
**MARKET RETRIBUTION MANAGEMENT AND ITS CONTRIBUTION
TO REGIONAL ORIGINAL REVENUE: EVIDENCE FROM SOUTH
BOLAANG MONGONDOW REGENCY, INDONESIA**

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ABSTRACT

The implementation of regional autonomy requires local governments to strengthen their fiscal capacity through effective management of Regional Original Revenue. One potential source of revenue is market retribution, which is closely linked to public service provision and local economic activities. This study aims to analyze the management of market retribution in increasing Regional Original Revenue in South Bolaang Mongondow Regency, with a focus on management processes and their contribution to regional fiscal performance. This research employs a qualitative descriptive approach. Data were collected through direct observation, in-depth interviews with relevant informants, and analysis of official documents related to market retribution management. Data analysis was conducted using an interactive model involving data reduction, data presentation, and conclusion drawing to ensure systematic and credible interpretation. The findings indicate that market retribution management has been implemented in accordance with existing regulations; however, its effectiveness remains limited. Weaknesses were identified in planning, particularly in uniform tariff determination and limited stakeholder involvement. Implementation challenges include low compliance among traders, insufficient supervision, and resource constraints. Organizational capacity and bureaucratic behavior further influence the consistency of retribution collection. Although market retribution shows growth in nominal terms, its contribution to Regional Original Revenue remains suboptimal and has not significantly enhanced regional fiscal independence. In conclusion, improving market retribution management requires institutional strengthening, differentiated tariff policies, enhanced

supervision, and greater reinvestment in market services. These measures are essential to increase the effectiveness of market retribution as a sustainable source of regional revenue.

KEYWORDS: Market Retribution; Regional Original Revenue; Public Revenue Management; Local Government.

INTRODUCTION

Regional autonomy in Indonesia has significantly altered the governance framework of local administrations, particularly in relation to fiscal management and development responsibilities. Law Number 32 of 2004 concerning Regional Government provides local governments with extensive authority to regulate and manage their own affairs in accordance with statutory provisions. This decentralization policy was designed to enhance administrative efficiency, strengthen public service delivery, and promote regionally driven development. However, the realization of these objectives is highly dependent on the financial capacity of local governments. Without adequate and sustainable local revenue sources, regional autonomy cannot function effectively and risks becoming merely procedural rather than transformative.

In this regard, Law Number 33 of 2004 emphasizes that Regional Original Revenue (Pendapatan Asli Daerah/PAD) constitutes the primary financial foundation for the implementation of regional autonomy. PAD originates from local taxes, regional retributions, the management of separated regional assets, and other legitimate local revenue sources. Among these components, regional retribution occupies a strategic position because it is directly linked to the provision of public services and the utilization of public facilities. Empirical observations indicate that retribution revenues, particularly those derived from traditional market services, have considerable potential to support PAD when managed effectively. Traditional markets not only serve as economic hubs for local communities but also represent continuous revenue-generating assets that can contribute to fiscal sustainability while supporting micro, small, and medium enterprises.

Market retribution is categorized as a form of public service retribution and is explicitly regulated under Regional Regulation Number 25 of 2011 concerning Public Service Retribution. Article 46 defines market service retribution as payment for the provision of traditional or simple market facilities, including yards, stalls, and kiosks managed by local governments and designated for traders. This regulatory framework reflects the reciprocal nature of retribution, whereby traders are obligated to pay fees in exchange for access to

facilities and services provided by the government. Conceptually, market retribution is intended not only to generate revenue but also to ensure the maintenance, orderliness, and improvement of market infrastructure and services. When managed properly, market retribution can function as both a fiscal instrument and a policy mechanism for enhancing service quality and economic activity at the local level.

Despite the existence of clear regulatory provisions, the implementation of market retribution policies in many regions has not yet achieved optimal outcomes. In South Bolaang Mongondow Regency, the management of market retribution has shown fluctuating performance and has not consistently met revenue targets. Although the regency operates six traditional markets across different sub-districts, the contribution of market retribution to PAD remains relatively limited. This condition indicates the presence of systemic challenges that hinder the effectiveness of retribution management, including weaknesses in planning, limited human resources, administrative inefficiencies, and insufficient supervision. Consequently, market retribution has not fully realized its potential as a reliable source of local revenue.

