



ISSN: 2617-6548

URL: www.ijirss.com



Legal, managerial, and political drivers of governance performance: An accounting-based analysis of decentralized fiscal autonomy

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Abstract

This research focuses on the influence of legal, managerial, political, and social variables (in this case, legal clarity, management accounting practices, elite capture, and community involvement) on governance performance in the context of special fiscal autonomy in Papua. We also investigate how Digital Fiscal Monitoring Systems (DFMS) attenuate these relationships. Quantitative survey; SPSS for regression and moderation analysis. Legal clarity and accounting transparency, and popular planning, positively affect governance, whereas elite capture has a negative influence on them. DFMS strengthens the positive impact of good governance and reduces the adverse effects of elite control. The interaction model of both shows that governance performance maximally increases if all institutional elements are synergized under digital monitoring. This paper offers an integrated governance framework of asymmetrical decentralization and positions DFMS as a moderator and an underdeveloped point of view in Indonesia's subnational governance context. For Papua, the lessons are that the political process of passing laws must be accompanied by participatory planning and digital monitoring to ensure that autonomy meets its promise. This study has global implications for other poor or post-conflict areas that are contemplating such differentiated patterns of decentralization supported by digital public finance instruments.

Keywords: Community participation, Control of fiscal, Performance governance, Special autonomy.

DOI: 10.53894/ijirss.v8i5.8925

Funding: This study received no specific financial support.

History: Received: 19 June 2025 / Revised: 23 July 2025 / Accepted: 25 July 2025 / Published: 29 July 2025

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Competing Interests: The authors declare that they have no competing interests.

Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

Transparency: The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

Institutional Review Board Statement: The Ethical Committee of Universitas Cenderawasih, Indonesia has granted approval for this study

Publisher: Innovative Research Publishing

1. Introduction

The previous twenty years of asymmetric decentralization have been one of the polemic governance models typically used in ethnically and culturally diverse countries to overcome regional tensions and disparities [1]. As elsewhere, for example in Indonesia, the Special Autonomy Fund implements this model by providing substantial fiscal transfers to less developed regions with distinct cultural and political characteristics. Papua has received over 100 trillion rupiah in funding since 2002 [2]. Despite this, the poverty rate in Papua remains above 25%. Health, education, and infrastructure outcomes in Papua lag behind the rest of the country [3, 4]. This information comes from the World Bank [2]. The paradox of high fiscal devolution and low performance warrants serious study of the quality of governance, fiscal accountability, and the institutional effectiveness of decentralization [5-7]. There is also evidence that decentralization that is uneven and occurs in the absence of strong governance arrangements could further solidify elite capture and expand inequalities [8-10]. Recent empirical studies in contexts similar to that of Southern Sudan, Mindanao in the Philippines and Aceh in Indonesia have shown that, without appropriate legal and participatory planning and accountability instruments, fiscal autonomy does not deliver clear developmental rewards [11, 12]. The case of Papua is therefore an important example to examine, to the extent permitted by its prevailing legal and institutional architecture, of the capacity of decentralization to convert fiscal resources into service delivery outcomes.

Recent policy reviews also show a clear difference between the usual and formal governance systems. However, devolution is often said to involve an overlap of legal jurisdiction and weak, result-oriented conditions. In Papua, the overlapping legal authorities between Law No. 21/2001 and the stalling effect of the generally applicable Law No. 23/2014 have resulted in administrative friction and broken jurisdiction [13, 14]. Fiscal planning remains input-based, not outcome-based, and does not provide much insight into performance indicators [15, 16]. Elite control of development forums and exclusion of indigenous and marginalized peoples destroys confidence and distorts policy agendas [17]. Additionally, underutilizing fiscal instruments hinders data-driven governance and transparency [15, 18]. This leads to a more general governance problem in which the authorities have not endowed fiscal decentralization with the management and/or legal structure to deliver results [19]. This requires a two-pronged response to reform: we must institutionalize blueprinting, digital monitoring, and civic inclusion.

This analysis is informed by three interlinked theoretical frameworks [20]. First, fiscal federalism theory posits that decentralization can be an efficient, accountable solution when local governments have the ability and incentives to allocate spending according to local preferences [21, 22]. Second, agency theory emphasizes the risks of information asymmetry and moral hazard in decentralized systems, especially when monitoring mechanisms are ineffective or accountability is diffused [23]. Third, public choice theory cautions that, without citizen input and appropriate legal restraints, elites can exploit decentralization for their own benefit, resulting in elite capture and adverse implications for the public [24]. These contributions underscore that fiscal transfers alone do not ensure better governance or service provision; performance is largely constrained by the quality of institutions, legal certainty, and a participatory approach.

