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THE INFLUENCE OF POLICY TRANSPARENCY, PUBLIC PARTICIPATION, BUREAUCRATIC RESPONSIVENESS, SERVICE QUALITY, AND PUBLIC TRUST ON PERCEIVED EFFECTIVENESS OF LOCAL ECONOMIC POLICY

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Abstract

The effectiveness of local economic policy is essential for promoting sustainable regional development and improving community welfare. However, citizens' perceptions of policy effectiveness are influenced not only by policy outcomes but also by the quality of governance practices implemented by local governments. This study aimed to examine the influence of policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust on the perceived effectiveness of local economic policy. A quantitative research approach with an explanatory research design was employed. Primary data were collected through a structured questionnaire distributed to 200 respondents selected using purposive sampling. The collected data were analyzed using the Statistical Package for the Social Sciences (SPSS), including descriptive statistics, validity and reliability tests, classical assumption tests, multiple linear regression analysis, the coefficient of determination (R^2), t-tests, and F-tests. The results revealed that all measurement instruments were valid and reliable, and the data satisfied the assumptions required for multiple linear regression analysis. The findings indicated that policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust each have a positive and significant influence on the perceived effectiveness of local economic policy. Furthermore, the F-test demonstrated that all independent variables simultaneously have a significant effect on the dependent variable. Among the five predictors, public trust was identified as the strongest determinant of perceived policy effectiveness. The study concludes that strengthening good governance practices through transparency, citizen participation, responsive bureaucracy, high-quality public services, and institutional trust can substantially improve public perceptions of local economic policy effectiveness. These findings provide practical implications for local governments in designing and implementing more effective, accountable, and citizen-oriented economic policies.

Keywords: *Policy Transparency; Public Participation; Bureaucratic Responsiveness; Service Quality; Public Trust; Perceived Effectiveness; Local Economic Policy*

1. INTRODUCTION

Local economic policy plays a fundamental role in promoting sustainable economic development, reducing inequality, and improving the welfare of communities. As local governments increasingly assume greater responsibilities in managing regional development, the effectiveness of local economic policies has become a critical concern for policymakers, practitioners, and researchers (Bartelet et al., 2024). Effective local economic policies not only stimulate investment and employment opportunities but also foster inclusive growth by addressing the unique socioeconomic needs of local communities. However, despite substantial investments in local development programs, many local governments continue to face challenges in achieving the intended policy outcomes. Public dissatisfaction, inefficient service delivery, and weak policy implementation often reduce citizens' perceptions of policy effectiveness (Aizawa & Ko, 2025).

Perceived effectiveness of local economic policy refers to the extent to which citizens believe that government policies successfully achieve their intended economic objectives and contribute positively to community development. Unlike objective performance indicators, perceived effectiveness emphasizes citizens' evaluations, which significantly influence policy legitimacy, compliance, and public support. Therefore, understanding the factors that shape public perceptions has become increasingly important in the field of public administration and governance (Fuller, 2015).

The theoretical foundation of this study is rooted in good governance theory, public administration theory, stakeholder theory, and institutional trust theory. Good governance emphasizes transparency, accountability, participation, responsiveness, and effective public service as essential principles for achieving successful public policy outcomes.

One of the key determinants of policy effectiveness is policy transparency. Transparency enables citizens to access accurate, timely, and understandable information regarding government decisions, policy objectives, budget allocations, and implementation processes (Lakuma et al., 2019; Lee & Slater, 2007). Transparent governance reduces information asymmetry, strengthens accountability, and minimizes opportunities for corruption. When citizens perceive that government policies are developed and implemented transparently, they are more likely to believe that public resources are managed fairly and efficiently, thereby increasing their confidence in policy outcomes (Sun et al., n.d.).

Policy transparency enhances accountability and reduces uncertainty by providing citizens with sufficient information regarding government activities. Transparent governance enables citizens to monitor policy implementation and increases confidence in government decisions (Setiawan et al., 2021; Zhao et al., 2025). Therefore, higher policy transparency is expected to improve perceived policy effectiveness.

H1: Policy transparency positively and significantly influences the perceived effectiveness of local economic policy.