One of the central problems in the management of market retribution lies in the gap between regulatory intent and practical implementation. While Regional Regulation Number 25 of 2011 provides procedural guidance for retribution collection, its application in the field is often constrained by uniform tariff policies that do not adequately consider variations in trader capacity or facility usage. Additionally, traders are rarely involved in the planning or evaluation of retribution policies, which reduces their sense of ownership and compliance. The absence of a dedicated institutional unit specifically responsible for market management further complicates coordination and accountability, resulting in overlapping responsibilities and inconsistent enforcement practices.

The broader literature on public revenue management suggests that effective retribution systems require integrated governance approaches that encompass coherent planning, clear organizational structures, efficient implementation mechanisms, and rigorous supervision. Previous studies highlight that tariff differentiation based on economic capacity and service utilization can enhance both fairness and compliance. Uniform tariff systems, although administratively convenient, often generate resistance among traders and fail to reflect economic realities on the ground. Furthermore, strengthening administrative capacity through improved data management systems and transparent reporting mechanisms has been shown to reduce revenue leakage and enhance accountability in retribution collection.

Institutional reforms are also widely recognized as critical to improving retribution management. Establishing specialized market management units allows for clearer task allocation, more focused supervision, and improved communication with traders. In addition, consistent monitoring and the enforcement of sanctions for non-compliance are essential for reinforcing policy credibility. The literature further emphasizes that when retribution revenues are visibly reinvested in market facilities and services, traders are more likely to perceive retribution payments as legitimate contributions rather than burdensome obligations. This perception plays a crucial role in fostering voluntary compliance and sustaining revenue growth.

Although existing studies provide valuable insights into retribution management and local revenue optimization, there remains a lack of context-specific research that systematically links management processes with empirical revenue outcomes at the local level. Many analyses focus either on normative regulatory frameworks or on aggregate revenue figures without adequately examining how planning, organization, implementation, supervision, and evaluation interact in practice. In the context of South Bolaang Mongondow Regency, limited attention has been given to the institutional dynamics, resource constraints, and managerial practices that shape market retribution performance. This gap underscores the need for a qualitative and process-oriented analysis that captures the complexity of retribution management within its specific administrative and socio-economic environment.

Based on these considerations, this study aims to analyze the management of market retribution in increasing Regional Original Revenue in South Bolaang Mongondow Regency. The study seeks to examine how planning, organization, implementation, supervision, and evaluation are conducted in the management of market retribution and to assess the contribution of market retribution to PAD in terms of growth, effectiveness, efficiency, and regional fiscal independence. The novelty of this research lies in its integrative approach, which combines an analysis of managerial processes with an evaluation of fiscal outcomes within a specific local government context. By focusing on traditional markets managed under Regional Regulation Number 25 of 2011, this study provides empirically grounded insights that are expected to inform more effective and context-sensitive policy interventions for strengthening local revenue

METHODOLOGY

This study adopts a qualitative descriptive research design to examine the management of market retribution in increasing Regional Original Revenue (PAD) in South Bolaang

Mongondow Regency. A qualitative approach is employed to capture the empirical realities, meanings, and processes underlying retribution management as they occur in their natural administrative context. The descriptive orientation allows the study to systematically portray planning, organizational arrangements, implementation practices, supervision mechanisms, and accountability processes related to market retribution management. The research was conducted in South Bolaang Mongondow Regency, North Sulawesi Province, where traditional markets are managed by the local government under Regional Regulation Number 25 of 2011 concerning Public Service Retribution. Data were obtained from primary sources through direct observation and in-depth interviews with informants who possess relevant knowledge and experience in market retribution management, as well as from secondary sources such as official documents, regulations, and reports related to PAD and market retribution. Data analysis was carried out using the interactive model of Miles and Huberman, which involves data reduction, data display, and conclusion drawing or verification conducted iteratively throughout the research process. To ensure the credibility of the findings, data from different sources and techniques were cross-checked and interpreted carefully to reflect actual conditions and practices. Ethical considerations were observed by ensuring voluntary participation, confidentiality of informants, and objective analysis of institutional processes.

RESULTS AND DISCUSSION

Implementation of Market Retribution Policy in Increasing Regional Original Revenue

The findings of this study indicate that the implementation of market retribution policy in South Bolaang Mongondow Regency has generally followed the formal provisions stipulated in Regional Regulation Number 25 of 2011 concerning Public Service Retribution. The management of market retribution is institutionally assigned to the Department of Industry and Trade, which is responsible for planning, organizing, implementing, supervising, and accounting for market retribution revenues. However, although the policy framework has been formally adopted, its practical implementation reveals varying levels of effectiveness across different management stages.

