

Inclusive Leadership and Bureaucratic Reform for Local Government Resilience: A Study of Women's Economic Empowerment and MSMEs in Special Region of Yogyakarta

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Abstract

The goal of Indonesia's decentralised governance reforms was to make local communities more resilient and inclusive by making leadership more democratic and changing the way the government works. However, even after more than 20 years of restructuring, many local governments continue to struggle with adapting and incorporating women, particularly when it comes to supporting women-run micro, small, and medium-sized enterprises (MSMEs). This study analyzes the interplay between inclusive leadership and bureaucratic reform in influencing the resilience of local governance in the Special Region of Yogyakarta (DIY), a province recognized for its political stability within an asymmetric decentralization framework. This research is using qualitative-descriptive method that combines document analysis, policy review, and secondary data triangulation. Our studies shows that Yogyakarta's stability has helped keep the government running smoothly, but it has also caused bureaucratic inertia that makes it harder to be more open and innovative. While the region's government talks a lot about participatory decision-making, openness, and accessibility that are mostly just words and not real policies. From the findings, we suggests a framework that connects the inclusive leadership and resilient governance. It emphasises the need for gender-responsive policy co-creation, inclusive budgeting, and participatory mechanisms. It is to give women-owned MSMEs more power. It also requiring "Inclusivity Impact Assessments," setting up a Resilient Support Unit, and making shared decision-making structures a part of the bureaucracy. The overall findings contribute to the discourse on how making governance more inclusive can help transform political stability into genuine adaptive resilience.

Keywords: *Inclusive leadership, bureaucratic reform, resilient governance, women's empowerment, MSMEs, Yogyakarta, Indonesia.*

Abstrak

Tujuan reformasi tata kelola pemerintahan yang terdesentralisasi di Indonesia adalah untuk membuat masyarakat lokal lebih tangguh dan inklusif dengan menjadikan kepemimpinan lebih demokratis dan mengubah cara kerja pemerintah. Namun, bahkan setelah lebih dari 20 tahun restrukturisasi, banyak pemerintah daerah masih kesulitan beradaptasi dan melibatkan perempuan, terutama dalam hal membantu usaha mikro, kecil, dan menengah (UMKM) yang dikelola perempuan. Studi ini menganalisis interaksi antara kepemimpinan inklusif dan reformasi birokrasi dalam memengaruhi ketahanan tata kelola pemerintahan lokal di Daerah Istimewa Yogyakarta (DIY), sebuah provinsi yang dikenal karena stabilitas politiknya dalam kerangka desentralisasi asimetris. Penelitian ini menggunakan metode kualitatif-deskriptif yang menggabungkan analisis dokumen, tinjauan kebijakan, dan triangulasi data sekunder. Studi kami menunjukkan bahwa stabilitas Yogyakarta telah membantu menjaga kelancaran pemerintahan, tetapi juga menyebabkan inersia birokrasi yang mempersulit keterbukaan dan inovasi. Meskipun pemerintah daerah banyak berbicara tentang pengambilan keputusan partisipatif, keterbukaan, dan aksesibilitas, hal itu sebagian besar hanya berupa kata-kata dan bukan kebijakan nyata. Berdasarkan temuan tersebut, kami mengusulkan kerangka kerja yang menghubungkan kepemimpinan inklusif dan tata kelola yang tangguh. Kerangka kerja ini menekankan perlunya pembuatan kebijakan yang responsif gender, penganggaran inklusif, dan mekanisme partisipatif. Tujuannya adalah untuk memberikan lebih banyak kekuatan kepada

UMKM milik perempuan. Kerangka kerja ini juga mensyaratkan "Penilaian Dampak Inklusivitas," pembentukan Unit Pendukung Ketahanan, dan menjadikan struktur pengambilan keputusan bersama sebagai bagian dari birokrasi. Temuan keseluruhan berkontribusi pada wacana tentang bagaimana menjadikan tata kelola lebih inklusif dapat membantu mengubah stabilitas politik menjadi ketahanan adaptif yang sejati.

Kata Kunci: Kepemimpinan inklusif, reformasi birokrasi, tata kelola yang tangguh, pemberdayaan perempuan, UMKM, Yogyakarta, Indonesia.

INTRODUCTION

Since Indonesia's democratisation in 1998, the ongoing performance gap in decentralisation and bureaucratic reform has been a major topic of discussion in public administration. The goal of these two reform plans was to make government more democratic, improve the delivery of public services, and give more power to local governments. But more than twenty years later, local governments still don't always do a good job of providing truly resilient and inclusive governance. This long-lasting problem is caused by ongoing structural and political problems that have been pointed out by many governance indices.

There are three interconnected issues: fiscal centralisation and dependency, siloed bureaucratic reforms, and political capture and elite dominance, that responsible for the failure to achieve true local resilience and inclusivity despite bold reform initiatives.