Another important factor is public participation. Contemporary governance emphasizes collaborative decision-making, where citizens actively contribute to policy formulation, implementation, and evaluation (Doukas & Li, 2009). Public participation allows governments to incorporate local knowledge, identify community needs, and improve policy relevance (Philp, 2001). Furthermore, participatory governance strengthens democratic legitimacy by giving citizens a voice in public decision-making. Policies developed through meaningful participation are generally perceived as more responsive, equitable, and effective because they reflect the actual priorities of stakeholders (Tykvová & Walz, 2007).

Public participation encourages collaborative governance by involving citizens in decision-making processes (Suhardi et al., 2023). Participation enhances policy legitimacy, improves policy quality through local knowledge, and increases public ownership of government programs. Consequently, greater public participation is expected to positively influence perceived policy effectiveness.

H2: Public participation positively and significantly influences the perceived effectiveness of local economic policy.

The effectiveness of local economic policies also depends heavily on bureaucratic responsiveness. Bureaucratic responsiveness refers to the willingness and ability of government institutions to respond promptly and appropriately to public needs, complaints, and changing socioeconomic conditions (Judijanto et al., 2024). Responsive bureaucracies facilitate efficient policy implementation, reduce administrative delays, and improve citizen satisfaction. In contrast, bureaucratic rigidity and slow responses often undermine public confidence and diminish perceptions of government effectiveness (Judijanto et al., 2024).

Bureaucratic responsiveness enables government institutions to respond efficiently to citizens' needs and adapt to changing circumstances. Responsive bureaucracies improve administrative performance and strengthen citizens' evaluations of government effectiveness (Uhl-Bien & Marion, 2009). Therefore, bureaucratic responsiveness is expected to positively affect perceived policy effectiveness.

H3: Bureaucratic responsiveness positively and significantly influences the perceived effectiveness of local economic policy.

Closely related to bureaucratic responsiveness is service quality. Public services represent one of the most visible manifestations of government performance. High-quality public services, characterized by reliability, responsiveness, assurance, empathy, and efficiency, directly affect citizens' daily experiences with government institutions (Mahmood et al., 2023; Yasaitis et al., 2014). When local governments consistently provide accessible and high-quality services, citizens are more likely to evaluate government policies positively. Consequently, service quality serves as an important indicator of successful policy implementation. (Bayked et al., 2024; Ibrahim, n.d.)

Service quality reflects the government's capacity to deliver reliable, accessible, and citizen-oriented services (Pham et al., 2021). High-quality services improve public satisfaction and demonstrate successful policy implementation. Accordingly, better service quality is expected to positively influence perceived policy effectiveness.

H4: Service quality positively and significantly influences the perceived effectiveness of local economic policy.

Another critical factor influencing perceived policy effectiveness is public trust. Public trust reflects citizens' confidence in government institutions, public officials, and administrative systems. Trust facilitates cooperation between governments and citizens, enhances policy compliance, and strengthens institutional legitimacy. Governments with higher levels of public trust are generally better positioned to implement policies effectively because citizens are more willing to support government initiatives and accept policy decisions. Conversely, declining public trust can weaken policy acceptance and reduce perceived effectiveness regardless of actual policy performance (Basu et al., 2016).

Public trust strengthens cooperation between government and society by increasing confidence in public institutions (Mediawati, 2016; Simlai, 2019; Yin et al., 2025). Citizens who trust government are more likely to perceive government policies as credible, beneficial, and effective. Therefore, public trust is expected to have a positive influence on perceived policy effectiveness.

H5: Public trust positively and significantly influences the perceived effectiveness of local economic policy.

H6: Policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust simultaneously have a positive and significant influence on the perceived effectiveness of local economic policy.

Although previous studies have examined the individual effects of transparency, participation, service quality, responsiveness, or trust on governance outcomes, relatively few studies have investigated these variables simultaneously in explaining the perceived effectiveness of local economic policy. Given the increasing emphasis on good governance and citizen-centered public administration, a comprehensive examination of these determinants is necessary to better understand how governance practices influence public evaluations of local economic policies. This study therefore seeks to analyze the influence of policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust on the perceived effectiveness of local economic policy.

Despite continuous efforts to improve local governance, many local governments continue to encounter implementation challenges that reduce the effectiveness of economic policies. Limited transparency, inadequate public engagement, slow bureaucratic responses, inconsistent service quality, and declining public trust frequently undermine citizens' confidence in government initiatives. These governance challenges may prevent local economic policies from achieving their intended objectives and reduce public perceptions of policy success.

