

THE EFFECTIVENESS OF REGIONAL RETRIBUTION COLLECTION IN INCREASING LOCAL OWN-SOURCE REVENUE (PAD)

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A B S T R A C T

Regional retribution is a levy for specific services or permits provided by the local government, playing a crucial role in increasing Local Own-Source Revenue (PAD). Objective To analyze the effectiveness of regional retribution collection in Baubau City and the factors influencing it. Method This study utilized a descriptive method with a mixed quantitative and qualitative approach. Results The findings show that the effectiveness of regional retribution collection in Baubau City (2021–2025) fluctuated, starting from highly effective in 2021 (109.63%), declining to less effective in 2024 (61.19%), and subsequently recovering to a fairly effective category in 2025 (83.39%). This was driven by internal factors (administration, human resources, supervision) and external factors (taxpayer awareness, economic conditions, tariff misalignment). Optimal improvements are required to stabilize retribution collection in maximizing PAD.

INTRODUCTION

The implementation of regional autonomy through Law Number 23 of 2014 concerning Regional Government emphasizes the division of affairs between the central government and regional governments, the strengthening of regional government functions, and the obligation of regions to provide public services. One key aspect in implementing regional autonomy is the capability of regional governments to manage revenue sources, particularly Local Own-Source Revenue (PAD) (Sutianingsih et al, 2021). Based on Article 285 of Law No. 23 of 2014, PAD originates from regional taxes, regional retributions, proceeds from separated regional wealth management, and other legitimate local revenues. Thus, the degree of regional fiscal independence is strongly determined by the ability of regional governments to optimize PAD sources—specifically taxes and retributions—without disregarding the principles of fairness and affordability for the community (Diandra et al., 2026).

More specifically, referring to Law No. 23 of 2014 on Regional Government, the success of autonomy is measured by a region's ability to finance its own needs. The effectiveness of retributions reflects the quality of bureaucratic governance; if the collection system is transparent and accountable, public participation in paying retributions will increase. This creates a positive cycle where an increase in PAD provides fiscal space for the region to improve public service infrastructure, which in turn expands the base of new retribution objects, thereby gradually reducing reliance on central transfer funds.

Locally generated revenue (PAD) represents a vital instrument for a region's fiscal autonomy, encompassing all receipts derived from the region's internal economic potential. Legally, this revenue is secured by local governments through local regulations in accordance with prevailing laws and regulations and comprises local taxes, local user charges, proceeds from the management of separated regional assets (such as profits from regional government owned enterprises), and other legitimate revenues from various government agencies (Sefnat & Yuningsih 2024). The volume of Locally-Generated Revenue (PAD) serves as a primary indicator for measuring the extent to which local governments can self-finance administrative activities and accelerate development without relying

entirely on central government support (Baharuddin & Purnama, 2023). One of the key sources of PAD is local user charges, which contribute to the funding of public services and regional development (W. Fatmala et al., 2026). Unlike regional taxes, regional retributions are crucial financial instruments levied as direct compensation for services or special permits granted by local governments to individuals or business entities. The objective of this collection is to strengthen regional development financing in order to foster economic equity and local community welfare. (I Putu Agus Sudarmana & Gede Mertha Sudiartha, 2020).

One significant component of Locally Generated Revenue (PAD) which can be relatively enhanced through improvements in service delivery and collection systems is local user charges (Andy Kurniawan, 2020). This aligns with the findings of (M. Sari et al., 2025), who emphasize the importance of effective, transparent, and participatory public financial management in supporting sustainable development in Baubau City. Regional retribution is a regional charge paid for specific services or licenses provided directly by regional governments for the benefit of individuals or entities. Unlike taxes, which are general in nature and offer no direct counter-performance, retributions feature specific counter-performances directly felt by the payer. Variations in retribution contributions to PAD across regions show significant differences, influenced by regional economic potential, territorial characteristics, and the effectiveness of the applied collection system (Desy Sofiya Tanzil & Juliprijanto, 2021).

In the context of Baubau City, PAD revenue through the retribution sector (specifically market retribution) still faces serious constraints between target setting and field realities. In 2025, the Department of Trade and Industry was only able to realize retributions of IDR 850 million out of a target of IDR 1 billion (85%). This underachievement was linked to the weakening socioeconomic conditions of traders in Wameo Market and Karya Baru Market, which impacted the low level of retribution payment compliance. However, despite this shortfall, the PAD target for 2026 was actually raised to IDR 1.2 billion, highlighting the need for a deeper evaluation regarding collection strategies and the rationality of setting regional revenue targets. (Putra, 2026).

