EFFECTIVENESS OF THE MANAGEMENT OF OESAO MARKET RETRIBUSION IN IMPROVING LOCALLY-GENERATED REVENUE

Gustiani P. N. D. Laa[1]

ABSTRACT

The study aimed to identify the effectiveness of the management of Oesao market retribution as a source of income to increase locally-generated revenue of Kupang regency. A qualitative inquiry was conducted in 2018 using in-depth interview method. Participants were recruited using purposive sampling technique. Thematic data analysis was guided by a qualitative data analysis framework. The results indicated that city expansion, the increase of purchasing power of the locals and the existence of weekly market were the supporting factors for the local governments to increase retribution of Oesao market which can lead to the increase of locally-generated revenue of Kupang regency. Lack of structure and system in the market and lack of spaces for government officials to manage the market were reported as the barriers to retribution collection. It also suggests that factors including adaptability, ability to generate profit and productivitycan help increase the effectiveness of the management of market retribution. The findings of the current study indicate the need to create contract between the government and the market users, and system or structure that can help control the market and retribution.

Key words: effectiveness, management, market, retribution, revenue, Oesao

[1]PUBLIC ADMINISTRATION STUDY PROGRAM STUDY, FACULTY OF SOCIAL SCIENCE AND POLITICAL SCIENCE, NUSA CENDANA UNIVERSITY

INTRODUCTION

Sustainable development is needed both at central and regional levels to improve people's welfare in both material and spiritual matters. Therefore, it is important for the government to increase its revenues to achieve this goal[1]. According to article 1 point 3, Law No. 23 / 2014, the regional head is an element of local government organizers who lead the implementation of government affairs that become the authority of autonomous regions[2]. The system of government known in the implementation of the Indonesian government pursuant to Law No. 23 / 2014 on Regional Government is one of the juridical foundations for the development of regional autonomy in Indonesia[2]. The law states that the development of regional autonomy is conducted by considering the potentials in the regions.

Regional autonomy has sparked turmoil and concern for regions with little income. Implementation of regional autonomy becomes a challenge for the regions to prepare themselves for the implementation of government, development and service to the community[1, 3]. According to the Indonesian government, the policy of regional autonomy and fiscal decentralization on the delivery of development policies from the central government to local governments needs to be implemented with the aim that development can be done in accordance with the conditions of each region. This demand for development independence requires the local government to be able to optimize the sources of local revenue to increase the regional revenue[4].

Law No. 33 / 2004 on the financial balance between the central and regional governments[5]. Sources of local revenue in the context of autonomy and decentralization are still dominated by central government assistance in the form of general allocation funds

(DAU), special allocation funds (DAK) and temporary revenue sharing of local revenue sources, among others, locally-generated revenue (PAD) balance funds, and others[4]. PAD shall consist of local tax items, regional retribution items, separate regional wealth management posts and other sources of legitimate revenue[6].

Regional levies are one of the major sources of local revenue and contribute to PAD. Levy includes a levy by the local government to the community as a counterpart or service and / or goods provided by the region[6]. Regional revenue is all receipts of money through regional public treasury accounts that add equity of current funds, which is the right of local government within a budget year that is not required to be repaid by the region (Law No. 33 / 2004)[7]. Indigenous revenues are regional revenues from sources within their own area levied under applicable local regulations and used as the basic capital of local governments in financing development and other regional enterprises. According to Law No. 32 / 2000 levies are regional levies as payment for services or granting specific permits specifically provided by the local governments for the benefit of individuals or bodies[7]. Market levies or market service charges are part of regional levies and are one of the local revenue sectors. To improve the capability in the field of funding for development, Kupang regency tries to increase PAD to be able to finance the implementation of government programs and improve public services more effectively to the community[8]. The market levy is one of the major sources of revenue and contributes significantly to the original income of Kupang regency, so it is necessary to gain intensive supervision by increasing the efficiency of the funding sources and increasing the effectiveness of the collection[9]. Therefore, this study aimed to evaluate the effectiveness of management of Oesao market retribution in improving locally-generated revenue.

METHODS

Study Design, Recruitment and Data Collection

This study employed a qualitative design using one-to-one in-depth interviews. Qualitative design was considered useful to be used in this study since it helped the researchers to observe the situations and settings where the respondents lived, worked and interacted, and provided a chance for direct interaction between the researchers and the participants [10-12].The study involved fifteen participantsrecruited using purposive sampling technique. They included the Head of Regional Revenue Board, the Head of Billing Division, the Head of Development and Control, self-help kiosk users, permanent kiosk users and the users of Los Bangsal. Interviews were focused on a few key areas including adaptability, productivity, job satisfaction, resource search, profitability, and inhibiting and supporting aspects of the effectiveness of market retribution management in improving the PADof Kupang regency

Data collection was conducted in 2018 and before the interviews the participants got an explanation about the nature and aim of the study. They were informed that their participation in this study was voluntary and they could withdraw their participation with no consequences. Prior to the interviews, each participant was advised that the interview would take 30 to 60 minutes, and the data they provided in the interview would be treated confidentially and anonymously. Each participant signed and returned a written consent form at the interview day. They were also informed that this study obtained the ethics approval from Nusa Cendana University, Kupang, Indonesia.