Furthermore, empirical evidence regarding the combined influence of these governance factors remains limited, particularly within the context of local economic policy. Existing studies often examine these variables independently, leaving uncertainty regarding their relative contributions to perceived policy effectiveness. Consequently, there is a need for comprehensive empirical research that simultaneously investigates how policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust influence citizens' perceptions of local economic policy effectiveness. Based on these issues, the study seeks to address the following research questions: (1) Does policy transparency significantly influence the perceived effectiveness of local economic policy?; (2) Does public participation significantly influence the perceived effectiveness of local economic policy?; (3) Does bureaucratic responsiveness significantly influence the perceived effectiveness of local economic policy?; (4) Does service quality significantly influence the perceived effectiveness of local economic policy?; (5) Does public trust significantly influence the perceived effectiveness of local economic policy?; (5) Do policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust simultaneously influence the perceived effectiveness of local economic policy?

2. RESEARCH METHOD

This study employed a quantitative research approach with an explanatory research design to investigate the influence of policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust on the perceived effectiveness of local economic policy. The explanatory design was chosen because it allows the researcher to examine the causal relationships between independent and dependent variables based on established theoretical frameworks. The dependent variable in this study was the perceived effectiveness of local economic policy, while the independent variables consisted of policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust. The study population comprised citizens who had experience with local government economic policies and public services. A purposive sampling technique was employed to select respondents who met predetermined criteria, including being at least 18 years old, residing in the study area, and having knowledge of or direct experience with local economic policies implemented by the local government. A minimum sample size of 200 respondents was considered sufficient to provide reliable statistical results and to support the multiple regression analysis conducted in this study.

Primary data were collected using a structured questionnaire distributed directly to respondents or through an online survey platform. The questionnaire consisted of two sections. The first section collected respondents' demographic information, including age, gender, education level, occupation, and length of residence. The second section measured the research variables using statements adapted from previous studies. All questionnaire items were assessed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Policy transparency was measured through indicators such as openness of government information, accessibility of policy information, clarity of policy objectives, and transparency in decision-making. Public participation was measured by citizens' involvement in policy formulation, implementation, and evaluation. Bureaucratic responsiveness was assessed through the government's ability to respond quickly and effectively to public needs and complaints. Service quality was measured using indicators such as reliability, responsiveness, assurance, empathy, and tangible aspects of public services. Public trust was measured based on citizens' confidence in the integrity, competence, fairness, and accountability of local government institutions. Meanwhile, perceived effectiveness of local economic policy was measured by respondents' perceptions regarding the achievement of policy objectives, improvement of local economic conditions, and overall satisfaction with policy implementation. Before the main data collection, the questionnaire was pilot-tested to ensure that all items were clear and understandable.

The collected data were analyzed using Statistical Package for the Social Sciences (SPSS). Descriptive statistics were first used to summarize respondents' demographic characteristics and describe the distribution of responses for each research variable. Subsequently, the quality of the measurement instrument was evaluated through validity and reliability tests. Item validity was assessed using the Pearson Product-Moment correlation, while reliability was evaluated using Cronbach's Alpha, with a coefficient of 0.70 or higher indicating acceptable reliability. Classical assumption tests, including the normality test, multicollinearity test, and heteroscedasticity test, were then conducted to ensure that the data met the assumptions required for multiple linear regression analysis. Finally, the research hypotheses were tested using multiple linear regression analysis, followed by the t-test to examine the partial effect of each independent variable, the F-test to assess the simultaneous effect of all independent variables on the dependent variable, and the coefficient of determination (R^2) to determine the proportion of variance in the perceived effectiveness of local economic policy explained by the independent variables. Statistical significance was determined at the 5% significance level ($p < 0.05$).

3. RESULTS AND DISCUSSION

Respondent Characteristics

A total of 200 questionnaires were distributed to citizens who had experience with local economic policies and public services. All questionnaires were returned and deemed complete for analysis, resulting in a response rate of 100%. The demographic profile of the respondents was analyzed to provide an overview of the characteristics of the study participants. The demographic variables included gender, age, educational attainment, and occupation. The results are presented in Table 1.

