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Daftar Isi (Table of Content)

Journal of Government & Civil Society

169 – 190	From Data Visualization to Institutional Sequence: Dashboard Governance and Vertical Accountability in Indonesian Local Government Dewi Sekar Kencono^{1,2}, Achmad Djunaedi³, Yuyun Purbokusumo⁴ <i>(¹ Department of Public Policy and Management, Faculty of Social and Political Sciences, Universitas Gadjah Mada, Yogyakarta, Indonesia; Department of Government Affairs and Administration, Faculty of Social and Political Sciences, Universitas Muhammadiyah Yogyakarta, Yogyakarta, Indonesia)</i> <i>(² Department of Architecture and Planning, Faculty of Engineering, Universitas Gadjah Mada, Yogyakarta, Indonesia)</i> <i>(³ Department of Public Policy and Management, Faculty of Social and Political Sciences, Universitas Gadjah Mada, Yogyakarta, Indonesia)</i>
191 – 214	Implementing Population Administration Policy in Border Regions: Evidence from the Indonesia–Malaysia Border Imelda Hutasoit¹, Wiwik Roso Sri Rejeki², Arifin Sulaeman Hutasoit³, Amreylia Irnadianis Hana Saputri⁴ <i>(^{1,2,3,4} Institute of Home Affairs Governance, Indonesia)</i>
215 – 241	Political Party Engagement on Social Media: Trends, Challenges, and Dynamics of Digital Campaigns Akhmad Habibullah¹, Nooraneda Mutalip Laidey², Joseph Moyinoluwa Talabi³, Sylvester Cortes⁴, Aulia Kartika Putri¹ <i>(¹ Government Science Study Program, Universitas Pancasakti Tegal, Indonesia)</i> <i>(² School of Business, Asia Pacific University of Technology and Innovation, Malaysia)</i> <i>(³ Department of Religions and Peace Studies, Lagos State University, Ojo, Nigeria)</i> <i>(⁴ Cebu Technological University, Philippines)</i>
242 – 257	Citizen Trust and Digital Governance Transformation: Ethical Challenges and Artificial Intelligence Governance in the Public Sector Sukwan Hanafi¹, Achmad Nurmandi¹, Herman Lawelai², Muhammad Younus³ <i>(¹ Department of Government Affairs and Administration, Jusuf Kalla School of Government, Universitas Muhammadiyah Yogyakarta, Indonesia)</i> <i>(² Department of Government Studies, Universitas Muhammadiyah Buton, Indonesia)</i> <i>(³ Department of Product Research and Software Development, TPL Logistics Pvt Ltd, Karachi, Pakistan)</i>

258 – 281	Negotiating State and Customary Authority: Hybrid Governance in an Indigenous Village of Eastern Indonesia Telly Muriany¹, Victor Sanjak Ruhunlela², Ali Roho Talaohu¹, Mohammad Daud Marasabessy¹, Fernandes Simangunson³ <i>(¹ Government Science Study Program, Universitas Darussalam Ambon, Indonesia)</i> <i>(² Government Science Study Program, Universitas Pattimura, Indonesia)</i> <i>(³ Institute of Home Affairs Governance, Indonesia)</i>
282 – 298	Corruption Network in Bank BJB Advertising Procurement: An NVivo Content Analysis Raira Chandara Wanda¹, Salahudin², Saiman³ <i>(^{1,2,3} Magister Government Studies, Universitas Muhammadiyah Malang)</i>
299 – 318	Muslim Students Trust in Government Institutions: The Role of Religiosity, Administrative Transparency, and Public Service Quality in a Muslim-Majority Context Rahmad Hidayat¹, Muhammad Naim², Cahyadi Kurniawan³ <i>(¹ Department Public Administration, Universitas Muhammadiyah Mataram, Indonesia)</i> <i>(² Department Business Administration, Universitas Muhammadiyah Mataram, Indonesia)</i> <i>(³ Ph.D in Social Science, FESIS, Universiti Muhammadiyah Malaysia, Malaysia)</i>
319 – 344	Institutional Rightsizing under Fiscal Constraints: Evidence from Regional Government Reform in Indonesia Petrus Tekege¹, Fernandes Simangunsong¹, Urbanus Wihaiwar¹, Rahayu S. Mistina¹ <i>(¹ Institute of Home Affairs Governance, Indonesia)</i>
345 – 371	From Digital Vote Recapitulation to Democratic Legitimacy: Electoral Governance Innovation in Serang Regency, Indonesia Muhammad Asmawi¹, Martitah², Dani Muhtada² <i>(¹ Pancasila and Civic Education, Universitas Banten Jaya, Indonesia)</i> <i>(² Faculty of Law, Universitas Negeri Semarang, Indonesia)</i>
372 – 403	Immigration Governance Under Developmental Stress: Policy Implementation and Foreign National Supervision in East Kalimantan Kus Indarto¹, Paisal Akbar², Andi Luhur Prianto³, Rusliadi⁴ <i>(¹ Public Administration, Universitas Mulawarman, Indonesia)</i> <i>(² Government Science Study Program, Universitas Mulawarman, Indonesia)</i> <i>(³ Department of Government Studies, Universitas Muhammadiyah Makassar, Makassar, Indonesia)</i> <i>(⁴ Departement of Public Administration Science, Universitas Muhammadiyah Makassar, Indonesia)</i>

Institutional Rightsizing under Fiscal Constraints: Evidence from Regional Government Reform in Indonesia

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Abstract

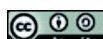
Fiscal constraints and institutional changes create a dilemma for local governments: organizational structures must be adjusted to available resources without undermining essential government functions and service capacity. This study aims to analyze how fiscal and regulatory pressures are translated into organizational restructuring in Nabire Regency and to formulate an institutional rightsizing configuration that remains aligned with workload, fiscal capacity, geographic characteristics, government needs, and institutional provisions. The study employs an embedded qualitative institutional case study combined with regulatory-based organizational assessment and policy design analysis. Data were obtained through semi-structured interviews with six purposively selected informants and analysis of regulatory, fiscal, organizational, and workload-assessment documents. The analysis combines institutional contextual analysis, weighted organizational assessment, geographic difficulty factors, and comparison of assessment results with the existing organizational structure. The findings show that institutional rightsizing does not operate as a linear downsizing process. Institutional and fiscal pressures trigger reassessment, while organizational decisions are differentiated according to the characteristics of each government function. The assessment produces five organizational responses: retain, merge, integrate/expand, reassign, and restore. The third restructuring alternative reduces the number of regional agencies from 23 to 17 through functional integration while maintaining government affairs and implementation capacity. The study concludes that institutional assessment functions as a meso-level mechanism linking external pressures to organizational design, while robust governance provides the basis for maintaining governance capacity, coordination, and service continuity. Thus, rightsizing represents selective institutional adjustment rather than uniform organizational reduction.