A significant amount of literature is available on the performance of fiscal decentralization in Indonesia, and most of this literature tends to focus on general or symmetric models, often ignoring the specific governance dynamics of the asymmetric model of decentralization in politically sensitive localities Epplé and Nechyba [22], Ring [25], de Mello [26] and Yang and Gong [27] who established positive relationships between fiscal transfers and local service provisioning and others such as Liu et al. [28], Burhanuddin et al. [29], Yao et al. [30] and Gupta and Sushil [31] the social good that might be delivered by decentralized decision making in health cannot be realized where legal uncertainty, elite control, and lack of community participation destroy it. There has also been limited work on how the effective use of such mechanisms, managerial accounting practices, and computerized budget control systems can help in measuring the impact of decentralization. This situation is further exacerbated by an undefined role of traditional institutions in institutions and the relationship between law, governance, and technology. The extent to which legal vacuums are given inadequate weight by existing frameworks with respect to budgetary power, elite capture, and citizen voice, and thus the resulting public outcomes, is regrettable [32]. There is also limited empirical research on the moderating effects of digital governance tools on risks of elite capture and regulatory arbitrage. This paper endeavors to fill this void by developing an integrated framework, including both legal clarity and its role in fiscal management, political dynamics, and digital innovations, along with an empirical analysis of the impact on governance performance [33, 34]. In this way, it advances previous research by linking institutional theory with the subfield of applied public finance and, thus, delivers a novel multilayered theory. The study is also timely, given the current national debate in Indonesia about the reform of special autonomy and the international conversation about responsible decentralization in conflict-prone contexts.

The purpose of the study is to determine governance performance in the context of special fiscal autonomy, focusing on the clarity of the law, management accounting practices, elite capture, and community participation. Furthermore, it investigates the moderating role of computerized fiscal control systems in strengthening or reducing these linkages. The combination of legal, managerial, political, and digital elements within a framework allows for a comprehensive analysis of fiscal governance in a decentralized environment. The findings also have implications for policymakers aiming to enhance transparency, address inequality, and promote inclusive development through improved institutional design. This research is relevant to broader social concerns: not only legal reforms and fiscal accountability, but also how technology can improve their effectiveness, ultimately enhancing the quality of public services and increasing public confidence in government.

2. Literature Review

2.1. Legal Clarity of Special Autonomy Regulations and Governance Performance

A minimum standard of legal certainty is imperative for good governance, particularly under decentralized and asymmetrical autonomous systems. In the context of Papua, where national decentralization law (Law No. 23 (2014)) and special autonomy regulations, Law No. 21/2001 and Law No. 2/2021, intersect, their ambiguity has impeded synchronization, slowed service utilization, and restricted the development of accountability mechanisms at the institutional level. Explicit legal frameworks are risk-preventing and optimize the balance of local governments' duties, minimize contested jurisdiction, and increase fiscal predictability, thereby enhancing governance performance [35, 36]. According to Moćević and Lazović-Pita [37] for the importance of formal legal consistency of expenditure responsibilities with revenue assignments in avoiding overlapping authority is order for fiscal decentralization to be effective. Moreover, Zhang et al. [38] and Bandaiko and Arku [39] point out that legal fragmentation in special regions may also serve as an opportunity for political elites to profit at the expense of service delivery targeted at citizens. In Indonesia, higher spending on health and education and better outcomes of these investments have been associated with less opaque district regulations [40]. This study, therefore, assumes that increased legal certainty within the framework of special autonomy in Papua has a positive effect on governance performance, which is mediated through institutional integrity, discretionary and ad hoc interpretation, and consistency in service provision.

H₁: Legal clarity of special autonomy regulations positively affects governance performance in public service delivery.

2.2. Budgeting, Allocation and Governance Performance and Management Accounting Practices

Good management accounting is necessary to improve transparency, control, and performance in public sector budgeting, particularly under a decentralized governance structure. In Papua's special autonomy, the lack of performance-based budgeting and weak cost tracking systems has resulted in inefficiencies and limited development outcomes [41]. Management accounting facilitates evidence-based decision-making by employing budgeting techniques such as cost-benefit analysis, variance analysis, and performance measures that connect inputs to tangible outputs Chundhoo et al. [42]. Schnable et al. [43] and Dallagnol and Portulhak [44]. Organizational and societal research indicates that public organizations with robust accounting systems are more likely to demonstrate accountability in service delivery. In the same manner, Naccari Carlizzi et al. [45] revealed that accrual-based accounting in Indonesian local governments significantly improved transparency and planning effectiveness, which in turn improves governance performance. In addition, Marek [46] emphasizes the necessity of incorporating accounting instruments as part of the budget cycle to reinforce strategic alignment and to prevent resource misallocation in regional administrations. Fiscal autonomy in the absence of these tools can lead to inefficient expenditures and a lack of public accountability. Therefore, a sound practice of management accounting in budget allocation could enhance governance performance through financial control, focused expenditure priorities, and a clear focus on activities that deliver service delivery and sector outcomes.

H₂: Management accounting practices in budget allocation positively affect governance performance in public service delivery.

2.3. Elite Capture and the Performance of Governance

Successful fiscal decentralization is often hindered by elite capture in contexts where bureaucracies are weak and citizen oversight is lacking. In Papua, local elites, who are often dynastic family leaders or traditional influential figures, control planning and budgeting for development. Instead of using resources to provide services, they use them to support their own interests [47]. A relationship of power that is asymmetric can compromise democratic accountability and shift fiscal priorities away from areas that can offer high returns on public investment with relatively less impact on poverty and human development Ju et al. [48] and Qamruzzaman [49]. Sintos et al. [50] and Sevelsted and Johansson [51] posit that when transparency and civic participation are lacking, elites are more likely to exploit public resources for personal gain and maintain their power than to improve public welfare. Empirical evidence from other developing regions suggests that service provision is poorer and inequality levels are higher in places where elites rule, Illien and Bieri [52] and Yeboua [53]. Adekola et al. [54] found that districts with more elite influence in Indonesia had poorer educational and health outcomes due to misaligned budget priorities. It is hypothesized that elite capture has a negative impact on Papua's governance performance in terms of its effectiveness, fairness, and responsiveness to fiscal actions [55].