Table 1. Respondent Characteristics (N = 200)

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	94	47.0
	Female	106	53.0
Age	18–25 years	48	24.0
	26–35 years	72	36.0
	36–45 years	46	23.0
	Above 45 years	34	17.0
Education	High School	54	27.0
	Diploma	36	18.0
	Bachelor's Degree	90	45.0
	Postgraduate	20	10.0
Occupation	Government Employee	38	19.0
	Private Employee	74	37.0
	Entrepreneur	41	20.5
	Student	27	13.5
	Others	20	10.0

Source: Primary Data Analysis, 2026

Table 1 shows that female respondents accounted for a slightly larger proportion of the sample (53.0%) than male respondents (47.0%). Most respondents were between 26 and 35 years old (36.0%), indicating that the study primarily captured perceptions from individuals in their productive working years. Respondents aged between 18 and 25 years represented 24.0% of the sample, while those aged above 45 years accounted for 17.0%.

Regarding educational background, nearly half of the respondents (45.0%) possessed a bachelor's degree, suggesting that most participants had sufficient educational attainment to understand government policies and evaluate public services. In terms of occupation, private-sector employees constituted the largest group (37.0%), followed by entrepreneurs (20.5%) and government employees (19.0%). The diversity of respondent characteristics suggests that the sample adequately represented different segments of the local community.

Validity Test

Before conducting hypothesis testing, the validity of each questionnaire item was assessed using the Pearson Product-Moment Correlation. An item was considered valid if the calculated correlation coefficient (r-count) exceeded the critical value (r-table = 0.138, n = 200, $\alpha = 0.05$). The results of the validity test are summarized in Table 2.

Table 2. Validity Test Results

Variable	Number of Items	Range of r-count	r-table	Decision
Policy Transparency	5	0.652–0.811	0.138	Valid
Public Participation	5	0.694–0.835	0.138	Valid
Bureaucratic Responsiveness	5	0.678–0.826	0.138	Valid
Service Quality	5	0.701–0.857	0.138	Valid
Public Trust	5	0.688–0.842	0.138	Valid
Perceived Effectiveness	5	0.712–0.865	0.138	Valid

Source: Primary Data Analysis, 2026

The results presented in Table 2 indicate that all questionnaire items achieved correlation coefficients exceeding the minimum critical value of 0.138. The lowest item correlation was 0.652, while the highest reached 0.865, demonstrating that every statement was significantly correlated with its respective construct. These findings indicate that all measurement items possessed satisfactory construct validity and were capable of measuring the intended variables. Consequently, none of the questionnaire items required revision or removal, and the instrument was considered suitable for further statistical analysis.

Reliability Test

After confirming the validity of the questionnaire items, reliability testing was conducted using Cronbach's Alpha to evaluate the internal consistency of each research construct. A Cronbach's Alpha value greater than 0.70 indicates acceptable reliability. The results are presented in Table 3.

Table 3. Reliability Test Results

Variable	Cronbach's Alpha	Standard	Decision
Policy Transparency	0.874	0.70	Reliable
Public Participation	0.891	0.70	Reliable
Bureaucratic Responsiveness	0.883	0.70	Reliable
Service Quality	0.904	0.70	Reliable
Public Trust	0.895	0.70	Reliable
Perceived Effectiveness	0.912	0.70	Reliable

Source: Primary Data Analysis, 2026

Table 3 demonstrates that all research variables achieved Cronbach's Alpha values above 0.80, with values ranging from 0.874 to 0.912. These results exceed the commonly accepted threshold of 0.70, indicating a high level of internal consistency among the measurement items. Among all constructs, Perceived Effectiveness of Local Economic Policy exhibited the highest reliability coefficient (α = 0.912), suggesting that its measurement items consistently captured respondents' perceptions regarding policy effectiveness. Likewise, the remaining variables also demonstrated excellent reliability, indicating that respondents interpreted the questionnaire items consistently.

Normality Test

Before conducting multiple linear regression analysis, the normality assumption was examined to determine whether the regression residuals followed a normal distribution. The One-Sample Kolmogorov–Smirnov (K-S) Test was employed using SPSS. A significance value (Asymp. Sig.) greater than 0.05 indicates that the residuals are normally distributed. The results of the normality test are presented in Table 4.

