

ESCAPING ADMINISTRATIVE TRAP: THE MODERATING ROLE OF MINIMUM SERVICE STANDARDS IN THE LOCAL SPENDING- POVERTY RELATIONSHIP

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ABSTRACT

This paper aims to examine the significance of minimum service standards (MSS) in moderating the influence of local spending on poverty in various Indonesian districts. This study analyzed 2,072 observations from 148 districts in 2011-2024 using moderated regression analysis (MRA) and STATA 17. The study results show that MSS, which strengthens the influence of local spending on poverty, confirms that its interaction with local spending has a greater impact on poverty. MSS, as both a policy instrument and an administrative action, can reinforce the smoothness and success of program achievements while also encouraging the success of public services. When MSS is subjected to incorrect criteria and mismanagement, its potential to enhance success transforms into an administrative trap that results in the failure of public services at the local government level. Future research can increasingly focus on the various dimensions of MSS in public services, examining both its role as a moderator and its role as an independent variable.

Keywords: minimum service standards; local spending; poverty; moderated regression analysis; public policy

MENGATASI JEBAKAN ADMINISTRATIF: PERAN MODERATOR STANDAR PELAYANAN MINIMAL DALAM HUBUNGAN ANTARA BELANJA PEMERINTAH DAERAH DAN PENURUNAN KEMISKINAN

ABSTRAK

Studi ini bertujuan untuk menganalisis signifikansi standar pelayanan minimal (SPM) dalam memoderasi pengaruh belanja daerah terhadap kemiskinan di berbagai kabupaten di Indonesia. Studi ini menganalisis 2.072 observasi dari 148 kabupaten pada tahun 2011-2024 menggunakan Analisis Regresi Moderasi (ARM) dan STATA 17. Hasil penelitian menunjukkan bahwa SPM, yang memperkuat pengaruh belanja daerah terhadap kemiskinan, menegaskan bahwa interaksinya bersama belanja daerah memiliki dampak yang lebih besar terhadap kemiskinan. SPM, sebagai instrumen kebijakan sekaligus tindakan administratif, dapat memperkuat kelancaran dan keberhasilan pencapaian program sekaligus mendorong keberhasilan pelayanan publik. Ketika SPM mengalami salah kriteria dan juga salah kelola, potensinya untuk meningkatkan keberhasilan berubah menjadi jebakan administratif yang mengakibatkan kegagalan pelayanan publik di tingkat pemerintah daerah. Studi di masa depan dapat semakin fokus pada berbagai dimensi SPM dalam pelayanan publik, baik dalam peran moderasi maupun dalam peran mandiri sebagai variabel independen.

Kata kunci: standar pelayanan minimal, belanja daerah, kemiskinan, analisis regresi moderasi, kebijakan publik

INTRODUCTION

Poverty is a major problem faced by almost all developing countries (Britz et al., 2022; Khan, 2024; Solarin, 2022), including Indonesia (Purwono et al., 2021; Wiratama et al., 2023), where as many as 24.06 million people, or 8.57% of the total population, are the poorest (Badan Pusat Statistik, 2025b). Poverty is a wicked obstacle that covers almost every single dimension of people's lives, from community issues to government affairs (Rizvi et al., 2024). Poverty is determined by many factors,

both related to the individual condition of the community, such as education level (Özpinar & Akdede, 2022), family income (Tamsah et al., 2023), and related to local conditions, namely economic growth and fiscal policy (Agussalim et al., 2024), per capita income (Tekdemir & Yilmaz, 2024), and infrastructure (Wiratama et al., 2023).

Poverty eradication is so complex to solve. Globally, it is a collaborative effort and has emerged as the primary goal of the SDGs. In Indonesia, poverty has decreased from 14.15% in 2009 to 8.57% in 2024, but this annual decrease of

0.37% is small (Badan Pusat Statistik, 2025a). This fact is certainly a pivotal challenge. Various poverty eradication policies that have been implemented in Indonesia include financial inclusion to augment the poor opportunity for getting access to economic matters (Erlando et al., 2020), the Family Hope program for the underprivileged (Fitri et al., 2023), and the allocation of village funds to support efforts to reduce rural poverty (Permatasari et al., 2021; Sidik, 2024). However, none of these policies achieved optimal results.

