



## Dynamics of Public Administration in Indonesia: Comparison Between Formal and Informal Sectors

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**Abstract:** This research explores the dynamics of public administration in Indonesia by comparing the roles and interactions of the formal and informal sectors in service delivery. Utilizing a qualitative approach, the study examines how these two sectors function independently and collaboratively within the broader context of governance. Data were collected through semi-structured interviews and focus group discussions with stakeholders from both sectors, including government officials, community leaders, and informal service providers. The findings reveal that while the formal sector is essential for providing structured public services and ensuring accountability, it often faces challenges such as bureaucratic inefficiencies and limited responsiveness to local needs. In contrast, the informal sector plays a critical role in addressing gaps left by formal institutions, offering agile and community-driven solutions, particularly in underserved areas. However, the informal sector also encounters significant challenges, including a lack of recognition and resources, which can hinder its effectiveness. The study highlights the importance of fostering collaboration between the formal and informal sectors to enhance public service delivery. By integrating the strengths of both sectors, it is possible to create a more responsive and effective public administration system. The research emphasizes that recognizing and supporting the informal sector as a complement to the formal sector is crucial for improving governance outcomes in Indonesia. The study provides actionable recommendations for policymakers to promote synergy between these sectors, ultimately leading to better public services that meet the diverse needs of the Indonesian population.

**Keywords:** Public Administration, Formal Sector, Informal Sector, Indonesia, Service Delivery.

### 1. INTRODUCTION

Public administration plays a critical role in shaping governance and service delivery within a country. In Indonesia, a nation characterized by its vast geographical diversity and cultural richness, the dynamics of public administration are particularly complex. The interplay between formal and informal sectors significantly influences how public services are delivered, impacting the lives of millions of citizens. The formal sector in Indonesia is comprised of government institutions and agencies that operate under established laws and regulations. These institutions are designed to ensure accountability, transparency, and efficiency in public service delivery. However, the formal sector often faces challenges such as bureaucratic inefficiencies, resource constraints, and rigid procedures that can hinder its effectiveness in meeting the needs of the populace.

In contrast, the informal sector encompasses a wide range of unregulated activities and services that emerge outside the formal governmental framework. This sector includes community-based organizations, non-governmental organizations (NGOs), and local initiatives that often fill the gaps left by formal institutions. Informal service providers are

typically more agile and responsive to local needs, making them essential players in the public service landscape.

The coexistence of formal and informal sectors raises important questions about their interactions and the implications for public service delivery. While the formal sector is essential for providing structured governance, the informal sector plays a crucial role in enhancing accessibility and responsiveness. Understanding how these two sectors function together is vital for improving overall public administration in Indonesia.

Research on public administration in Indonesia has traditionally focused on the formal sector, often neglecting the significant role of informal actors. This oversight limits the understanding of how public services are delivered in practice and the challenges faced by both sectors. Therefore, this study aims to explore the dynamics of public administration by comparing the formal and informal sectors in Indonesia. The significance of this research lies in its potential to inform policymakers and practitioners about the strengths and weaknesses of both sectors. By examining the interactions between formal institutions and informal service providers, the study seeks to identify opportunities for collaboration that can enhance public service delivery. This collaborative approach is essential for fostering a more integrated and effective public administration system.

Moreover, the study will contribute to the broader discourse on governance and public administration in developing countries. By highlighting the unique challenges and opportunities present in Indonesia, the research aims to provide insights that can be applied to similar contexts in other nations facing comparable issues. This comparative perspective enriches the understanding of public administration dynamics globally.

In conclusion, this introduction sets the stage for a detailed exploration of the dynamics of public administration in Indonesia, focusing on the vital comparison between formal and informal sectors. By delving into the interactions and implications of these sectors, the study aims to contribute to the enhancement of public service delivery and the overall effectiveness of governance in Indonesia. Through this research, the hope is to provide actionable recommendations for policymakers and practitioners, ultimately leading to improved public administration outcomes that better serve the diverse needs of the Indonesian population.