2.4. Public Participation and the Performance of Governance Structure

Community involvement is an important pillar of successful decentralized governance, which brings transparency, policy relevance, and local accountability. The context in complex sociocultural landscapes, such as Papua and perhaps throughout most of Indonesia, is that participatory fiscal planning is an important part of aligning public service provision with the actual needs of indigenous and marginalized populations [56, 57]. Communities' meaningful participation in budgets enhances trust in institutions, response, and minimizes elite capture of decisions taken [58, 59] showed that the participation of citizens in health and education planning in Uganda resulted in substantial improvements in the quality of services. Likewise, in a World Bank meta-analysis, Lien et al. [60] and Muhtada [61] find that, when inclusive in design, participatory mechanisms enhance governance performance and lower leakages in public programs. In Indonesia, local governments that have a higher level of participation have better budget outcomes and higher citizen satisfaction rates [62]. However, in Papua, participation is low and may not include women, youth, and persons living with disabilities or be restricted to elites or village chiefs [63]. Accordingly, the study suggests that community involvement in fiscal planning positively influences governance performance by enhancing relevance, equity, and public scrutiny over resource allocation.

H₃: Community participation in fiscal planning positively affects governance performance in public service delivery.

2.5. Joint Impact of Legal, Administrative, Political and Social Factors

Governance in decentralized settings is seldom determined by a single influence, but rather as a result of the intricate interplay of legal and institutional environments, management systems, political forces, and inclusiveness. These factors operate as an ecosystem in which having or not having one part can greatly magnify or reverse the effects of the others [24, 64]. The law offers a basic system of roles and responsibilities, but without functional management, accounting might become rather ineffective in terms of fiscal choices. Similarly, whilst technically proficient budgeting can also fall foul of elite capture, lack of space for local voice can result in poorly aligned priorities and public suspicion [8, 65].

Research highlights the fact that successful fiscal decentralization requires a fine balance in terms of institutional capacity, political will, and participatory mechanisms [66]. Decentralization was strongly associated with better governance outcomes if it was accompanied by a transparent legal environment, managerial effectiveness, and citizen participation, as demonstrated [67]. In a survey of 28 countries, the Tiebout model of local governance states that individuals are more willing to bear the burden of local government if decision-making processes are transparent, participatory, and in accordance with the law [68, 69]. Therefore, inasmuch as legal clarity, management accounting, elite dynamics, and community participation together constitute a significant influence on governance performance, it indicates the co-dependence of the institutional, the political, and the social aspects [70].

2.6. Development of the Moderator Digital Fiscal Monitoring System

In contemporary public administration, digital financial control systems are crucial tools for establishing transparency, data certainty, and decision-making [71]. Mechanisms such as Papua's Systems Information for Village Fund (SIK, SAIKP, and SIO Papua) were established to facilitate fiscal planning, incorporate demographic information, and monitor fund distribution at the village level. Nevertheless, the effectiveness of these initiatives depends on institutional preparedness, digital literacy, and legal enforcement [2]. First, digital systems can mediate the effect of legal clarity by converting formal rules into actionable and traceable performances [72]. When laws are vague, fiscal data systems can help fill in the gaps by coordinating processes and improving compliance throughout the entire process [73].

Second, with reference to management accounting, digital artifacts help to enforce budgeting discipline thanks to real-time tracking, audit trails, and performance dashboards [74, 75]. This increases the link between planned expenditure and the production of service outputs, particularly in remote areas. Third, in environments that are riven by elite capture, digital transparency platforms function as accountability devices to constrain discretionary power held by elites. Research further suggests that e-governance systems act to lessen corruption and elite capture by opening budget flows to the gaze of the public, and that the opening of that gaze will appeal to potential coalition members [76, 77].

Fourth, digital instruments may promote community empowerment by fostering participatory planning facilitated with the use of inclusive data and platforms that gather feedback, thus amplifying the voices of those who are marginalized in the fiscal process [78, 79]. Fourth, the interaction between legal, managerial, political-institutional, and social factors is enhanced when infrastructure exists in the digital realm. Therefore, this study postulates that digital fiscal oversight moderates all direct effects of independent variables on governance performance, reinforcing or mitigating their effects according to the quality of adoption [80, 81].

H₄: Legal clarity has a moderating effect on the governance performance of countries through digital systems to monitor fiscal activities.

H₅: Digital fiscal supervision systems attenuate the impact of management accounting practices on governance performance.

H₆: The influence of elite capture on governance performance is mitigated by digital fiscal surveillance systems.

H₇: Digital fiscal monitoring system moderates the relationship between community participation and governance performance.

H₁₀: Digital fiscal monitoring systems act as a moderator in-between the combined effect of all indicators of independent variables and governance performance.