Data Analysis

Data were transcribed into coding sheets. The framework approach described by Ritchie and Spencer (1994) was used to analyse the data. The analysis framework uses a systematic approach to data management in order to provide coherence and structure to the qualitative data [13, 14]. The framework analysis involved five steps of data analysis including: (i) *familiarisation* with the data or transcripts by reading them line by line repeatedly, breaking down into several chunks of data, and giving comments or labels, (ii) *identifying a thematic framework* where recurrent key issues, concepts and themes were written down and a thematic framework or coding frame was used to develop coding scheme for the data. The thematic framework or coding frame was identified and constructed based on the theoretical framework described in the previous section, (iii) *indexing* of the entire data where a list of open codes was analysed to look for similar codes and redundant codes. This helped to reduce the list to a smaller and manageable number for further analysis. This was followed by creating closed coding where codes referring to the same theme were grouped together. After several stages, a short list of 4 overarching themeswas reached; (iv) *Charting* the data through arrangement of appropriate thematic references in a summary chart so that it could be compared across the interviews and within each interview, and (v) *mapping and interpretation* to examine the ideas that made up the themes in order to see the relationship and association between them [13]. This approach enhancedrigour, transparency and validity to the analytic process [15]. Analysis was both deductive, with categories derived from prior knowledge, and inductive, with categories emerging purely from the data [16].

RESULTS

Locally-generated Revenue

Locally-generated revenue is a source of revenue of local governments, derived from sources within their own local area levied under applicable local regulations and used as the basic capital of local governments in financing development and other regional enterprises. With the implementation of regional autonomy, local governments can create strategies to optimize local revenue sources and regional levies in accordance with their potential to administer the government and implement regional development autonomously. The problems faced by the local government in general are related to the extracting of sources of local taxes and levies which is one component of the local revenue.

Market levies or market service charges are part of regional levies and are one of the local revenue sectors. For market retribution management to be effective in increasing the PAD, the government can determine procedures starting from potential data collection, retribution levying and supervision mechanisms.

> "The procedures undertaken to increase the PAD through the service of market levies can be done by collecting all the subjects of levies in the form of permanent kiosks, self-help kiosks, open courts, Los Banggsal and registering them as mandatory levies in contracts every year. Payment is done regularly with the amount of IDR.500. It is necessary that the levy collection mechanism be carried out on target with the tariff that has been determined" (Participant 1).

However, this study found that Oesao market levies were very small. This could be seen from the low tax base and retribution of Oesao market for the region. Participants interviewed commented that this was caused by the management of the collection administration in Oesao market that has not run maximally.

"The determination of levy collection mechanism is based on the amount of retribution. This is because there is still a lack of market retribution, the users of the ward, the court, the self-supporting kiosks and the lack of facilities and infrastructure in the market. In addition, Oesao's market contribution is small because it is still in the weekly market" (Participant 7).

"Oesao market retribution management has not run well because the user data have not been done well, and there is no division per block and there is no special place for the collector and the limited ability of human resources so that the management is not at the maximum level" (Participant 9).

Supporting and hindering factors for the retribution management

This study found that there were various supporting and inhibiting factors in the process of Oesao market retribution management. The interviewees presented some aspects supportingOesao market retribution including expansion of cities in the regency, the existence of weekly market and an indication of increased purchasing power of the people. The negative aspects included the facts that the market was not well managed and had no structure and there was no place for officers who controlled and managed the market.

"There are supporting aspects and obstacles in the management of Oesao market retribution. Supporting aspects consist of the development of the district city, the existence of weekly markets and increased purchasing power. This is a positive aspect and market retribution management personnel need to manage it as it can increase the PAD. While the inhibiting aspects consist of the lackOesao market structuring per block, the lack of specific place for officers and delayed development / procurement facilities in Oesao market" (Participant 2).

The results of this study also indicated that there was no clear contract between the government and the people who used the market. Therefore, participants commented that the use of the Oesao market needed to be regulated according to the contract between the government and the community as the users of the facilities in the market.

"What is required is the contract that gives the right to use the place or location of the Oesao market for a year, and if there is a transfer of users there must be an agreement between two parties to pay taxes" (Participant 10).

"Therefore, the government needs to fix the existing facilities and resources in order to benefit the government and the community as market users. This will have good impacts for the improvement of the economy of the people and the increase of local revenue for the regions" (Participant 4).