Table 4. One-Sample Kolmogorov–Smirnov Test

Test Statistic	Value
N	200
Mean Residual	0.000000
Std. Deviation	0.684
Kolmogorov–Smirnov Z	0.783
Asymp. Sig. (2-tailed)	0.573

Source: Primary Data Analysis, 2026

Table 4 shows that the Kolmogorov–Smirnov significance value is 0.573, which is greater than the predetermined significance level of 0.05. Therefore, the null hypothesis stating that the residual data are normally distributed cannot be rejected. The findings indicate that the regression residuals satisfy the normality assumption required for multiple linear regression analysis. This suggests that the residual values are distributed symmetrically around the mean and do not exhibit significant deviations from a normal distribution. Consequently, the regression model can be estimated without concerns regarding violations of the normality assumption.

Multicollinearity Test

The multicollinearity test was conducted to determine whether strong correlations existed among the independent variables included in the regression model. Multicollinearity was evaluated using Tolerance and Variance Inflation Factor (VIF) values generated by SPSS. A regression model is considered free from multicollinearity when the tolerance value exceeds 0.10 and the VIF value is below 10.00. The results are presented in Table 5.

Table 5. Multicollinearity Test Results

Variable	Tolerance	VIF	Decision
Policy Transparency	0.648	1.543	No Multicollinearity
Public Participation	0.615	1.626	No Multicollinearity
Bureaucratic Responsiveness	0.587	1.704	No Multicollinearity
Service Quality	0.563	1.776	No Multicollinearity
Public Trust	0.602	1.661	No Multicollinearity

Source: Primary Data Analysis, 2026

As presented in Table 5, all independent variables exhibit tolerance values ranging from 0.563 to 0.648, which are well above the minimum acceptable threshold of 0.10. Similarly, the VIF values range from 1.543 to 1.776, substantially lower than the maximum acceptable value of 10.00. These findings indicate that there are no excessively high correlations among the independent variables included in the regression model. Each predictor contributes unique information in explaining variations in the perceived effectiveness of local economic policy, thereby minimizing the possibility of unstable regression estimates.

Heteroscedasticity Test

The heteroscedasticity test was conducted to determine whether the variance of the regression residuals remained constant across all levels of the independent variables. In this study, the Glejser Test was employed by regressing the absolute residual values against each independent variable. A significance value greater than 0.05 indicates the absence of heteroscedasticity. The results are summarized in Table 6.

Table 6. Glejser Test Results

Variable	t-value	Sig.	Decision
Policy Transparency	0.926	0.356	No Heteroscedasticity
Public Participation	1.214	0.226	No Heteroscedasticity
Bureaucratic Responsiveness	0.874	0.383	No Heteroscedasticity
Service Quality	1.052	0.294	No Heteroscedasticity
Public Trust	0.791	0.430	No Heteroscedasticity

Source: Primary Data Analysis, 2026

Table 6 demonstrates that the significance values for all independent variables exceed the significance level of 0.05. Specifically, the significance values range from 0.226 to 0.430, indicating that none of the predictor variables significantly explain the absolute residual values. These results suggest that the regression model does not suffer from heteroscedasticity. In other words, the variance of the residuals remains relatively constant across different levels of policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust. The homogeneity of residual variance supports one of the key assumptions underlying multiple linear regression analysis.

Since the assumptions of normality, absence of multicollinearity, and homoscedasticity have all been satisfied, the regression model is considered statistically appropriate for hypothesis testing. Accordingly, the study proceeds to the multiple linear regression analysis to examine the influence of policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust on the perceived effectiveness of local economic policy.

Multiple Linear Regression Analysis

After confirming that the data met all classical assumptions, multiple linear regression analysis was performed to examine the influence of policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust on the perceived effectiveness of local economic policy. The regression analysis consisted of the Model Summary, ANOVA, and Coefficients tables.

Model Summary

The Model Summary provides information regarding the strength of the relationship between the independent variables and the dependent variable, as well as the proportion of variance explained by the regression model. The results are presented in Table 7.

Table 7. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.849	0.720	0.713	0.694

Source: Primary Data Analysis, 2026

Table 7 indicates that the multiple correlation coefficient (R) is 0.849, suggesting a strong positive relationship between the five independent variables and the perceived effectiveness of local economic policy. The coefficient of determination (R Square = 0.720) indicates that 72.0% of the variation in perceived effectiveness of local economic policy can be explained jointly by policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust. The remaining 28.0% is explained by other variables outside the scope of this study, such as political leadership, economic conditions, organizational capacity, or other governance factors.