3. Method

3.1. Research Design

This study employs a quantitative explanatory research design aimed at examining the existence of causal relationships between institutional, managerial, political, and social factors as independent variables and governance performance as the dependent variable in the utilization of the Special Autonomy Fund in Papua. Explanatory research is also suitable for exploring complex interactions among latent variables, as theoretical foundations guide hypothesis testing [82]. A cross-sectional survey design is the most popular design for governance and public policy research for assessing perceptions and institutional behavior at a particular time [83].

This is especially helpful in public systems of governance in decentralized settings where governance outcomes are influenced by the interactions between regulation, budgeting systems, political dynamics, and participatory structures. Structured questionnaires and statistical modeling make the empirical testing of direct and moderating effects possible based on the approach of SEM and allow bringing it forward in research not only about the influence of variables but also about potential "interaction effects" of multi-level governance [84].

3.2. Population, Sample, and Sampling Technique

The population here could include local governments in Papua and West Papua, particularly those institutions involved in managing fiscal, planning, and service delivery under the framework of Special Autonomy. The target groups for the TModel Village are budget officers, Papperda, district heads, village heads, MRP, and community development forums. Using purposive sampling, the study focuses on 43 districts as units of analysis that meet the following criteria: (1) have received Dana Otsus from 2015 to 2021, (2) have actively participated in the preparation of village financial planning, and (3) have implemented digital fiscal platforms such as SAIK+ and SIO Papua. A minimum sample size of 235 observations was required to perform the PLS-SEM analysis [85].

Table 1.
Sample Characteristics

No	Respondent Category	Number of Respondents	Percentage
1	Finance & Budget Officers (FBO)	61	26%
2	District Planning Officials (DPOs)	49	21%
3	Village Heads (HD)	57	24%
4	MRP/Adat Representatives (MRPAR)	33	14%
5	Community Forum Leaders (CFL)	35	15%
	Total	235	100%

The Likert scale ranges from 1 (Strongly Disagree) to 5 (Strongly Agree). Each construct is composed of at least three and a maximum of five indicators, adapted from validated scales used in the public governance literature [8].

3.3. Methods of Data Collection

Data were collected via a structured questionnaire circulated in both hard copy and online formats. A pilot study with 20 respondents was conducted to ensure clarity and reliability before full implementation. Subsequently, changes were made based on feedback, and internal consistency and Cronbach's alpha within constructs were high for the final instrument.

All items are present in the literature, translated, and contextualized to the Papua region. To enhance validity, the questionnaire was reviewed by two policy experts and one expert in fiscal decentralization. Data were collected over three months, from March to May 2024. Common method bias was minimized by ensuring respondent anonymity and including negatively worded control items. The study also utilized secondary data, collected through official assessments of the Special Autonomy Fund in Papua, including implementation reports, end-of-year financial statements, and audit files provided by the Indonesian Audit Board (IAB) and the Financial and Development Supervisory Agency (FDSEA). For instance, the administration of the Special Autonomy Fund as a good governance objective is demonstrated in the conducted study [86, 87]. This study discusses the persistent nature of transparency and participatory budgeting issues in Papua. In a similar vein, Kumala et al. [87] employed DEA to assess the efficiency of Special Autonomy spending across various sectors. Their findings indicated that expenditures on health did not emerge as the most effective strategy in reducing poverty, underscoring the necessity for performance budgeting. Ismoyo et al. [88] found that the top-down approach to the implementation of autonomy policies often did not meet indigenous Papuans' aspirations because of weak accountability mechanisms and limited public participation. The aforementioned findings underscore the necessity of implementing inclusive frameworks and transparent audit mechanisms to ensure that fiscal decentralization truly benefits marginalized communities.

3.4. Description of the Variables and Their Measurement

All the constructs in this study were operationalized as reflective constructs and measured using multiple indicators adapted from prior empirical work as well as theoretical frameworks in public sector governance, fiscal decentralization, and public administration. This strategy is appropriate for constructs that represent appearances of an underlying latent phenomenon [89]. The indicators were constructed using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree), assessing perceptions of legal transparency, accounting practices, elite behavior, participatory quality, digital monitoring, and governance effectiveness.

The first construct, Legal Clarity (CL), explains the concept of coherence and consistency in the special autonomy laws vis-à-vis the national decentralization laws. It is measured by clarity of roles, overlap of legal mandates, and institutional congruence, following [90]. Management Accounting (MA) reflects the use of accounting instruments in budgeting by local governments, e.g., performance budgeting, accrual basis, and cost monitoring, taken from [91]. Elite Capture (EC) measures the level of political capture, cronyism, and discretionary fiscal behavior, revealing elite dominance in decentralized settings as documented by Mookherjee [8].

The Community Participation (CP) is defined based on the IGPA discussed earlier and is measured through indicators of public involvement in the budgeting process, representation of excluded groups in the budgeting, and the frequency of participatory consultations, thus rooted in the literature on participatory governance [92, 93]. The moderator variable (M), Digital Fiscal Monitoring Systems, illustrates how transparency can be strengthened, real-time fiscal monitoring enabled, and participatory governance promoted through community engagement. This is demonstrated by the implementation of digital systems such as the Financial Information System, the Performance Accountability Information System, and integrated public dashboards [94, 95]. Lastly, Y Governance Performance (GP) captures perceived positive changes in

service delivery, responsiveness of state organs, effectiveness of service delivery, and public satisfaction, in line with decentralization performance variables addressed in [93, 96].