Keywords: Institutional rightsizing, fiscal constraint, institutional assessment, organizational restructuring, local government

Abstrak

Tekanan fiskal dan perubahan kelembagaan menghadapkan pemerintah daerah pada kebutuhan menyesuaikan struktur organisasi dengan sumber daya yang tersedia tanpa mengurangi fungsi pemerintahan dan kapasitas pelayanan yang esensial. Penelitian ini bertujuan menganalisis bagaimana tekanan fiskal dan regulatif diterjemahkan ke dalam restrukturisasi organisasi di Kabupaten Nabire serta merumuskan konfigurasi institusional rightsizing yang selaras dengan beban kerja, kapasitas fiskal, karakteristik geografis, kebutuhan pemerintahan, dan ketentuan kelembagaan. Penelitian menggunakan

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embedded qualitative institutional case study yang dikombinasikan dengan regulatory-based organizational assessment dan policy design analysis. Data diperoleh melalui wawancara semi-terstruktur terhadap enam informan yang dipilih secara purposif serta analisis dokumen regulasi, fiskal, kelembagaan, dan penilaian beban kerja. Analisis dilakukan melalui institutional contextual analysis, penilaian organisasi berbobot dengan faktor kesulitan geografis, serta perbandingan hasil penilaian dengan struktur organisasi eksisting. Hasil penelitian menunjukkan bahwa institutional rightsizing tidak berlangsung sebagai proses downsizing yang linear. Tekanan fiskal dan regulatif memicu penilaian ulang, sedangkan keputusan organisasi dibedakan berdasarkan karakteristik setiap fungsi pemerintahan. Penilaian menghasilkan lima bentuk respons, yaitu retain, merge, integrate/expand, reassign, dan restore. Alternatif ketiga mengurangi jumlah perangkat daerah dari 23 menjadi 17 melalui integrasi fungsi tanpa menghilangkan urusan pemerintahan dan kapasitas pelaksanaannya. Penelitian menyimpulkan bahwa institutional assessment berfungsi sebagai mekanisme meso-level yang menghubungkan tekanan eksternal dengan desain organisasi, sedangkan robust governance menjadi orientasi untuk mempertahankan kapasitas pemerintahan, koordinasi, dan kesinambungan pelayanan. Dengan demikian, rightsizing merupakan penyesuaian kelembagaan yang selektif, bukan pengurangan organisasi secara seragam.

Kata Kunci: *Institutional rightsizing, tekanan fiskal, penilaian kelembagaan, restrukturisasi organisasi, pemerintahan daerah*

INTRODUCTION

Decentralization not only changes the distribution of authority between the central government and local governments, but also determines the institutional capacity required by local governments to exercise that authority (Canavire-Bacarreza et al., 2020; Dick-Sagoe, 2020). When government affairs are distributed to the subnational level, organizational structure becomes an important instrument for translating authority into decisions, public services, and regional development. Therefore, the organizational design of local government cannot be separated from the fiscal capacity that underpins it. Local governments that gain broader authority but face shrinking fiscal resources must make adjustments to the way government functions are organized (Arkorful et al., 2021; Sima et al., 2023). In this perspective, the issue of *Institutional rightsizing* becomes relevant because it concerns the question of how far the bureaucratic structure can be adjusted to fiscal capabilities without reducing the government's capacity to fulfill service and development obligations. Indonesia's regulatory framework itself has linked the formation of regional apparatus to government affairs, workload, financial capacity, population, regional characteristics, and the intensity of government affairs (Aalbers & Bernt, 2019).

The international literature on fiscal pressures on local governments shows that budget constraints do encourage policy adjustments, but do not necessarily result in direct organizational reductions. (Warner et al., 2021), based on a national survey of 2,341 city and

county governments in the United States, found that local governments face fiscal pressures through a combination of spending cuts, additional sources of revenue, and spending delays. The findings suggest that fiscal pressures generate responses that are diverse and dependent on local conditions, so they are not appropriate to be understood solely as a process *austerity* or linear reduction of spending. (Brien et al., 2021) reinforce these findings through an analysis of 34 years of county government data in Florida. They show that managerial responses to fiscal pressures differ according to the type of service and the duration of the pressures faced. As such, the impact of fiscal pressures on public administration is not uniform, as local governments must determine which parts of government activities can be reduced, suspended, or maintained.

The study on local government restructuring provides further findings. (Askim et al., 2025), through a 30-year time series analysis spanning 39 European countries, shows that the relationship between fiscal pressures, demographic changes, and functional needs with territorial restructuring is not stand-alone, but is influenced by *Institutional decision rules*, particularly regarding who has the authority to make restructuring decisions. These findings are important because they show that fiscal issues do not automatically determine the form of institutional change; such pressures must be translated through specific institutional rules and configurations. Meanwhile, systematic review (Ambe, 2025), against 24 studies on local government mergers in developing countries show that the evidence on the relationship between restructuring and *Financial viability* is still limited and inconsistent. The literature in developing countries tends to discuss financial feasibility, regional consolidation, and service capacity more than to explain in detail how fiscal pressures translate into decisions regarding the internal configuration of local government organizations.

The findings show that the literature has shed light on three important points, but it still leaves a relationship that has not been adequately explained. First, fiscal pressures influence local government spending choices and adjustment strategies (Brien et al., 2021; Warner et al., 2021). Second, government restructuring is influenced by institutional rules and decision-making configurations (Askim et al., 2025). Third, in the context of developing countries, empirical evidence on the relationship between restructuring and fiscal sustainability is still limited and fragmented (Ambe, 2025). However, these studies have not specifically explained how fiscal efficiency policies emanating from the central government translate into changes in the internal organizational design of local governments, especially when local governments must determine whether a matter is maintained as a separate unit, merged with other matters, or implemented through a simpler structure. This gap is important because *rightsizing* It is not just a reduction in the number of organizations. It is a question *Institutional Design*: how to create a structure that is comparable to the workload and fiscal capability, but still able to maintain the government functions that must be carried out. Thus, this study puts *rightsizing* As a mechanism that links fiscal constraint with organizational design, a relationship that

has received relatively little attention in the study of decentralization and local government reform.

This gap is becoming increasingly relevant in the Indonesian context because fiscal decentralization has not eliminated local governments' dependence on central government transfers. (Haptari et al., 2024; Marselina & Herianti, 2022; Syafri et al., 2024), based on data from the district/city government panel in Indonesia for the 2016–2021 period, shows that central government transfers still affect regional financial conditions and that the determinants of fiscal independence differ between regions. The findings show that the capacity of local governments to exercise autonomy does not have a uniform fiscal base. In such a situation, spending efficiency policies have the potential to have institutional consequences because the reduction of fiscal space does not remove the obligation of local governments to run government affairs. Local governments are instead faced with the need to maintain service capacity while adjusting the bureaucratic structure to available resources. This problem took a more concrete form after the issuance of Presidential Instruction Number 1 of 2025 concerning Expenditure Efficiency in the Implementation of the State Budget and Regional Budget. The instruction is effective from January 22, 2025 and is addressed, among others, to governors and regents/mayors, with a mandate to review expenditures according to their respective duties, functions, and authorities in the context of efficiency (Budiman et al., 2025; Zulaika et al., 2025).

Nabire Regency provides relevant empirical context to examine the issue because fiscal pressures in this area have coincided with changes in the institutional environment due to the formation of Central Papua Province. Law Number 15 of 2022 establishes Central Papua Province which includes Nabire Regency as one of its regions and establishes a provincial capital domiciled in Nabire Regency. The law also explicitly stipulates that the provincial regional apparatus is formed taking into account the specificities, needs, and financial capabilities of the region. This configuration creates different institutional conditions from district governments that operate within long-established provincial structures. Nabire must maintain the capacity to administer district affairs, while at the same time undergoing changes in the division of government functions as a consequence of the formation of new provinces. Therefore, the Nabire case provides an opportunity to see how fiscal pressures interact with changes in the structure of government simultaneously, rather than separately.