For the time being, poverty eradication is carried out using financial resources from the government budget, including local spending. In contrast, local spending tends to increase each year. From 2014 to 2024, the realization of local spending has increased by 60% (Kementerian Dalam Negeri, 2025). Generally, the budget is interpreted as a resource to ensure the success of government programs and activities (Fatouros, 2024), so that the goals of developing and improving community welfare can be realized. Ideally, the greater the budget support, the lower the poverty will be (Dijkstra, 2013). This condition raises a critical question: is the local budget effective in reducing poverty, or are other factors needed to strengthen its impact?

Empirically, various studies have shown the same results in several countries: that local spending can directly or indirectly impact poverty (Giri & Thakkar, 2024). In Spain, decentralized local spending concerning basic needs has resulted in a downward poverty trend (Jurado et al., 2016). Public spending on education and health in Mexico has also demonstrated its ability to reduce poverty (Mina et al., 2022). In Indonesia, local spending on education and health functions has reduced poverty (Bandiyono, 2020). However, not all studies indicate a negative correlation between local spending and poverty reduction. This is evident in local spending, which has been shown to insignificantly reduce poverty at present and in the future (Saharudin et al., 2023). In fact, it is considered ineffective in reducing poverty (Krishnapillai & Kinnucan, 2012).

Former inquiries have mentioned that local spending does not necessarily reduce poverty at a significant level. This condition is also seen when 30-35% of the total local spending is used for employee spending in 2019-2024 (Kementerian Keuangan, 2025). It means that about one-third of the total local spending is only used for the provision of employees' salaries as public servants, which has an impact on the lack of fulfilling the community's basic needs (França et al., 2020; Kerschbaumer et al., 2024; Saar-Heiman et al., 2023).

Ensuring the fulfillment of these needs, the government has made a policy of providing public access to basic services including education, health, public works, public housing, public safety, public order, and community protection, as well as social services through the implementation of MSS. MSS is one of the public policy instruments aiming to ascertain that the community receives proper basic services from the local government. Provisions regarding the implementation of MSS for local governments have been formally regulated since 2021. The establishment of MSS is a step to assert consistent service provision (Ferrazzi, 2005).

Various studies on MSS also show its effect on poverty reduction. This statement was conveyed by Griffin (1992) that MSS strengthens the effect of public services on poverty. This statement is in line with the fact that MSS will better the people's prosperity along with the decrease of poverty in society (Meyer & Keyser, 2016). Specifically, MSS in certain sectors will be a guide for local governments to deliver services relating to reducing poverty (Nasir et al., 2023), in particular, among others, by increasing the use of health care in poor communities (Nguyen et al., 2010).

From the focus aspect, the study has focused more on the technical aspects of MSS implementation (Arrohmah et al., 2024; Purwanto et al., 2019), even focusing on certain fields such as health (Dewi et al., 2022; Everett et al., 2024; Rosmanely et al., 2024), education (Juharyanto et al., 2023; Musa et al., 2023; Utomo & Arbain, 2020), and infrastructure (Makmur, 2019). In addition, literature is still limited to the effectiveness of primary services, regardless of spatial factors (Han et al., 2015; Wang & Chi, 2018). Thus, there is still a lack of knowledge and information dealing with the way MSS moderates the effect of local spending on poverty.

As the basis for the hypothesis in this study, the following will be presented successively a description of budget and poverty, MSS and poverty, as well as local spending, MSS, and poverty.