These reform aspirations have been weakened by three interconnected issues. The first is about elite domination and political capture. Despite democratising elections, decentralisation has frequently only moved the centre of power from Jakarta to local elites. This has strengthened dynastic politics and clientelism, where loyalty and favouritism usually triumph over meritocratic ability. Institutional preparedness against economic and environmental shocks is weakened, and inclusivity is undermined when marginalised groups—particularly women, youth, and indigenous communities—are excluded from the creation of policies and the distribution of resources. The second is the continued siloed approach to bureaucratic reform, which has led to a bureaucracy that functions well on paper but finds it difficult to respond unified in times of crisis, such as pandemics or natural disasters. Policy efforts have frequently prioritised measurable outputs, such as organisational restructuring, compliance reporting, and the digitisation of Standard Operating Procedures (SOPs), over inter-agency collaboration and learning. Financial dependence is another major ongoing problem. Even though some power has been given to regional governments, most of them still rely heavily on money sent from the central government. This limits their ability to manage their own finances and come up with new ideas. This situation especially hurts inclusive growth because many women and other vulnerable people work in the informal sector, where local governments find it hard to get enough money. Also, because programs that help people gain power usually don't have enough long-term funding, economic inequality continues.

These systemic flaws are evident in important governance metrics. The Ministry of Administrative and Bureaucratic Reform (KemenPANRB) reports that procedural governance has made some improvement, but substantive aspects like transparency and service responsiveness are still inconsistent, with most local governments receiving ratings below "B." According to data from the National Civil Service Agency (BKN), women hold fewer than 25% of top executive roles, which hinders the institutionalisation of gender-responsive policy viewpoints. The end effect is a paradoxical bureaucracy that is compliant with procedures but has significant limitations in resilience and inclusion.

The government's answer has made the MSME sector a stronger engine of inclusive growth. The Ministry of Cooperatives and SMEs has sponsored financial literacy initiatives, integrated information systems, and assistance with digitalisation (Susanti, 2023). According to Respati and Sukmana (2022) and KemenPANRB (2024), MSME Level-Up Program has worked with the Ministry of Communication and Informatics, digitising 30 million MSMEs by 2024. Yet, there are still disparities in execution. Of Indonesia's 65 million MSMEs that are formally registered, 44 million do not have access to traditional bank funding (Ministry of Finance, 2024), and 69.5% do not have a bank account (Tempo, 2025). Aipassa (2025) reports that 4.29% of all MSME loans are non-performing, which deters lenders from giving credit (Nugroho, 2024). The difficulty of converting bureaucratic measures into true empowerment and resilience for women-led firms is shown by this ongoing disparity between policy aim and utilisation.

Daerah Istimewa Yogyakarta (DIY) provides a unique way to study these relationships. Yogyakarta province operates under asymmetric decentralisation (Law No. 13/2012), where the Sultan automatically becomes governor rather than by a regular election. Election instability is eliminated by this system, which theoretically permits bureaucratic institutions to work towards long-term developmental goals. Because of its political stability and strong sense of cultural identity, the province offers an ideal setting for investigating how leadership inclusion and bureaucratic change influence economic resilience.

Women's economic participation is especially visible in Yogyakarta's development landscape. The provincial government launched the Cooperative and Business Actor Development System with Typical Competitiveness of Jogja People (SIBAKUL Beringharjo) in 2019 to strengthen cooperative and MSME services through digital integration. The system's application, SIBAKUL Jogja, recorded 345,886 MSMEs and 1,672 cooperatives in 2024, comprising 352,113 female and 415,056 male cooperative members, alongside 173,949 female and 171,937 male MSME actors (Cooperative and MSME Office, 2024). It highlights the centrality of women in the regional economy, particularly within the MSME ecosystem.

Numerous family-based and women-led MSMEs continue to be economically vulnerable, particularly in times of crisis, despite high female participation, according to data from BPS and impact assessments from nearby universities. The disparity between the economic activity of women and the assistance provided by institutions highlights enduring flaws in the structure of governance and the flexibility of bureaucratic processes. The full convergence of policy frameworks, leadership styles, and financial tools to enable women entrepreneurs as proactive contributors to resilient local development is still a way off.

The present study investigates the relationship among bureaucratic change, inclusive leadership, and local resilience in the context of Yogyakarta. It then poses the following three connected queries:

1. In what ways does inclusive leadership in the Yogyakarta bureaucracy impact the creation and execution of policies aimed at MSMEs run by women?
2. What bureaucratic reform mechanisms support or undermine women-owned businesses' adaptation and resilience?
3. In comparison to other areas, how much do Yogyakarta's asymmetric decentralisation and political stability offer structural benefits for inclusive and resilient governance?