Changes in fiscal conditions and demands for institutional adjustment indicate that the restructuring of local government organizational structures cannot be understood solely as an effort to reduce the number of regional apparatus. External pressures need to be translated through considerations regarding functional needs, fiscal capacity, workload, regional characteristics, and service sustainability. Figure 1 illustrates this relationship by placing fiscal pressure and institutional mandates as factors that drive the process of structural adjustment through institutional mechanisms, which can further result in consolidation, integration, or restructuring of organizational functions.

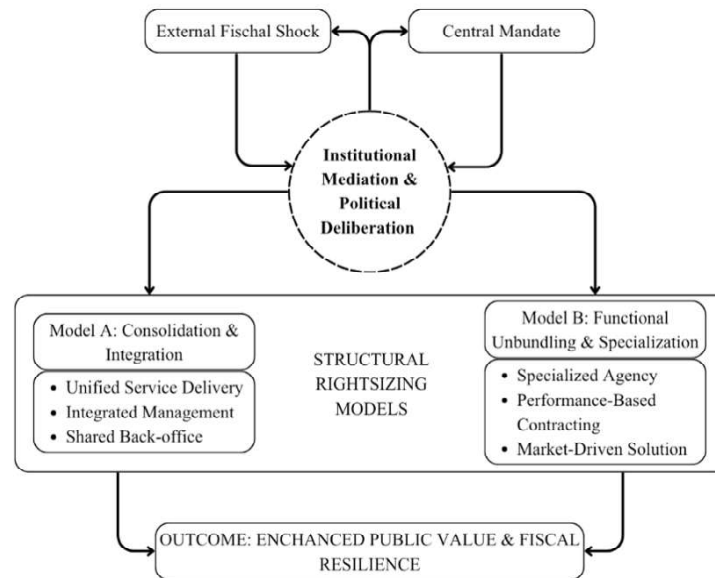


Figure 1. Conceptual Framework for Structuring Organizational Structures in the Face of Fiscal Pressure

The framework shows that fiscal pressure does not directly determine the final form of the organization, but creates the need to reassess the institutional configuration according to the conditions and needs of local governments. Thus, structural restructuring is part of the process of institutional adjustment that must bring together the demands of efficiency with the government's capacity to maintain the functions of government and public services.

In the context of Nabire Regency, this logic becomes increasingly relevant when viewed from its fiscal condition. The Nabire Regency Government stated that the APBD, which reached around IDR 2.1 trillion in 2024, decreased to around IDR 2.0 trillion in 2025 and around IDR 1.5 trillion in the early 2026 APBD after the regions no longer receive DAK (Antaranews.com, 2026a). The fiscal condition does not take place in a loose policy space because the government is also still facing a number of financial obligations, including BLUD obligations for RSUD and payments for unresolved activities (Antaranews.com, 2026b). At the same time, the need for services and development remains high. BPS Nabire Regency noted that in March 2025 there will be around 34.18 thousand poor people or 22.65% of the population, although this figure has decreased compared to the previous year (BPS Nabire Regency, 2025). Fiscal pressures are therefore faced with service needs that cannot be reduced indiscriminately. These conditions make the question of organizational design more important than just the question of the magnitude of budget savings. Fiscal change demands adjustments, but such forms of adjustment must take into account service functions, workloads, and institutional capacity.

Institutionally, these problems have had direct consequences in Nabire Regency. The structure of the regional apparatus was previously formed through the Regional Regulation of Nabire Regency Number 4 of 2016 and underwent a number of changes, including changes through Regional Regulation Number 2 of 2026. The organizational framework used in this study shows that the typology of the regional apparatus is determined through general and technical variables, taking into account, among others, the number of population, the area area, the APBD, the availability of resources, and the burden and intensity of government affairs. The results of the mapping in the study show that there is considerable variation between government functions: some affairs are in typology A, some are in typology B or C, while some affairs do not meet the conditions to be formed as separate organizations. These findings show that the institutional problem of Nabire is not just a problem of many or few organizations, but a problem of conformity between structure, functions, workload, regional characteristics, and fiscal capacity. It is at this point *that rightsizing* acquires a substantive meaning as a process of rearranging the organizational architecture so that limited administrative resources are placed in functions that have adequate burdens and service needs.

Thus, there is a more specific research gap. Although institutional restructuring has been widely discussed in the literature on decentralization and local government reform, research describing how fiscal efficiency policies reshape local government organizational design in Indonesia's newly formed provincial institutional environment is still limited. Previous literature shows that local governments respond to fiscal pressures through various strategies and that restructuring is influenced by institutional rules, but it has not adequately explained how fiscal constraints translate into institutional assessment processes, which then influence decisions on organizational consolidation or integration to produce new organizational designs at the local government level. This research fills this space by using Nabire Regency as a case to understand how fiscal pressures translate into institutional design decisions based on workload, fiscal capacity, geographical characteristics, and legal frameworks. With this position, the contribution of the research does not lie solely in the preparation of an alternative regional apparatus structure for Nabire, but in the explanation of *rightsizing* as a mechanism for institutional adjustment when local governments face fiscal limitations in the context of territorial change and multilevel governance.

Based on these arguments, this study asks the question, how the pressure of fiscal efficiency translates into changes in the organizational design of the Nabire Regency government in the context of the formation of Central Papua Province, and how can the resulting organizational configuration maintain the capacity to carry out government affairs in the midst of fiscal limitations? This study aims to analyze the process of restructuring the regional apparatus organization of Nabire Regency by integrating the assessment of workload, fiscal capacity, geographical characteristics, government needs, and institutional provisions,

as well as formulating an *institutional rightsizing* configuration that allows spending efficiency to run in tandem with the sustainability of government functions and public services.

THEORETICAL FOUNDATION

Institutional Theory and Isomorphic Pressures

The institutional structuring of local government is not solely an internal decision of the organization, but takes place in an institutional environment shaped by regulations, resource dependence, and administrative expectations. Institutional Theory explains that public organizations adjust their structures and practices in response to pressures from the institutional environment (Prasetyo, 2026; Rizkiyah et al., 2026) (Berthod, 2023). (DiMaggio & Powell, 1983), identify three isomorphism mechanisms, namely *coercive*, *mimetic*, and *normative isomorphism*. In the context of local government, the *coercive* It becomes relevant when the organizational structure has to conform to the provisions of laws and government policies that have regulatory powers.

In this study, institutional pressures mainly come from changes in the regulatory environment that govern regional apparatus and demands for government spending efficiency. Law Number 23 of 2014, Government Regulation Number 18 of 2016 as amended by Government Regulation Number 72 of 2019, as well as efficiency policies through Presidential Instruction Number 1 of 2025 form institutional boundaries for local governments in determining the form and size of organizations (Helmi, 2021; Suardita, 2024) (Pramudana & Perdana, 2023; Rumesten et al., 2020). Thus, rightsizing is not understood as a completely free organizational choice, but as an institutional response to external pressures that must remain within the regulatory corridor.

However, institutional pressures do not mean that all regions must result in identical organizational structures. (Ashworth et al., 2009), suggesting that institutional similarity does not necessarily mean similarity in substantive structures because organizations can respond to institutional pressures in different ways according to their context. Therefore, in this study *Institutional Theory* It is used to explain why institutional reform was triggered, but not to directly determine the final form of the organization. Thus, regulatory pressure is positioned as external institutional pressure that prompts the Nabire Regency government to conduct a review of the structure of the regional apparatus. The pressure then needs to be translated through an institutional assessment process that takes into account the actual conditions of the region. This position is important because *rightsizing* not just an automatic consequence of regulatory changes, but the result of an institutional process that brings together regulatory demands with regional capacity and needs.