A budget is a financial plan that outlines income and spending that serves as a guideline in resource allocation and decision-making to achieve organizational goals (Larson, 2023). The government allocates, manages, and accounts for the public budget to ensure that government spending is efficient, effective, and aligned with public goals (Douglas & Overmans, 2020). The public budget as a source of program financing reflects how financial resources are distributed and used in various government programs (Kadhima et al., 2020; Klaassen, 2010). Local spending is one of the policy instruments aimed

at improving the welfare of citizens (Celikay & Gumus, 2017), which in practice has shown a significant negative impact on poverty reduction (Elshahwany & Elazhary, 2024). In summary, the budget is not only a source and guideline for government actions, but it is also a policy instrument to serve the public interests and welfare. However, the budget can experience a paradox when its inappropriate use can have a negative impact on people's prosperity.

Poverty is a condition when a person is unable to finance the fulfillment of their basic needs, such as food, water, shelter, and health services (Okten & Kale, 2009; Wolff, 2019). In general, poverty is divided into absolute and relative poverty (Mabughi & Selim, 2006; Méndez & Villagrán, 2022; Schramm & Seid, 2016). Absolute poverty refers to conditions indicated by the absence of access to meet the basic needs of their lives, while relative poverty, on the other hand, is defined according to economic status in society. This study formulates a hypothesis based on literature:

Hypothesis 1: Local spending has a significant effect on poverty.

Public service is an action done by the government or under its supervision to satisfy the public interest (Lutsiv, 2021; Gencay, 2021). To ensure consistency, transparency, and quality in delivering public services having a direct effect on the people's lives and the welfare of the community, public services are made public service standards (Gerontas et al., 2022, 2021). Public service standards refer to the benchmarks set for the services given by public sector organizations (Schiavo, 2000) to guarantee the quality and efficiency of public services. In a nutshell, MSS is a guideline to ascertain government actions can impact people's

prosperity in consistent, transparent, and efficient manner.

The MSS, as a policy instrument, is used to assess the performance of various sectors, including education and health, as well as to guide policy-making. MSS, with its minimum threshold, can motivate local authorities to better their public service, especially for those who are just below the required standards (Roudo et al., 2018). The fulfillment of these service standards can increase community welfare (Meyer & Keyser, 2016) and have a significant impact on poverty reduction as well (Ahmed, 1992; Meyer & Keyser, 2016). In this study Based on the literature, a hypothesis is built:

Hypothesis 2: MSS has a significant effect on poverty.

In Indonesia, the policy regarding MSS is associated with the implementation of compulsory basic services. As a mandatory matter, the implementation of MSS is a priority in determining local spending allocations. For local governments, MSS is an indicator used to assess the cost of the provision of certain services. In the context of citizen interest, the MSS will be a reference for assessing the feasibility of local services.

MSS can motivate local efforts to increase the level of service performance (Roudo et al., 2018), with budget adequacy support (Myaing & Lim, 2024). On the other hand, budget limitations and mismanagement in public finance can lead to a lack of service provision (Kamugisha & Kihamba, 2016). Lack of opportunity to receive basic services and access to resources can affect poverty significantly (Boozary & Shojania, 2018; Kerschbaumer et al., 2024; Leskošek, 2012). Based on the literature, the MSS test in moderating the influence of local spending on poverty begins by building a hypothesis that:

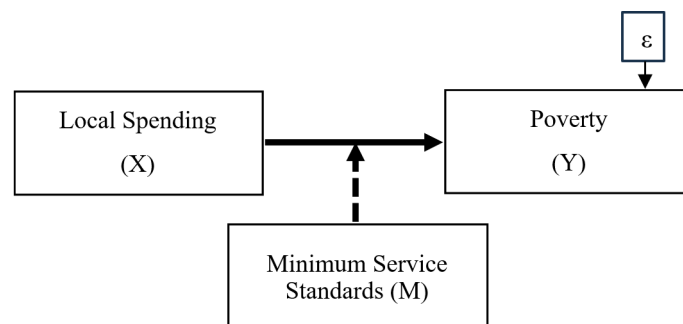


Figure 1. Conceptual Framework

Source: Authors (2025)

Hypothesis 3: Local spending affects poverty moderated by MSS.

Referring to theoretical references and empirical findings on local spending, MSS, and poverty, as well as the interaction between the three, Figure 1 presents the conceptual framework of this study.