By positioning Yogyakarta within Indonesia's broader reform agenda, this paper contributes to the national discourse on inclusive and gender-responsive governance. It argues that adaptive institutional resilience emerges not merely from political stability but

from leadership and bureaucratic systems that deliberately embed participation, inclusivity, and learning within governance processes.

THEORITICAL FRAMEWORK

1. Good Governance (The Applied Lens)

Good governance offers an essential analytical framework that hyperlinks the fine of public decision-making and carrier transport with institutional structure. In addition to their duty and transparency withinside the use of strength, allocation of sources, and reaction to citizen demands, it's miles centered at the business enterprise of public establishments. Good governance, consistent with the World Bank (1992), is "the manner wherein strength is exercised withinside the control of a country`s financial and social sources for development." This concept became similarly evolved through the United Nations Development Programme (UNDP) (1997), which emphasized involvement, duty, openness, efficacy, and responsiveness as vital pillars for achieving equitable and sustainable development. When analysing how bureaucratic structures convert governance standards into administrative reality, those ideas, called the PTAR framework (Participation, Transparency, Accountability, and Responsiveness), provide a vital implemented viewpoint. Participation in PTAR guarantees each people and civil society, inclusive of under-represented companies whose views are normally excluded from policymaking, are worried in decision-making along authorities. Transparency guarantees that statistics approximately authorities processes is open and accessible, which builds public trust. While responsiveness guarantees that rules and carrier transport evolve to healthy citizens' converting requirements, duty permits officers to be held responsible for their actions. Collectively, those traits constitute the sensible and normative factors of democratic governance. Grindle (2004) argues that accurate governance extends past normative beliefs in the direction of pragmatic implementation—what she calls accurate sufficient governance—emphasizing the significance of effects that “be counted to citizens.” Procedural integrity, which includes compliance and rule observance, stays necessary, however it's miles significant responsiveness that determines whether or not governance is effective. Comparing authorities' ability and the guideline of thumb of law, Fukuyama (2013) contends that institutional competence (primarily based totally on meritocracy, performance, and public trust) is simply as vital to the fine of governance as legality and structure. According to those theoretical stances, legitimacy is derived from inclusivity, justice, and the ability to provide actual advantages further to conforming to norms. Globally, the coolest governance paradigms have evolved to incorporate resilience and inclusion as key aspects of organizational order. The OECD (2021) emphasizes that transparent, participatory and accountable governance structures are inherently better at absorbing shocks during crises and maintaining public trust. Similarly, the World Bank (2017) identifies adaptive and citizen-centered institutions as fundamental to a country's performance in the 21st century, highlighting the need for governance to continually evolve to cope with uncertainty and complexity. In Indonesia, precise governance standards have been incorporated into the Bureaucracy Reform Roadmap (2010-2025), the Government Performance Accountability System “SAKIP”, and the public service index developed by KemenPANRB. These gadgets replicate the PTAR framework through advancing transparency in budgeting, performance-primarily based totally duty, and responsiveness in carrier transport. Yet, chronic demanding situations continue to be in shifting past procedural compliance in the direction of participatory governance and equitable effects, especially on the neighbourhood level. In this study, Good Governance operates not only as a conceptual benchmark but also as an evaluative framework that captures the interplay between bureaucratic efficiency and

social legitimacy. It positions governance as a dynamic process through which legitimacy and trust are constructed via participation, transparency, accountability, and responsiveness—thereby laying the procedural foundation for Resilient Governance.