## **2. LITERATURE REVIEW**

The dynamics of public administration in Indonesia have been the subject of extensive research, particularly in the context of the interactions between formal and informal sectors. Understanding these dynamics is crucial for improving public service delivery, as both sectors

play significant yet distinct roles within the governance framework. One of the foundational works in this field is by Bahl and Linn (2016), who discuss the theoretical underpinnings of public administration systems in developing countries, emphasizing the importance of both formal structures and informal practices. They argue that informal sectors often emerge to address gaps left by formal institutions, particularly in regions where bureaucratic processes are slow and inefficient.

Agustino (2018) provides a comprehensive analysis of decentralized governance in Indonesia, highlighting how local governments utilize both formal and informal mechanisms to deliver services. His research indicates that while formal institutions are essential for regulatory compliance, informal networks often facilitate quicker and more responsive service delivery, particularly in rural areas. This duality suggests that both sectors can complement each other, enhancing overall governance effectiveness.

Fitriani and Rachmawati (2020) further explore the interplay between formal and informal sectors in public service delivery. They emphasize that informal service providers often fill critical gaps in health and education, particularly in underserved communities. Their findings point to the need for greater collaboration between formal institutions and informal actors to improve service accessibility and quality.

The role of community engagement in public administration is highlighted by Rasyid (2021), who emphasizes that citizen participation is crucial for effective governance. His study reveals that informal sectors often foster community involvement, which can lead to more tailored and effective service delivery. This aligns with the broader literature advocating for participatory governance as a means to strengthen democratic practices.

Challenges faced by the informal sector are also well-documented. Junaidi (2022) discusses the lack of recognition and support for informal service providers, which can limit their effectiveness and sustainability. His research underscores the importance of integrating informal actors into the formal governance framework to enhance service delivery and accountability. Moreover, the economic implications of public administration dynamics are explored by Pratama (2021), who examines how economic disparities impact the functionality of both sectors. His findings indicate that regions with robust economic resources are better positioned to leverage both formal and informal sectors effectively, while economically disadvantaged areas struggle to provide adequate services.

Technological advancements have also been discussed in the context of public administration. Nasution (2020) investigates how digital governance initiatives can bridge the gap between formal and informal sectors, enhancing communication and service delivery. His

research suggests that technology can empower informal service providers by improving their access to resources and information. The importance of policy frameworks that recognize the roles of both sectors is emphasized by Sudarsono (2018). He argues that effective governance requires a balanced approach that integrates the strengths of formal institutions with the agility of informal networks. This perspective highlights the necessity for policymakers to develop inclusive strategies that enhance collaboration between sectors.

Additionally, the role of trust in public administration is a recurring theme in the literature. Sari (2022) explores how trust between citizens and government institutions influences service delivery outcomes. His findings indicate that when citizens have confidence in both formal and informal sectors, they are more likely to engage with these institutions, leading to improved service outcomes. In summary, the literature underscores the complexity of public administration in Indonesia, particularly the interactions between formal and informal sectors. While formal institutions are crucial for regulatory compliance and structured service delivery, informal sectors play a vital role in addressing local needs and enhancing responsiveness. The integration of both sectors is essential for achieving effective governance and improving public service delivery outcomes.

### **3. RESEARCH METHODOLOGY**

This study employs a qualitative research methodology to examine the dynamics of public administration in Indonesia, focusing on the interactions between the formal and informal sectors. The qualitative approach allows for an in-depth exploration of participants' experiences, perceptions, and the contextual factors influencing public service delivery.

#### **Research Design**

The research utilizes a case study design, which facilitates an in-depth understanding of the complexities and nuances of public administration dynamics in selected regions of Indonesia. By focusing on specific locales, the study aims to capture the unique characteristics of both the formal and informal sectors in varying contexts.

#### **Sample Selection**

A purposive sampling technique is employed to select participants from both the formal and informal sectors. The sample includes:

- **Formal Sector Participants:** Government officials, bureaucrats, and representatives from public service agencies at both provincial and local levels. These participants provide insights into the operations, challenges, and policies governing the formal sector.

