Optimization Strategy of Regional Origin Income (PAD) And Impact on Economic Growth in Buton Selatan Regency

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Abstract. South Buton Regency has various potential natural resources, such as fertile agricultural land, abundant fishery products, and large reserves of minerals and mines. However, this potential has yet to be fully optimized to increase local revenue (PAD). This study aims to identify strategic factors, which are strengths and weaknesses as well as opportunities and threats, and then formulate priority development strategies for optimizing Regional Original Revenue (PAD) and their impact on economic growth in South Buton Regency. Primary data is used through field observations and interviews, while secondary data is obtained from previous research, books, and related agencies. The results of the study indicate alternative strategies that can be considered, including strategies for exploiting the potential of rich natural resources and improving supporting infrastructure, strategies for implementing training and education programs and increasing efforts to diversify the economy, strategies for using the potential for rich natural resources to develop various products and services as well as improving the quality of existing infrastructure and forging partnerships with other regions in a joint effort to overcome competition with other regions and face common challenges.

Keywords: Economic Growth, Locally Generated Revenue, Strategy, SWOT Analysis.

A. INTRODUCTION

Regional Original Revenue (PAD) is one of the main sources of income for local governments in Indonesia. Regional Own Revenue is a source of funding for district/city regions with one of its components being regional taxes and regional levies [1]. In addition, Regional Original Income (PAD) is an accumulation of Tax Receipt Posts consisting of Regional Taxes and Regional Retribution, Non-Tax Revenue Posts in the form of revenue from Regionally Owned Companies, as well as investment receipts and management of natural resources [2]. Regional Original Revenue (PAD) is very important in supporting various development programs and public services at the district level, one of which is South Buton Regency. South Buton Regency is located in Southeast Sulawesi Province, Indonesia, and has considerable economic potential with various sectors such as agriculture, fisheries, mining, and tourism.

Increasing PAD is one of the main goals of local governments because it can increase financial independence and strengthen government capacity to meet community needs. In the context of central government policies that aim to support development management in every region throughout Indonesia, it is hoped that each region can effectively manage existing resources, including human and natural resources, to contribute positively to Regional Original Income [3]. In the context of the South Buton Regency, optimizing PAD has a significant impact on economic growth and people’s welfare.
Economic growth is an important indicator in measuring the progress of a region. Economic growth is a process that focuses on increasing Gross Domestic Product (GDP) income; increasing economic growth is considered an indicator of successful economic development because effective economic growth will be in line with progress in various development sectors [4]. In addition, economic growth is a long-term issue that needs to be the focus of each region to achieve fast and sustainable economic growth with a similar goal, namely accelerating economic growth [5]. South Buton District, like other regions, requires sustainable economic growth to reduce poverty, create jobs, and improve people’s quality of life. Thus, local governments need to design and implement effective PAD optimization strategies.

South Buton Regency has various potential natural resources, such as fertile agricultural land, abundant fishery products, and large reserves of minerals and mines. However, this potential has not been fully optimized to increase PAD. Several challenges need to be overcome; this district still faces limitations regarding qualified human resources to manage potential economic sectors. Increasing the capacity of human resources is key to developing the local economy. Creativity and independence are important aspects of personal development, which should be valued firmly attached to each individual and have significant added value, especially in the current era of globalization, full of intense competition [6]. In addition, despite its great potential, infrastructure in South Buton Regency still needs to be improved, especially road access and connectivity. Adequate infrastructure will help transport agricultural, fishery, and mining products more efficiently. Infrastructure has a very significant role in supporting the economic growth of a region [7]. With the existence of good infrastructure, it can increase the efficiency of production results, create new job opportunities, reduce poverty levels, and, in the end, improve people’s welfare. Economic diversification is important to reduce economic risks associated with fluctuations in commodity prices.

