Strategies For Optimizing Traditional Market Retribution: A Study In Purworejo Regency

Arief Rahman1*, Ahada Nur Fauziya2, Tiyas Kurnia Sari3

1,2,3 Department of Accounting, Faculty of Business and Economics
Universitas Islam Indonesia, Yogyakarta, Indonesia

*Corresponding Author:
Email: arief.rahman@uii.ac.id

Abstract.
This study analyzes the optimization strategy of traditional market retribution: a study in Purworejo Regency, was conducted using an integrated mixed method which combines quantitative and qualitative approaches to process various data collected to formulate policies and strategies in addressing a public issue (Burch & Heinrich, 2015). This study used secondary data from Statistics Indonesia, regulations, research results, and primary data from interviews, observations, and focus group discussions involving relevant stakeholders. Data analysis involved classification analysis, macro data analysis, and SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis. Based on the SWOT analysis, several programs can be carried out by the Purworejo District Government to maximize the potential of its regional markets. Promote traditional markets after revitalization to increase public awareness of the positive changes in the market. Using social media, advertisements, and promotional campaigns to reach more potential visitors. Some of the related activities include; Socialization through social media, Official website development, Promotional video campaign, Photography competition, Loyalty program.

Keywords: Traditional market, retribution, local government and Indonesia.

I. INTRODUCTION
Essentially, fiscal decentralization policy in Indonesia is directed towards becoming one of the instruments in achieving equality, justice, and prosperity for all Indonesian citizens (Kusuma, 2016). As a fiscal instrument, fiscal decentralization policy becomes a financing tool in carrying out functions and authorities delegated to local governments while maintaining the harmony and continuity of national fiscal aspects (Burhanuddin et al., 2022). Therefore, the framework for financing regions is designed by considering aspects that allow regions to have discretion and responsibility to prioritize disciplined, efficient, productive, and accountable financial management (Noja et al., 2021). According to Haris (2005), decentralization has at least three noble objectives. First is political equality, providing opportunities for people to participate in various political activities at the local level (Christia & Ispriyarso, 2019). Second is local accountability, enhancing the community's ability to monitor the achievement of their rights. Third is local responsiveness, where policies designed to address local issues and needs will accelerate development in various aspects within a region. Formally and historically, the implementation of fiscal decentralization is regulated by Law Number 33 of 2004 concerning Financial Balance Between the Central Government and Local Governments (Undang-Undang Nomor 33 Tahun 2004 Tentang Perimbangan Keuangan Antara Pemerintah Pusat Dan Pemerintahan Daerah, 2004). It is supplemented by Law Number 28 of 2009 concerning Local Tax and Regional Retribution (LTRR), which places Transfers to Regions (TTR), regional debt financing, and proportional tax collection authority by regions as part of regional autonomy implementation.

However, after more than 10 years of enacting these laws, there are at least three main problems and challenges in their practical implementation. Firstly, transfers to regions and village funds (TRVF), as well as LTRR as key components of fiscal decentralization, have not significantly improved the equal distribution of public services and community welfare across various economic and social indicators (Putri & Erita, 2019). This is evident from the Human Development Index, Poverty Rate, Life Expectancy, Regional Gross Domestic Product, and the financial capacity disparity among community groups that have not surpassed the targets (Dewi et al., 2018). The government attempts to address these issues by enacting Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regions (Undang-Undang Nomor 1 Tahun 2022 Tentang Hubungan Keuangan Pemerintah Pusat dengan Daerah).
1 Tahun 2022 Tentang Hubungan Keuangan Antara Pemerintah Pusat Dan Pemerintahan Daerah, 2022). This law is designed to sharpen the implementation of fiscal decentralization by enhancing regional fiscal capacity through strengthening local taxes and regional retribution. According to (Mangapu Pasaribu, 2022), the improvement in regional financial capacity is achieved through refining the role of regional governments in adding local revenue sources. The intended policy changes involve simplifying and restructuring the types and rates of local taxes and retribution (Susilo, 2022).