Specifically, this inquiry brings a new idea to examine the MSS in moderating the influence of local spending on poverty in Indonesia. Furthermore, this inquiry presents a more holistic approach using panel data that covers districts in Indonesia. Subsequently, it raises the question of the influence of (1) local spending on poverty, (2) MSS on poverty, and (3) the interaction of local spending and MSS on poverty.

METHOD

This study uses a quantitative approach with panel data, also known as longitudinal data, which consists of observations on multiple entities (such as individuals, firms, or countries) over time (Stachova & Hunady, 2025). Such data is crucial in various research fields, including economics, finance, sociology, and epidemiology, due to its ability to capture both cross-sectional and time-series variations (Bhuyan et al., 2022; Rocha & Miranda, 2025). This study combines cross-section data from 148 districts and the time series 2011-2024 ($t=14$). The use of panel data at the district level was also carried out to study development in regions with similar contexts in India (Jung et al., 2019; Kumar & Somanathan, 2009), ecological vulnerability and the impact of education budgets on poverty in China (Hu & Duan, 2021; Lu et al., 2025), and the impact of economic growth and HDI on poverty in Indonesia (Ladjan et al., 2024).

The autonomous regions of districts in Indonesia are chosen as a unit of analysis, considering that, first, districts have the largest number in the Indonesian government system, namely 415 districts juxtaposed with cities of which there are only 93 cities and 38 provinces. Second, the determination of district autonomous regions as a sample is carried out based on provinces, considering that Indonesia is an archipelagic country where each island, and the provinces contained in it, has its peculiarities. Third, administrative districts are excluded as an analysis unit because Jakarta Special Region has only one, and they lack the authority to make policies. Therefore, the number of eligible provinces is only 37. Fourth, each province is represented by four districts, consisting of four districts represent-

ing the highest and the lowest of poverty. The selection of these four districts is because, in certain provinces, there are only four districts. Fifth, the selection of the 14 years is due to the limitation of complete data for all regions sampled.

The data are collected from the Ministry of Home Affairs for MSS, the Central Agency of Statistics for Poverty, and the Ministry of Finance for local spending. The processing and analysis tools of this study use Stata 17. Stata is powerful statistical software used for data analysis and visualization (Watson, 2005). This tool is considered appropriate for analyzing panel/longitudinal data (Gutierrez, 2010; Yin & Sun, 2019), which is used for large samples and support for complex sampling designs (Wimberley et al., 2013).

The data analysis used moderated regression analysis (MRA), which is a technique dealing with examining the relationship between the predictor and the outcome at a different level than the moderator (Cheung et al., 2022). Moderation is extensively employed in psychology, education, and social sciences to elucidate intricate interactions (Cheung & Aguiar, 2025; Edwards, 2010; Lorah & Wong, 2018).

The utilization of MRA offers advantages, as it facilitates the analysis of intricate interactions among variables, including the moderating effect of a third variable on the predictor-dependent variable relationship (Park & Yi, 2023a, 2023b). It provides a more advanced understanding of the relationships between variables compared to simple regression analysis. In addition, this test was carried out to find out whether moderation played a role in strengthening or weakening X's influence on Y. The moderation regression model equation is as follows:

$$Y = \alpha + \beta_1 X + \varepsilon \quad (1)$$

$$Y = \alpha + \beta_1 X + \beta_2 M + \varepsilon \quad (2)$$

$$Y = \alpha + \beta_1 X + \beta_2 M + \beta_3 X * M + \varepsilon \quad (3)$$

In this context, Y represents poverty, α denotes a constant, β signifies a regression coefficient, X refers to local spending, M stands for the MSS, and $X * M$ indicates the interaction between local spending and MSS.