2. Resilient Governance (The Ultimate Goal)

The inadequacies of conventional governance models that place a higher priority on control and stability than on flexibility and organisational learning have given rise to the idea of resilient governance. According to modern researchers, resilience is the capacity of institutions and communities to learn, adapt, and transform in the face of disaster and systemic disruption, as opposed to being synonymous with political continuity (Duit, Galaz, Eckerberg, & Ebbesson, 2010). The increasing realisation that survival alone is insufficient is reflected in this conceptual shift from static executive directives to dynamic flexibility. Governance must evolve to maintain both legitimacy and effectiveness despite volatility. Boin and Lodge (2016) define governance resilience as the ability not only to recover from shocks, but also to use these shocks as opportunities for organizational learning and reform. Therefore, getting to know ability, adaptability, and changeability are 3 interconnected characteristics which might be included into resilient governance. According to Senge (1990) and Duit et al. (2010), getting to know ability is the organisational capability to severely replicate on experiences, verify results, and internalise instructions for destiny coverage decisions. The capability of people and enterprises to alter their plans, rules, and organisational systems in response to moving situations is called adaptive ability (Folke et al., 2005). The most radical aspect, transformability, refers to the ability to reconfigure governance systems when existing arrangements become invalid or unfair (Olsson et al., 2006). Political stability is a necessary foundation for continuity of government, but it is not sufficient to ensure resilience. Non-adaptive stability risks becoming rigid and reducing the government's ability to respond to unexpected crises (Boin & Van Eeten, 2013). Thus, inclusive leadership and responsive bureaucracies become crucial instruments for converting stability into adaptation. According to Ansell and Gash (2008), inclusive governance encourages involvement and collective problem-solving by incorporating individuals and civil society in decision-making processes. This inclusivity enhances institutional legitimacy in addition to societal trust. In an emergency, both are vitally crucial. At the administrative level, responsiveness promotes inclusion by maintaining a flexible, evidence-based, and citizen-centered bureaucracy (Svara, 2021). When individuals and governments have an ongoing feedback loop that helps officials' reactions to new concerns, accountability and adaptability rise. Resilient governance, in this sense, transcends traditional ideas of political balance and views governance as a dynamic, participatory machine that can absorb shocks, learn from them, and develop into more powerful and straightforward institutions. For neighbouring governments to effectively respond to social, economic, and environmental risks, Indonesia's political balance should be translated into adaptability. Resilient governance is a continuous renewal process of learning, adaptation, and transformation through democratic methods rather than just an institutional condition.

3. Inclusive Leadership Theory

Inclusive leadership is a leader-centred practice that intentionally *creates the conditions for everyone's voice to matter* and for diverse perspectives to influence decisions. Empirical reviews and conceptual work converge on a compact set of observable characteristics: valuing diversity (uniqueness), fostering belonging (psychological safety), promoting accessibility and openness, and encouraging shared/participatory decision-making across hierarchical and sectoral boundaries. Inclusive leaders solicit and

appreciate contributions, remove barriers to participation, and institutionalize feedback loops so learning is continuous rather than episodic.

Those behaviours generate (a) broader information and sense-making during shocks, (b) social legitimacy and trust that speed collective action, and (c) feedback mechanisms that support organizational learning and adaptation — the three pillars of resilient governance. Traditional/hierarchical leadership emphasizes clear lines of authority, top-down decision rules, and stability of command. This can produce fast, decisive action in routine or high-control settings but tends toward rigid fragility when the environment is uncertain: limited channels for corrective feedback, low psychological safety that suppresses problem reporting, and monocultural decision frames that miss non-dominant risks. Inclusive leadership is slower to consolidate decisions in the short term but builds distributed sensing, redundancy, and adaptive capacity — qualities that reduce vulnerability and increase transformability aftershocks. Empirical studies of organizational performance show that inclusive behaviors are associated with innovation and adaptive problem-solving rather than brittle compliance.

A robust body of leadership research, including large meta-analyses, finds that women are, on average, rated higher on transformational leadership (inspiring vision, individualized consideration, intellectual stimulation) and on behaviours associated with emotional intelligence that support collaboration and followership. The widely cited meta-analysis by Eagly et al. (2003) concludes female leaders score higher on transformational styles; later empirical studies link this style to stronger team learning and inclusion. Other work suggests women's leadership is often more relational, collaborative, and attentive to stakeholder welfare — characteristics that align with long-term, people-centred policy orientation. Differences are *statistical averages*, not prescriptions — many male leaders are collaborative, and many female leaders are hierarchical. Context (sector, incentives, institutional constraints) shapes behaviour strongly. Social expectations and selection effects (women who reach senior posts often have had to demonstrate relational competence) can partly explain observed patterns. Still, the leadership styles commonly associated with women match the skills needed for inclusive governance and institutional learning.

4. Women Empowerment

Women's empowerment represents both a human development imperative and a governance necessity in the pursuit of inclusive and resilient public administration. Conceptually, empowerment refers to the process through which women gain access to, and control over, resources, decision-making, and self-determination in social, economic, and political spheres (Kabeer, 1999). It involves enhancing women's agency, expanding their opportunities, and transforming institutional structures that perpetuate gender inequality. In governance terms, empowerment is not merely about participation but about redistributing power and voice in policymaking and institutional practices. Empirical research demonstrates that gender-inclusive leadership contributes directly to good governance outcomes. The World Bank's Governance and Gender report (2023) finds that higher female representation in government correlates with lower corruption, improved public spending efficiency, and greater social accountability. Similarly, UNDP's Gender Equality in Public Administration (GEPA, 2022) shows that when women occupy at least 30% of decision-making positions, public institutions become more responsive to marginalized populations, especially in social protection and SME policy.

In the context of inclusive leadership, empowerment is operationalized through practices that foster psychological safety, shared decision-making, and accessibility (Carmeli et al., 2010; Shore et al., 2018). Empowered women not only participate but shape policy

narratives, ensuring that governance reflects lived realities rather than elite perceptions. This integration of gender perspectives enhances the learning and adaptability functions of resilient governance (Boin & Lodge, 2016; Duit et al., 2010).