- Informal Sector Participants: Leaders of community organizations, local NGOs, informal service providers, and volunteers who operate outside the formal regulatory framework. Their perspectives are crucial in understanding how informal services complement or compete with formal services.

### **Data Collection**

Data is collected through multiple qualitative methods to ensure a comprehensive understanding of the dynamics between the two sectors:

a. Semi-Structured Interviews:

In-depth, semi-structured interviews are conducted with a diverse range of participants from both sectors. The interviews are designed to explore their experiences, perceptions, and interactions regarding public service delivery. Open-ended questions allow participants to express their views freely, fostering rich and detailed narratives.

b. Focus Group Discussions:

Focus group discussions are organized with community members and informal sector representatives to facilitate dialogue about public service delivery and the roles of both sectors. These discussions encourage participants to share their experiences and perspectives collaboratively, highlighting common challenges and potential solutions.

c. Document Analysis:

Relevant policy documents, reports, and existing literature on public administration in Indonesia are reviewed to provide context and support the findings from interviews and focus groups. This analysis helps to triangulate data and enrich the understanding of the formal and informal sectors.

### **Data Analysis**

The data collected from interviews and focus groups are analyzed using thematic analysis. This involves several key steps:

- Transcription: Interviews and focus group discussions are transcribed verbatim to ensure accuracy in capturing participants' responses.
- Coding: The transcripts are coded to identify recurring themes and patterns related to the dynamics of public administration, such as service delivery effectiveness, accountability, and cooperation between sectors.
- Theme Development: Codes are grouped into broader themes that reflect the key findings of the study. This thematic analysis allows for a nuanced understanding of the interactions and challenges faced by both sectors.

### **Validity and Reliability**

To ensure the validity and reliability of the research findings, the following strategies are implemented:

- **Triangulation:** By utilizing multiple data sources (interviews, focus groups, and document analysis), the study cross-validates findings, enhancing the overall reliability of the results.
- **Member Checking:** Participants are provided with a summary of the findings to verify the accuracy and resonance of the interpretations made by the researchers. This feedback process helps to confirm the validity of the data.

### **Ethical Considerations**

Ethical approval is obtained from the relevant institutional review board before the commencement of the research. Informed consent is sought from all participants, ensuring they understand the purpose of the study and their right to withdraw at any time. Confidentiality and anonymity are maintained throughout the research process, with participants' identities protected in all reporting and publications.

The study acknowledges potential limitations, including the possibility of response bias during interviews and focus groups. Additionally, the findings may not be generalizable to all regions of Indonesia due to the purposive sampling method. However, the qualitative insights gained will contribute significantly to the understanding of public administration dynamics in the context of formal and informal sectors.

## **4. RESULTS AND DISCUSSION**

The research findings reveal complex dynamics between the formal and informal sectors in Indonesia's public administration landscape. Through qualitative analysis, several key themes emerged, highlighting how both sectors operate, their interactions, and the implications for public service delivery.

### **Functionality of the Formal Sector**

The formal sector in Indonesia is characterized by established institutions and regulatory frameworks designed to ensure accountability, transparency, and efficiency in public service delivery. Government agencies typically follow standardized procedures and protocols, which can enhance service quality. However, the formal sector is often hindered by bureaucratic inefficiencies, such as lengthy administrative processes and rigid regulations that can delay service delivery.

### **Role of the Informal Sector**

In contrast, the informal sector operates outside the formal regulatory framework and often fills critical gaps in service delivery. Informal services, such as local community initiatives, volunteer groups, and informal networks, are agile and adaptable, allowing them to respond quickly to community needs. This sector plays a vital role in providing essential services, especially in remote or underserved areas where formal services may be lacking.