RESULTS AND DISCUSSION

An overview of the variables of local spending (X), MSS (M), poverty (Y), and the interaction between local spending and MSS ($X * M$) is presented in Table 1. This table shows that for each variable, there were 2,072 observations made in 148 districts over a 14-year period. The large number of obser-

vations indicate that the data used is a balanced panel. The balanced panel ensures that the analysis results reflect the objective conditions of all districts in this study. In addition, the data contained in the balanced panel shows that, first, it refers to a data set in which all subjects were observed at the same time, and second, within the same time for all subjects that must be observed. This type of data treatment indicates that the analysis possesses a tested level of reliability and validity.

Local spending, represented by the X variable, describes financial spending by local governments to support various development programs and public services in their regions. The amount of local spending, as presented in Table 1, averaged IDR 1,399.023 billion, with a standard deviation of IDR 1,093.142 billion. Considering the average and standard deviation, along with the minimum value of IDR 200.430 billion and maximum of IDR 12,612.870 billion the average local spending indicates a significant variation in spending patterns across the studied regions. Furthermore, the difference in local spending patterns is very significant and shows a large difference in fiscal ability between regions. Regions with limited fiscal capacity can only spend relatively small budgets, while other regions are able to allocate enormous amounts of funds. On the other hand, the picture of the very dispersed distribution of local spending can be seen from the high standard deviation, which provides the impression that local spending is not concentrated on one specific value.

Poverty in each region is represented by Variable Y, which is the average for all regions studied, 14.58919, with a standard deviation of 9.668587. These two figures show a considerable variation in the number of poor people between regions, which is also increasingly visible from the range of minimum and maximum values, namely 1.78 and 47.52. This statement shows two things. First, each region has its own uniqueness in handling poverty, which as a whole means that there is a wide variety of challenges between regions. Second, contextual policies are necessary for the success of poverty management in each region.

The minimum service standard, or MSS, that local governments should provide to their communities is represented by the M variable in Table 1 and has an average achievement of 53.09277, with a standard deviation of 25.89157. The enormous range of minimum and maximum values, namely 0 and 100, indicates the condition of two very different groups of regions related to the achievement of MSS. A value of 0 indicates an area that has not met the minimum service standard at all, while a value

of 100 indicates an area that has met all minimum service standards according to national policies. These two conditions demonstrate significant variation in the quality of public services across regions, including health, education, public works, public housing, peace, public order, community protection, and social services. Inequalities or imbalances in services between regions can significantly impact the success of poverty reduction and indicate the realization of community welfare.

The interaction between local spending and MSS is a variable that plays a role in testing whether the significance of the influence of local spending on poverty is moderated by the level of MSS achievement of a region. In Table 1, the interaction variable represented by the X*M symbol has an average value of 82,603.65, a very high standard deviation of 91,167.07, and a range of values from a minimum of 0 to a maximum of 912,756.4. A minimum value of 0 indicates that some regions lack local spending or fail to achieve MSS. On the other hand, the maximum value of 912,756.4 indicates that there are regions that have a very high combination of local spending and MSS achievement.

Four important notes can be made related to the descriptive statistics of the four variables presented in Table 1. First, local spending that has a large variety starts from a large variation in the financial capacity of each region. This condition underscores the urgency of fiscal equity policies nationally to ensure that all regions have financial capabilities that are in line with the financing needs of public services and development. Second, addressing the large variation in poverty between regions requires considering how to handle it in accordance with local values and peculiarities, along with paying attention to fiscal capacity. Third, the variation in the achievement of MSS, namely between regions that have not met minimum service standards at all and regions that have met all minimum service standards according to national policies, hints at the need for asymmetric support. The support is affirmative for regions with low achievement and facilitative for regions with high achievement.

Fourth, two possibilities may arise regarding how local spending interacts with MSS. First, local spending is unlikely to reduce poverty without adequate MSS achievement. Second, MSS can be met when local spending is carried out efficiently and effectively, which in turn has implications for reducing poverty rates. In summary, it can be stated that the description of the four variables shows the various conditions between regions related to local spending, the fulfillment of public services accord-

ing to standards, and the size of the poverty rate owned. Understanding this condition indicates the need for contextual policies in the management of public services between regions by considering various related factors, especially in the form of fiscal capacity, local spending behavior, and poverty

determinants in each region. In this regard, it is relevant to continue to develop public policymaking based on the analysis of the relationship between these three factors.

