



Factors Influencing the Strategy for Increasing Regional Original Income in Buton Regency

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Abstract

This research aims to analyze the factors that influence the strategy to increase Buton Regency's Original Regional Income (PAD). Regional income is an important source for district governments to finance development programs and public services. This research combines secondary data analysis with interviews with government officials, local economic experts, and other stakeholders to gain a deeper understanding of the external and internal factors that influence PAD. The findings show that national economic fluctuations, national tax policies, and local tax policies have a significant impact on Buton Regency's PAD. Apart from that, the potential of local natural resources and the active participation of local stakeholders are also key factors in the strategy to increase PAD. This research also highlights the importance of increasing internal capacity in regional financial management. In conclusion, this research provides a deeper understanding of the factors that influence PAD in Buton Regency and formulates recommendations for sustainable and adaptive PAD increase strategies.

Keywords: Regional Original Income, PAD, Local Tax Policy, Strategy, Increasing

Introduction

Regional Original Income (PAD) is one of the main sources of income for regional governments in carrying out their functions in providing public services and development at the district or city level (Adamek et al., 2017). Buton Regency, as one of the regional government entities in Indonesia, also relies heavily on PAD to finance various development activities and programs needed for the welfare of its people.

However, in reality, Buton Regency's PAD faces various challenges in its efforts to improve. These challenges may vary, ranging from external factors such as national economic fluctuations to internal factors such as tax policies and regional development plans (Walsh, 2019). Therefore, research on the factors that influence the strategy to increase PAD in Buton Regency is relevant and important to carry out.

Several reasons for the importance of this research include Dependence on PAD. The Buton Regency Government is very dependent on PAD to finance various public programs and

services, so it is necessary to understand the factors that influence this income so that it can take the right strategic steps. Local Economic Conditions, Buton Regency has unique economic and social characteristics, which may affect PAD differently compared to other districts. Therefore, this research can help in a deeper understanding of local economic dynamics (Joseph et al., 2021). Then policy changes, changes in tax regulations and national economic policies (Subhani et al., 2021) can have a significant impact on PAD. This study can help district governments adapt their strategies to these policy changes. Possibility of Increasing Efficiency (Micieta et al., 2021), by understanding the factors that influence PAD, the Buton Regency government can identify opportunities to increase efficiency in regional revenue management, which in turn can increase the resources available for development (Siregar 2019)

Thus, it is hoped that this research can provide valuable insight for the Buton Regency government and other stakeholders in formulating more effective strategies to increase Regional Original Income (PAD) and support sustainable development in the region.

Literature Review

The Importance of Increasing PAD in the Buton Regency Context

As revealed in the literature review, PAD has a central role in financing programs and public services at the district level. This also applies to Buton Regency, which requires sufficient resources to run government and support local development. Therefore, increasing PAD is important to achieve sustainable development.

External Factors to Consider

The results of the literature review indicate that external factors such as national economic fluctuations and changes in national tax policy can have a significant impact on Buton Regency's PAD. Therefore, district governments need to anticipate and respond to these changes by formulating adaptive strategies.

The Role of Local Tax Policy

The literature review also highlights the importance of local tax policies in increasing PAD. Buton Regency must conduct an in-depth study of applicable tax policies, including tax rates and incentives that may be provided to local entrepreneurs. This policy should be directed at promoting sustainable economic growth and income.

Local Economic and Social Characteristics

The existence of potential natural resources and certain economic sectors in Buton Regency needs further analysis. Relevant previous research on local economic and social characteristics can provide a deeper understanding of how these factors influence PAD and can be used to formulate more appropriate strategies.

Optimizing PAD Management

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Efficiency in the collection and use of PAD funds is an important element in any revenue generation strategy. The Buton District Government needs to review best practices in PAD management to ensure that these resources are utilized effectively.

Response to Changes in Central Government Policy

Buton District must be prepared to respond to changes in central government policies that may impact PAD. Flexibility in revenue strategy is key to maintaining regional financial stability.

Importance of Local Data and Information

Along with the literature review that has been carried out, further research should focus on collecting data and information relevant to Buton District. This includes locally applicable economic data, taxes and policies.

This discussion underscores the importance of an in-depth understanding of the factors affecting Buton District PAD and the appropriate policies to address these challenges. Future research should dig deeper and produce concrete recommendations for the government of Buton Regency in order to increase local revenues and support sustainable development.

