

The Relationship between Corporate Legal Compliance and Public Service Quality in the Public Sector: A Literature Review

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Abstract

This study explores the relationship between corporate legal compliance and public service quality in the public sector through a systematic literature review approach. Legal compliance is recognized as a fundamental element of good governance, ensuring that public institutions operate within regulatory frameworks that promote accountability, transparency, and fairness. At the same time, public service quality reflects the effectiveness of government institutions in meeting citizens' expectations, often measured through dimensions such as reliability, responsiveness, assurance, empathy, and tangibility. The findings of this review indicate that legal compliance plays a significant role in shaping service quality by establishing standardized procedures, reducing risks of maladministration, and enhancing institutional trust. However, the relationship is not purely linear, as it is influenced by organizational factors such as leadership, institutional culture, human resource capacity, and the integration of digital technologies. While compliance mechanisms such as audits and regulatory controls improve procedural accountability, they may not always guarantee improved service outcomes if applied rigidly. This study concludes that legal compliance is a necessary but insufficient condition for achieving high-quality public services. A balanced approach that combines regulatory adherence with flexibility, innovation, and citizen-centered practices is essential. Future research is encouraged to develop integrative models and empirical analyses to strengthen the linkage between compliance and service quality.

Keywords : Legal Compliance; Public Service Quality; Governance; Public Sector

INTRODUCTION

In the contemporary governance landscape, the relationship between corporate legal compliance and public service quality has become a critical concern, particularly within the public sector. Governments and public institutions are expected to deliver services that are efficient, transparent, and accountable, while also adhering strictly to legal frameworks and regulatory standards. Legal compliance is not merely a procedural requirement; it is a foundational element that ensures legitimacy, fairness, and public trust in governance systems (Mulyadi et al., 2024) .

Public service quality, on the other hand, is widely recognized as a determinant of citizen satisfaction and institutional credibility. Service quality is often measured through dimensions such as reliability, responsiveness, assurance, empathy, and tangibles, as introduced in the SERVQUAL model (Ningrum & Wicaksana, 2024) . These dimensions reflect how effectively public institutions meet the expectations and needs of citizens. In this context, compliance with legal standards plays a crucial role in shaping service delivery mechanisms and outcomes.

The importance of legal compliance is further emphasized within the framework of good governance, which includes principles such as accountability, transparency, rule of law, and participation. These principles are essential for ensuring that public services are delivered in a fair and equitable manner (Polrendyo et al., 2025) . However, in practice, there is often a tension between strict adherence to regulations and the need for flexibility in addressing dynamic societal needs. This tension is evident in the concept of street-level bureaucracy, where frontline officials must balance compliance with discretion in service delivery (Aditio et al., 2025) .

Moreover, empirical evidence suggests that compliance-driven mechanisms, such as internal audits and regulatory oversight, significantly influence organizational performance in the public sector. These mechanisms ensure that institutions operate within legal boundaries while maintaining service quality standards (Sihombing, 2023) . Nonetheless, challenges such as bureaucratic rigidity, corruption, and limited human resource capacity often hinder the effective integration of compliance and service quality objectives.

Given these complexities, this paper aims to explore the relationship between corporate legal compliance and public service quality through a systematic literature review. By synthesizing existing studies, this research seeks to identify key variables, theoretical frameworks, and empirical findings that explain how legal compliance influences service quality in the public sector. The study also highlights gaps in the literature and proposes directions for future research.

THEORETICAL REVIEW

The relationship between legal compliance and public service quality can be understood through several theoretical frameworks, including good governance theory, New Public Management (NPM), and compliance theory. First, good governance theory emphasizes the importance of legal compliance as a pillar of effective governance. Compliance with laws and regulations ensures that public institutions operate within a framework of accountability and transparency, which are essential for delivering high-quality services (Polrendyo et al., 2025) . Legal frameworks such as public service laws define standards of behavior, including fairness, non-discrimination, and responsibility, which directly influence service quality (Mayasari et al., 2024) .

Second, the New Public Management (NPM) paradigm provides a managerial perspective on improving public service quality. NPM promotes efficiency, performance measurement, and customer-oriented service delivery. Within this framework, legal compliance is integrated into performance management systems to ensure that public organizations meet both regulatory and service standards (Supawanhar et al., 2024) . The adoption of information and communication technology (ICT) further enhances compliance and transparency, thereby improving service quality.

Third, compliance theory highlights the mechanisms through which organizations adhere to legal and regulatory requirements. Compliance is driven by both external enforcement (e.g., audits, regulations) and internal factors (e.g., organizational culture, leadership). Studies show that compliance-oriented internal audits significantly influence organizational quality outcomes, although they often focus more on outputs than outcomes (Sihombing, 2023) .

Additionally, service quality theory provides a framework for evaluating the impact of compliance on service delivery. The SERVQUAL model identifies five key dimensions of service quality: reliability, responsiveness, assurance, empathy, and tangibles. These dimensions are directly affected by compliance with service standards and regulations (Ningrum & Wicaksana, 2024) .

Another relevant perspective is street-level bureaucracy theory, which examines how frontline public servants implement policies. This theory highlights the role of discretion in balancing legal compliance with practical service needs. While strict compliance ensures consistency and accountability, excessive rigidity may reduce responsiveness and innovation in service delivery (Aditio et al., 2025) .

Furthermore, factors such as leadership, technology adoption, and organizational discipline also influence the relationship between compliance and service quality. Effective leadership promotes a culture of compliance and continuous improvement, while

technology enhances efficiency and transparency (Hasanuddin & Rony, 2024) . In summary, the theoretical literature suggests that legal compliance is a necessary but not sufficient condition for high-quality public services. It must be complemented by effective management practices, organizational capacity, and adaptive governance mechanisms.