Furthermore, the results of the moderation regression test are shown in Table 2.

Table 1. Descriptive Statistics

| Variable | Observation | Mean | Std. dev. | Min | Max |
|----------|-------------|----------|-----------|--------|----------|
| X | 2,072 | 1399.023 | 1093.142 | 200.43 | 12612.87 |
| Y | 2,072 | 14.58919 | 9.668587 | 1.78 | 47.52 |
| M | 2,072 | 53.09277 | 25.89157 | 0 | 100 |
| X*M | 2,072 | 82603.65 | 91167.07 | 0 | 912756.4 |

Source: Processed from STATA 17 (2025)

Table 2. Results of Moderation Regression Analysis Test

| Constant, variables | Model 1 | | Model 2 | | Model 3 | |
|--------------------------|------------|-------|------------|-------|------------|-------|
| | Coef. | p | Coef. | p | Coef. | p |
| Constant (α) | 17.72134 | 0.000 | 24.42322 | 0.000 | 26.73379 | 0.000 |
| Local Spending (X) | -0.0022388 | 0.000 | -0.0011948 | 0.000 | -0.0032363 | 0.000 |
| MSS (M) | - | - | -0.1537409 | 0.000 | -0.1905397 | 0.000 |
| Local Spending*MSS (X*M) | - | - | - | - | 0.0000303 | 0.000 |
| F | 141.71 | 0.000 | 291.17 | 0.000 | 199.70 | 0.000 |
| R ² | 0.0641 | | 0.2010 | | 0.2246 | |

Source: Processed from STATA 17 (2025)

Model 1 in Table 2 related to local spending regression to poverty shows the direction and magnitude of the relationship (coefficient) and the strength of the relationship (p) between local spending and poverty. A minus sign at a value of -0.002 means that local spending and poverty are negatively correlated, namely an increase in local spending followed by a decrease in poverty. The direction and magnitude of this relationship are significant, with a relationship strength value of 0.00. Thus, the first hypothesis is accepted, namely that local spending has a significant influence on poverty, and this influence is in the form of a reduction in poverty by 6.41%. The test yields the following model equations:

$$Y = 17.72134 - 0.0022388X \quad (1)$$

The findings are also in line with various previous studies that local spending has a direct impact on the number of poor people. Increasing local spending, especially in the fields of education and health, has been proven to be able to significantly reduce poverty rates (Bandiyono, 2020; Prawoto & Basuki, 2022). The quality of government spending, characterized by priority, allocation, time, accountability, and effectiveness, is crucial. High-quality spending is associated with significant reductions in poverty levels (Masduki et al., 2022).

Model 2 concerning MSS regression on poverty describes the direction and magnitude of the relationship of -0.15 and the strength of the relationship

of 0.00 between MSS and poverty. A minus sign of -0.15 means that an increase in MSS results in a poverty reduction and is significant with a relationship strength value of 0.00. Thus, the second hypothesis is accepted, namely that MSS has a significant influence on poverty, and the effect is in the form of a reduction in poverty by 20.1%. The test yields the following model equations:

$$Y = 24.42322 - 0.0011948X - 0.1537409M \quad (2)$$

The provision of basic services in previous research also has a significant impact on poverty alleviation, as evidenced by various studies in different regions and contexts. Basic public services substantially reduce vulnerability to poverty. This improvement is achieved through optimizing livelihood strategies and improving living conditions (Shi et al., 2025; Wan et al., 2020). or instance, studies in China have demonstrated that improving livelihood strategies through the provision of basic public services can reduce multidimensional poverty (Shi et al., 2025). Various other basic services also have an impact on poverty reduction, including education (Sanogo, 2019), healthcare (Yang & Cao, 2022), infrastructure (Swe et al., 2021), water & sanitation (Fagbemi et al., 2022), and electricity (Sparks, 2004).