The multi-dimensional model, encompassing legal, institutional, managerial, political, social, and technological aspects, reflects the current emphasis in academic work on holistic governance reform in decentralized and complex spaces [97]. This model allows us to measure both direct and indirect effects, with moderating variables, thus increasing our understanding of what factors can determine the performance of the public sector in places like Papua.

Table 2.

Operationalization of research variables.

Variable	Definition	Indicators (3–5 items)
Legal Clarity (CL)	Perceived clarity and continuity of special autonomy laws	Harmonization of laws, concurrency, and clarity of roles
Management Accounting (MA)	Budget tools and expenditure monitoring using accounting methods	Application of performance budgeting, accrual, and cost accounting concepts
Elite Capture (EC)	Degree of influence of the political elite over fiscal operations	Government interference, bias, and arbitrary distribution of the budget
Community Participation (CP)	Community participation in budgeting and monitoring of services	Representation of marginalized groups and consultation frequency
Digital Monitoring System (DMS)	The role of digital in budgeting for transparency and accountability	Adoption of SIK SAIK, Control room commands, digital ability to report
Governance Performance (GP)	Perceptions of service delivery effectiveness and fiscal governance	Performance Competence, Effectiveness, Responsiveness, Outcome Satisfaction

3.5. Data Analysis Technique

The collected data in the survey were analyzed using SPSS to examine relationships between legal, administrative, political, social, and governance performance. The initial step involved descriptive statistics, which provided insights into the central tendencies and variations in responses. The internal consistency of each construct was assessed using Cronbach's Alpha reliability test, with thresholds of ≥ 0.70 considered acceptable [85]. Validity testing used KMO and Bartlett's Test of Sphericity to establish the sampling adequacy for factor analysis ($KMO > 0.60$, $p < 0.05$). Normality, multicollinearity, heteroscedasticity, and autocorrelation assumptions were tested to confirm the robustness of the model. These assumptions are necessary for OLS regression to obtain unbiased and consistent estimators, as in governance studies using survey data [98, 99].

Afterward, multiple linear regression (MLR) was utilized to examine direct effects (H1–H5), and hierarchical moderated regression was used to test the moderating effect of digital fiscal monitoring systems on each path relationship (H6–H10). Interaction terms were created as recommended [100], centering variables prior to multiplying, in order to avoid multicollinearity. The importance of moderating factors was analyzed by the difference in R^2 (ΔR^2) and the interaction term (β). This method mirrors the literature on governance performance, where institutional, political, and technical factors combine [101, 102]. Furthermore, PROCESS Macro (Model 1) was employed to plot moderation effects and conduct simple slope analysis to facilitate the interpretation of the physical treatment on the connection between institutional clarity and governance outcomes, given that both the intention to treat and the local average treatment effect have security in their estimation [103]. This integrated approach provides a more subtle and nuanced understanding of how legal, managerial, and participation-related factors interact and are influenced by technological enablers.

4. Result

The empirical results are demonstrated in this section, based on analysis performed with the support of SPSS and structured around research-tested relationships among the following variables: Legal Clarity (LC), Management Accounting Practices (MAP), Elite Capture (EC), Community Participation (CP), and their impacts on Governance Performance (GP). The moderating effect of DFMS is also examined in both relationships. Data analysis was conducted in successive steps, beginning with descriptive and correlation analyses, followed by a multiple linear regression model to assess the direct effects of LC, MAP, EC, and CP on GP. Subsequently, hierarchical regression was employed to evaluate the moderating roles of DFMS on these associations. All models satisfied the standard diagnostic criteria for validity, reliability, and classical regression assumptions.

4.1. Descriptive Statistics and Correlation of Governance Determinants

Table 3 also shows the means, standard deviations, and Pearson correlation matrix of the six main study variables. Scores have an average between 3.21 (Elite Capture) and 3.88 (Management Accounting), and a common deviation between 0.6 and 0.7 x01,6, which implies medium dispersion according to what principals have indicated. The highest mean of management accounting practices reflects comparatively favorable views towards budget transparency and allocation processes under the special autonomy scheme.

The correlation matrix shows that all the variables are statistically significant at the 1% level ($p < 0.01$). Consistently, Governance Performance (GP) is positively associated with Legal Clarity ($r = 0.587$), Management Accounting ($r = 0.612$), Community Participation ($r = 0.568$), and Digital Monitoring ($r = 0.541$). Elite Capture, on the other hand, is strongly negatively associated with Governance Performance ($r = -0.433$), which indicates a concentration of fiscal power in elites

that dampens public service results. Additionally, high intercorrelations between predictors (e.g., Legal Clarity and Management Accounting, $r = 0.512$) reflect that institutional and managerial variables co-evolve in governance settings. The absence of any correlation values higher than 0.7 also prevents multicollinearity in subsequent regression modeling. These preliminary findings confirm the theoretical claim that sound governance depends on legal consistency, managerial good faith, participatory mechanisms, and technological surveillance.

Table 3.
DS and PCM.