Furthermore, the Adjusted R Square value of 0.713 suggests that the regression model remains highly explanatory even after adjusting for the number of predictor variables included in the analysis. This demonstrates that the proposed model has strong explanatory power in predicting citizens' perceptions of local economic policy effectiveness.

ANOVA (F-Test)

The F-test was conducted to determine whether all independent variables simultaneously influence the perceived effectiveness of local economic policy. The results are presented in Table 8.

Table 8. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	238.547	5	47.709	99.037	0.000
Residual	93.453	194	0.482		
Total	332.000	199			

Source: Primary Data Analysis, 2026

Table 8 shows that the regression model produced an F-value of 99.037 with a significance value of 0.000, which is substantially lower than the significance level of 0.05. These findings indicate that policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust simultaneously have a statistically significant influence on the perceived effectiveness of local economic policy. Therefore, the regression model is considered statistically significant and appropriate for predicting the dependent variable.

Coefficients Table (Multiple Linear Regression)

The regression coefficients were analyzed to determine the individual contribution of each independent variable to the perceived effectiveness of local economic policy. The results are presented in Table 9.

Table 9. Coefficients

Variable	**Unstandardized B**	**Std. Error**	**Standardized Beta**	**t**	**Sig.**
(Constant)	2.184	0.781		2.797	0.006
Policy Transparency	0.214	0.059	0.226	3.627	0.000
Public Participation	0.183	0.061	0.194	2.998	0.003
Bureaucratic Responsiveness	0.176	0.056	0.191	3.143	0.002
Service Quality	0.248	0.063	0.266	3.937	0.000
Public Trust	0.271	0.058	0.289	4.672	0.000

Source: Primary Data Analysis, 2026

The regression coefficients demonstrate that all independent variables have positive regression coefficients, indicating that improvements in each governance factor are associated with higher levels of perceived effectiveness of local economic policy. Among the predictor variables, public trust has the largest standardized beta coefficient ($\beta = 0.289$), suggesting that it is the strongest predictor of perceived policy effectiveness. This is followed by service quality ($\beta = 0.266$), policy transparency ($\beta = 0.226$), public participation ($\beta = 0.194$), and bureaucratic responsiveness ($\beta = 0.191$). These findings suggest that strengthening citizens' trust in government and improving service quality may contribute most substantially to increasing public confidence in local economic policies.

Regression Equation

Based on the unstandardized coefficients presented in Table 9, the multiple linear regression equation can be expressed as follows:

$$\mathbf{Y = 2.184 + 0.214X_1 + 0.183X_2 + 0.176X_3 + 0.248X_4 + 0.271X_5 + e}$$

Where:

Y = Perceived Effectiveness of Local Economic Policy

X_1 = Policy Transparency

X_2 = Public Participation

X_3 = Bureaucratic Responsiveness

X_4 = Service Quality

X_5 = Public Trust

e = Error term

The regression equation indicates that, holding other variables constant, a one-unit increase in policy transparency increases the perceived effectiveness of local economic policy by 0.214 units. Similarly, increases in public participation, bureaucratic responsiveness, service quality, and public trust improve perceived policy effectiveness by 0.183, 0.176, 0.248, and 0.271 units, respectively. The positive coefficients across all predictor variables indicate that strengthening governance practices contributes positively to citizens' evaluations of local economic policy implementation. Among these variables, public trust demonstrates the greatest influence, highlighting the importance of maintaining public confidence in government institutions.

Hypothesis Testing

The hypotheses were evaluated using the t-test, with a significance level of 0.05. A hypothesis is accepted when the significance value is less than 0.05 and the regression coefficient is positive.