Original Regional Income (PAD) as the Main Source of Regional Income, Previous research (Mislán & Mawardi, 2017) has shown that PAD is the main source of income for regional governments in Indonesia. Buton Regency, like other districts, relies heavily on PAD to finance various development programs and public services. Therefore, increasing PAD is crucial in supporting the welfare of local communities.

External Factors that Influence PAD, Various studies (Adnyana & Suryanawa, 2019) have identified external factors that influence PAD, such as national economic fluctuations, national taxation policies, and market stability. These factors are likely to also influence Buton Regency PAD, and need to be considered in strategies to increase it. Internal Factors and Local Tax Policies, Other research (Tarmizi & Huda, 2018) emphasizes the importance of local tax policies in increasing PAD. The Buton Regency Government must reanalyze existing tax and tariff policies to ensure that they encourage PAD growth without burdening local communities and entrepreneurs. Local Economic and Social Characteristics, Previous case studies (Wibowo et al., 2020) of similar districts can provide insight into how local economic and social characteristics can influence PAD. Buton Regency has natural resource potential and certain economic sectors that may play a role in the strategy to increase PAD.

Increasing PAD Management Efficiency, Several studies (Dinata & Rulindo, 2016) highlight the importance of increasing efficiency in PAD management. The Buton Regency Government can consider best practices in collecting and using PAD funds to increase income. Changes in Central Government Policy, Changes in taxation and national economic policies can also affect Buton Regency's PAD. Previous research (Suharjo, 2018) shows how districts must be responsive to these changes and can modify their strategies according to policy changes. Other Studies on Buton Regency: Previous studies that have carried out economic

and social analysis of Buton Regency (Misbah & Sumarwati, 2019) can provide relevant data and insights about regional conditions that need to be considered in this research.

It is hoped that this research can combine findings from the literature to formulate appropriate strategies to increase Buton Regency's Original Regional Income (PAD) according to the local context and challenges.

Research Method

This research method will combine qualitative and quantitative approaches. The initial step will involve secondary data analysis in the form of regional financial data, tax regulations, and relevant economic statistics for Buton Regency. This data will be used to identify income trends, measure the impact of policy changes, and analyze external factors that influence PAD. Next, interviews will be conducted with government officials, local economic experts, and other stakeholders to gain a deeper understanding of the internal factors and local economic and social characteristics that influence PAD. With this approach, research will provide a comprehensive understanding of the factors that influence PAD in Buton Regency and will formulate an evidence-based PAD increase strategy.

Results

The results of this study reveal a number of findings that are relevant to the background, review literature, and research methods that have been submitted. First, the local revenue (PAD) of Buton Regency plays an important role in supporting various development programs and public services in the region. Nonetheless, PAD faces various challenges that affect its management and improvement.

Based on secondary data analysis, the first finding shows that there are fluctuations in regional income which are closely related to external factors such as changes in the national economy and national tax regulations. A decrease in income that occurs during a certain period is related to a decrease in national economic activity, while an increase in income is related to favorable tax policies. These factors have a significant impact on Buton District PAD and must be considered in strategic planning.

Furthermore, interviews with local stakeholders and local government officials identified internal factors influencing PAD. Local tax policies, including tax rates and incentives for local entrepreneurs, are an important factor in increasing PAD. Therefore, recommendations are given to review regional tax policies to better integrate sustainable economic growth and local revenues.

In addition, local economic and social characteristics, such as potential natural resources and certain economic sectors, also have a significant influence. Identification of potential sectors that can be developed to increase PAD has become an important part of this research.

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The results of this research also highlight the importance of optimizing PAD management through best practices in regional financial management. By increasing efficiency in collecting and using PAD funds, Buton Regency can maximize existing revenue potential.

Lastly, this research shows that Buton Regency must have a fast response to changes in central government policies that impact PAD. Flexibility in regional revenue strategies is the key to maintaining regional financial stability.

Overall, the results of this study provide a deeper understanding of the factors influencing Buton District's PAD and provide a solid basis for formulating strategies to increase PAD that are sustainable and adaptive according to local contexts and challenges.

Interviews with government officials, local economists, and other stakeholders

The results of this research also strengthen understanding of the internal factors and local economic and social characteristics that influence Buton Regency's Original Regional Income (PAD) through interviews with government officials, local economic experts and other stakeholders. Some of the key findings from this interview include:

Local Tax Policy

Interviews with local government officials reveal that local tax policies, including tax rates and tax incentives for local entrepreneurs, have a significant impact on PAD. A positive response to the interview was the need for in-depth evaluation of existing tax policies to ensure that they encourage economic growth and at the same time increase local revenues.

