article 8.
Provincial	Regional Harmonization Update	Governor Regulation Number 3 of 2022. Promulgated February 7, 2022.	Mandates innovation sustainability guarantees through the integration of minimum financing priorities for up to two years as mandated by Article 9 and Article 11.
Regency	Implementation and Test Epicenter	Regent Regulation Number 20 of 2021. Promulgated June 2, 2021.	Acts as the implementing regulation at the regency level that absorbs the delegation to translate the bureaucratic procedures of regional agencies.

Source: *Primary Legal Materials*, 2026.

Referring to Table 1, it is systematically visible that the regional innovation ecosystem is not only hierarchically complex but also chronologically dynamic. Article 388 section (6) of Law Number 23 of 2014 explicitly delegates the authority for innovation formulation. More fundamentally, Article 389 of this Law provides a guarantee of protection, asserting that the state apparatus cannot be criminally prosecuted for failing to achieve innovation targets. This protection guarantee from the legislator represents the philosophical foundation of national law that favors the courage of the apparatus to initiate renewals without being haunted by fear.

Based on this chronology, Regent Regulation Number 20 of 2021, promulgated in June 2021, bears multilayered juridical responsibilities throughout its course. In the initial formulation phase, this technical guideline, mandated to be formulated by Article 20 section (2) of Government Regulation Number 38 of 2017, is subject to and obligated not to contain sanction formulations that contradict the apparatus protection philosophy embodied in Law Number 23 of 2014.

Furthermore, this legal architecture experienced massive development when the central and provincial governments issued related regulations. Ministerial

Regulation Number 91 of 2021 assumed a crucial role at the end of December 2021 by stipulating the obligation of institutionalization. This was immediately followed by Governor Regulation Number 3 of 2022 in early February 2022, which stipulated affirmative protection in the form of budgetary guarantees. The reality of this legal norm update requires every operational instrument beneath it to be responsive (Nirwan et al., 2025; Iqram et al., 2026).

Within the order of State Administrative Law, when a new and higher guiding norm emerges, the Regional Head possesses an inherent obligation to immediately execute an amendment or adjustment to the existing Regent Regulation (Zainuddin & Dewi, 2025). The sluggishness or failure of the Regional Head to amend the Regent Regulation Number 20 of 2021 to accommodate the expansion of the Ministerial and Gubernatorial mandates will certainly result in legislative omission. To prove the extent to which this instrument experienced article formulation defects from the outset as well as amendment negligence, a specific comparative examination is necessary to be executed in the subsequent analytical stage.

B. Vertical Synchronization Analysis: Legal Certainty Loopholes in the Serdang Bedagai Regent Regulation

The consequences of the normative hierarchy dynamics as elaborated in the previous section demand a direct material examination of operational instruments in the region based on their current valid legal status. Regent Regulation Number 20 of 2021 holds the juridical mandate to convert national innovation development policies into daily technical guidelines for the apparatus at the regency level. However, the validity of this Regent Regulation is highly vulnerable to chronological distortion. This distortion originates from normative formulation errors in its articles during the initial phase, as well as from negligence in implementing amendments after the promulgation of more recent vertical instruments.

The phenomenon of this lack of synchronization is a manifestation of systemic constraints in the implementation of decentralization and regional regulatory management. Various recent studies confirm that broad delegations of authority frequently breed policy disharmony, culminating in outdated regulatory fragmentation (Anwar et al., 2024; Jayuska et al., 2025; Triwahyuningsih et al., 2025). This fragmentation occurs when local governments allow their local instruments to remain lagging and unamended, so that their substantive provisions fail to meet the minimum standards mandated by legal updates at the central and provincial levels.

To objectively assess the extent of regulatory fragmentation, a comparative examination instrument is required. This examination dissects the anatomy of the normative content of Regent Regulation Number 20 of 2021 and confronts

it against a series of current vertical regulations. The extraction results of this comparative analysis yield five substantive testing indicators mapped structurally in Table 2.