South Buton Regency needs to design an effective Regional Original Revenue (PAD) optimization strategy to overcome challenges and take advantage of existing potential. Local governments can evaluate existing tax rates and user charges and ensure that these rates align with local economic developments. In addition, it is necessary to increase supervision of collecting taxes and fees to minimize the potential for leakage. It is important to improve supervision, guidance, and evaluation of the local tax collection process so that it is hoped that it can improve regional tax revenues in supporting the strategy for optimizing Regional Original Revenue [8]. South Buton Regency has great tourism potential with beautiful beaches, rich local culture, and potential for diving. Local governments can invest in tourism promotion and supporting infrastructure, such as resort development and accessibility. Tourism has a central role in efforts to increase regional income [9].

Local governments can encourage economic diversification to reduce dependence on agriculture and fisheries. This can include developing the industrial and service sectors and supporting small and medium enterprises (SMEs) to innovate and develop. Product innovation can provide added value, especially to increase revenue [10]. Investment in education and training to improve the quality of human resources is very important. Competent human resources will be better able to manage economic sectors properly. Adequate infrastructure is a prerequisite for sustainable economic growth. Local governments can partner with the private sector or seek support from the central government to improve transport and communications infrastructure. Implementation of an effective PAD optimization strategy has the potential to have a positive impact on the economic growth of South Buton Regency. With increased PAD, local governments will have more financial resources to invest in infrastructure development, public services, and developing
economic sectors. This will create a more conducive environment for business growth and investment, creating jobs and increasing people’s incomes. Increased income will also support social and community welfare programs like education and health. This will help reduce poverty and improve the overall quality of life for the people of Buton Selatan Regency.

Optimizing Regional Original Income (PAD) is an important step in supporting the economic growth of the South Buton Regency. Local governments can overcome existing challenges and exploit the large economic potential through the right strategy. By increasing PAD, South Buton Regency can achieve sustainable economic growth, improve people’s quality of life, and create a healthier business environment. Therefore, implementing this strategy needs to be the local government’s main focus to improve its population’s welfare. Seeing the obstacles in optimizing Regional Original Income (PAD) and their impact on economic growth in South Buton Regency, it is necessary to develop a strategy for optimizing Regional Original Revenue (PAD) and its impact on economic growth by identifying strategic factors that are strengths and weaknesses as well as opportunities and threats, then formulate and determine priority strategies for optimizing Regional Original Revenue (PAD) and their impact on economic growth in South Buton Regency.

This study aims to identify strategic factors, which are strengths and weaknesses as well as opportunities and threats, and then formulate priority development strategies for optimizing Regional Original Revenue (PAD) and their impact on economic growth in South Buton Regency.

B. METHOD

This research was conducted in the South Buton Regency. This study uses primary data and secondary data. Primary data were obtained from field observations and interviews based on questionnaires that had been made to determine weights and ratings. In contrast, secondary data were obtained from previous studies, books, data from related agencies, and others. Secondary data collection is intended to find out information about the research location. The determination of respondents in this study was carried out using a purposive sampling technique, considering that the people selected had knowledge, experience, and understood the problems regarding the object to be studied [11]. The data analysis technique used is to analyze the internal and external environment for a SWOT analysis. Internal strategic factors include strengths and weaknesses, while external ones include opportunities and threats.

Determination of weight values, ratings, and the formulation of development strategies is carried out based on the results of interviews and existing secondary data. The rating level is given a value of 1 to 4 to assess the influence level on internal and external strategic factors. Value 1 represents very weak (major weaknesses), value 2 represents slightly weak (minor weaknesses), and value 3 represents rather strong (minor strength) and a value of 4 represents very strong (major strength) [12]. The stages of SWOT analysis through the IFAS matrix to describe the internal situation in optimizing Regional Original Revenue (PAD) and its impact on economic growth in South Buton Regency, which consists of strengths and weaknesses, and the EFAS matrix describes external conditions consisting of opportunities and threats which are then processed based on weights and ratings.

Furthermore, it was analyzed with a SWOT analysis diagram to determine the strategic position of optimizing Regional Original Revenue (PAD) and its impact on economic growth in South Buton Regency. Then, it was analyzed using the SWOT matrix and determining alternative strategies. The model used in collecting data as one of the stages of strategic planning is the Internal Factor Evaluation Matrix (IFE), which is a tool used to compile internal factors; this strategy formulation tool summarizes and evaluates the main strengths and weaknesses in various functional
areas. While the External Factor Evaluation Matrix (EFE) is a tool used to compile external factors to take advantage of existing opportunities and overcome external threats [13].