Different from the previous two models, Model 3 describes the regression of the interaction between local spending and MSS on poverty. A value of -0.0000307 indicates a negative correlation between MSS and poverty and is significant, as indicated by a relationship strength value of 0.00. Thus, the third hypothesis is accepted. This Model 3 features two intriguing things. First, individually, between local spending and poverty (Model 1) and between MSS and poverty (Model 2), the effects of both are negative on poverty. Second, the interaction between local spending and MSS is positive, thus further strengthening the negative influence of both on poverty. Therefore, it can be concluded that the increase of X and M together will further increase the effect on the decrease of Y.

The findings are also in line with previous studies that effective regional budgets for health, education, and social services have been shown to significantly reduce poverty, as seen in Egypt and Indonesia (Elshahawany & Elazhary, 2024; Nasir et al., 2023). In fact, the budget makes a significant contribution to poverty reduction, as it creates fiscal space for targeted poverty alleviation programs. However, local government spending in general does not have a direct impact unless allocated to priority programs (Nursini & Tawakkal, 2019). In

this study, MSS was able to boost the effect of local spending on poverty reduction by 22.46%. This finding reminds the other determinants of poverty reduction such as education level (Özpinar & Akdede, 2022), family income (Tamsah et al., 2023), economic growth and fiscal policy (Agussalim et al., 2024), per capita income (Tekdemir & Yilmaz, 2024), and infrastructure (Wiratama et al., 2023).

The test yields the following model equations:

$$Y = 26.73379 - 0.0032363X - 0.1905397M + 0.0000303XM \quad (3)$$

Based on the moderation regression analysis test, a moderator is considered a quasi-moderator if it both interacts with the predictor and simultaneously acts as a predictor that affects the outcome variables (Sharma, 2003; Sharma et al., 1981). In this study, MSS interacts with local spending and is a factor that also affects poverty. Therefore, MSS is not a pure moderator but rather a quasi-moderator.

The findings of this study have indicated that increasing budget does not mean poverty will be significantly reduced. This condition shows that there has been an administrative trap, which is a condition where an organization and its implementers always assume that the budget is the main determining factor in the success of a program to achieve its goals. This assumption is strengthened when the main factor is drastically increased. Administrative traps often indicate conditions of incompatibility between the nature of the problem and the proposed administrative solution (Baker, 1989; Muller, 2004), and advance as barriers to effective service development (Blore, 1999). This will certainly contribute to organizational rigidity and bureaucratic inefficiencies that are trapped in the wrong actions.

In fact, the budget is only one of the factors that have a small effect on reducing poverty. Although the budget increase was more than 3-4 times, as happened from 2011 to 2024, the poverty rate even increased by 0.07% in the Tangerang District and 0.13% in the Kutai Kartanegara District (Badan Pusat Statistik, 2025b; Kementerian Keuangan, 2025).

The implementation of policies and programs always requires the budget as one of its resources (Natchez & Bupp, 1973; Rosenthal & Wolfson, 2013). Two issues related to the role of local spending as a resource are the accuracy of allocation and optimization of its use in the implementation of policies or programs. This means that government spending is important, but it needs to be accompanied by more specific policies on substances that

have a major impact on poverty reduction, such as education and health.

Different conditions emerge when MSS moderates the influence of local spending on poverty reduction. The findings confirm the hypothesis that MSS has a substantial impact on poverty. The interaction of local spending and MSS showed a 22.46% influence on reducing the poverty rate, indicating that appropriately allocating local spending in sectors related to MSS that address basic needs can effectively reduce poverty.

Improving the quality of public services based on MSS, along with sufficient financing, has the potential to enhance the direct impact on increasing the welfare of the poor. This requires the periodic assessment and updating of the MSS to ensure that it remains relevant and effective. This argument is in line with the view that stakeholder engagement and adaptation to changing needs and conditions are conditions that must be met (Fрати et al., 2021; Milyardi et al., 2023).