Table 2. Vertical Synchronization Analysis of Innovation Regulations

Substantive Indicators	Vertical Regulations	Regent Regulation	Synchronization Status
Innovation Definition	Macro elaboration based on Law Number 23 of 2014 encompasses all forms of renewal. Technical updates based on Ministerial Regulation Number 91 of 2021 require breakthroughs, original ideas, as well as adaptation/modification.	Adopts the macro meaning (renewal) but ignores the operational technical meaning (adaptation/modification).	Asynchronous: Lagging.
Innovation Criteria	Based on Government Regulation Number 38 of 2017, stipulates five administrative criteria (authority, not burdensome, etc.). Updates based on Ministerial Regulation Number 91 of 2021 stipulate a sustainable innovation obligation.	Absorbs the initial administrative criteria but eliminates the absolute criteria regarding the “sustainable” obligation update.	Asynchronous: Substantive Defect.
Institutionalization Cycle	Based on Government Regulation Number 38 of 2017, regulates the trial execution mechanism. Updates based on Ministerial Regulation Number 91 of 2021 stipulate the obligation of permanent innovation institutionalization.	Only accommodates the trial administration mechanism without providing institutionalization transition guidelines.	Asynchronous: Vacuum of Norm.
Reward Mechanism	Based on Law Number 23 of 2014, regulates the central obligation to provide rewards. Ministerial-scale appreciation space exists based on the Updates of Ministerial Regulation Number 91 of 2021 and Ministerial Regulation Number 104 of 2018.	Only regulates an exclusively closed appreciation mechanism within the regency, reducing national reward integration.	Asynchronous: Authority Reduction.
Budgeting Scheme	Based on Law Number 23 of 2014, executing apparatus cannot be criminally prosecuted for innovation failure. Affirmative updates based on Governor Regulation Number 3 of 2022 mandate financing facilitation for a minimum of two years. An initial clause exists in Government Regulation Number 38 of 2017 regarding budget evaluation.	Fundamentally formulates a punitive sanction threat of budget deprivation if the innovation is deemed unsuccessful.	Asynchronous: Fatal Collision.

Source: Primary Legal Materials, 2026.

Based on Table 2, the construction of norm non-synchronization must be analyzed chronologically to precisely comprehend the locus of the article formulation failures committed by the local government. The first failure constitutes a fundamental defect since the initial formulation phase, discovered

in the fifth indicator regarding the budgeting scheme. At the time of drafting the regulation, the Regent disregarded the innovator protection principle in Article 389 of Law Number 23 of 2014, which prohibits criminal prosecution. Although releasing from criminal law does not mean eliminating administrative evaluation, Article 21 section (4) of Regent Regulation Number 20 of 2021 rigidly copied the provisions of Article 31 section (2) of Government Regulation Number 38 of 2017 by formulating punitive sanctions in the form of a threat of budget deprivation in the subsequent year for innovations deemed unsuccessful. This financial threat formulation has, from the outset, philosophically hindered the spirit of protection and the courage for bureaucratic experimentation.

The second failure represents a form of legislative omission post-promulgation, vividly reflected in the first, second, third, and a portion of the fifth indicators. The Regent Regulation was promulgated in June 2021. When the Ministry and Province issued updates to the development standards, the Regent failed to provide a legal response, allowing the normative content of the regulation to become outdated and failing to undertake any amendment efforts.

As a consequence of this reluctance to amend, Article 1 point 8 of Regent Regulation Number 20 of 2021 lost its capacity to absorb the expansion of the innovation definition in Article 1 point 5 of Ministerial Regulation Number 91 of 2021, which accommodates forms of adaptation or modification. Similarly, in the regulation of innovation criteria, the provisions of Article 6 of this Regent Regulation failed to accommodate the insertion of the absolute sustainability criteria mandated by Article 3 of the Ministerial Regulation. This Regent Regulation legally merely interprets innovation as non-visionary administrative projects.