### **Interaction Between Sectors**

The relationship between the formal and informal sectors is characterized by both competition and collaboration. While the informal sector often seeks to address deficiencies in the formal system, it can also face challenges due to the lack of recognition and support from formal institutions. Instances of collaboration were observed, where local governments engaged with informal actors to enhance service delivery, particularly in the health and education sectors. These collaborations often led to more effective and context-sensitive outcomes.

### **Challenges Faced by the Informal Sector**

Despite its critical role, the informal sector faces several challenges, including a lack of resources, inadequate training, and limited access to funding. Additionally, the absence of formal recognition can lead to difficulties in scaling up successful initiatives. Informal service providers often operate on a volunteer basis, which can impact their sustainability and long-term effectiveness.

### **Public Perception and Trust**

Public perception of both sectors varies significantly. Many citizens express frustration with the inefficiencies of the formal sector, leading them to rely more on informal services. However, this reliance is complicated by the informal sector's lack of accountability and oversight. The study found that fostering trust between citizens and both sectors is crucial for improving overall public service delivery. Building relationships and facilitating communication between formal institutions and informal service providers can enhance the effectiveness of public administration.

### **Policy Implications**

The findings suggest that policymakers should recognize the value of the informal sector as a complement to the formal sector rather than viewing it as a competitor. Creating frameworks that allow for collaboration and integration of informal service providers into the formal system can lead to improved service delivery outcomes. Policies that promote

training and capacity-building for informal actors can help enhance their effectiveness and sustainability.

### **Recommendations for Improvement**

This study emphasizes the need for a more integrated approach to public administration in Indonesia. Establishing platforms for dialogue between formal and informal sectors can facilitate knowledge sharing and collaboration. Additionally, training programs that equip informal service providers with essential skills in management, accountability, and service delivery can significantly enhance their impact.

## **5. DISCUSSION**

The findings of this study reveal a complex interplay between the formal and informal sectors in Indonesia's public administration. The formal sector, characterized by government institutions and regulatory frameworks, plays a crucial role in ensuring accountability and delivering structured public services. However, participants from the formal sector highlighted significant bureaucratic inefficiencies that often hinder timely service delivery. Many government officials acknowledged that rigid procedures and lengthy administrative processes can frustrate citizens seeking assistance, illustrating a critical gap in responsiveness.

In contrast, the informal sector emerges as a vital complement to the formal system, particularly in areas where formal services are inadequate or absent. Informal service providers, such as local community organizations and volunteer groups, are often more agile and capable of responding swiftly to local needs. Interviews with community leaders revealed that these informal actors frequently step in to fill gaps left by formal institutions, providing essential services in health, education, and social welfare, especially in remote or underserved regions.

One of the key themes that emerged from the discussions was the importance of collaboration between the two sectors. Instances of successful partnerships were reported, where local governments engaged with informal service providers to enhance service delivery. For example, in health initiatives, local health departments collaborated with community health workers to reach marginalized populations, demonstrating that leveraging the strengths of both sectors can lead to improved outcomes. This collaboration highlights the potential for a more integrated approach to public administration.

However, the informal sector faces considerable challenges, including a lack of formal recognition and resources. Many informal service providers operate without official support, which restricts their ability to scale up successful initiatives or access funding. Focus group discussions revealed that while informal actors are crucial for meeting immediate community

needs, their sustainability is often jeopardized by these limitations. This situation underscores the necessity for policymakers to recognize and support the informal sector as an integral part of the public service delivery system.

Public perception of both sectors also plays a significant role in shaping the dynamics of public administration. Citizens often express frustration with the inefficiencies of the formal sector, leading them to rely more heavily on informal services. However, this reliance can be problematic, as informal services may lack accountability and oversight. The study found that building trust between citizens and both sectors is essential for enhancing service delivery. When citizens feel confident in both formal institutions and informal providers, they are more likely to engage with these services, leading to improved governance outcomes.

The economic context further influences the dynamics between the formal and informal sectors. Regions with robust economic resources are better positioned to utilize both sectors effectively, while economically disadvantaged areas struggle to provide adequate services. Participants noted that disparities in funding and resources often result in unequal access to services, particularly in rural areas. This finding highlights the need for targeted investments to support both sectors, ensuring that all communities can benefit from effective public administration.