This meaning can be expanded by comparing these findings with other studies that explore similar topics, including the effect of larger budgets on eradicating poverty, and the discussion of these differences is carried out by considering the policy context, differences in methods, or local factors that affect outcomes. Further meanings of the three models that have been formulated can be stated as follows:

- a. The declaration states that MSS has positively contributed to poverty eradication. These findings show at least 2 things: (1) MSS as an administrative measure has become a standard certainty and clarity of procedures for its fulfillment, and (2) MSS, in addition to containing procedural meaning, also has a substantial role.
- b. The implication of these two roles of MSS is the increasing need to create MSS that is in line with grassroots needs, as theoretically implied in the meaning of street-level bureaucracy (Lipsky, 2010).
- c. The significance of the influence of MSS on poverty also shows the power of its existence in determining the success and usefulness of public services, as reflected by poverty eradication activities. This power MSS has the potential to be dysfunctional, both because of the character of power that tends to be corrupt (Acton, 1887, as cited in Lazarski, 2023) and because of the power that is two-sided (Bachrach & Baratz, 2017). In this context, the power of MSS can be the source of the emergence of inefficiencies, service rigidity,

and excessive regulation, which is commonly referred to as the trap of administrative action.

- d. The opportunity for administrative pitfalls is inevitable when governments or public agencies become too attached to procedures and regulations in their efforts to ensure compliance with minimum service standards, thus losing focus on real results and actual quality of service.
- e. Overall, these studies have demonstrated that technical actions, commonly understood as procedural interventions, can lead to government action failures. This statement also shows that administrative actions of a technical nature, as long as they are related to the direct service of community welfare, also require meaningful public participation in their planning and implementation.
- f. In summary, it can be understood that in ensuring the successful realization of the achievement of public service goals, a significant change in perspective is needed. We can build a new interactive relationship between the ends and the means, which no longer follows a linear relationship.
- g. The low regression coefficient of MSS on poverty shows that there are other factors that determine poverty elimination.

In the future, research on the power of MSS that has the potential to be a trap of administrative action needs to be carried out with more independent variables, as well as identifying other forms of administrative action that play the role of intervening variables. Expanding budget allocations for sectors related to MSS (such as education and health) can be a policy priority to increase the impact of poverty reduction. In addition, there needs to be a monitoring and evaluation mechanism to ensure that budget allocations effectively reach the right beneficiaries.

CONCLUSION

This study intends to scrutinize the power of MSS in strengthening the influence of local spending on poverty reduction efforts in various regions in Indonesia. Its findings also delineate the role of MSS in moderating the influence of local spending on poverty, confirming that local spending and MSS together have a greater impact than each variable independently on affecting poverty. Additionally, the findings conclude that improving the quality of public services supported by the right budget can contribute more effectively to poverty reduction. The significant role of MSS as a policy instru-

ment and, at the same time, as an administrative action in moderating the influence of local spending on poverty reduction indicates two things. First, MSS is a reinforcement of the smoothness as well as the success of program achievements, so they need to be formulated appropriately and accommodate social and spatial realities. Failing to meet these conditions can result in unmet aspirations, inflexible adaptation, and a lack of actionable solutions. Second, MSS that have the power to encourage the success of public services, when experiencing wrong criteria and also mismanagement, result in dysfunction, namely the power of MSS to strengthen success turns into an administrative trap that leads to the failure of public services in local government.

In general, the achievement of government policy targets and programs is faced with the tendency that the goals to be achieved and the way to achieve them can establish interactive relationships. The implication of this tendency is that administrative actions, in addition to being procedural in nature, also have a substantial influence. The limitations of this study are not specifically focused yet regarding the effects of administrative traps on the power of MSS in public services. In addition, this study only focuses on quantitative without exploring qualitative information about the dynamics of MSS implementation in the field. Furthermore, there are many other factors that affect poverty but are not studied in this study. Future research can increasingly focus on various dimensions of MSS in public services, examining both its role as a moderator and its role as an independent variable. In addition, it is also necessary to apply heteroskedasticity-robust standard errors to support the validity of the research findings.

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