Integrating women's empowerment within inclusive leadership frameworks strengthens both governance legitimacy and adaptive performance. Inclusive leaders create conditions for empowerment by ensuring equitable voice, participatory decision-making, and psychological safety (Nembhard & Edmondson, 2006). Empowered women, in turn, expand the information base and collective intelligence of institutions, enabling governance systems to respond effectively to complex challenges. In this sense, empowerment operates as the bridge between Good Governance (PTAR principles) and Resilient Governance (learning–adaptation–transformability). A bureaucracy that empowers women in economic and political domains is more likely to achieve sustainable, equitable, and adaptive outcomes — turning static compliance into dynamic co-creation.

RESEARCH METHOD

This research adopted a qualitative approach to capture the complex and contextual realities of gender governance within the framework of Yogyakarta's special autonomy. Rather than focusing on numbers or statistical outcomes, the qualitative design allowed the study to explore deeper insights into how institutions, culture, and participation intersect in shaping gender mainstreaming practices.

Primary data were gathered through Focus Group Discussions (FGDs) and in-depth interviews with several key agencies, including *BAPPERIDA DIY*, the *Environmental and Forestry Office (DLHK)*, and the *Office for Cooperatives and Small-Medium Enterprises (Dinas UMKM dan Koperasi)*. To enrich the gender perspective, additional discussions were held with the *Office for Women's Empowerment and Child Protection (DP3A)*. These sessions acquired points of view on policy implementation, institutional challenges, and innovative practices in promoting gender-responsive governance.

The fieldwork also involved random visits to local SMEs in the *Beringharjo Market*, where the researcher engaged with women entrepreneurs working in batik and craft industries. These visits demonstrated how women's economic activities support local development and how they overcome structural barriers like market access, financing, and policy inclusion. Alongside field data, secondary sources formed a major component of the analysis. The researcher collected and reviewed statistical publications, policy reports, and academic studies, as well as examined media trends related to gender governance over the past decade. This combination of sources helped contextualize field findings within broader policy and social transformations.

For data analysis, the study used manual coding techniques to identify recurring patterns and categories, supported by ChatGPT-assisted tools to enhance efficiency in organizing and displaying qualitative data. The codes were developed inductively, emerging from the field narratives and institutional documents, and then grouped into analytical dimensions

DISCUSSION AND ANALYSIS

1. Inclusive Leadership within the DIY Bureaucracy and Its Influence on Women-led MSME Policy

The Special Region of Yogyakarta (DIY) occupies a distinctive position in Indonesia's governance architecture through what may be described as asymmetric stability, institutionalized under *Law No. 13 of 2012* on its special status. This stability emerges

from a governance structure where the positions of Governor and Vice-Governor are not filled through periodic electoral cycles but are instead held *ex officio* by the Sultan and the Duke of Paku Alam. From the standpoint of governance and bureaucratic theory, this configuration minimizes electoral volatility and creates an environment of administrative continuity.

According to principal–agent theory in public administration, the absence of electoral pressure can yield dual effects. On one hand, such stability allows bureaucracies to prioritize long-term developmental goals, free from populist cycles or short-term political incentives (Fukuyama, 2013; Andrews et al., 2017). On the other hand, prolonged administrative predictability can foster institutional complacency—where bureaucratic routines solidify, innovation slows, and participatory mechanisms stagnate (Grindle, 2004; OECD, 2021).

Empirically, Yogyakarta's bureaucracy demonstrates notable consistency in policy implementation, particularly in the economic empowerment of micro, small, and medium enterprises (MSMEs). Data from the *Office of Cooperatives and SMEs of DIY (2021–2024)* show an increase in women-led MSMEs from 5,875 in 2021 to 6,156 in 2024, mirroring the national trend where women constitute 64.5% of MSME actors, equivalent to approximately 37 million enterprises nationwide (*KemenKopUKM, 2021*). This steady progress reflects a bureaucratic responsiveness to gender empowerment, aligning with Indonesia's national goal of inclusive economic participation.

However, Yogyakarta's non-participation in the *2023 National Cooperative and MSME Census (PL-KUMKM)*—a joint initiative by the Ministry of Cooperatives and BPS—highlights a coordination gap between national policy and regional execution. While 32 provinces and over 200 districts participated, DIY's absence signals an administrative inertia often associated with institutional path dependency (Mahoney & Thelen, 2010). Path dependency theory explains how bureaucratic systems reproduce entrenched routines when external pressures for change are weak, particularly in politically stable environments.