Accordingly, the effectiveness of regional retribution collection becomes a crucial issue to investigate because it directly relates to the local government's ability to realize revenue in accordance with set targets. Mahmudi (2019) explains that effectiveness reflects a local government's capacity to realize planned revenue relative to targets set based on the region's actual potential. A high level of effectiveness indicates that the local government is capable of optimizing available revenue sources and managing local revenue more effectively. Revenue collection is considered effective when realized revenue meets or exceeds the target. This effectiveness analysis is frequently employed in studies of local government fiscal performance to evaluate success in maximizing own-source revenue (Robot, Inggriani Elim, 2023). Fundamentally, effectiveness indicates the extent to which a local government succeeds in realizing user charge revenue in accordance with targets based on the region's actual potential. In general, the concept of effectiveness is closely linked to the degree of success in achieving policy goals or targets specifically, the extent to which the outcomes obtained align with expectations (Febriani, 2023).

A study conducted by Mais & Yuniara (2020) showed that regional retribution effectiveness fell into the "fairly effective" category, but its contribution to PAD was very low (around 1-2 percent). Research by Yakub et al., (2022) indicated that regional retribution was effective (averaging 118 percent), but considered inefficient due to high collection costs, leaving its PAD contribution relatively low. Research by Geni Afriwinta et al., (2025) demonstrated that regional retribution effectiveness was not optimal because most achievements were below 100 percent (except in certain years), with a contribution of around 6-8 percent; primary constraints included inadequate facilities, HR quality, lack of socialization, economic conditions, and low compliance. Research by Desy Sofiya Tanzil & Juliprijanto (2021) found that market retribution collection could reach the "very effective" category (above 100 percent) in most periods, although the PAD contribution remained sub-optimal. Research

by Sabrina Kusuma Wardani (2022) effectiveness can be very effective with an average achievement of 111.46 percent, yet its growth and contribution to PAD remain relatively low.

Although previous studies have extensively highlighted the effectiveness and contribution of regional retributions to PAD in various regions, research specifically examining retribution collection effectiveness in Baubau City remains very limited. Therefore, this study adopts a mixed-methods approach to gain a more comprehensive understanding (Creswell, J. W., & Plano Clark, 2019), the regarding "The Effectiveness of Regional Retribution Collection in Increasing PAD (Case Study at the Regional Revenue Agency of Baubau City)." The main objective of this study is to determine the effectiveness level of regional retribution collection in increasing Local Own-Source Revenue (PAD) in Baubau City and the factors affecting it. Based on this, the research questions are:

1. How effective was regional retribution collection in Baubau City during the 2021–2025 period?
2. What factors influence the effectiveness of regional retribution collection in Baubau City?

METHODOLOGY

This study is a descriptive study using a mixed-methods approach that combines quantitative and qualitative methods (Creswell, J. W., & Plano Clark, 2019). The goal is to provide a more holistic explanation of regional retribution collection effectiveness.

The data types consist of primary and secondary data. Primary data are key data obtained directly through interviews and observations. Secondary data are obtained indirectly through documents or existing sources (Undari Sulung, 2024), such as official regional retribution target/realization reports and Budget Realization Reports (LRA). The research was conducted at the Regional Revenue Agency (BAPENDA) of Baubau City, from March to April 2026.

According to Sugiyono (2021), a population is the entire set of objects or analytical units that are the focus of research, possessing specific characteristics aligned with the research goals. The population in this study comprises employees working within BAPENDA Baubau City. The sampling technique uses a subset of the population's size and characteristics (Yuniarti Reny & Renggo, S.Kom., 2022). This study utilizes a purposive sampling technique, selecting informants based on specific considerations due to their direct knowledge and involvement in regional retribution collection (Saputri, A, 2023).

Data collection techniques include documentation (collecting data on regional retribution targets and realizations as well as PAD/LRA realization data for Baubau City from 2021–2025), interviews conducted directly with purposively selected informants to gather details on collection mechanisms, constraints, strategies, and compliance efforts, as well as observations. The analytical techniques include both quantitative and qualitative methods:

1. Quantitative Analysis: Used to measure the effectiveness ratio of regional retribution collection based on target and realization data for 2021–2025 (Mahmudi 2019).

Table 1. Effectiveness Criteria	
Regional Retribution Effectiveness	Criteria
Greater than 100%	Sangat efektif
90% - 100%	Efektif
80% -90%	Fairly Effective
60% - 80%	Less Effective
Less than 60%	Ineffective

Source: (Mahmudi, 2019)

2. Qualitative Analysis: Used to examine factors influencing collection effectiveness based on interviews, observations, and supporting documents. Qualitative analysis stages include data reduction, data display, and drawing conclusions.