Cutback Management and Robust Governance under Turbulence

The institutional pressure in the organizational reform of Nabire Regency took place simultaneously with the fiscal pressure. Therefore, *Cutback Management* used to describe how public government makes organizational adjustments when available resources are declining. (Levine, 1978) view *Cutback Management* as a process of managing an organization in a condition of limited resources that requires the government to determine priorities, reduce expenses, and make adjustments to organizational structures and activities (Peretz, 2021; Walker & Kutsyuruba, 2020).

In the context of local government, *Cutback* cannot be understood as a general budget cut. Resource reduction raises the question of choice: what functions should be maintained, what functions can be consolidated, and which structures can be consolidated without disrupting the fundamental functions of government. The literature on local government responses to fiscal pressures shows that reduction strategies do not take place uniformly because spending choices are influenced by organizational characteristics, types of services, and regional institutional conditions (Brien et al., 2021) (Warner et al., 2021).

On that basis, this study places *fiscal retrenchment* as a pressure that changes the space of organizational choice. Local governments no longer only consider the sectoral division of functions, but must also assess the suitability between structure, workload, fiscal capacity, human resources, supporting facilities, and scope of responsibilities. This approach is in line with the principle in structuring regional apparatus that emphasizes rational, proportional, effective, and efficient organizations based on the actual conditions of the region.

Thus, the analytical function of *Cutback Management* in this study is to explain why organizational choices become necessary when fiscal resources are limited. Fiscal pressure does not automatically result in the elimination of the organization, but encourages the selection of the structure through the mechanism of *retain, integrate, consolidate*, or eliminate the need for stand-alone units.

Robust Governance under Turbulence

Fiscal constraints and policy changes do not take place in a stable environment. Local governments also face changes in economic conditions, national policies, service needs, and regional characteristics. Therefore, the organizational design resulting from the restructuring is not enough to be judged only by its ability to reduce the number of units or organizational expenditure. The new structure must still be able to maintain the function of government when facing changing conditions.

Perspective *robust governance* provides a basis for understanding those needs. (Ansell et al., 2023), explains that robust governance emphasizes the ability of institutions to maintain the functions and objectives of governance through adaptive capacity in the face of uncertainty and change. Thus, the success of adaptation is not determined by the ability to maintain the

old structure, but by the ability to maintain the core functions of government through structural and process adjustments.

In this study, *Robust Governance under Turbulence* is used to explain the characteristics that must be maintained by the organizational structure after rightsizing. Organizational rationalization is not positioned as the final goal, but rather as a means to obtain a more proportionate structure without eliminating the necessary administrative capacity. Therefore, mandatory government functions, service capacity, interorganizational coordination, and administrative capabilities are aspects that must be maintained in the design of new organizations.

This perspective is very relevant for Nabire Regency because organizational restructuring takes place when fiscal capacity is under pressure. In these conditions, smaller organizations do not necessarily show the success of reform if structural reductions actually create excessive workloads, weaken coordination, or reduce the government's ability to carry out service functions. Therefore, *rightsizing results* need to be assessed based on the ability of the new structure to maintain governance capacity and service continuity.

Integrated Analytical Framework for Institutional Rightsizing

These three perspectives are integrated in this study to explain *institutional rightsizing* as a process, not as a direct result of one pressure or one theory. *Institutional Theory* explains the sources of pressure that trigger institutional change, especially regulatory pressures from the government environment. *Cutback Management* explains why fiscal constraints narrow organizational choices and encourage governments to make a selection of structures and functions. Meanwhile, *Robust Governance under Turbulence* explains the characteristics that must be maintained in the structure of the restructuring results so that government capacity and continuity of services are not disturbed.

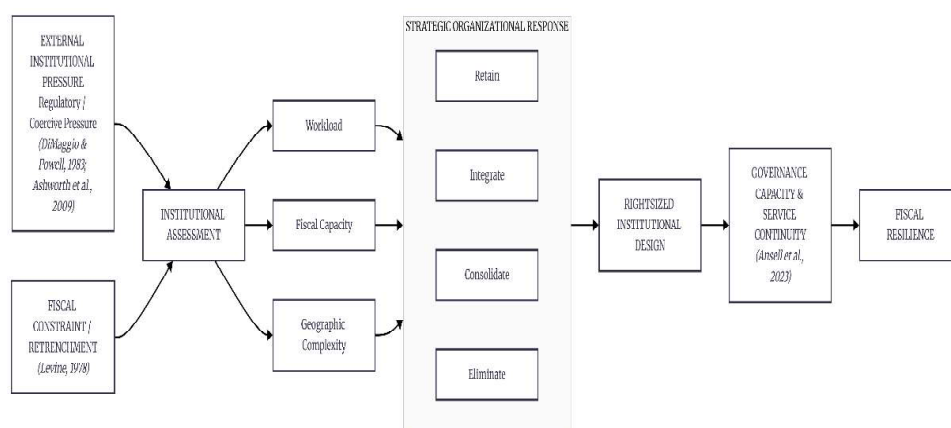


Figure 2. Integrated Analytical Framework of Institutional Rightsizing

Within this framework, institutional assessment is placed as an analytical mechanism that connects external pressures to organizational decisions. Institutional assessment is carried out not only based on the number of organizations, but also by taking into account the objective conditions of the region, including workload, fiscal capacity, geographic complexity, mandatory functions, human resources, supporting facilities, and organizational duplication. This approach is consistent with the institutional design of the regional apparatus which in the article considers regional characteristics, fiscal capacity, availability of human resources, and organizational needs.

The results of *the institutional assessment* then become the basis for a strategic organizational response. At this stage, local governments can maintain units that have strategic functions and workloads (*retain*), combine functions that can be managed together (*integrate*), consolidate structures that have proximity or overlapping functions (*consolidate*), or eliminate the need for the formation of stand-alone units (*eliminate separate units*). Thus, organizational decisions are not determined solely by the pressure to reduce budgets, but by the results of an assessment of institutional needs and capacity. This process results in rightsized institutional design, which is an organizational design that seeks to achieve a balance between the size of the structure, workload, fiscal capabilities, and government needs. In the context of this article, *the principle of rightsizing* departs from the idea that each authority does not have to produce a separate organization. Structures can be arranged through the merger of functions as long as the division of tasks, accountability, and implementation capacity are maintained. This principle has been part of the discussion regarding the restructuring of regional apparatus in the article.

In the final stage, the quality of the design is seen from its ability to maintain governance capacity, service continuity, and fiscal resilience. Thus, organizational efficiency is not only understood as a reduction in the number of regional apparatus, but as a process of adjusting the structure to achieve organizational size that is in accordance with government resources and needs.

METHOD

This study uses an embedded qualitative institutional case study combined with regulatory-based organizational assessment and policy design analysis to examine the arrangement of the regional apparatus of Nabire Regency. Regional apparatus and government affairs are units of analysis embedded in the context of regulations, fiscal capacity, and regional characteristics. Data were obtained through semi-structured interviews and document analysis. This design was chosen because the research analysis not only describes the institutional condition, but also uses *scoring, weighting, geographical difficulty factors*, organizational typology, and the preparation of alternative structures.