More crucially, this amendment's negligence created a normative vacuum regarding the institutionalization cycle. Article 4 and Article 8 of Ministerial Regulation Number 91 of 2021 have prescriptively mandated the phases of creation, development, and culminating in permanent institutionalization realized through policy, institutional, and budgetary strengthening. Because it was not amended, the procedures in Articles 14 to 17 of Regent Regulation Number 20 of 2021 remain stagnant, limited to routine trial implementation, as inherited from Articles 16 to 18 of Government Regulation Number 38 of 2017. When the local government allows this transitional regulatory void, the sustainability of public services lacks a strong operational foundation (Taeihagh et al., 2021).

Structural defects also occur in the restriction of the reward mechanism. The provision of Article 19 of Regent Regulation Number 20 of 2021 reduces the authority of appreciation exclusively to the local government. This textual restriction closes the facilitation access for the apparatus to enter the national

stage, whose availability has actually been guaranteed through the Innovative Government Award (IGA) in Article 15 to Article 17 of Ministerial Regulation Number 104 of 2018, as well as the Public Service Innovation Competition (*Kompetisi Inovasi Pelayanan Publik or KIPP*) in Article 10 to Article 12 of Ministerial Regulation Number 91 of 2021.

The culmination of this amendment negligence causes the budget deprivation sanction in Article 21 section (4) of Regent Regulation Number 20 of 2021 to collide very fatally with the updating legal hierarchy above it. The threat of budget revocation due to failed innovation substantially contradicts Article 9 section (1) and section (2) as well as Article 11 of Governor Regulation Number 3 of 2022. The Governor Regulation precisely mandates affirmative protection in the form of an obligation for regional agencies to integrate sustainability guarantees into their financing priorities for up to 2 years after the innovation determination.

A static and punitive regulatory approach toward a public service experimentation failure reflects extremely poor policy governance. The public sector absolutely requires the application of experimental legislation, namely an instrument that tests innovations within an adaptive administrative protection framework over time, rather than an outdated legal instrument that threatens budget cuts (Dijck & Gestel, 2011). When legal instruments are used as instruments of threat and are never amended to align with new security principles, the Regional Head is tangibly suppressing the creative initiatives of their own apparatus.

A regulatory design that emphasizes internal sanctions and ignores the obligation to legislative harmonization ultimately produces a counterproductive innovation regime. Superior policy management demands the preparedness of regional legal apparatus to continuously implement updates to guarantee the freedom to create, rather than forcing pseudo-compliance driven by fear of losing institutional budgets (Wagner & Fain, 2018). Therefore, it can be concluded that the initial article formulation defect exacerbated by this amendment negligence has constructed a highly fragile legal certainty ecosystem, which is projected to have a tangible sociological impact on the decline of governance performance.

C. Implications of Substantive Legal Uncertainty on Performance Sustainability: Reading the Serdang Bedagai Regional Innovation Index Data (2020-2025)

The examination of the initial defects and amendment negligence in Regent Regulation Number 20 of 2021 cannot stop merely at the normative level. In a modern governance order, the success of a State Administrative Law product is measured by its implementation power and its impact on creating institutional performance stability. Therefore, the findings regarding norm fragmentation

and punitive sanctions in the Regent Regulation must be tested for their factual implications. A legal and representative testing parameter to measure this performance stability is the official assessment instrument issued under Ministerial Regulation Number 104 of 2018.

The Ministerial Regulation mandates the formulation of the Regional Innovation Index as an objective variable to record, evaluate, and map the sustainability level of governance renewal in each autonomous region. Based on this measurement instrument, the track record of innovation implementation performance within the Serdang Bedagai Regency Government before and after the enactment of Regent Regulation Number 20 of 2021 can be analyzed precisely. The fluctuations in these performance achievements are comprehensively presented in Table 3 below.

Table 3. Regional Innovation Index of Serdang Bedagai Regency from 2020 to 2025

Year	Index Score	Category
2020	50.00	Less Innovative
2021	27.00	Less Innovative
2022	45.65	Innovative
2023	49.50	Innovative
2024	45.04	Innovative
2025	49.35	Innovative

Source: Processed from Ministry of Internal Affairs Data, 2026.