Optimizing local revenue is crucial to enhance regional financial capabilities in funding basic public service programs according to the needs of the local community (Sirat et al., 2018). For local retribution, the Law on Financial Relations between the Central Government and Regions directly impacts the simplification of types of retribution that can be imposed by local governments. According to Badan Pembinaan Hukum Nasional (2021), there are at least three major changes that can be recognized from the new legislation. First, there were 15 types of common service retribution under the authority of local governments before the new legislation. However, the new law reduces them to 5 types. For business service retribution, there are currently 10 types out of the previous 11, and for certain licensing retribution, it becomes 3 types from the previous 6 types. In short, the final objects of retribution according to the new law are 18 service types, down from the previous 32. This aims to make retribution imposed by local governments effective in terms of collection and compliance costs, reducing the burden on the public in accessing basic public services under the authority of local governments (Mangapu Pasaribu, 2022). Therefore, local governments must conduct in-depth studies on the potential and optimization of local retribution to align policies with the new law. This study is conducted using the integrated mix method, combining quantitative and qualitative approaches to process various collected data to formulate policies and strategies for addressing a public issue (Burch & Heinrich, 2015). The study utilizes secondary data from the central statistics agency, regulations, research results, and primary data from interviews, observations, and focus group discussions involving relevant stakeholders. The data analysis involves classification analysis, macro data analysis, and SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis.

II. RESULTS AND DISCUSSION
To support the trade sector in Purworejo Regency, several trading distribution facilities are provided, and managed by the Purworejo Regency Government, private entities, and the community. The total number of trading distribution facilities in Purworejo Regency in 2022 is 31 local market units managed by the Purworejo Regency Government. According to, Keputusan Bupati Purworejo Tentang Jenis Pasar, Klasifikasi Pasar, Dan Hari Pasaran Pasar Daerah Kabupaten Purworejo, (2022), there are two types of markets in Purworejo Regency: general markets and special markets. General markets involve the trade of various goods in a balanced manner, catering to the daily needs of the community. Special markets, on the other hand, predominantly involve the trade of one type of goods and its accessories. The distribution of traditional markets in Purworejo Regency is uneven, with the current concentration of traditional markets in the central regency. The latest data shows that 22 per cent of the total traditional markets in Purworejo Regency are located in the Purworejo District, amounting to 7 market units (BPS Kab. Purworejo, 2023a). On the contrary, some districts such as Bruno, Ngombol, and Kaligesing have no traditional markets at all. This uneven distribution poses serious issues in the context of regional economic development, leading to negative externalities for the local economy, economic inefficiencies, transportation problems, and employment issues. Inefficient mobility of people and goods due to uneven market distribution can also impact the productivity of the community and reduce the competitiveness of local products. Population density is an indicator of the number of inhabitants in a specific area.

The overall population density of Purworejo Regency in 2022 is 792 people/km². The majority of the population is concentrated in Kutoarjo District (1,588 people/km²), Purworejo District (1,606 people/km²), and Bayan District (1,163 people/km²). Meanwhile, areas with the lowest population density are Kaligesing District, with 408 people/km², and Bagelen District, with 481 people/km² (BPS Kab. Purworejo, 2023b). This variation can be attributed to the mountainous terrain and extensive forest areas in these districts. The largest population is in Purworejo District with 88,541 people, while the smallest is in Bagelen District with...
31,585 people (BPS Kab. Purworejo, 2023b). The high population density of 777.28 people/km² indicates that, without population control measures, Purworejo Regency will become more densely populated. The population dependency ratio is 44.64 per cent. The economic activities in Purworejo Regency heavily rely on the agricultural sector, including rice, corn, cassava, and other food crops (BPS Kab. Purworejo, 2022). Rice is primarily cultivated in Ngombol, Purwodadi, and Banyuurip Districts. Corn is predominantly produced in Bruno District. Cassava is mainly cultivated in Pituruh District. At the provincial level in Central Java, Purworejo is one of the centres for producing various herbs such as cardamom, nutmeg, turmeric, galangal, turmeric, and ginger (Hidayah, 2020).