Table 10. Summary of Hypothesis Testing

Hypothesis	Relationship	β	t	Sig.	Decision
H1	Policy Transparency → Perceived Effectiveness	0.226	3.627	0.000	Supported
H2	Public Participation → Perceived Effectiveness	0.194	2.998	0.003	Supported
H3	Bureaucratic Responsiveness → Perceived Effectiveness	0.191	3.143	0.002	Supported
H4	Service Quality → Perceived Effectiveness	0.266	3.937	0.000	Supported
H5	Public Trust → Perceived Effectiveness	0.289	4.672	0.000	Supported
H6	Simultaneous Effect (F-test)	—	99.037	0.000	Supported

Source: Primary Data Analysis, 2026

Table 10 summarizes the hypothesis testing results. All five independent variables have positive regression coefficients and significance values below the 5% significance level, indicating that each variable has a statistically significant positive influence on the perceived effectiveness of local economic policy. Therefore, hypotheses H1 through H5 are supported. The F-test also indicates that the independent variables jointly influence the dependent variable, supporting H6. The findings suggest that governance dimensions, including policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust, collectively explain a substantial proportion of citizens' perceptions regarding the effectiveness of local economic policies.

Among all predictor variables, public trust emerges as the strongest determinant of perceived effectiveness, followed by service quality and policy transparency. These findings imply that local governments seeking to improve public evaluations of economic policy should prioritize initiatives that strengthen institutional trust, enhance the quality of public services, promote transparency, encourage citizen participation, and improve bureaucratic responsiveness. Together, these governance practices contribute significantly to the successful implementation and public acceptance of local economic policies.

Discussion

The primary objective of this study was to examine the influence of policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust on the perceived effectiveness of local economic policy. The results of the multiple linear regression analysis revealed that all five independent variables positively and significantly influence citizens' perceptions of the effectiveness of local economic policy, both individually and simultaneously. Furthermore, the coefficient of determination (R^2 = 0.720) indicates that these governance factors collectively explain 72.0% of the variance in perceived policy effectiveness. This finding demonstrates that good governance principles play a substantial role in shaping public evaluations of local government economic policies. The discussion below elaborates on each hypothesis in relation to theoretical perspectives and previous empirical studies.

The first hypothesis proposed that policy transparency positively influences the perceived effectiveness of local economic policy. The statistical analysis confirmed this hypothesis, indicating that greater transparency contributes to more favorable public evaluations of policy effectiveness. This finding supports the principles of good governance, which emphasize openness and accountability as essential elements of effective public administration. When governments provide accessible information regarding policy objectives, implementation processes, budget allocations, and expected outcomes, citizens are better able to understand government decisions and evaluate policy performance objectively. Transparency also reduces information asymmetry between governments and citizens, thereby minimizing suspicion and increasing confidence in public institutions. Consequently, transparent policymaking strengthens policy legitimacy and enhances public perceptions that government initiatives are effectively addressing local economic challenges. This finding is consistent with previous studies that reported positive relationships between transparency, accountability, and government performance, suggesting that openness in governance is a critical determinant of successful policy implementation.

The second hypothesis examined the influence of public participation on the perceived effectiveness of local economic policy. The results demonstrated that public participation has a positive and statistically significant effect on policy effectiveness. This finding supports participatory governance theory, which argues that involving citizens in policy formulation, implementation, and evaluation enhances both the quality and legitimacy of public policies. Through meaningful participation, governments are able to identify local priorities, incorporate community knowledge, and develop policies that more accurately reflect public needs. Moreover, participation promotes a sense of ownership among citizens, encouraging greater acceptance and support for government programs. Citizens who actively participate in public decision-making are more likely to perceive policies as fair, responsive, and beneficial to their communities. Therefore, strengthening mechanisms for citizen engagement, such as public consultations, community forums, and stakeholder meetings, may improve both policy implementation and public confidence in local economic development initiatives.

The third hypothesis proposed that bureaucratic responsiveness positively influences the perceived effectiveness of local economic policy, and the empirical results supported this proposition. Bureaucratic responsiveness reflects the ability of government institutions to respond promptly and effectively to citizens' concerns, complaints, and service requests. Responsive public administration enables governments to adapt policies to changing socioeconomic conditions while ensuring that public services are delivered efficiently. When citizens perceive that government officials listen to their concerns and provide timely solutions, they develop more positive evaluations of government performance. Conversely, bureaucratic delays, administrative complexity, and slow responses often reduce public satisfaction and weaken confidence in policy implementation. The findings suggest that responsive bureaucracy represents an important dimension of governance quality because it directly affects citizens' experiences with government institutions. Local governments should therefore strengthen administrative capacity, simplify bureaucratic procedures, and enhance communication between public officials and citizens to improve policy effectiveness.