An examination of the data in Table 3 reveals a sociological anomaly that directly correlates with the dynamics of establishing the region's operational legal framework. In 2020, before Regent Regulation Number 20 of 2021 was issued, Serdang Bedagai Regency recorded an initial score of 50.00. However, a drastic decline in administrative performance occurred in 2021, with the index score dropping to 27.00, its lowest level. This decline in almost half of the initial achievement occurred chronologically with the promulgation of the Regent Regulation. This correlation confirms the legal argumentation in the previous sub-chapter, where the existence of a regulation that inherently included administrative sanctions in the form of budget deprivation from the outset generated psychological shock and a climate of bureaucratic fear. Instead of being encouraged to create, the executing apparatus tended to halt all their experimental initiatives to save their agencies' budget allocations.

Entering the 2022 to 2025 period, local government performance indeed demonstrated a recovery with a status upgrade to the Innovative category. Nevertheless, the score movement over these four years shows a fluctuating

stagnation. The innovation score fluctuated between 45.04 and 49.50 and never re-achieved the initial threshold of 50.00. This achievement stagnation is a logical manifestation of the Regent's negligence in allowing the regent regulation to remain outdated. Since the end of 2021 and early 2022, Ministerial and Provincial-Level Regulations have mandated an institutional transition. Because the Regional Head was reluctant to amend the internal rules to accommodate the mandate, innovations born in Serdang Bedagai post-2022 remained constrained to the trial phase, without the certainty of a permanent policy transition, rendering them highly fragile and temporary.

This temporary innovation vulnerability becomes highly critical when combined with the realities of regional-level budget policy formulation. The absence of a Regent Regulation that explicitly mandates program institutionalization post-trial renders the innovation without a binding position in the regional planning structure. This condition makes every innovation program highly susceptible to being annulled or experiencing budget cuts by the regional legislature, especially when a leadership succession or a change in budget political direction occurs (Bardhan & Mookherjee, 2006; Muliadi et al., 2026). The apparatus initiating the innovation is forced to make personal efforts to maintain the program's financing allocation every year because the Regional Head's reluctance to amend the provision has thwarted the provision of definitive institutional guarantees.

Besides political vulnerability, the instability of this operational legal framework leads to dysfunction in the orientation of apparatus supervision at the regional level. Governance supervision, which should be directed toward ensuring public service benefits and fostering program sustainability, is precisely reduced to mere administrative compliance supervision to avoid the snare of internal sanctions. The Regent's failure to update the regulatory design will precisely cause the apparatus to work mechanically to fulfill procedural obligations (Smoke, 2015; Pade & Rasdianah, 2025). Consequently, the Innovation Index score recorded from 2022 to 2025 may not constitute a substantive service renewal, but rather a manifestation of paperwork compliance to avoid the budget deprivation punishment that continuously threatens the existence of their working units.

This causal link between the unamended Regent Regulation and fluctuating administrative performance results in losses for the overall decentralization agenda. Regional autonomy is designed to give local governments the flexibility to unleash regional potential dynamically, while remaining responsive to changes in vertical legal supremacy. However, if the local legal instrument is rigid, punitive, and lagging behind the latest vertical rules, the local government loses its primary foundation for facilitating community service needs (Rodden, 2004; Simatupang et al., 2025; Sulaiman et al., 2025). The instability of the Innovation Index in Serdang

Bedagai Regency demonstrates that governance acceleration at the operational level is constrained by the sluggish legislative formulation of its own elites.

This autonomy implementation performance data provides final validation for the juridical examination executed in the previous stage. Norm synchronization negligence no longer resides as a debate over promulgation time, but has manifested into tangible operational obstacles that detrimentally affect the continuity of government bureaucracy. This factual evidence leads the analysis toward a higher academic discourse regarding the extent to which amendment sluggishness and norm defects at the local level are capable of delegitimizing the essence of government decentralization. This governance paradox condition demands theoretical conclusions that reconnect the dynamism of the legal instrument hierarchy with the creation of tangible public value.