These herbs are now considered bio-pharmaceutical commodities under the Directorate General of Horticulture. Besides being used as cooking spices, they are also used as raw materials for traditional herbal medicine ekal. The largest producer of cardamom is Kaligesing District (Ekalaya Satu Data Purworejo, 2023). These herbs are mainly used by herbal medicine sellers, Java herbal medicine industries, and restaurants. Grabag District is known as a coconut center where coconuts are not only used for consumption but also processed into brown sugar and coconut oil. It is also a major producer of melinjo, the seeds of which are used to make emping (a type of cracker) (Sanudin & Hut, 2020). Kaligesing, Bener, Bruno, and Bagelen Districts are known for producing durian. In Pituruh District, there is a horticultural center that produces various fruits, with bananas accounting for 40% of all bananas in Purworejo. Banana commodities in the Pituruh market come from villages such as Ngandagan, Kalikotes, Kaligintung, Pamriyan, and Petuguran. Coconut is a popular crop for local farmers and serves as the second source of income after rice. Other main plantation commodities include coffee, rubber, cocoa, vanilla (perennial crops), as well as sugarcane and patchouli (seasonal crops) (Fauzia & Nugraha, 2019). Tobacco, as a commercial farming effort, has contributed to both national income (foreign exchange) and Regional Local Government Revenue (RLGR), allowing Purworejo Regency to receive Tobacco Excise Revenue Sharing Funds. The central government’s efforts in developing plantations in the region have included the cultivation of jatropha plants, which are expected to help achieve energy self-sufficiency in villages as a solution to fuel shortages.

In the livestock sector, the distinctive breed in Purworejo is the Ettawa crossbred goat, originally from India and known for its large size. The Ettawa goat farms are mainly in the Kaligesing District, with additional farms in Purworejo, Bruno, and Kemiri Districts (Bappeda Litbang Kab. Purworejo, 2023). In Kaligesing District, these goats are crossbred with local goats, resulting in the Kaligesing Ettawa goat breed. For many farmers in Purworejo, owning these goats is a source of pride, similar to owning a luxury car. Thousands of these goats are sold annually outside Purworejo, reaching areas such as East Java (Ponorogo, Kediri, Trenggalek), Sumatra (Bengkulu, Jambi), Riau, and Kalimantan (Banjarmasin). In the fisheries sector, Purworejo Regency has significant potential, both in coastal fisheries carried out by fishermen along the southern coast covering Grabag, Ngombol, and Purwodadi Districts, and in pond aquaculture found in Jatimalang, Jatikontal, and Gedangan Villages (Setiawan et al., 2022). Coastal fisheries yield various commodities such as marine barramundi, stingray, giant trevally, and red snapper. Pond aquaculture includes the cultivation of vanname shrimp and giant prawns. For freshwater aquaculture, the farming of tilapia is done in Kaliurip, Sendangsari, Karangsari (Gebang District), Penungkulan, Lusogoso, Pakem (Loano District), Maron, and Mudalrejo (Loano District). Specifically, Kaliurip Village serves as a demonstration center for the cultivation of Japanese gourami and has won several awards at the provincial and national levels. Overall, Purworejo Regency boasts a diverse agricultural and economic landscape, with various commodities contributing to its economic development.

**Table 1.** Comparison of Contribution between Local Tax dan Retribution on RLGR

<table>
<thead>
<tr>
<th>Year</th>
<th>Local Tax</th>
<th>Local Retribution</th>
<th>RLGR</th>
<th>Tax on RLGR</th>
<th>Retribution on RLGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>53,416,617,017</td>
<td>11,731,250,610</td>
<td>298,606,496,000</td>
<td>18%</td>
<td>4%</td>
</tr>
<tr>
<td>2018</td>
<td>68,816,307,333</td>
<td>12,867,927,066</td>
<td>286,971,590,024</td>
<td>24%</td>
<td>4%</td>
</tr>
<tr>
<td>2019</td>
<td>77,648,792,775</td>
<td>14,850,251,887</td>
<td>280,396,155,600</td>
<td>28%</td>
<td>5%</td>
</tr>
<tr>
<td>2020</td>
<td>74,598,729,755</td>
<td>12,207,464,126</td>
<td>304,779,565,558</td>
<td>24%</td>
<td>4%</td>
</tr>
<tr>
<td>2021</td>
<td>84,227,368,780</td>
<td>16,738,324,784</td>
<td>438,264,776,270</td>
<td>19%</td>
<td>4%</td>
</tr>
<tr>
<td>2022</td>
<td>90,776,108,033</td>
<td>34,639,972,250</td>
<td>361,220,899,343</td>
<td>25%</td>
<td>10%</td>
</tr>
</tbody>
</table>

*Source: Data processed*
Table 1 provides a general overview of the contribution of local taxes and local retribution to RLGR. Currently, the average proportion of local taxes to RLGR is in the range of 23%, while the proportion of local retribution to RLGR is in the range of 5%. This data indicates that compared to local taxes, local retribution often do not receive much attention due to their tendency to contribute much less to RLGR than taxes. Consequently, the determination of optimal rates for local retribution is often overlooked. However, if managed properly, local retribution can also become a source of RLGR that can contribute to the development of the local community. This is considering the characteristic of local retribution, which are more service/goods-based and are offered by the local government and directly experienced by the payers.