RESULTS & DISCUSSION

Effectiveness of Baubau City Regional Retribution Realization (2021–2025)

Table 2. Target and Realization Analysis of Regional Retribution to Local Own-Source Revenue (PAD) of Baubau City (2021–2025)

Year	Target (IDR)	Realization (IDR)	Achievement (IDR)	Criteria
2021	5,353,823,000	5,869,406,225	109,63	Sangat Efektif
2022	7,752,636,000	6,129,209,350	79,06	Kurang Efektif
2023	8,830,209,000	6,516,962,101	73,80	Kurang Efektif
2024	10,503,619,00	6,426,678,352	61,19	Kurang Efektif
2025	7,654,496,500	6,382,999,045	83,39	Cukup Efektif

Source: Data processed 2026

From Table 2, the effectiveness level of regional retribution collection fluctuated annually. In 2021, effectiveness reached 109.63% (very effective). It declined to 79.06% in 2022, dropped further to 73.80% in 2023, hit a low of 61.19% in 2024, and rebounded to 83.39% in 2025.

Regarding the results of the effectiveness ratio analysis of regional retribution collection in Baubau City for the 2021–2025 period, it can be seen that the level of retribution effectiveness experienced quite significant fluctuations from year to year. This condition indicates instability in achieving regional retribution targets. In 2021, regional retribution effectiveness reached its highest figure at 109.63% (very effective). This achievement was influenced by relatively low target setting due to the uncertainty of the COVID-19 pandemic, combined with the momentum of post-pandemic economic recovery. The easing of public activity restrictions stimulated growth in the service and trade sectors such as parking, markets, and recreation enabling revenue realization to exceed the target. However, this positive trend did not continue in subsequent years. Entering 2022 and 2023, the government began to significantly increase retribution targets under the assumption that economic recovery would progress rapidly. Nevertheless, this target increase was not fully matched by actual ground conditions, as public purchasing power and activity in the service and trade sectors remained unstable. As a result, revenue realization could not keep pace with the higher targets, causing regional retribution effectiveness to decline to 79.06% in 2022 and drop further to 73.80% in 2023. This condition also impacted the compliance rate of retribution payers, which remained sub-optimal.

In 2024, the effectiveness of regional retribution collection dropped sharply to 61.19%, which was the lowest point and fell into the "less effective" category. This decline was triggered by a drastic increase in the target, reaching IDR 10.5 billion, which was not matched by real potential growth in the field. This indicates a discrepancy between target projections and actual economic conditions. Subsequently, in 2025, the Baubau City government rationalized the target by lowering it to IDR 7.6 billion as an evaluation of the unachieved targets in previous years, particularly in 2024, which was deemed too high and unrealistic. In addition to adjusting the target, the government also improved data management by adding previously unrecorded retribution objects—such as shophouses, parking areas, and market stalls into the official billing system. On the other hand, the community's economic conditions began to stabilize, marked by increased business activity and improved capability and awareness among retribution payers in fulfilling their obligations. This policy was adopted as an evaluation of the target shortfalls over the preceding three years, particularly in 2024, which was considered unrealistic. Consequently, in 2025, the effectiveness of regional retribution collection increased to 83.39% and entered the "fairly effective" category. In the theory of regional autonomy, local governments are granted the authority to manage and optimize revenue sources to achieve fiscal independence, which is partly realized through the increase of Local Own-Source Revenue (PAD). As a component of PAD, regional retribution should serve as an important instrument due to its principle of direct counter-performance for services provided by the government, thereby fostering local economic equity and community welfare.

This study is supported by research by Mais & Yuniara (2020), which states that the effectiveness of retribution falls into the fairly effective category, so its effect on PAD is still low. In addition, Yakub et al. (2022) explain that an effectiveness level above 100% indicates good performance, but its effect on PAD is still low compared to local taxes.

Table 3. Variance Analysis of Local Own-Source Revenue (PAD) Realization Reports

Year	Target (IDR)	Realization (IDR)	Achievement (IDR)
2021	100,960,725.865	95,566,805,178	94,66%
2022	114,485,468,,979	107,048,315,216	93,50%
2023	119,993,283,279	103,131,261,338	85,95%
2024	125,410,033,202,00	128,096,078,559,00	102,14%
2025	142,000,000,000,00	140,857,410,894,00	99,20%

Source: Data processed 2026.