From a policy implementation perspective, the process reflects the classic stages of planning, execution, supervision, and accountability within a bureaucratic structure. In line with Edward III's framework, the success of policy implementation is influenced by communication, resources, disposition or behavior of implementers, and bureaucratic structure. The empirical findings suggest that while certain aspects of implementation

function adequately, others remain constrained by structural and managerial limitations that reduce the overall effectiveness of market retribution as a source of Regional Original Revenue (PAD).

Planning Process in Market Retribution Management

The planning stage of market retribution management is formally integrated into the regional budgeting process. Planning activities include the determination of revenue targets, scheduling of retribution collection, and designation of functional officials responsible for financial management in accordance with Government Regulation Number 58 of 2005 concerning Regional Financial Management. The appointment of revenue treasurers, expenditure treasurers, and procurement committees follows the applicable legal framework, including Presidential Regulation Number 16 of 2018 on Government Procurement of Goods and Services.

Despite compliance with formal planning procedures, the study finds that planning effectiveness remains limited. One major weakness lies in the determination of retribution tariffs, which are uniformly applied to all traders regardless of business scale, location, or facility usage. This uniform tariff system fails to reflect economic disparities among traders and does not provide space for participatory input from market users. As a result, planning is perceived as administratively correct but substantively weak, as it does not fully consider social and economic realities in traditional markets. This condition aligns with findings in the literature that emphasize the importance of inclusive and data-driven planning in public revenue management.

Organizational Structure and Institutional Arrangement

In terms of organization, the management of market retribution demonstrates a relatively clear hierarchical structure within the Department of Industry and Trade. Roles and responsibilities are formally defined, and coordination among units exists at an administrative level. However, the study reveals that the organizational structure has not been optimized to support effective market retribution management. The absence of a dedicated market management unit has resulted in overlapping tasks and an excessive workload for a limited number of officers.

The shortage of retribution officers significantly affects operational performance, particularly in field-level collection activities. This imbalance between workload and human resources leads to inefficiencies and reduces the consistency of retribution collection. From the

perspective of organizational theory, as articulated by Robbins, organizational effectiveness depends on the alignment between task allocation, authority, and available resources. In this case, the mismatch between organizational demands and human resource capacity undermines the effectiveness of retribution management.

Implementation of Market Retribution Collection

The implementation stage represents the most critical and problematic phase of market retribution management. Empirical findings show that retribution collection is carried out through direct field collection by designated collectors, who provide tickets as proof of payment to traders. While this mechanism aligns with established procedures, several operational challenges persist. These include delayed payments by traders, non-compliance among temporary or itinerant traders, and discrepancies between collected and deposited funds.

One recurring issue identified in the study is the tendency of traders, particularly those operating in open yards or pelataran areas, to leave the market after selling their goods without fulfilling their retribution obligations. Additionally, some kiosk traders delay or neglect their retribution payments. These behaviors contribute to revenue shortfalls and highlight weaknesses in enforcement mechanisms. The findings suggest that implementation effectiveness is constrained not only by trader behavior but also by limited monitoring capacity and weak sanction enforcement.

Supervision and Evaluation Mechanisms

Supervision and evaluation of market retribution management are formally conducted through monitoring activities by the relevant departmental units. Monitoring includes oversight of collection processes, verification of payment records, and evaluation of field officers' performance. According to the findings, supervisory mechanisms exist and function at a basic level, providing feedback on implementation performance.

However, the effectiveness of supervision remains limited due to the lack of firm sanctions against non-compliant traders and the absence of routine, unannounced field inspections. As a result, supervisory efforts tend to be reactive rather than preventive. This condition reduces the deterrent effect of supervision and allows non-compliance to persist. In the context of Edward III's framework, insufficient enforcement weakens the policy environment and diminishes the credibility of retribution regulations.

Accountability and Reporting Practices

Accountability in market retribution management is carried out through a multi-layered reporting system. Activity accountability reports (SPJ) are prepared by implementing officers and submitted to budget authorities. These reports are consolidated into institutional performance reports in accordance with Government Regulation Number 29 of 2014 on Government Agency Performance Accountability. Furthermore, accountability reports are submitted annually to the regional head and relevant central government authorities as mandated by Law Number 32 of 2004.