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Retribution</th>
<th>Total Retribution</th>
<th>Contribution of Traditional Market Retribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>3.005.432.300</td>
<td>11.731.250.610</td>
<td>26%</td>
</tr>
<tr>
<td>2018</td>
<td>4.537.348.500</td>
<td>12.867.927.066</td>
<td>35%</td>
</tr>
<tr>
<td>2019</td>
<td>5.917.914.915</td>
<td>14.850.251.887</td>
<td>40%</td>
</tr>
<tr>
<td>2020</td>
<td>5.043.201.115</td>
<td>12.207.464.126</td>
<td>41%</td>
</tr>
<tr>
<td>2021</td>
<td>8.798.908.145</td>
<td>16.738.324.784</td>
<td>53%</td>
</tr>
<tr>
<td>2022</td>
<td>18.356.789.508</td>
<td>34.639.972.250</td>
<td>53%</td>
</tr>
</tbody>
</table>

Source: Data processed

Furthermore, when looking at the financial reports of Purworejo Regency for the years 2017-2022, the market service retribution have a significant contribution to the overall local retribution of Purworejo Regency. Table 2 shows that the proportion of market retribution to local retribution has been increasing since 2017. In aggregate, the proportion of market retribution is 41% of the local retribution. This adds urgency to a more in-depth study of the appropriate strategies to optimize the crucial role of market retribution in increasing local retribution, which is expected to have a significant impact on Regional Revenue (RLGR).

Fig 1. Focus Group Discussion

Based on the results of the Focus Group Discussion (FGD) and data collection with the Regional Legislative Council of Purworejo Regency and the Regional Financial and Asset Management Agency of Purworejo Regency, facilitated by the Public Sector Accounting Study Centre, an inventory and elaboration of the practices, existing conditions, and issues faced by the community regarding the market service retribution collection process in Purworejo Regency can be summarized and analysed. Here is a summary and analysis of some key points that emerged from the discussion:

a. Increasing traditional market retribution

To increase regional revenue, market retribution is one of the main focuses. The material authority of the Draft Regional Regulation on Regional Taxes and Retribution on Market Service Retribution has been discussed, and there is an effort to reduce retribution rates by up to 25% based on the new rates. This is a positive step to encourage an increase in the number of traders and market visitors. This strategy has been mentioned in several previous research as in Susilo (2022) and Moenek & Santoso (2019)

b. Improvement of infrastructure

Improve infrastructure in traditional markets is urgently needed, Yulianti & Kintani (2020) states that market revitalization, such as infrastructure improvements has influences on market dynamics. The
process of revitalization includes market maintenance, infrastructure improvements, and facility upgrades. However, it is important to note that the budget for market maintenance is still limited, so it is crucial to allocate adequate funds in the next year's budget in line with the philosophy of retribution that provides direct benefits to the payers.

C. Retribution target

Achieving market retribution targets is one of the main challenges. There is a gap between the target and the realization of market retribution. One factor influencing this is the request for tariff relief by traders (DPRD Kab. Purworejo, 2022). In this regard, it is important to find a fair way to increase retribution revenues without burdening traders. Additionally, estimating target retribution figures based only on the number of stalls without directly evaluating the condition of the stalls in the market makes the potential figure biased.

A. Digitalization and improvement of technology literacy

The use of technology, such as e-retribution, is being introduced in market management. However, the level of technology literacy among traders is still low. Therefore, there needs to be a technology training and education program to support market digitalization (Hari Purwanto et al., 2021).

B. Supervision and management

There is a need for improvement in supervising the retribution collection process. The management system must be transparent and controlled. Moreover, consideration should be given to providing sufficient personnel to ensure efficiency in the retribution collection process.

C. Rearrangement of transportation in the area of traditional markets

The Transportation Agency plays a crucial role in regulating transportation around the market. It is important to ensure convenient access to the market and adequate parking to support visitors.

D. Identification of other traditional market problems

Each market has different characteristics and problems. Therefore, a specific approach and case-by-case analysis are needed to identify the existing problems in each market. This will help formulate more accurate recommendations.