Thus, while asymmetric stability facilitates policy continuity and structural calm, it simultaneously limits adaptive innovation. The paradox is evident: in the absence of electoral contestation and strong bottom-up accountability, Yogyakarta's bureaucracy tends to prioritize administrative preservation over transformative inclusion. Quantitative evidence—steady MSME growth, lack of participation in national data initiatives, and moderate citizen satisfaction—suggests that the bureaucracy is structurally efficient but not yet substantively responsive.

In theoretical terms, this indicates that inclusive leadership within DIY remains symbolic rather than systemic. As Nembhard and Edmondson (2006) argue, inclusive leadership is characterized by openness, accessibility, and the deliberate inclusion of marginalized voices in decision-making. In Yogyakarta, leadership reflects cultural inclusivity but lacks institutional mechanisms for participatory co-creation. The Sultan's symbolic legitimacy sustains moral and cultural cohesion, yet policy design often remains technocratic and top-down, positioning women MSME actors as recipients rather than co-authors of policy.

This gap reflects what Ryan and Haslam (2007) define as the “*glass cliff*”—women's presence in implementation roles but limited influence in strategic agenda-setting. To transition from symbolic to substantive inclusion, the DIY bureaucracy must operationalize inclusivity through participatory gender budgeting, co-creation platforms, and cross-sector governance partnerships—where women MSME leaders are embedded as strategic decision-makers.

Such a transition aligns with Sabharwal, Levine, and D'Agostino (2019), who emphasize that women's representation in leadership enhances organizational adaptability,

collective trust, and innovation in public institutions. In essence, Yogyakarta's inclusive leadership must evolve from representational inclusivity toward transformative participation, embedding women's lived experiences into the architecture of policymaking.

In short, the table below describes data display and analysis.

Table 1. Comparative Data and Analytical Indicators of Inclusive Leadership and Governance Resilience in Yogyakarta

Indicator	Yogyakarta (DIY)	National Average / Other Regions	Analytical Interpretation	Source
Women-led MSMEs (% of total MSMEs)	50.3% (173,949 of 345,886 estimated MSMEs)	64.5% (\approx 37 million MSMEs nationally)	DIY shows high women participation but slightly below the national average — indicating inclusivity in entrepreneurship yet limited access to scale-up mechanisms.	Dinas Koperasi & UKM DIY (2024); KemenKopUKM (2021)
Women in senior bureaucracy positions	23.5% (est., BKN data 2023)	<25% nationwide	Consistent with the national trend; leadership inclusion remains symbolic, not systemic.	BKN data cited in study (2024); UNDP (2022)
Women representation in DPRD (Regional Parliament)	16%	National average \approx 22%	Underrepresentation at decision-making levels reflects structural and cultural barriers to gendered political inclusion.	DPRD DIY (2024); UN Women (2022)
Participation in National MSME Census (PL-KUMKM 2023)	Not Participating	32 Provinces Participated	Indicates administrative inertia or path dependency despite stability—limited adaptive governance behavior.	KemenKopUKM & BPS (2023) via study discussion
Digital MSME Platform (SIBAKUL Jogja)	345,886 MSMEs registered; 1,672 cooperatives served	–	Demonstrates strong administrative initiative in digital transformation, but digital divide among rural women persists.	Dinas Koperasi & UKM DIY (2024); UN Women & Pulse Lab Jakarta (2022)
Gender-Responsive Budgeting (GRB) Implementation	Partial; not yet integrated across OPDs	Fragmented nationally	GRB remains procedural; lacks coordination mechanisms and measurable gender outcomes.	UNDP (2022); DP3A DIY policy documents (2023)
Access to formal credit for MSMEs	\sim 30.5% have bank access	30.5% national average; 69.5% unbanked	Financial inclusion challenge persists—affecting women-led MSMEs' resilience.	Tempo (2025); Ministry of Finance (2024)
Economic vulnerability index (post-pandemic)	Moderate recovery; women MSMEs slower to rebound	Similar trend nationally	Indicates gendered economic fragility under crisis; adaptive support mechanisms remain insufficient.	BPS & UGM (2024); UN Women & Pulse Lab Jakarta (2022)

Citizen satisfaction in public service delivery	78% (2024 Provincial Survey)	74% national average	DIY slightly outperforms in administrative performance but lacks participatory inclusivity indicators.	KemenPANRB (2024)
Political Stability vs. Innovation Rate	High stability; moderate innovation	Mixed results nationally	Political stability ensures policy continuity but risks bureaucratic rigidity—limiting transformative inclusion.	Renstra RB DIY (2022–2027); Mahoney & Thelen (2010)

Source: data obtained from multiple sources, 2025

2. Mechanisms of Bureaucratic Reform and Women's Enterprise Resilience

Bureaucratic reform in Yogyakarta has developed under the Grand Design of Bureaucratic Reform 2010–2025 and the Regional Bureaucratic Reform Plan (Renstra RB 2022–2027), aligning with national efforts to build agile, transparent, and citizen-centered governance. The region has implemented several mechanisms—digitalization, performance-based management, gender mainstreaming, and participatory governance—all of which theoretically enhance adaptive capacity. However, their impact depends on how effectively these formal reforms translate into practice at the institutional and local levels.