Effectiveness of the management of Oesao market retribution

Effectiveness of the management of market retribution was reported to be determined by several factors including adaptability, ability to generate profit, and productivity. The participants interviewed commented that to be effective in managing retribution, there were multiple factors or aspects that should be considered. Several aspects expressed by the participants were adaptability, productivity and ability to produce profit.

"In order to manage the Oesaomarket retribution effectively, it is necessary to do the data collection of all potentials according to the type of object and subject and the determination of levy according to the tariff that has been determined" (Participant 11).

"Oesao market is still a weekly market, so the pattern of increasing the PAD through the retribution charge is only done once a week which is on Friday and the contract is done every month. In addition, the use of facilities and infrastructure in the market has not been maximized and the prevailing retribution tariff rate is still relatively small so that the contribution of Oesao market retribution for receipt of the PAD Kupangregency is still relatively small" (Participant 8).

"Every market user needs to adapt in using the existing facilities to drive their economic activity in the market. In addition, they can also obtain various convenience both capital and profit and the government must always be flexible in implementing the market retribution policy so as not to burden the business actors in the market" (Participant 15).

DISCUSSION

Effectiveness means that budgetary usage must reach public interest targets or goals. The word budget here is the source of public funds which is expected to produce maximum or efficient output [1, 17]. The most prominent effectiveness criteria widely used include adaptability, productivity, satisfaction, and ability to produce profit and human resources[18, 19]. Findings of the current study suggest that the management of Oesao market retribution has not been well implemented because of the luck of system or structure developed to help retribution collection from the users of the market. This seemed to make it difficult for the government staff involved in handling the market retribution to carry out their job effectively or based on a certain guide. As the consequence, Oesao market retribution does not contribute much to the regional revenue that can be used for the development of many other sectors in Kupang regency. This is in line with the results of a study by Halim[6]reporting that poor management tax or retribution can influence the contribution the development.

The findings of the current study also show that there have not been anyofficial contracts between the local government and the sellers. This seems to have also led to low retribution collection from the sellers and lowOesao market retribution to the regional revenue. Strategies to increase market retribution to support regional revenue should comprise five indicators including broadening the revenue base, strengthening the collection process, improving oversight, improving administrative efficiency and reducing collection costs and improving capacity through better planning[20]. Strategies to strengthen the process and improve the results of retribution collection is still less effective[21]. Obstacles often faced by local government, namely: (1) lack of availability of human resources, (2) low awareness

of traders to provide retribution, (3) market crowd level. Oesao's market levy has not been able to contribute significantly to regional revenue. This is reflected in the low retribution and the PAD is still very low which is less 10%. The results of this study also indicate several supporting factors that can be optimized to increase market retribution and the regional revenue. They include the expansion of cities in the regencies, the existence of weekly market and the increase of purchasing power of the people[22]. These are the opportunities that can be harnessed by the local government to increase regional retributions.This study also shows several obstacles that can also impede retribution collection such as lack of retribution collection structure in market which means the sellers are self-organised and cannot be registered to manage the collection of the retribution. Besides, the market is reported to have no space for the government officers who can manage the market.

The results of this study also suggest that effective management of retribution is determined by multiple factors or aspects including adaptability, productivity and ability to produce profit.Organizational effectiveness or organizational change is generally concerned with the importance of ensuring the organization's direction to achieve the goals of an organizational strategy established under the vision and mission of the organization[19]. The results of performance measurement can be utilized for managerial interests as well as for accountability in the context of good governance. Effectiveness can be measured from the comparison between the realization of acceptance retribution services from Oesao market and the target. Effectiveness aims to determine the level of achievement or benefits[17]. The important thing to note is that effectiveness does not state how much money has been spent to achieve a goal. Market levies are one of the potential sources of

local revenues to strengthen regional finances that can be used to finance the implementation of government programs.

Oesao market levy is one of the sources that contribute to the locally-generated revenue of the regency. But the Oesao market management mechanism should be maximized. This can be done starting from the data collection of objects and subjects, the determination of tariffs, collection and supervision and deposit. The communities as the users must be able to adapt to all the resources provided by the government and use the facility well to drive the economy in the market. This can contribute to the effectiveness of Oesao market management to increase the PAD of Kupang regency.

CONCLUSIONS

This study reports factors related to the effectiveness of the management of Oesao market retribution that can be used by the local government to support the development of other sectors in the region. The Oesao market retribution is a source to increase locally-generated revenue of Kupang regency. Expansion of cities, the increase of purchasing power of the locals and the existence of weekly market are the factors reported as the opportunities for the government to increase retribution of the market which can lead to the increase of locally-generated revenue of Kupang regency. Lack of structure and system in the market and lack of spaces for government officials to manage the market are reported as the barrier to retribution collection. It also suggests factors that can help increase the effectiveness of the management of market retribution including adaptability, ability to generate profit and productivity. The findings of the current study indicate the need for the local government to create official contract between the government and the market users, and system or structure that help control the market and retribution.

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