C. RESULT AND DISCUSSION

Analysis of Internal Strategic Factors (IFE) and External Strategic Factors (EFE)

South Buton Regency, located in Southeast Sulawesi Province, has taken strategic steps in the development of optimizing Regional Original Revenue (PAD) as an integral part of efforts to strengthen the local economy and encourage sustainable economic growth. This development has significantly impacted the region’s ability to meet public needs, build infrastructure, and improve the welfare of society as a whole.

In establishing a development strategy to increase Regional Original Income (PAD) and its impact on economic growth in South Buton Regency, the first step is to evaluate internal and external factors. This evaluation aims to identify elements that have a strategic role as strengths and weaknesses, as well as opportunities and threats, by determining weights and ratings based on interview results. The matrix of internal strategic factors (IFE) and external strategic factors (EFE) are as follows:

Table 1. Matrix of Internal Strategy Factors (IFE) and External Strategy Factors (EFE)

<table>
<thead>
<tr>
<th>Internal Factors</th>
<th>Weight</th>
<th>Rating</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Rich Natural Resource Potential</td>
<td>0.28</td>
<td>4</td>
<td>1.12</td>
</tr>
<tr>
<td>2. Infrastructure Improvement</td>
<td>0.28</td>
<td>4</td>
<td>1.12</td>
</tr>
<tr>
<td>3. Committed Governance</td>
<td>0.22</td>
<td>3</td>
<td>0.66</td>
</tr>
<tr>
<td>4. Attractive Tourism Potential</td>
<td>0.22</td>
<td>4</td>
<td>0.88</td>
</tr>
<tr>
<td>Sub Total</td>
<td>1</td>
<td></td>
<td>3.78</td>
</tr>
<tr>
<td>Weakness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Limited Human Resources</td>
<td>0.24</td>
<td>3</td>
<td>0.72</td>
</tr>
<tr>
<td>2. Dependence on Certain Sectors</td>
<td>0.25</td>
<td>4</td>
<td>1.00</td>
</tr>
<tr>
<td>3. Existing Infrastructure Constraints</td>
<td>0.24</td>
<td>3</td>
<td>0.72</td>
</tr>
<tr>
<td>4. High Unemployment Rate</td>
<td>0.27</td>
<td>4</td>
<td>1.08</td>
</tr>
<tr>
<td>Sub Total</td>
<td>1</td>
<td></td>
<td>3.52</td>
</tr>
</tbody>
</table>

Total Difference Strengths And Weaknesses 0.26

<table>
<thead>
<tr>
<th>External Factors</th>
<th>Weight</th>
<th>Rating</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Economic Diversification</td>
<td>0.26</td>
<td>4</td>
<td>1.04</td>
</tr>
<tr>
<td>2. Tourism Development</td>
<td>0.24</td>
<td>3</td>
<td>0.72</td>
</tr>
<tr>
<td>3. Collaboration with Private Parties</td>
<td>0.26</td>
<td>4</td>
<td>1.04</td>
</tr>
<tr>
<td>4. Empowerment of Human Resources</td>
<td>0.24</td>
<td>4</td>
<td>0.96</td>
</tr>
<tr>
<td>Sub Total</td>
<td>1</td>
<td></td>
<td>3.76</td>
</tr>
</tbody>
</table>