While accountability procedures are formally implemented, the study finds that accountability remains largely administrative in nature. Reporting focuses on compliance with procedural requirements rather than on performance outcomes or service quality improvements. This emphasis limits the potential of accountability mechanisms to drive learning and institutional improvement in market retribution management.

Communication as a Determining Factor in Policy Implementation

Communication plays a crucial role in the implementation of market retribution policy. Drawing on the perspectives of Louis Forsdale and Robbins, communication is understood as a process of transmitting meaning to establish shared understanding among organizational actors. The findings indicate that communication between policy implementers and field officers is not always effective, particularly regarding data management and operational instructions.

Limited understanding of data systems among field officers has led to coordination problems and information gaps. These communication failures contribute to delays in collection and reporting, ultimately affecting revenue performance. Moreover, communication with traders remains largely transactional, focusing on payment collection rather than on building awareness of the benefits of retribution. This approach limits trader engagement and weakens voluntary compliance.

Resource Constraints in Market Retribution Management

Resource limitations constitute a significant barrier to effective market retribution management. These limitations include insufficient operational budgets, inadequate facilities, and limited human resources. The study finds that budget constraints restrict the ability of the local government to provide adequate incentives, equipment, and logistical support for

retribution officers. Additionally, disparities in infrastructure quality across market locations further complicate implementation.

In line with Edward III's assertion that resources are a critical determinant of policy success, the findings suggest that current resource allocations are insufficient to support the expansion and optimization of market retribution collection. Without adequate investment in personnel and infrastructure, efforts to improve PAD through market retribution are likely to remain constrained.

Disposition and Bureaucratic Behavior

The disposition or behavior of policy implementers significantly influences implementation outcomes. The study identifies both positive and negative behavioral patterns among bureaucratic actors. On the positive side, many officers demonstrate commitment, discipline, and responsibility in carrying out their duties. However, paternalistic leadership patterns and subjective decision-making in personnel placement persist, affecting morale and performance.

The findings resonate with Weber's concept of bureaucracy, which emphasizes hierarchy, rules, and professionalism. In practice, deviations from these ideals—such as favoritism and limited merit-based placement—reduce organizational effectiveness. Ethical behavior, particularly honesty in financial reporting and fund deposition, emerges as a critical issue, given the vulnerability of retribution systems to leakage.

Bureaucratic Structure and Public Support

The bureaucratic structure governing market retribution remains predominantly mechanical, characterized by rigid procedures and hierarchical control. While this structure provides clarity of authority, it limits flexibility and responsiveness to local market conditions. The absence of adaptive mechanisms reduces the system's capacity to address diverse challenges across market locations.

Public support, particularly from traders, is another determinant of implementation success. The study finds that trader support is largely instrumental, driven by obligation rather than trust or perceived benefit. Limited reinvestment of retribution revenues into market facilities reduces traders' willingness to comply and weakens public participation. This finding aligns with the view that public support is essential for sustainable policy implementation, as noted by Jan Merse.

CONCLUSION

This study demonstrates that the management of market retribution in South Bolaang Mongondow Regency has been implemented in accordance with the prevailing regulatory framework, particularly Regional Regulation Number 25 of 2011, yet has not achieved optimal effectiveness in strengthening Regional Original Revenue (PAD). The findings reveal that while organizational arrangements and accountability mechanisms are formally in place, substantive weaknesses persist across key management stages, notably in planning, implementation, supervision, and resource allocation. Uniform tariff determination, limited trader participation, insufficient human resources, and weak enforcement mechanisms collectively constrain the revenue potential of market retribution and reduce its perceived legitimacy among market users.

The study contributes to the existing body of knowledge by providing a process-oriented, qualitative analysis that links policy implementation dynamics with empirical revenue outcomes at the local government level. Unlike studies that focus primarily on revenue performance, this research highlights how institutional capacity, bureaucratic behavior, communication, and public support interact to shape the effectiveness of retribution management. These insights underscore the importance of aligning regulatory compliance with adaptive management practices and stakeholder engagement to enhance local fiscal capacity.

From a policy perspective, the findings suggest the need for differentiated tariff structures, institutional strengthening through dedicated market management units, improved supervision, and greater reinvestment of retribution revenues into market services. Future research may build on this study by employing comparative or mixed-method approaches to examine market retribution management across regions and to assess the long-term impact of institutional reforms on local revenue sustainability.

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