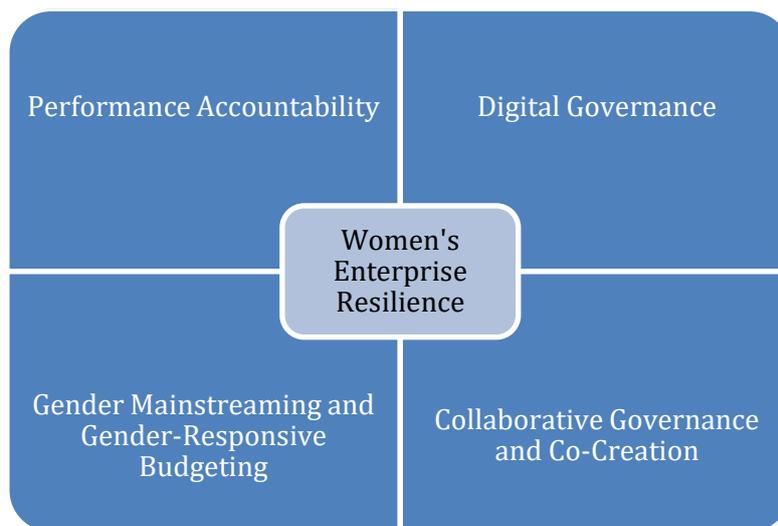


Figure 1 Women's Enterprise Resilience Mechanism

Source: data obtained from multiple sources, 2025

Four primary reform mechanisms influence women's enterprise resilience:

- a. Performance Accountability (SAKIP). The implementation of *SAKIP* enhances bureaucratic accountability by introducing measurable outcomes. While it reinforces administrative discipline, it remains compliance-oriented rather than learning-oriented. True resilience requires performance systems that integrate *feedback loops* from MSME beneficiaries, particularly women entrepreneurs (Boin & Lodge, 2016; Duit et al., 2010).
- b. Digital Governance (SIBAKUL Jogja). Digital platforms like *SIBAKUL Jogja* enhance service efficiency and market connectivity, strengthening MSME resilience through information access. However, digital divides—especially among rural women—limit inclusivity (UN Women & Pulse Lab Jakarta, 2022). OECD (2021)

- emphasizes that digital governance must pair technology with human capacity-building to avoid reinforcing existing inequalities.
- c. Gender Mainstreaming and Gender-Responsive Budgeting (GRB). The integration of gender frameworks within *DPMPPA DIY* policies has established the foundation for Gender Equality Planning and Budgeting (GEPB). Yet implementation remains fragmented. According to UNDP (2022), institutionalizing GRB within fiscal systems is critical for sustainable gender inclusion, ensuring that women-led enterprises receive both recognition and financial prioritization.
 - d. Collaborative Governance and Co-Creation. Collaborative partnerships—such as those between *Dinas Koperasi DIY*, *UGM*, and *UN Women Indonesia*—demonstrate high potential for institutional learning. These align with Ansell and Gash's (2008) model of collaborative governance, which links inclusivity to resilience through trust-building, joint problem-solving, and iterative adaptation.

Together, these mechanisms illustrate what Choi, Tran, and Park (2017) describe as “*inclusive innovation in public governance*”—a process where state capacity and social inclusivity reinforce each other. However, as observed in Yogyakarta, procedural reforms without participatory transformation often remain static. To achieve resilience, bureaucratic systems must integrate inclusivity not as an ethical supplement but as a governing logic that drives learning, adaptability, and innovation.

3. Asymmetric Decentralization, Political Stability, and Structural Advantage

The unique asymmetric decentralization of DIY provides both opportunities and limitations for achieving inclusive and resilient governance. Political stability allows policy continuity and long-term planning; however, the absence of electoral competition can reduce incentives for innovation and participatory reform.

Empirical evidence reveals an imbalance between women's strong economic participation and their limited political representation. While women constitute 64.5% of MSME actors nationally and over half of MSME entrepreneurs in Yogyakarta (KemenKopUKM, 2021; Dinas Koperasi & UKM DIY, 2024), only 16% of DPRD DIY members are women (DPRD DIY, 2024). This structural asymmetry mirrors national patterns, where cultural and institutional barriers restrict women's political access (APEC, 2024; UN Women, 2022).