D. Discussion Synthesis: The Decentralization Paradox and Innovation Institutionalization

The series of normative analyses concerning the regulatory hierarchy amendment negligence and the factual evidence of performance instability in the previous section culminates in a conceptual governance anomaly. The failure of Regent Regulation Number 20 of 2021, both from the aspect of punitive initial formulation and from the local government's sluggishness in aligning the institutionalization mandate post-issuance of the updated regulations, proves that regional autonomy potentially yields counterproductive impacts. This phenomenon engenders a decentralization paradox, wherein the delegation of legislative authority at the local level aimed at accelerating renewal precisely produces stagnation due to the passive attitude of the Regent Regulation architecture itself. This legal paradox demands a theoretical synthesis to re-establish the correlation among the dynamism of institutional legality, the innovation ecosystem, and the fundamental objectives of state administration.

The fundamental cause of this governance paradox lies in the stagnation of the responsiveness of the apparatus that executes decentralization. Optimal delegation of regulatory authority from the central government to the regions will not be achieved if the regions lack the agility to revise outdated regulations. Governance administration in the contemporary era demands a fundamental transformation from mere administrative routines toward participatory, responsive, and dynamic local governance (Vigoda, 2002; Cheema & Rondinelli, 2007; Faguet, 2014). In the context of the Regent Regulation Number 20 of 2021 stagnation, the absence of an institutionalization clause initiative and the persistence of punitive sanctions indicate that local policymaking apparatuses are trapped in a static hierarchical paradigm. The Regional Head narrowly positions

innovation policy as an instrument of momentary compliance enforcement, rather than as a decentralization ecosystem that continuously lives and evolves to empower the executing apparatus.

The act of retaining the financial sanctions enforcement instrument constitutes a manifestation of local policymakers' failure to untangle the complexities of public sector renewal. Public innovation policy exhibits more rigid implementation characteristics than the corporate sector because it constantly confronts legal routines and bureaucratic cultural resistance (Osborne & Brown, 2011; Walker, 2014; Torugsa & Arundel, 2016). When regional regulations remain unsynchronized and continuously threaten budgetary deprivation for experimental failures, they directly strengthen the walls of structural rejection. The regional legal instrument, which is fundamentally mandated to adapt to the dynamics of operational protection at the central level, ultimately becomes an internal inhibiting factor that extinguishes the initiative power of the executing apparatus in the field.

The reluctance to update the normative content of Regent Regulation Number 20 of 2021 poses a serious problem when examined in light of contemporary public administration reform. The cutting-edge governance paradigm strongly emphasizes the need for continuously evolving institutional support to mitigate bureaucratic operational risks (Marchese & Potter, 2018; Klenk & Reiter, 2019). Norm fragmentation and the negligence in providing institutionalization transition guidelines in the Regent Regulation prove the absence of continuous protection from the regional executive leadership level. Without an amended legal framework to mandate permanent institutionalization, the initiatives of the innovation-organizing apparatus will remain alienated and operate outside legal protection, making them susceptible to annulment at any time by regional internal political dynamics.

The chronological defects of the hierarchical legal framework and the operational instability at the executing level ultimately culminate in the failure of local government institutions to create public value for the broader societal order. The success of regional executive leadership or a bureaucratic agency is not measured merely by its capacity to issue a single regulatory document at the beginning of a tenure, but rather by its capacity to continuously update regulations to deliver sustainable benefits to its citizens (Moore, 1995). To realize this public value, every implementation of experimental legislation absolutely requires an authorizing environment that is sterile, dynamic, and definitively protected from the intervention of blind sanctions or budget cuts. The region's reluctance to amend its regulations, which have lagged behind affirmative Provincial-level regulations, has destroyed this authorizing environment. Consequently, regional

bureaucratic energy is depleted merely to circumvent administrative fears, and it fails to embody the essence of excellent public service.

The creation of adaptive public value governance fundamentally mandates a legal framework that facilitates protection in a synergistic, responsive, and integrated manner across levels of government over time. A resilient service renewal ecosystem cannot be built within the shell of a static, expired regulatory framework; instead, it must be continuously revised to align with the evolution of feasibility standards at the ministerial level (Crosby et al., 2017). The persistence of the authority reduction in the Regent Regulation amid the emergence of national competitions post-2021 reflects the frozen mentality of the local bureaucracy. The failure of Regent Regulation Number 20 of 2021 to respond to updates to integrate the achievements of its apparatus into the national reward system distorts the executing commitment and severs the chain of adopting positive governance practices across regions.