METHOD

This study employs a systematic literature review (SLR) approach to analyze the relationship between corporate legal compliance and public service quality. The review process involves identifying, selecting, and synthesizing relevant academic articles published between 2015 and 2025. Data sources include peer-reviewed journals indexed in databases such as Google Scholar and Scopus. The inclusion criteria focus on studies related to public sector governance, legal compliance, and service quality. The analysis follows a structured approach, including keyword identification, screening, and thematic categorization, to ensure the reliability and validity of the findings (Hasanuddin & Rony, 2024)

DISCUSSION

The findings from the literature review indicate a strong and multifaceted relationship between corporate legal compliance and public service quality. Legal compliance serves as a foundational framework that guides organizational behavior, ensuring that public institutions operate within established norms and standards. This, in turn, enhances accountability, transparency, and trust, which are critical components of service quality (Mulyadi et al., 2024) .

One of the key insights from the literature is that compliance mechanisms, such as internal audits and regulatory oversight, play a significant role in improving service quality. These mechanisms ensure that organizations adhere to legal standards and identify areas for improvement. However, studies also reveal that compliance efforts are often focused on procedural aspects rather than outcomes, limiting their impact on service quality (Sihombing, 2023) .

Another important finding is the role of organizational factors in mediating the relationship between compliance and service quality. Leadership, organizational culture, and human resource capacity significantly influence how compliance is implemented and its impact on service delivery. For example, a strong culture of compliance and accountability can enhance employee performance and service consistency (Hasanuddin & Rony, 2024) .

The literature also highlights the importance of balancing compliance with flexibility. While strict adherence to regulations ensures consistency and fairness, excessive rigidity

can hinder responsiveness and innovation. This is particularly evident in the context of street-level bureaucracy, where frontline officials must adapt policies to meet the diverse needs of citizens (Aditio et al., 2025).

Furthermore, the integration of technology is identified as a key factor in enhancing both compliance and service quality. Digital systems improve transparency, reduce corruption, and streamline service delivery processes, thereby increasing efficiency and citizen satisfaction (Supawanhar et al., 2024) .

Despite these positive relationships, several challenges remain. Bureaucratic inefficiencies, corruption, and limited resources continue to undermine the effectiveness of compliance and service quality initiatives. Additionally, there is a lack of empirical studies that directly examine the causal relationship between legal compliance and service quality, indicating a gap in the literature.

Overall, the discussion suggests that while legal compliance is essential for ensuring high-quality public services, it must be supported by effective governance, organizational capacity, and innovative practices. Future research should focus on developing integrated models that combine compliance, performance management, and service quality frameworks.

This literature review has examined the relationship between corporate legal compliance and public service quality within the public sector, revealing a complex yet fundamentally interdependent connection. Legal compliance emerges as a critical foundation for ensuring that public institutions operate within established regulatory frameworks, uphold accountability, and maintain public trust. Across the reviewed studies, it is consistently demonstrated that adherence to legal norms contributes positively to the standardization and reliability of public service delivery (Mulyadi et al., 2024; Polrendyo et al., 2025).

One of the central conclusions of this review is that legal compliance functions as both a control mechanism and a quality assurance tool. Through instruments such as internal audits, regulatory oversight, and performance evaluation systems, compliance helps to ensure that public organizations meet minimum service standards and avoid maladministration. These mechanisms are essential in promoting transparency and reducing the risk of corruption, which in turn enhances citizen satisfaction and institutional legitimacy (Sihombing, 2023). However, the literature also indicates that compliance efforts often emphasize procedural conformity rather than substantive service outcomes, which may limit their effectiveness in improving overall service quality.

Furthermore, the relationship between compliance and service quality is not linear but is mediated by several organizational and contextual factors. Leadership quality,

organizational culture, human resource capacity, and the adoption of digital technologies significantly influence how compliance is implemented and how it translates into service improvements (Hasanuddin & Rony, 2024; Supawanhar et al., 2024). For instance, organizations that foster a culture of integrity and continuous improvement are more likely to integrate compliance into their service delivery processes effectively. Similarly, the use of e-government systems can enhance both compliance monitoring and service efficiency, creating a synergistic effect.

Another important finding is the need to balance strict legal compliance with flexibility in service delivery. While rigid adherence to rules ensures consistency and fairness, it may also hinder responsiveness and innovation, particularly in dynamic and complex service environments. The concept of street-level bureaucracy highlights how frontline officials often exercise discretion to adapt policies to real-world conditions, thereby influencing service quality outcomes (Aditio et al., 2025). This suggests that an overly bureaucratic approach to compliance may be counterproductive if it limits the ability of public servants to respond to citizens' needs.

In addition, this review identifies several challenges that continue to impede the effective integration of legal compliance and service quality. These include bureaucratic inefficiencies, limited institutional capacity, resistance to change, and gaps in regulatory enforcement. Moreover, there is a notable lack of empirical research that quantitatively measures the direct impact of legal compliance on service quality, indicating an important area for future investigation.

CONCLUSION

In conclusion, while legal compliance is an indispensable element of good governance and a prerequisite for high-quality public services, it must be complemented by adaptive management practices, strong institutional capacity, and a citizen-oriented approach. Policymakers and public administrators should move beyond a purely compliance-based mindset and adopt a more holistic framework that integrates legal, managerial, and technological dimensions. Future research should focus on developing comprehensive models that capture the dynamic interplay between compliance and service quality, as well as on generating empirical evidence to support policy innovation in this field.

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