Variable	Mean	SD	1	2	3	4	5	6
Legal Clarity (LC)	3.72	0.6	1					
Management Accounting (MA)	3.88	0.6	0.512**	1				
Elite Capture (EC)	3.21	0.7	-0.404**	-0.468**	1			
Community Participation (CP)	3.76	0.6	0.471**	0.498**	-0.313**	1		
Digital Monitoring (DM)	3.54	0.7	0.445**	0.476**	-0.325**	0.436**	1	
Governance Performance (Y)	3.65	0.6	0.587**	0.612**	-0.433**	0.568**	0.541**	1

4.2. Direct Impacts of Legal, Managerial, Political and Social Factors on Governance Performance

Results of the multiple linear regression (Table 4) indicate that all four independent variables have statistically significant associations with GP. Legal clarity ($\beta = 0.247$, $p < 0.001$), management accounting practices ($\beta = 0.291$, $p < 0.001$), and community participation ($\beta = 0.263$, $p < 0.001$) have strong positive effects on governance outcomes, while elite capture has a significant negative impact ($\beta = -0.183$, $p < 0.001$). Of these predictors, management accounting practices exhibited the strongest effect size on governance performance, underscoring the importance of transparent and performance-based budgeting systems for public service provision.

Taken together, the model provides a meaningful overall explanation of governance performance with $R^2 = 0.534$ and Adjusted $R^2 = 0.523$, meaning that more than half of the variance in governance performance is explained by the four predictors. The model fits the data well, $F(4, 230) = 64.72$, $p < 0.001$, and all Variance Inflation Factor (VIF) values are less than 2, indicating no multicollinearity problems. These findings reinforce the social, political, managerial, and institutional dimensions of governance in the asymmetrical decentralization of Papua and confirm the theoretical proposition that institutional, managerial, political, and social dimensions together influence the performance of the local public sector.

Table 4.
Multiple linear regression.

Predictor	β (Std.)	SE	t	Sig.	VIF
LC	0.247	0.051	4.84	0.000***	1.62
MA	0.291	0.046	6.33	0.000***	1.55
EC	-0.183	0.044	-4.16	0.000***	1.48
CP	0.263	0.052	5.05	0.000***	1.5
Model Statistics					
$R^2 = 0.534$					
Adj $R^2 = 0.523$					
$F(4, 230) = 64.72$				$p < 0.001$	

4.3. The Role of Digital Fiscal Monitoring of Special Autonomy Governance

The hierarchical moderated regression analysis (Table 5) illustrates stronger empirical evidence of the moderating role of Digital Fiscal Monitoring Systems (DFMS) in the relationship between key governance determinants and public service performance. In a smart manner, digital monitoring enhances the mediating effect of legal clarity ($\beta = 0.112$, $p = 0.014$), management accounting practices ($\beta = 0.128$, $p = 0.004$), and community participation ($\beta = 0.119$, $p = 0.013$) on governance outcomes. However, it substantially mitigates the negative effect of elite capture ($\beta = -0.095$, $p = 0.034$), which suggests its compensatory role in politically restricted contexts. The most significant interaction effect comes from the joint model ($\beta = 0.145$, $p = 0.003$; $\Delta R^2 = 0.048$), indicating that DFMS reinforce governance effects when the legal, managerial, political, and participative components are simultaneously implemented. This highlights the active ways in which digital oversight tools function not merely as transparency mechanisms but as governance accelerators within asymmetric decentralization regimes. By strengthening institutions' transparency and accountability, DFMS are important mediators of policy coherence and administrative efficiency under Papua's special autonomy.

Table 5.
Moderation Analysis.

Model	Interaction Term	β	t	Sig.
Legal Clarity \times Monitoring	0.112	2.47	0.014*	0.037
Accounting \times Monitoring	0.128	2.89	0.004**	0.041
Elite Capture \times Monitoring	-0.095	-2.14	0.034*	0.029
Participation \times Monitoring	0.119	2.51	0.013*	0.033
Joint Interaction Term	0.145	3.02	0.003**	0.048

4.4. Visualization of Interaction Effect

From the green line, under high digital monitoring, legal clarity can more obviously affect governance performance. In contrast, the dashed orange line represents a stage of low digital monitoring, where the effect of legal clarity regarding monitoring on governance is lower and less steep. This evidence supports the moderating effect, which is also significant as proposed in H6.