Informants were selected purposively based on their position, authority, and direct knowledge of planning, fiscal, organizational, and institutional structuring processes. Six informants were considered adequate based on information power, namely the proximity of the informants to the research focus, the specificity of the information needed, and the direct relationship of their position to *the institutional design* process.

Table 1. Research Informant

Informants	Relevance of Information
Regional Secretary of Nabire Regency	Coordination of governance and institutional structuring
Head of Bappeda of Nabire Regency	Planning and prioritization of government affairs
Head of BPPKAD Nabire Regency	Fiscal conditions and spending efficiency
Head of the Organization Section of the Nabire Regency Secretariat	Organizational structure, workload, and design
Members of the DPRD related to government/budget	Policy and institutional deliberation
Academics/local government experts	Organizational design and <i>rightsizing</i>

The composition of informants is focused on actors who have direct authority or expertise in fiscal planning, institutional structuring, and organizational decision-making. Therefore, interviews are mainly used to obtain *institutional design* and *policy assessment* perspectives. The perspective of service implementers is not used as a separate source of interviews, so the operational feasibility of restructuring is examined through institutional documents, workload data, and regulatory provisions.

Table 2. Document Corpus

No.	Documents	Analytical Function
1	Law No. 23 of 2014	The basis of the division of affairs and institutions
2	Government Regulation No. 18 of 2016	Basis of the formation and typology of regional apparatus
3	Government Regulation No. 72 of 2019	Changes in the provisions of the regional apparatus
4	Presidential Instruction No. 1 of 2025	Spending efficiency policy basis
5	Nabire Regional Regulation No. 4 of 2016 and its amendments	Existing organizational structure
6	Nabire Regency Budget 2024–2026	Fiscal conditions and capacity
7	Workload assessment/mapping document	Institutional assessment <i>policy</i>

The analysis was carried out through three stages. First, institutional contextual analysis to map regulatory pressures, fiscal conditions, existing structures, and division of functions. Second, regulatory-based organizational assessment used general variables in the form of population, area area, and APBD as well as technical variables in the form of human resources, supporting facilities, scope of responsibilities, characteristics, and regional potential. The indicator scores were weighted, summed, and then multiplied by a *geographical difficulty factor* of 1.4; the final score determined Typologies C (401–600), B (601–800), and A (>800).

Third, policy design analysis compares the results of the *assessment* with the existing structure to determine which units are maintained, integrated, consolidated, or non-standalone. Interview data is analyzed deductively based on *regulatory compliance, workload, fiscal capacity, human resources, supporting facilities, functional overlap, and implementation feasibility*. Informant information is compared with documents and *scoring results* through source triangulation. Thus, the analysis process can be traced starting from empirical data, followed by *institutional assessment*, then used to determine structural decisions, and subsequently become the basis for the preparation of rightsizing alternatives.

RESULTS

Based on the findings and discussion concerning the Restructuring of Regional Apparatus Organizations Following the Issuance of the Presidential Instruction on Expenditure Efficiency in Nabire Regency, Central Papua Province, the following conclusions can be drawn. Following the calculation of the variable scores for each governmental affair under the authority of Nabire Regency, the total variable scores and the organizational typology of each governmental function were determined, as summarized in Table 1.

Table 3. Recapitulation of Total Variable Scores and Organizational Typology of Governmental Affairs in Nabire Regency 2026

No.	Agency Affairs	Variable Score		Total Score	Geographical Complexity	Total Score	Type
		Generic	Technical				
1	2	3	4	5 (3+4)	6	7 (6x5)	8
1.	Regional Secretariat	160	550	710	1.4	994	A
2.	Secretariat of the Regional House of Representatives (DPRD)	160	320	480	-	480	C
3.	Regional Inspectorate	160	640	800	1.4	1120	A
4.	Education	160	420	580	1.4	812	A
5.	Health	160	520	680	1.4	952	A
6.	Public Works and Spatial Planning	160	414	574	1.4	804	A
7.	Housing and Settlement	160	270	430	1.4	602	B

8.	Public Order, Public Security, and Community Protection – Public Order and Security Sub-function (Municipal Police/Satpol PP)	160	310	470	1.4	658	B
9.	Public Order, Public Security, and Community Protection – Disaster Management and Fire Services Sub-functions	160	160	320	1.4	448	C
10.	Social Affairs	160	416	576	1.4	806,4	A
11.	Manpower	160	320	480	1.4	672	B
12.	Women's Empowerment and Child Protection	160	440	600	1.4	840	A
13.	Food Security	160	460	620	1.4	868	A
14.	Land Affairs	160	100	260	1.4	364	Affairs.
15.	Environment	160	440	600	1.4	840	A
16.	Population Administration and Civil Registration	160	630	790	1.4	1106	A
17.	Community and Village Empowerment	160	400	560	1.4	784	B
18.	Population Control and Family Planning	160	428	588	1.4	823,2	A
19.	Transportation	160	434	594	1.4	831,6	A
20.	Communication and Informatics	160	448	608	1.4	851,2	A
21.	Cooperatives, Small and Medium Enterprises	160	340	500	1.4	700	B
22.	Investment and One-Stop Integrated Services	160	440	600	1.4	840	A
23.	Youth and Sports	160	160	320	1.4	448	C
24.	Statistics	160	90	250	1.4	350	Affairs.
25.	Cryptography	160	160	320	-	320	Affairs.
26.	Culture	160	200	360	1.4	504	C
27.	Library Services	160	164	324	1.4	453,6	C
28.	Archival Affairs	160	270	430	-	430	C
29.	Marine Affairs and Fisheries	160	330	490	1.4	686	B
30.	Tourism	160	260	420	1.4	588	C
31.	Agriculture	160	472	632	1.4	885	A
32.	Forestry	160	0	160	-	160	Cannot be formulated
33.	Energy and Mineral Resources	160	0	160	-	160	Cannot be formulated
34.	Trade	160	290	450	1.4	630	B
35.	Industry	160	320	480	1.4	672	B
36.	Transmigration	160	160	320	1.4	448	C
37.	Development Planning	160	494	654	1.4	916	A
38.	Finance	160	550	710	1.4	994	A
39.	Civil Service, Education and Training	160	300	460	1.4	644	B
40.	Research and Development	160	240	400	1.4	560	C
41.	Nabire District	160	650	810	1.4	1134	A
42.	Napan District	160	460	620	1.4	868	A
43.	Yaur District	160	460	620	1.4	868	A

44.	Uwapa District	160	410	570	1.4	798	A
45.	Wanggar District	160	560	720	1.4	1008	A
46.	Siriwo District	160	460	620	1.4	868	A
47.	Makimi District	160	560	720	1.4	1008	A
48.	Umar Bay District	160	370	530	1.4	742	A
49.	Kimi Bay District	160	460	620	1.4	868	A
50.	Yaro District	160	370	530	1.4	742	A
51.	Wapoga District	160	460	620	1.4	868	A
52.	West Nabire District	160	560	720	1.4	1008	A
53.	Moora Islands District	160	370	530	1.4	742	A
54.	Dipa District	160	460	620	1.4	868	A
55.	Menouw District	160	510	670	1.4	938	A

In accordance with Article 40 paragraph (2) of Government Regulation Number 18 of 2016, government affairs that have a technical variable score of zero are not placed in the Regional Apparatus Organization (OPD), so it does not become the basis for the formation of a separate organizational unit. Furthermore, Article 53 regulates the typology of regional apparatus based on the score obtained. The Regional Secretariat, the Secretariat of the DPRD, the Regional Inspectorate, as well as supporting elements of government affairs in the field of planning and finance are classified as Type A if they obtain a score of more than 800, Type B if they obtain a score of 601 to 800, and Type C if they obtain a score of 600 or high. For Regional Agencies and Agencies, Type A applies to scores of more than 800, Type B to a score of 601 to 800, and Type C to a score of 401 to 600. Mandatory government affairs related to basic services and have not reached a minimum score of 401 must still be accommodated in the form of Type C Service. Meanwhile, the sub-district is classified as Type A if it obtains a score of more than 600 and Type B if it obtains a maximum score of 600. For basic non-service affairs that do not meet the requirements for the formation of an Agency or Agency, the score of 301 to 400 is accommodated in the form of a field, while the highest score of 300 is accommodated in the form of a section or subdivision.