Therefore, this theoretical review concludes that the harmony and dynamism of the norm hierarchy are absolute prerequisites for the sustainability of public service decentralization in Indonesia. Legal certainty in the administrative innovation regime must be understood as the Regent's obligation and commitment to continuously amend outdated regulations, revoke the authority of counterproductive sanction instruments, and establish vertical synchronization that ensures the continuity of the institutionalization policy transition. Comprehensive restructuring and amendment of the legal instrument architecture at the local government level must be executed as a form of legislative accountability. Only through the commitment to aligning operational norms that comply with the development of hierarchical regulatory protection above them can the autonomy mechanism be cleansed of its static paradox and re-implemented as the main pillar of tangible public service benefit creation.

CONCLUSIONS AND SUGGESTIONS

Based on the vertical synchronization test of the innovation operational legal framework in Serdang Bedagai Regency, it is concluded that Regent Regulation Number 20 of 2021 experienced chronological substantive defects and failed to fulfill the principle of the dynamic hierarchy of norm delegation. This failure originates from two phases of legal issues. First, the initial formulation error that established punitive financial sanctions in the form of a threat of budget deprivation, which fundamentally contradicts the apparatus protection philosophy in constitutional regulations. Second, the Regent's negligence in remaining passive and in refusing to amend the operational regulations to accommodate updates to the institutionalization obligation

and affirmative financing sustainability guarantees post-promulgation of more recent guiding instruments at the Ministerial and Provincial levels.

The initial defects and the negligence in the synchronization of time have created a pseudo-legal certainty and have had destructive sociological implications for the performance stability of local government administration. The proof of causality through the Regional Innovation Index fluctuation data confirms that the implementation of punitive administrative sanctions from the outset triggered a climate of fear at the operational execution level, as evidenced by the drastic decline in innovation scores during the first year of the regulation's implementation. Furthermore, the reluctance to update the regulation to include institutionalization transition guidelines has resulted in service renewal initiatives becoming trapped in stagnation in subsequent years, rendered highly fragile, susceptible to budget-cutting interventions, and confined to merely temporary trial routines. This phenomenon demonstrates that the static Regent Regulation architecture, which restricts bureaucratic creativity, is the primary factor in eroding the essence of regional autonomy.

The normative and factual findings in this examination support the theoretical argument that the decentralization of authority without the support of responsive, protection-oriented legal certainty will culminate in a governance paradox. Public value creation demands a paradigm shift from a rigid hierarchical approach that prioritizes sanction threats to an operational approach sensitive to collaborative protection updates. Legal certainty within the administrative renewal regime is a product of the Regent's agility in continuously updating the regulations to create a safe authorizing environment for the state apparatus. Proactively amended vertical synchronization to facilitate apparatus protection, guarantee the certainty of the transition toward permanent institutionalization, and ensure the continuity of budget allocation is an absolute prerequisite for high-performing sustainable decentralized governance.

Addressing the findings of legislative omission and structural defects, the highly urgent policy implication for the Regional Head is the implementation of comprehensive amendments to the Regent Regulation Number 20 of 2021 to revoke the budget deprivation sanction clause and to insert binding institutionalization norm formulations for a minimum of 2 years. As a tangible follow-up within the constitutional architecture, the relevant technical ministries are required to strengthen supervisory instruments and mandate periodic evaluations of regional regulatory adjustments whenever hierarchical updates are issued at the central level. Within the academic realm, the findings regarding legislative omission and the destructive impact of administrative sanctions on the stagnation of the bureaucratic innovation climate open a crucial discourse for future scientific research. Future theoretical exploration is recommended to expand the scope of cross-regional comparison and to formulate a

standardized mechanism for issuing warnings to regions that neglect to update their experimental legislative protection framework under the State Administrative Law in Indonesia.

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