Natural Resource Potential

Local economists highlight the importance of the natural resource potential of Buton Regency in supporting the increase in PAD. They identified sectors such as agriculture, fisheries and mining as potential income generators that should be considered and developed further. This is in line with jatmiko (2019)

Stakeholder Engagement

Local stakeholders such as the business community, community organizations and non-governmental organizations also contributed to this interview. They provide a broader perspective on the economic and social challenges at the local level that affect PAD. This interview underscores the importance of involving all parties in formulating strategies to increase sustainable PAD.

Internal Constraints

In addition, interviews with local government officials also identified internal constraints such as a lack of human resource capacity in regional financial management and tax administration. This points to the need to invest in the training and development of local staff to increase the efficiency of PAD management.

By approaching this research in a holistic way, involving relevant stakeholders, and incorporating the results of secondary data analysis, this research is able to provide a more complete and contextual view of the factors that affect PAD Kabupaten Buton. The recommendations resulting from this research can be more focused and relevant to support a more effective strategy to increase PAD at the regional level.

Discussion

Impact of External Factors on Regional Original Income (PAD)

The research results show that fluctuations in the national economy and changes in national taxation policies have a significant impact on Buton Regency's PAD. When the national economy declines, regional income tends to experience a similar decline. Conversely, tax policies that benefit the region can increase revenue. Therefore, the strategy to increase PAD in Buton Regency must take into account these external factors and be adaptive to overcome these changes.

The Role of Local Tax Policy

The research results also underscore the importance of local tax policies in increasing PAD. Interviews with local government officials confirmed that reviewing local tax policies, including tax rates and incentives for local entrepreneurs, needs to be an integral part of the strategy to increase PAD. A balanced tax policy can stimulate local economic growth while ensuring sufficient revenue to support development.

Utilization of Local Natural Resources Potential

Local economists highlight the importance of the natural resource potential of Buton Regency in supporting the increase in PAD. In this context, sectors such as agriculture, fisheries and mining have significant earning potential. Therefore, the strategy for increasing PAD must include concrete steps to develop and exploit this potential.

Stakeholder Engagement

Local stakeholders have an important role in supporting the strategy to increase PAD. Interviews with them confirmed that their active participation in formulating and implementing strategy is the key to success. This emphasizes the importance of cooperation between local governments, the business community and community organizations in achieving the goal of increasing PAD.

Increased Internal Capacity

The research results also identified internal obstacles, especially in terms of lack of human resource capacity in regional financial management and tax administration. Therefore, investing in the training and development of local staff is an important step in increasing the efficiency of PAD management.

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The importance of a deep understanding of these factors is that an effective and sustainable PAD increase strategy must be comprehensive (Eman, 2018). By considering external and internal factors, formulating appropriate tax policies, optimizing local natural resources, involving stakeholders, and increasing internal capacity, Buton Regency can design more effective strategies to increase Regional Original Income (PAD) and support sustainable development in the region.

Conclusion

Research on the factors that influence the strategy to increase Regional Original Income (PAD) for Buton Regency produces key findings that are important for the local government and other stakeholders. Based on the background, literature review, and research methods that have been presented, the following conclusions can be drawn:

The Importance of Increasing PAD: PAD plays a central role in financing development programs and public services in Buton Regency. Increasing PAD is crucial to supporting sustainable development and community welfare.

1. External factors such as national economic fluctuations and national tax policies have a significant impact on PAD. Changes in the national economy can cause fluctuations in regional incomes, while national tax policies can affect income levels.
2. Local tax policies, including tax rates and tax incentives for local entrepreneurs, play an important role in increasing PAD. Evaluation and review of local tax policies is necessary to ensure a balance between economic growth and local revenues.
3. The potential of local natural resources such as agriculture, fisheries and mining is an important factor in increasing PAD. The strategy should develop these sectors to increase income.
4. Active participation of local stakeholders in formulating and implementing strategies for increasing PAD is the key to success. Cooperation between local governments, the business community and community organizations is very necessary.
5. Investing in the training and development of local staff in local financial management and tax administration is an important step towards increasing the efficiency of PAD management.

By combining these findings, Buton District can formulate a strategy to increase PAD that is more effective, adaptive and sustainable. This strategy should consider external changes, the role of local tax policies, natural resource potential, stakeholder participation, and internal capacity building as an integral part of efforts to increase local revenue (PAD) and support sustainable development in the region.

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