Article 107 paragraph (4) provides a special provision that the variable scores of the DPRD Secretariat, archival affairs, cryptography, energy and mineral resources, and forestry are not multiplied by geographical difficulty factors. Based on the results of the assessment, all sub-districts in Nabire Regency obtained a Type A typology, namely Nabire, Napan, Yaur, Uwapa, Wanggar, Siriwo, Makimi, Teluk Umar, Teluk Kimi, Yaro, Wapoga, West Nabire, Moora Islands, Dipa, and Menouw.

The results of the assessment also show that there are institutional problems in the affairs of the fire brigade. Nabire Regency obtained a score of 448 for matters of peace, public order, and community protection, especially the sub-affairs of the fire brigade. With this score, the function of the fire brigade should be accommodated at least in the form of a Type C Service. However, in the existing structure, a regional apparatus for fire and rescue has not been formed, and there has been no affirmation regarding the placement of these functions in other regional apparatus that are related to the affairs of the government. This

condition shows that there is a discrepancy between the results of the assessment and the applicable institutional arrangements.

Based on the Regional Regulation of Nabire Regency Number 2 of 2025 concerning the Second Amendment to Regional Regulation Number 4 of 2016, the second alternative maintains the Regional Secretariat and the Regional Inspectorate at Type A, while the Secretariat of the DPRD is at Type C. The structure consists of 23 Regional Offices, which include the Type A Education Office, the Type A Health Office, the Public Works and Spatial Planning Office Type A, Type B Housing and Settlement Area, Type A Social Service, Type A Manpower and Transmigration Service, Type A Women's Empowerment and Child Protection Service, Type A Food Security Service, Type A Environmental Service, Type A Population and Civil Registration Service, Type B Community and Village Empowerment Service, Type A Population Control and Family Planning Office, Type A Transportation Office, Type A Communication and Information Service, Type B Cooperatives and Micro, Small and Medium Enterprises Office, Type A Investment and Integrated Services Office, Type A Culture and Tourism Office, Type B Trade Office, Type B Industry Office, Type B Marine and Fisheries Service, Type A Agriculture Service, Type A Livestock Service, and Type B Civil Service Police Unit.

At the Regional Agency level, the second alternative consists of six agencies, namely the Regional Development Planning, Research and Innovation Agency Type A, the Regional Financial and Asset Management Agency Type A, the Regional Revenue Agency Type A, the Personnel and Human Resources Development Agency Type B, the Regional Disaster Management Agency Type B, and the National Unity and Political Agency Type B. The structure also does not include the Regional General Hospital as a service support element and still leaves problems in the placement of disaster management functions. The fifteen sub-districts remain in Type A.

The assessment of the second alternative shows several other problems. The function of the fire brigade has not been accommodated through its own regional apparatus despite obtaining a score of 448. In addition, the Type B Youth and Sports Service has been abolished, but there has not been an adequate explanation regarding the transfer of these affairs to other regional apparatus. A similar condition occurs in the abolition of the Type B Library and Archives Service, because the available structure has not explicitly explained the regional apparatus that takes over the affairs of archives and libraries. This condition shows that the reduction of organizational units needs to be followed by a clear redistribution of functions so as not to create an institutional vacuum.

The third alternative was prepared as a response to the spending efficiency policy through Presidential Instruction Number 1 of 2025 and is directed at adjusting the organizational structure through the merger of functions that have substantive proximity. In this alternative, the Regional Secretariat remains Type A, the Secretariat of the DPRD Type C, and the

Regional Inspectorate Type A. The number of Agencies is reduced from 23 to 17 through the integration of several government affairs. The structure includes the Type A Education Office, the Type A Health Office, the Public Works and Spatial Planning Office Type A, the Social Service, Employment and Transmigration Type A, the Women's Empowerment and Child Protection Service Type A, the Food Security, Marine and Fisheries Service Type A, the Agency for Environment, Housing and Settlement Areas Type A, the Population and Civil Registration Office Type A, Population Control, Family Planning, Community and Village Empowerment Type A, Type A Transportation Service, Type A Communication and Information Service, Investment Office, One-Stop Integrated Services, Cooperatives and Micro, Small and Medium Enterprises Type A, Culture, Tourism, Youth and Sports Type A, Industry and Trade Service Type A, Agriculture and Livestock Service Type A, Library and Archives Service Type B, and Type A Civil Police and Fire Unit.

In the structure of the Regional Agency, the third alternative includes the Regional Development Planning, Research and Innovation Agency Type A, the Regional Revenue, Financial and Asset Management Agency Type A, the Personnel and Human Resources Development Agency Type B, the Regional Disaster Management Agency Type B, the National Unity and Political Agency Type B, and the Regional General Hospital. The fifteen sub-districts are still classified as Type A, namely Nabire, Napan, Yaur, Uwapa, Wanggar, Siriwo, Makimi, Umar Bay, Kimi Bay, Yaro, Wapoga, West Nabire, Moora Islands, Dipa, and Menouw.

The third alternative basically does not abolish government affairs, but integrates several functions that are considered to have a close relationship of duties and can be placed in one regional apparatus. The integration can be seen in the merger of social affairs, employment, and transmigration; food security with marine and fisheries; the environment with housing and residential areas; population control, family planning, community and village empowerment; as well as investment, one-stop integrated services, cooperatives, and micro, small and medium enterprises. The functions of culture, tourism, youth and sports are also placed in one regional apparatus, while the fire brigade is integrated with the Pamong Praja Police Unit. Thus, the third alternative shows a shift from a highly differentiated structure to a more consolidated structure, while maintaining the existence of government affairs and its implementation capacity.

DISCUSSION

Institutional Rightsizing through the Structuring and Consolidation of Regional Apparatus Organizations

The results *of the institutional assessment* show that the structuring of the Regional Apparatus Organization (OPD) of Nabire Regency does not take place as a *linear downsizing* process, but as a process of institutional differentiation that produces different forms of response according to the characteristics of the government function. The *institutional*

rightsizing matrix shows five forms of response, namely *retain*, *merge*, *expand/integrate*, *reassign*, and *restore*. These variations show that fiscal efficiency pressures do not automatically determine that organizations should be eliminated or reduced. On the other hand, fiscal pressure serves as a trigger for a reassessment of the structure, while decisions on organizational form are determined through an assessment of functions, workloads, capacity, interfunctional linkages, and service sustainability. These findings strengthen the position of *institutional assessment* in the research framework as a mechanism that links institutional and fiscal pressures with *strategic organizational responses*. Thus, *rightsizing* in the case of Nabire is more appropriately understood as **selective institutional adjustment** rather than simply reducing the number of regional apparatus.