Based on the SWOT analysis, several programs have been developed that the Purworejo Regency Government can undertake to maximize the potential of its Regional Markets. Promote traditional markets after revitalization to increase public awareness of positive changes in the market. Use social media, advertisements, and promotional campaigns to reach more potential visitors. Some related activities include:

A. Socialization through social media

Create an official social media account for traditional markets and use it to share information related to revitalization, facility improvements, and the benefits of shopping in the market. Post-before-and-after pictures to show positive changes.

B. Development of an official website

Develop an official website for traditional markets that includes complete information about the market, history, traders, products sold, and available facilities. This website can be used as a reference for the public.

C. Promotional video campaign

Create high-quality promotional videos highlighting the beauty of traditional markets, cleanliness, and the variety of products offered. Share these videos through platforms like YouTube and various social media channels.

D. Photography competition

Hold a photography competition inviting the public to capture the beauty of traditional markets after revitalization. Showcase the winning photos in promotional campaigns.

E. Loyalty program

Create a loyalty program for loyal customers of traditional markets by offering special discounts, point cards, or rewards for those who frequently shop in the market.
III. CONCLUSION

Based on the evaluation of the market retribution performance as one of the sources of Regional Original Revenue (RLGR) in Purworejo Regency, it can be summarized in the following seven points:

a. Contribution of traditional market retribution to RLGR: Traditional market retribution contributes only about 5% of the total RLGR of Purworejo regency, while local taxes contributes around 23%. This indicates that traditional market retribution has been overlooked in regional financial planning.

b. Increase in market retribution contribution: Although relatively small, the contribution of market retribution to regional retribution continues to increase from year to year. In 2022, its contribution reached 53%. This indicates the significant potential of market retribution that should be further explored.

c. Regional economic growth: Regional economic indicators show positive growth in Purworejo regency, including an increasing per capita Gross Regional Domestic Product (PDRB). This creates opportunities to increase market retribution revenue as economic growth can boost trading activities in the market.

d. Changes in retribution tariffs: Regional Regulation (Peraturan Daerah or Perda) No 10 year of 2020 regarding market retribution tariffs brings significant changes compared to the previous Regulation (No. 5 year of 2011). Significant tariff increases, tariff diversification, and certain tariff reductions are essential aspects of these changes.

e. Policy implications: Changes in market retribution tariffs reflect the local government’s policy changes related to revenue from the market. Effective coordination and communication with traders and market stakeholders are necessary to implement these changes.

f. Classification of potential retribution receipts: The classification of potential local retribution receipts can help manage market retribution. In recent years, this classification has ranged from “Prime”, “Potential”, “Developing”, to “Lagging”, reflecting market retribution performance.

g. Long-term considerations: This evaluation data provides insights into the sustainability of the market’s contribution to retribution revenue in Purworejo regency. Changes in potential classification can signal the regional to take strategic steps.

SWOT analysis of market service retribution management in Purworejo Regency reveals several crucial factors. Strengths include superior local product quality, affordable prices, significant contributions to Regional Original Revenue (RLGR), and access to funds for market revitalization. Additionally, the market serves as a hub for social interaction and a source of fresh food, strategically located along main roads. However, there are weaknesses that need addressing, such as a lack of commitment from traders to pay retribution according to regulations. Operational costs often exceed revenue, and issues with market order, cleanliness, and comfort exist. Furthermore, market revitalization may lead to a perception of price increases, and market management depends on bureaucratic budgeting mechanisms. Regarding opportunities, there is potential to enhance the market's appeal through infrastructure improvements, market digitalization, and developing the market as an attractive shopping destination. Government program awareness, population growth, and a thriving economy can also be leveraged.

Additionally, there's an opportunity to improve institutional mechanisms for greater autonomy. Threats include competition from modern markets, roving vendors, and insufficient oversight of street vendors around the market. Seasonal declines in market attendance, high urbanization, legal and regulatory issues, and inadequate infrastructure and transportation access also pose threats. Therefore, understanding this SWOT analysis will aid in planning more effective market retribution management strategies in Purworejo Regency. The Purworejo Regency Government can propose several programs based on the conducted SWOT analysis. Firstly, initiating the promotion and marketing of traditional markets post-revitalization through social media, advertisements, and promotional campaigns. This includes creating official social media accounts for traditional markets, establishing an official website, promotional video campaigns, and collaborating with local influencers. Secondly, utilizing market spaces for other activities, such as exhibitions or community events, can increase market revenue. Lastly, regular evaluation, strategy adjustments, and collaboration with relevant stakeholders will help ensure the effectiveness of programs and ongoing support.

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