From table 3, the difference in annual PAD changes represents the revenue variation from one year to the next, reflecting an upward or downward trend. The realization difference from 2021 to 2022 recorded an increase of IDR 11,481,510,038, followed by a decrease of IDR 3,917,053,878 in 2023. Subsequently, it increased significantly by IDR 24,964,817,221 in 2024 and IDR 12,761,332,335 in 2025, reflecting serious efforts by the local government to enhance regional financial independence.

Factors Influencing Retribution Effectiveness

Internal Factors

The administrative and retribution collection system in Baubau City has shown progressive development through improvements in data recording, assessment mechanisms, and structured collection. However, its implementation remains sub-optimal due to inaccurate taxpayer data. Overhauling this data requires a comprehensive transformation from a manual system to an integrated digital system to enhance the accuracy, speed, and accountability of regional revenue management.

Human Resources (HR) in retribution collection in Baubau City play a crucial role in supporting administrative and operational execution, ranging from data collection and assessment to ongoing retribution collection. However, HR capacity is not yet fully optimal in supporting collection effectiveness. This is evident from the limited communication skills of field officers, which results in sub-optimal information dissemination and education to taxpayers. Therefore, BAPENDA Baubau City needs to continuously improve HR quality through training programs facilitated by official central government institutions, thereby enhancing officer capabilities and supporting increased retribution collection effectiveness.

External Factors

Compliance among retribution payers in Baubau City remains sub-optimal and stands as one of the primary obstacles to collection effectiveness, despite routine participation from a segment of business actors. This issue is marked by late payments, a lack of transparency during collection, and low public awareness regarding the benefits of retributions to public services and PAD. These conditions make it difficult for officers to collect accurate data, resulting in missed revenue targets. As a solution, BAPENDA Baubau City enforces strict sanctions in the form of a 2% monthly interest penalty on overdue retributions in accordance with regional regulations to boost compliance and optimize revenue.

The economic condition of the community in Baubau City basically shows ongoing business activities, particularly within the micro and medium enterprise sectors, which serve as a primary source of regional retribution objects. Market trading activities and other economic endeavors continue to take place and contribute to regional revenue. However, this also indicates that local traders face severe challenges due to a weakened post-pandemic business environment that has not fully recovered. This situation is exacerbated by intense competition from online business trends, which directly pressures the revenue of conventional traders. On the other hand, declining public purchasing power slows the turnover of goods in markets, ultimately worsening traders' compliance in fulfilling their retribution obligations. This phenomenon of economic decline and lowered compliance is clearly visible at Wameo Market and Karya Baru Market, which serve as the primary focus of this observation.

In addition to other internal and external factors, another critical aspect plays an essential role: regulatory factors and regional policies regarding retribution collection, which have been formulated as the legal foundation for executing retribution collection in Baubau City. Establishing retribution tariffs through regional regulations demonstrates that the government possesses clear guidelines to govern collection mechanisms, thereby providing legal certainty, order, and a reference for both collection

officers and retribution payers in fulfilling their obligations. This should ideally support the creation of a more orderly and targeted collection system.

However, in practice, weaknesses remain that prevent retribution regulations from operating optimally. This is evident in tariff application discrepancies on the ground, where established tariff rates do not reflect the actual economic potential and conditions of each location. Consequently, disparities occur—such as in the Kamali Beach area, which experiences high business activity and large revenue turnover yet is charged relatively low tariffs, whereas the Bukit Wantiro area, which tends to be less strategic, is burdened with higher tariffs. This situation creates a sense of unfairness among retribution payers and can burden certain business actors. Furthermore, these tariff discrepancies have the potential to lower public compliance in paying retributions.

This study is supported by research from Desy Sofiya Tanzil & Juliprijanto (2021), which states that regional retribution collection is influenced by the socioeconomic conditions of the community. Additionally, Geni Afriwinta et al., 2025 emphasize that the main factors influencing retribution collection are low public awareness and the need for system and facility upgrades to achieve optimal results.

CONCLUSION

Based on the research results, it can be concluded that regional retribution collection in Baubau City during the 2021–2025 period showed fluctuating achievement levels, ranging from very effective, less effective, to fairly effective. This condition indicates that retribution collection performance is not yet stable and remains affected by various field constraints. Furthermore, the contribution of retributions to Local Own-Source Revenue (PAD) remains relatively low, meaning its role has not yet become a primary source for supporting regional fiscal independence.

The factors influencing this condition stem from both internal and external aspects. Internally, limitations in human resource (HR) quality and administrative systems pose challenges to the collection process. Externally, low awareness and compliance among retribution payers, public economic conditions, and regulatory issues—specifically the misalignment of tariff implementations in the field—also affect regional retribution revenue achievements. Therefore, comprehensive improvement efforts are required to ensure that retribution collection operates more optimally.

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