Table 4. OPD-Based Institutional Rightsizing Matrix of Nabire Regency

No	OPD Exists	Type	Main Functions	Institutional Considerations	Rightsizing Strategy	Proposed OPDs	Changes
1	Education Office	A	Education	Core basic services; <i>high functional criticality</i>	Retain	Education Office	Unchanged
2	Health Office	A	Health	High basic service obligations	Retain	Health Office	Unchanged
3	Public Works and Spatial Planning Office	A	Infrastructure and spatial planning	Functions of strategic infrastructure	Retain	Public Works and Spatial Planning Office	Unchanged
4	Housing and Settlement Areas Office	B	Housing, settlements, land	Has a strong link with environmental and settlement management	Merge	Environment, Housing and Residential Areas Agency	Consolidation
5	Social Service	A	Social	Have a link to employment and social protection	Merge	Social, Employment and Transmigration Service	Consolidation
6	Manpower and Transmigration Office	A	Employment and transmigration	Have a functional connection to social affairs	Merge	Social, Employment and Transmigration Service	Consolidation
7	Women's Empowerment and Child Protection Office	A	Women's empowerment and child protection	Have a specific protection mandate	Retain	Women's Empowerment and Child Protection Office	Unchanged
8	Food Security Service	A	Food security	It has a close relationship with food, marine and fisheries systems	Merge	Department of Food Security, Marine and Fisheries	Consolidation
9	Environment Agency	A	Environment	Have a close relationship with housing and residential areas	Merge	Environment, Housing and Residential Areas Agency	Consolidation

10	Population and Civil Registration Office	A	Population administration	Specific administrative services	Retain	Population and Civil Registration Office	Unchanged
11	Community and Village Empowerment Office	B	Community and village empowerment	Related to community development and empowerment	Merge	Population Control Office, Family Planning, Community and Village Empowerment	Consolidation
12	Population Control and Family Planning Office	A	Population control and family planning	Have a functional relationship with community empowerment	Merge	Population Control Office, Family Planning, Community and Village Empowerment	Consolidation
13	Department of Transportation	A	Relationships	Technical and infrastructure functions	Retain	Department of Transportation	Unchanged
14	Communication and Information Service	A	Communication, informatics, statistics and encryption	Strategic functions to support digital governance	Retain	Communication and Information Service	Unchanged
15	Cooperatives and MSMEs Office	B	Cooperatives and MSMEs	Have a relationship with investment and business facilitation	Merge	Investment Office, PTSP, Cooperatives and MSMEs	Consolidation
16	Investment Office and PTSP	A	One-stop integrated investment and service	It is directly related to business facilitation and MSMEs	Merge	Investment Office, PTSP, Cooperatives and MSMEs	Consolidation
17	Culture and Tourism Office	A	Culture and tourism	Can accommodate youth and sports functions	Expand/Integrate	Culture, Tourism, Youth and Sports Office	Expansion
18	Trade Office	B	Trade	Has links to industrial production and value chains	Merge	Department of Industry and Trade	Consolidation
19	Industry Office	B	Industrial	Have a close connection with trade	Merge	Department of Industry and Trade	Consolidation
20	Marine and Fisheries Service	B	Marine and fisheries	Has a link to the food security system	Merge	Department of Food Security, Marine and Fisheries	Consolidation
21	Agriculture Office	A	Agriculture	It is closely linked to crop production and livestock	Merge	Department of Agriculture and Livestock	Consolidation
22	Animal Husbandry Service	A	Farm	Has a close relationship with agriculture	Merge	Department of Agriculture and Livestock	Consolidation

23	Pamong Praja Police Unit	B	Peace, public order and public protection	The fire brigade's function has not been institutionally accommodated despite obtaining a score of 448	Integrate	Satpol PP and Fire and Rescue	Expansion
24	Youth and Sports Office*	B	Youth and sports	Has been removed; ownership of the function is not yet clear	Reassign	Culture, Tourism, Youth and Sports Office	Redirects
25	Library and Archives Service*	B	Libraries and archives	Has been removed; ownership of the function is not yet clear	Restore	Library and Archives Service	Restored
26	Fire and Rescue Department*	—	Firefighters	The function obtained a score of 448, but did not yet have its own institutional forum	Integrate	Satpol PP and Fire and Rescue	Institutionalized

Source: Processed Based on the Results of Institutional Assessment and Research Matrix

The matrix shows that fiscal pressure is not the *decision rule* that directly determines organizational reduction, but rather a *trigger for institutional reassessment*. This is in line with (Warner et al., 2021), who showed that fiscal pressure results in diverse local government responses, as well as (Brien et al., 2021), who found that managerial responses differ according to the type of service and the character of the pressure. Nabire's findings extend the argument from budget responses to organizational design: fiscal pressures are translated into bureaucratic structures through an assessment of the characteristics of each function.

In the perspective of Institutional Theory, regulatory pressures and efficiency policies create the need for adjustments to the institutional environment. (DiMaggio & Powell, 1983), describe such pressures as *coercive institutional pressure*. However, the matrix shows that the same pressures do not result in a homogeneous structure: some functions are retained, some are combined, while other functions are integrated, transferred, or restored. Thus, institutional pressures set the boundaries of change, while *institutional assessments* determine how those pressures translate into organizational design. These findings expand on (Askim et al., 2025), who suggest that restructuring does not take place automatically, but is influenced by *institutional decision rules*. In the case of Nabire, *institutional assessment* functions as an organization-level mechanism that translates macro pressures into structural decisions on individual matters.

In the perspective of Cutback Management, fiscal constraints narrow the space of organizational choice and encourage the selection of capacities that need to be maintained or consolidated. (Levine, 1978), places *cutback management* as the management of an

organization in a condition of resource decline through prioritization and structural adjustment. In Nabire, the process does not result in the elimination of units uniformly, but five forms of response: *retain*, *merge*, *integrate/expand*, *reassign*, and *restore*. The retention strategy in Education, Health, PUPR, Women's Empowerment and Child Protection, Population Administration, Transportation, and Communication and Informatics shows that functions with service obligations and high *functional criticality* are maintained. Thus, *the cutback* works through the prioritization of organizational capacity, not just the reduction of structure.

On the other hand, the merge strategy shows that efficiency is achieved through the consolidation of functions that have *functional proximity*, such as Social-Employment, Environment-Housing, Food Security-Marine and Fisheries, Cooperatives-Investment, Trade-Industry, and Agriculture-Livestock. The consolidation does not eliminate government affairs, but changes its institutional configuration. Therefore, *institutional assessment* is important to ensure that the merged functions have a substantive relationship and can still be implemented in one structure. These findings suggest that *rightsizing* is different from *downsizing*: what is reduced is structural fragmentation, not automatic government functions.

The integrate/expand strategy in Culture and Tourism, by accommodating Youth and Sports, shows that *rightsizing* can also be done through expanding the scope of the organization. Meanwhile, the case of the Fire Department shows a clearer dimension of Robust Governance. The function obtained a score of 448, but previously did not have a clear institutional framework; the matrix proposes integration with Satpol PP. Thus, structural changes are not intended to eliminate functions, but to place them in a more proportionate configuration. This is in line with (Ansell et al., 2023), that resilient governance requires adaptability without losing essential governance functions.