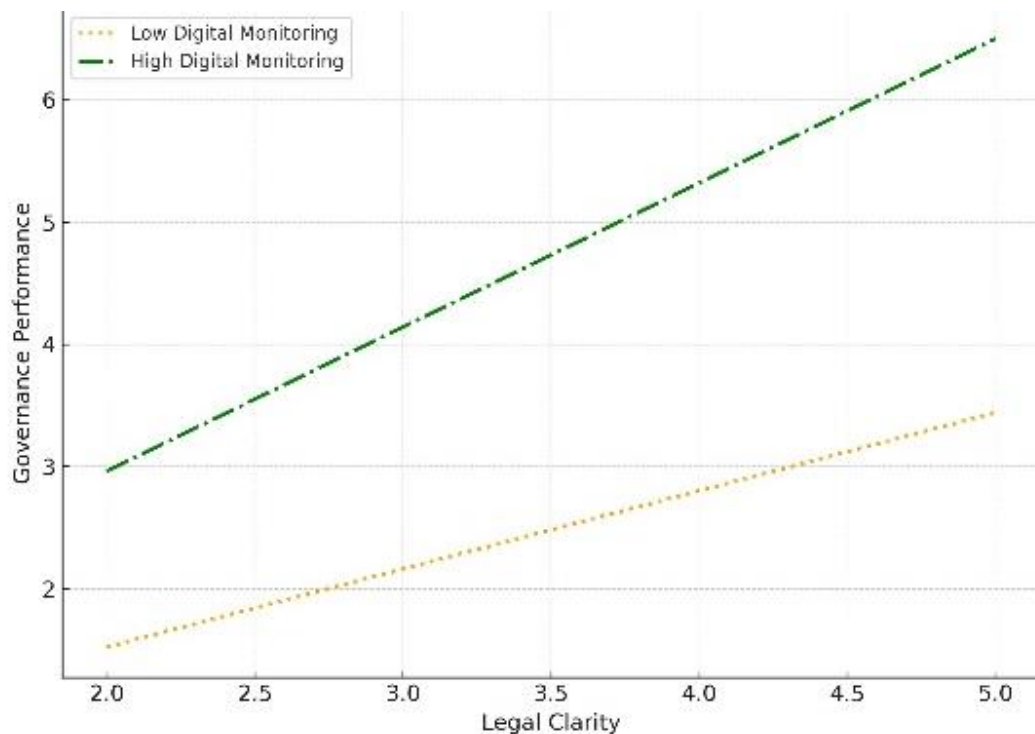


Figure 1.
Moderating Effect of Digital Fiscal Monitoring on Legal Clarity–Governance.

4.5. Summary of Hypothesis

The results of the hypothesis testing are summarized in Table 6, indicating a substantial effect of institutional, managerial, political, and social factors on governance performance in the special fiscal autonomy of Papua. Legal clarity (LC), management accounting practice (MAP), and community participation (CP) have strong positive effects, while elite capture (EC) is negatively related to GP. The combined model of LC, MAP, EC, and CP is also significant for better governance, demonstrating the complex characteristics of the effectiveness of fiscal local governance.

Results also reveal that DFMS moderates each of the direct relationships. More precisely, DFMS increases the positive influences of LC, MAP, and CP on GP and reduces the negative influence of EC. The strongest effect appears in the joint moderating model, indicating that digital mechanisms of monitoring reinforce governance gains when different institutional facets are concordant.

This finding highlights the value of implementing structural reforms and digital solutions in shaping asymmetric decentralization. Performance management instruments embedded in legal and participatory frameworks allow for a more accountable and responsive public service. Empirical support provided to all the hypotheses (H1–H10) reinforces the argument that transparency, comprehensive planning, and technology enablers are crucial for translating fiscal autonomy into concrete developmental outcomes.

Table 6.

Summary of hypotheses data observation.

Hypothesis Statement	Variable Code(s)	Test Method	Result
Legal clarity in special autonomy regulations positively affects governance performance.	LC> GP	Multiple Linear Regression	Supported
Management accounting practices in budget allocation positively affect governance performance.	MAP> GP	Multiple Linear Regression	Supported
Elite capture in local fiscal governance negatively affects governance performance.	EC> GP	Multiple Linear Regression	Supported
Community participation in fiscal planning positively affects governance performance.	CP> GP	Multiple Linear Regression	Supported
The joint effect of legal clarity, management accounting, elite capture, and community participation influences governance performance.	LC + MAP + EC + CP> GP	Composite Model	Supported
Digital fiscal monitoring systems moderate the effect of legal clarity on governance performance.	LC × DFMS >GP	Hierarchical Moderated Regression	Supported
Digital fiscal monitoring systems moderate the effect of management accounting on governance performance.	MAP × DFMS >GP	Hierarchical Moderated Regression	Supported
Digital fiscal monitoring systems moderate the effect of elite capture on governance performance.	EC × DFMS >GP	Hierarchical Moderated Regression	Supported
Digital fiscal monitoring systems moderate the effect of community participation on governance performance.	CP × DFMS >GP	Hierarchical Moderated Regression	Supported
Digital fiscal monitoring systems moderate the joint effects of institutional, managerial, political, and social factors on governance performance.	(LC + MAP + EC + CP) × DFMS> GP	Hierarchical Moderated Regression	Supported

4.6. Discussion

This research makes an important contribution to the literature that debates asymmetric decentralization, both theoretically and empirically analyzing the impact of legal certainty, management accounting, elite capture, and participation, as well as how these factors affect the governance performance of the Special Autonomy framework in Papua, considering their influence as a nuance Digital Fiscal Monitoring Systems (DFMS) moderation. The findings provide a nuanced view of how institutional, political, and digital factors interact to influence subnational governance effectiveness, a topic that is under-studied in both Indonesian and global literature [24, 104].

These results confirm the hypothesis that legal clarity has a positive effect on governance performance. This is consistent with some of the theories of fiscal federalism, which claim that clarity in intergovernmental arrangements regarding fiscal and regulatory tasks leads to greater efficiency in the provision of public service delivery [105, 106]. For instance, in Papua, divergent legal readings of Law No. 21/2001 versus Law No. 23/2014 have created uncertainty of jurisdiction, negatively impacting service integration [13, 14, 107]. The findings support Moćević and Lazović-Pita [37] who argue that there is a need for legal certainty to guarantee working expenditure frameworks and to reduce discretionary misuse of money. Where law is less specific, decentralization provides fertile space for power battles and a race-to-the-bottom (regulatory arbitrage) [38]. The implication is straightforward: codified, coherent legal prescriptions are not merely administrative rituals but core mechanisms for performance-oriented fiscal management, and this is certainly the case in a context of asymmetric decentralization.