National and local MSME programs—such as *PNM Mekaar* and *UMi*—have integrated gender-responsive frameworks, yet implementation barriers persist: documentation burdens, digital literacy gaps, and inadequate outreach to rural women. Despite policy intentions, training programs often ignore time poverty and caregiving constraints (UN Women & Pulse Lab Jakarta, 2022). Hence, while policies are gender-targeted, their operationalization remains gender-blind.

This gap illustrates a broader governance tension between representation and responsiveness. Representation provides legitimacy, but responsiveness determines impact. Without inclusive leadership behaviors—openness, accessibility, and availability (Carmeli, Reiter-Palmon, & Ziv, 2010)—governments risk maintaining symbolic inclusion. The persistence of gender disparities in decision-making thus reveals that inclusivity in DIY remains aspirational rather than operational, satisfying procedural benchmarks without achieving structural transformation.

To move forward, Yogyakarta must institutionalize participatory mechanisms that embed women entrepreneurs in policy co-creation. Instruments such as gender-balanced consultative forums, co-design workshops, and inclusive leadership training for bureaucrats (LAN RI, 2023) can translate stability into adaptive inclusivity—transforming asymmetric governance into a model of participatory resilience.

This study offers a conceptual bridge between *Good Governance* and *Resilient Governance*, empirically testing whether political stability derived from asymmetric decentralization can catalyze deeper bureaucratic inclusivity and economic resilience. National indicators reveal administrative efficiency in financial inclusion—e.g., 5.4 million ultra-micro entrepreneurs, 95% women, received loans from *Pusat Investasi Pemerintah (PIP)* since 2017 (*Women's World Banking, 2023*). Similarly, between January–June 2024, 2.4 million Business Identification Numbers (NIBs) were issued via the *Online Single Submission (OSS)* system, averaging 13,000 daily registrations (*Ministry of Investment, 2024*). These reflect the throughput capacity of Indonesia's bureaucratic system. Yet structural challenges remain: only 5.8% of MSMEs nationwide were formally registered by 2023 (*Universitas Gadjah Mada, 2023*), and less than 0.3% of women-led MSMEs secured government contracts (*UNDP FairBiz, 2023*).

Such disparities underscore the limitations of traditional Good Governance frameworks, which prioritize procedural compliance (PTAR: Participation, Transparency, Accountability, Responsiveness) but often neglect dynamic adaptability and learning (Duit, 2016; Brunner & Lynch, 2021). As UNDP (2023) argues, *resilience emerges when governance systems integrate inclusivity, adaptability, and iterative learning into institutional processes*.

Hence, Good Governance provides procedural stability, but Resilient Governance delivers transformative sustainability. The evolution from one to the other requires a paradigmatic shift—from static rules to adaptive learning systems that continuously incorporate feedback from marginalized actors, particularly women entrepreneurs.

Lessons from DIY reinforce this theoretical synthesis:

1. Depoliticization with Accountability: Stability enables policy continuity but must be counterbalanced with meritocratic accountability to prevent bureaucratic inertia.
2. Institutionalized Grassroots Leadership: Empowerment programs achieve sustainability only when co-designed with women's associations and cooperatives.
3. Adaptive Learning Systems: Bureaucracies must internalize learning loops, transforming citizen feedback into institutional innovation.

Thus, resilience arises not merely from political stability but from the co-evolution of inclusivity and adaptability. In this context, women's empowerment functions as both a *metric and a mechanism* of institutional resilience—anchoring public governance in the lived realities of its most vital economic actors.

CONCLUSION

To translate Yogyakarta's administrative stability into resilient, inclusive outcomes, five mutually reinforcing actions are recommended.

1. Embed Inclusivity Impact Assessments across the policy cycle and pivot SAKIP from compliance to learning. This ensures programs are designed and iterated using citizen feedback—especially from women-led MSMEs—so performance is judged by lived results, not just outputs.
2. Institutionalize gender-responsive budgeting through a provincial task force and a SIBAKUL Women Desk that consolidates sex-disaggregated data. Targeted allocations and transparent dashboards will align resources with needs and make progress trackable. Third,
3. Build inclusive leadership capacity at the mid-management tier and formalize gender-balanced advisory councils so women entrepreneurs co-author agendas, not merely

implement them. Recognition mechanisms (e.g., a Local Inclusive Leadership Award) can accelerate culture change.

4. Strengthen the MSME ecosystem by creating a one-stop Resilient Support Unit and scaling hybrid (online–offline) literacy and mentoring, paired with gender-sensitive public procurement to open markets.
5. Institutionalize learning through an open Gender & Resilience Dashboard and annual multi-stakeholder forums that review indicators and agree adaptive adjustments

Together, these steps convert symbolic inclusion into durable structures—linking fiscal choices, leadership behavior, and service design—so women’s economic agency becomes a core driver of Yogyakarta’s resilient governance.

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