The case of Youth and Sports and Libraries and Archives shows that *rightsizing* can also be corrective. When organizational abolition is not followed by clarity regarding the ownership of functions, functional *gaps arise*. The matrix responds to these conditions through *reassigning* for Youth and Sports and *restoring* for Libraries and Archives. This means that structural efficiency cannot be a single measure; organizational change must still ensure clarity of authority and continuity of function. In the framework of *Robust Governance*, a smaller structure does not mean more adaptive if it actually reduces coordination or service capacity.

Integratively, the pattern shows differentiated rightsizing logic. Functions that are critical tend to *be retained*, functions that have substantive *merge proximity*, functions that are compatible are integrated or expanded, while functions that have lost institutional ownership are transferred or restored. Thus, the five responses are the result of an interaction between fiscal pressures, regulatory pressures, and the characteristics of each function, rather than a stand-alone administrative category.

The findings clarify the position of each perspective within the research framework. Institutional Theory explains the *source of pressure*; Cutback Management explains the need for selection and consolidation of capacity under limited resources; Institutional Assessment is a *translation mechanism* that assesses workload, fiscal capacity, mandatory functions, geographical conditions, human resources, facilities, and overlapping functions; while Robust Governance is a *design criterion* to ensure that new structures maintain governance capacity, coordination, and continuity of services. The research framework does place institutional assessment as a link between external pressures and organizational choices.

Thus, *institutional assessment* is not just a technical stage before restructuring, but a *meso-level mechanism* that translates macro pressures into organizational decisions. These findings link the literature on fiscal response *and* institutional restructuring: (Warner et al., 2021) and (Brien et al., 2021) show variations in responses to fiscal pressures, while (Askim et al., 2025), affirm the importance of institutional rules in restructuring. The case of Nabire shows how these two pressures translate into organizational design through function and capacity assessments.

Overall, the findings of the study show that *institutional rightsizing* in Nabire Regency does not take place as a linear process of organizational reduction, but as a process of institutional adjustment preceded by an assessment of the needs and capacity of each government function. The variation of responses in the form of *retain, merge, integrate/expand, reassign, and restore* shows that fiscal and regulatory pressures are first translated through *institutional assessment* before producing decisions regarding organizational configuration. Thus, *institutional assessment* occupies a position as a connecting mechanism between external pressures and institutional design, while *Robust Governance* provides orientation so that restructuring maintains governance capacity and service continuity. The synthesis of these relationships is formulated in the following model of *institutional rightsizing* mechanisms.

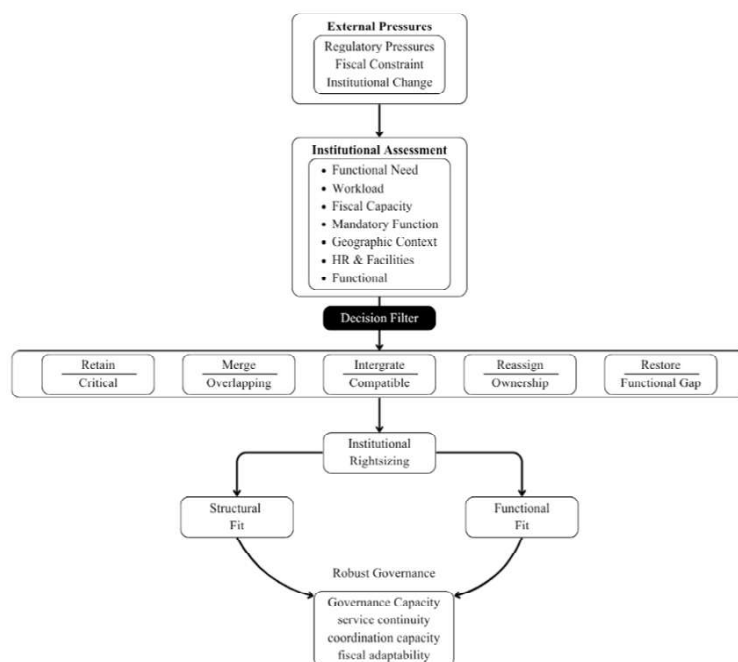


Figure 3. Model of Institutional Rightsizing Mechanism as Institutional Adjustment

The picture shows that fiscal and regulatory pressures do not directly result in organizational reductions. These pressures are first translated through institutional assessments, which consider functional needs, workloads, fiscal capacity, mandatory functions, geographical conditions, human resources, supporting facilities, and overlapping functions. The results of the assessment then determine different forms of organizational responses to each government affair. Thus, *institutional assessment* serves as a decision filter between external pressures and changes in organizational structure.

Variation in responses in the 26 OPD matrix suggests that *rightsizing* does not take place as a uniform reduction of the organization. Functions that have a high level of service importance can be retained, functions that have substantive proximity can be combined, functions that can be managed within a broader scope of the organization can be integrated or expanded, while functions that have lost institutional ownership can be transferred or restored. This pattern suggests that *rightsizing decisions* depend on the characteristics of each function, rather than solely on the need to reduce the number of regional devices.

Thus, this model places *institutional rightsizing* as a process of differentiated institutional adjustment, not simply *downsizing*. Institutional Theory describes regulatory pressures and changes in the institutional environment, Cutback Management describes the need to adjust structures when fiscal resources are tight, while Robust Governance explains the importance of maintaining governance capacity, continuity of service, and coordination ability after restructuring. Your research framework does place institutional valuation as a mechanism

that links external pressures to the choice of retain, integrate, consolidate, or eliminate separate units.

CONCLUSION

This study shows that *institutional rightsizing* in Nabire Regency cannot be understood as a *downsizing* process that linearly follows fiscal efficiency pressures. Fiscal and regulatory pressures function as a trigger for a reassessment of the organizational structure, while the form of change is determined through *an institutional assessment* that considers *workload, fiscal capacity, geographic complexity, mandatory functions, human resources, supporting facilities, and functional overlap*. Thus, *institutional assessment* becomes a *meso-level mechanism* that translates external pressures into organizational design decisions. The results of *the regulatory-based organizational assessment* show that there are differences in capacity and needs between government functions. Scoring results in variations in typologies A, B, and C, while some affairs do not form the basis for the formation of separate units. All 15 sub-districts obtained typology A, while in certain functions there was a discrepancy between the results of the assessment and the available institutional structure. One example is the fire department's affairs which obtained a score of 448, but previously did not have a clear institutional framework. These findings confirm that organizational suitability is not sufficiently assessed from the size of the structure, but from the ability of the structure to accommodate government functions effectively.

At the design level, *rightsizing* produces five forms of response, namely *retain, merge, integrate/expand, reassign, and restore*. Functions with a high level of service criticality, such as education, health, PUPR, population administration, transportation, and communication and informatics, are retained. Functions that have substantive proximity are directed to be merged, while functions that lose institutional ownership can be transferred or restored. The third alternative shows consolidation from 23 to 17 agencies through the integration of functions without removing government affairs. This study confirms that *rightsizing* is different from *downsizing*. Organizational efficiency is achieved through *selective institutional adjustment* that adjusts the size and configuration of the structure to fiscal capacity and government needs, not through uniform unit reduction. In the *framework of Robust Governance*, the success of the restructuring is determined by the ability of the new structure to maintain *governance capacity, coordination, and service continuity*. These findings also broaden the understanding of local government reform by placing *institutional assessment* as an analytical link between *fiscal constraint* and *organizational design* in the context of *multilevel* government change. Thus, *institutional rightsizing* in Nabire is an institutional adaptation process that integrates fiscal pressure, regulatory pressure, objective assessment, and organizational design to maintain the sustainability of government functions in the midst of limited resources.

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