The positive relationship between management accounting practices and governance performance confirms prior [44] that financial management systems enhance accountability and alignment of outputs in public service delivery. This is particularly prominent in Papua, which in the past had experienced a historically inefficient and non-transparent budgeting process that has affected the operationalization of autonomy funds [41]. Accrual accounting and performance budgeting enhance transparency in the management of public finances, establishing a correlation between input and output, and enabling policymakers to monitor real-time deviations [42, 45]. These are not just technical devices - they are instruments of institutional power and efficiency [46]. Failure to provide them and fiscal decentralization may hereafter be reduced to budget fragmentation and rent-seeking, which constitutes a problem Indonesia has experienced since the beginning of the initial regional autonomy waves [40].

As suggested by the theories of public choice and agency [8, 24], elite capture continues to remain a daunting challenge for inclusive and efficient governance. The findings of the study reveal a rather negative relationship between elite control and governance performance. The wealthy commonly siphon resources intended for the governed to maintain patronage networks and political dynasties [51, 54]. In Papua, the intertwining of traditional and political elites has been detrimental to transparency and has undermined indigenous peoples. This observation parallels other post-conflict settings like Aceh and Mindanao, where decentralization in the absence of protective measures has led to elite entrenchment rather than democratization [11, 12, 98].

Community involvement is a significant aspect of this initiative, and it is therefore measured as a separate category. The evolution of participation from tokenistic to meaningful. The findings related to enhancing governance through participation are consistent with recent literature on participatory governance [108, 109]. When executed effectively, public participation mechanisms have been shown to enhance service delivery, optimize local policy alignment, and thwart elite

capture [58, 59, 110]. However, in Papua, the level of engagement remains largely nominal. Conventional fora are often characterized by male domination and elitist control, resulting in the subversion of the very systems of accountability they seek to promote [56, 63, 111]. The implementation of social audits, participatory budgeting, and citizen report cards has the potential to institutionalize deliberative participation, particularly among young people, women, and indigenous groups. This approach would not only contribute to enhanced fiscal governance but also facilitate the restoration of trust among local entities.

A significant contribution of this research is the demonstration of DFMS as a robust modulating mechanism, thereby identifying institutions that exhibit greater resilience. These systems have been shown to enhance legal certainty, accounting transparency, and public participation. At the same time, they have been demonstrated to weaken illicit influence. This perspective aligns with the principles of digital governance as stated by the OECD [112] and Islam [113].

The utilization of digital mechanisms, facilitated by SAIK+ and SIO Papua, enabled real-time surveillance and feedback, thereby reducing information asymmetry and discretion rent. The moderating role of these entities aligns with the findings of Al-Dmour et al. [72] and Basry and Prayogo [75]. These scholars contend that electronic approaches to budgeting processes facilitate enhanced public scrutiny, reduced leakage, and a narrower gap between planning and execution. However, it is imperative to acknowledge that digital tools are not universally applicable solutions. The impact of these initiatives is contingent upon three factors: digital literacy, institutional capacity, and infrastructural maturity. It is important to note that Papua still exhibits fragility in these areas. The interaction effects observed in this study suggest that DFMS functions optimally when integrated within a comprehensive legal, managerial, and participatory governance framework.

In a broader sense, the research corroborates a systemic, multi-faceted perspective of governance performance. However, the implementation of legal, technical, or participatory reforms in a piecemeal manner is deemed inadequate. Instead, the interaction between these factors engenders the quality of governance [66, 114]. This systems thinking aligns with a model proposed by Peterson and Arun [115], which posits that governance performance is derived from the continuous interaction among structure (law), agency (actors), and technology (tools). This finding indicates that effective reform strategies must be systemic, integrated, and based on contextualized analysis. The success of Papua hinges not solely on legal reform in Jakarta, a feasible objective contingent on the facilitation of national legislation that is more conducive to peatland, but also on the empowerment of customary institutions, the integration of marginalized voices, and the assurance of digital inclusivity at the local level.

5. Conclusion

This analysis of the experience of Papua in the new era of asymmetric decentralization finds that good governance performance is not just about fiscal transfers: it is also crucially about the interaction of clear laws, good management accounting, inclusive community participation, and avoidance of elite capture. Each of these elements is crucial in the way in which public services are planned and delivered as part of special autonomy. The relationship between citizens and governments is also highly significant, and Digital Fiscal Monitoring Systems help to strengthen such relationships with the promotion of transparency, accountability, and responsiveness of state institutions. It is the interaction between these institutional, managerial, political, and technological aspects that points towards a holistic, locally calibrated reform agenda. To unlock the full potential of fiscal autonomy for development, Indonesia needs to invest in regulatory coherence, local capacity development with a focus on the users of public resources, inclusive participatory mechanisms, and digital oversight infrastructure. Without such actions, special autonomy may replicate current inequities rather than counter them.

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