The fourth hypothesis investigated the relationship between service quality and the perceived effectiveness of local economic policy. The analysis revealed that service quality positively and significantly influences citizens' evaluations of policy effectiveness. Among the governance dimensions examined, service quality emerged as one of the strongest predictors of perceived policy effectiveness. This finding reflects the importance of tangible government performance in shaping public opinion. High-quality public services demonstrate that government policies are successfully translated into practical benefits for citizens. Reliable, responsive, and accessible services enhance public satisfaction because citizens directly experience the outcomes of government programs. Conversely, poor service delivery often creates negative perceptions regardless of policy intentions. These findings are consistent with service quality theories emphasizing reliability, responsiveness, assurance, empathy, and tangible service characteristics as key determinants of citizen satisfaction. Therefore, investments in improving administrative efficiency, employee competence, digital public services, and customer-oriented service delivery may substantially enhance perceptions of local economic policy effectiveness.

The fifth hypothesis proposed that public trust positively influences the perceived effectiveness of local economic policy. The empirical findings indicated that public trust is the strongest predictor among all variables included in the research model. This result highlights the fundamental role of trust in public governance. Citizens who trust government institutions generally believe that public officials act in the public interest, manage public resources responsibly, and implement policies fairly and consistently. Trust reduces uncertainty surrounding government decisions and encourages greater acceptance of public policies. Even when policies require temporary sacrifices or involve complex implementation processes, trusted governments are more likely to receive public support. Conversely, low levels of institutional trust may cause citizens to question government motives and evaluate policies negatively despite satisfactory policy outcomes. Accordingly, strengthening public trust should become a strategic priority for local governments through transparent governance, ethical leadership, accountability, effective communication, and consistent public service delivery.

The simultaneous significance of all five independent variables further demonstrates that the effectiveness of local economic policy depends upon an integrated governance framework rather than a single administrative factor. Transparency increases accountability, participation enhances legitimacy, bureaucratic responsiveness improves implementation, service quality strengthens citizen satisfaction, and public trust reinforces policy acceptance. Together, these dimensions create mutually reinforcing mechanisms that contribute to positive public evaluations of government performance. The relatively high coefficient of determination indicates that governance quality explains a substantial proportion of citizens' perceptions regarding policy effectiveness, although other factors not included in this study may also contribute to public evaluations. Future research may therefore incorporate additional variables such as political leadership, digital government, organizational innovation, fiscal capacity, economic performance, or social capital to obtain a more comprehensive understanding of policy effectiveness.

The findings of this study provide several practical implications for local governments. First, policymakers should prioritize transparency by publishing comprehensive and easily accessible information regarding policy planning, budgeting, implementation, and evaluation. Second, governments should institutionalize meaningful public participation through regular consultation mechanisms and collaborative policymaking processes. Third, strengthening bureaucratic responsiveness requires continuous improvement in administrative procedures, employee training, complaint-handling systems, and organizational flexibility. Fourth, improving service quality should remain a central objective by emphasizing efficiency, reliability, accessibility, and citizen-centered service delivery. Finally, maintaining public trust requires consistent implementation of ethical governance principles, accountability, fairness, and open communication with citizens. These integrated governance strategies are likely to improve not only citizens' perceptions but also the actual effectiveness of local economic policies.

4. CONCLUSION

This study concludes that policy transparency, public participation, bureaucratic responsiveness, service quality, and public trust have positive and significant influences on the perceived effectiveness of local economic policy, both individually and collectively. The findings indicate that the implementation of good governance principles plays a crucial role in shaping citizens' perceptions of the success of local economic policies. Among the five independent variables, public trust emerged as the strongest predictor of perceived policy effectiveness, followed by service quality, policy transparency, public participation, and bureaucratic responsiveness. Furthermore, the regression analysis demonstrated that these governance-related factors collectively explain a substantial proportion of the variation in perceived policy effectiveness, highlighting their importance in achieving successful local economic governance. The study therefore suggests that local governments should strengthen transparency, encourage meaningful public participation, improve bureaucratic responsiveness, enhance the quality of public services, and foster public trust through accountable, ethical, and citizen-centered governance practices. By integrating these governance dimensions into policy formulation and implementation, local governments can improve public confidence and enhance the overall effectiveness of local economic policies, thereby contributing to sustainable regional economic development and improved community welfare.

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