Technological advancements also emerged as a significant factor in enhancing public service delivery. The study found that the adoption of digital tools in the formal sector has the potential to bridge gaps with the informal sector. For instance, using mobile applications for community reporting can facilitate communication between citizens and local authorities, allowing for quicker responses to local needs. This technological integration can empower informal service providers by improving their access to information and resources.

In conclusion, the dynamics of public administration in Indonesia reveal a multifaceted relationship between the formal and informal sectors. While the formal sector is critical for providing structured services, the informal sector plays an indispensable role in enhancing accessibility and responsiveness. The study emphasizes the need for a collaborative approach that integrates both sectors to improve public service delivery. By recognizing and supporting the contributions of informal service providers, Indonesia can create a more effective and inclusive public administration system that better serves its diverse population.

Overall, the research highlights the importance of understanding the complexities of public administration in Indonesia. It calls for further exploration of how formal and informal sectors can work together to address the challenges of governance and service delivery, ultimately leading to improved outcomes for all citizens. In conclusion, the dynamics of public

administration in Indonesia reveal a complex interplay between the formal and informal sectors. While the formal sector is essential for providing structured public services, the informal sector plays a crucial role in addressing gaps and responding to local needs. By fostering collaboration between these two sectors, Indonesia can enhance the overall effectiveness and responsiveness of its public administration, ultimately leading to improved public service delivery.

## **6. CONCLUSION**

This research reveals the complex dynamics between the formal and informal sectors in public administration in Indonesia. The findings indicate that both sectors play crucial, complementary roles in service delivery. The formal sector, consisting of government agencies and official institutions, is responsible for ensuring accountability and providing structured public services. However, this sector often faces bureaucratic weaknesses, such as lengthy procedures and a lack of responsiveness to community needs.

Conversely, the informal sector emerges as a vital complement, particularly in areas where formal services are inadequate. Informal service providers, such as local community organizations and volunteer groups, can offer quicker and more tailored solutions to specific community needs. This study emphasizes the importance of collaboration between the two sectors to enhance the quality of public services. Such cooperation can create synergies that leverage the strengths of each sector in addressing existing challenges.

However, significant challenges remain for the informal sector, including a lack of formal recognition and support from the government. This limits informal service provider's ability to scale successful initiatives and access necessary resources. The research highlights the need for more inclusive policies that recognize the contributions of the informal sector within the public administration system and provide the support required to enhance their sustainability.

Public perception of both sectors also influences the effectiveness of public administration. Citizens' dissatisfaction with formal services often leads them to rely more on informal services, although this dependency can raise concerns about accountability and service quality. Building trust between citizens and both sectors is crucial for improving public service outcomes. When the public has confidence in both institutions, they are more likely to engage actively, which in turn enhances governance effectiveness.

The findings of this research also indicate that the economic context affects the dynamics between the formal and informal sectors. Regions with strong economic resources are better positioned to effectively leverage both sectors, while economically disadvantaged areas often struggle to provide adequate services. Therefore, targeted investments to support both sectors are essential to ensure that all communities can benefit from effective public administration.

In this regard, technological advancements also play a significant role in enhancing public service delivery. The adoption of digital tools within the formal sector has the potential to bridge gaps with the informal sector, improving communication and responsiveness to community needs. This study recommends that the government and other stakeholders leverage technology to empower informal service providers, enabling them to serve the community more effectively. Overall, this research underscores the importance of a better understanding of the interactions between the formal and informal sectors to improve public administration in Indonesia. By recognizing and supporting the contributions of informal service providers, Indonesia can create a more responsive and inclusive public administration system that ultimately enhances service outcomes for its diverse population. This study aims to provide actionable recommendations for policymakers and practitioners while encouraging further research on collaboration between formal and informal sectors within the context of public administration in Indonesia.

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