Threat

| 1. Commodity Price Fluctuations      | 0.26   | 3      | 0.78  |
| 2. Global Economic Uncertainty       | 0.25   | 3      | 0.75  |
| 3. Other Regional Competition        | 0.23   | 2      | 0.46  |
Based on Table 1, internal key factor matrix analysis (IFE) on strengths is selected with the highest score, and the weakness factor is selected with the lowest score. The main strength in the internal environmental analysis of the strategy for optimizing Regional Original Income (PAD) and its impact on economic growth for South Buton Regency is the potential for rich natural resources and an increase in infrastructure of 1.12 with an average weight of 0.28 and a rating of 4. This shows South Buton Regency has abundant natural resource potential, such as fertile agricultural land, various fishery products, tourism, and mineral reserves. Utilizing the potential of these natural resources can include several steps, such as economic diversification, local industrial development, and investment in related sectors. In addition, infrastructure plays a key role as a cog for economic growth. With good infrastructure, such as a smooth road network, adequate transportation facilities, and quality public facilities, the area can create a conducive environment for investment, trade, and the growth of other economic sectors. The main weaknesses are limited human resources and infrastructure constraints that still exist at 0.72, with an average weight of 0.24 and a rating of 3. Limited human resources are a serious obstacle often faced in various aspects that are very important in economic operations and development. In addition, the skills and capabilities of human resources (HR) are important factors in increasing the competitiveness and productivity of the regional economy.

External key factor matrix analysis (EFE) on opportunities is selected with the highest score, and threat factors are selected with the lowest score. The main opportunities in the strategy for optimizing Regional Original Income (PAD) and its impact on economic growth in Buton Selatan Regency are economic diversification and collaboration with the private sector of 1.04, with an average weight of 0.26 and a rating of 4. This shows opportunities for economic diversification by developing diverse industrial and service sectors, which will help reduce dependence on certain sectors. In addition, cooperation with the private sector can help mobilize investment in developing local infrastructure and industry. Cooperation between local governments, the private sector, academic institutions, and civil society is an important strategy for improving economic performance and overcoming various development challenges. The threat factor indicates the main threat, with the lowest score being competition from other regions 0.46 with an average weight of 0.23 and a rating of 2, indicating that South Buton Regency must compete with other regions to attract investment and economic development. This competition can result in a decrease in profit margins. Increased competition between regions is an effect of...
globalization, so the region must have a promotion strategy to attract investors, business people, and tourists or to increase people's satisfaction [19].

**SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats)**

After knowing the position of combining internal and external key factors, several alternative strategies for optimizing Regional Original Revenue (PAD) and their impact on economic growth in South Buton Regency can be formulated. These strategies are grouped into four cells: S-O strategy, S-T strategy, W-O strategy, and W-T strategy. The results of the SWOT matrix analysis can be seen in Table 2.

**Table 2. SWOT Matrix Analysis**

<table>
<thead>
<tr>
<th>Internal Analysis</th>
<th>Strengths (S)</th>
<th>Weakness (W)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Rich Natural Resource Potential</td>
<td></td>
<td></td>
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<td>2. Infrastructure Improvement</td>
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</tr>
<tr>
<td>4. High Unemployment Rate</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Opportunities (O)**

1. Economic Diversification
2. Tourism Development
3. Collaboration with Private Parties
4. Empowerment of Human Resources

**Strategy SO**

The strategy is to exploit the potential of rich natural resources and improve supporting infrastructure.

**Strategy WO**

Strategies for implementing training and education programs, as well as increasing efforts to diversify the economy.

**Threats (T)**

1. Commodity Price Fluctuations
2. Global Economic Uncertainty
3. Other Regional Competition
4. Political and Social Instability

**Strategy ST**

The strategy is to use the potential of rich natural resources to develop various products and services and improve the quality of existing infrastructure.

**Strategy WT**

Establish partnerships with other regions in joint efforts to overcome competition with other regions and face common challenges.

Source: Primary Data After Processing (2023)

From the results of the SWOT matrix, several alternative strategies can be obtained in optimizing Regional Original Revenue (PAD) and their impact on economic growth in South Buton Regency. The SO strategy is to utilize the potential of rich natural resources and improve supporting infrastructure. The area has abundant natural resources, including fertile agricultural land, diverse fishery products, and mineral reserves. To optimize this potential, strategic steps need to be implemented. One of the main strategies is the diversification of products and services based on natural resources. It involves the development of various agricultural, fishing, and other industrial products that use natural resources as raw materials.
This diversification increases regional income and reduces dependence on one economic sector. Investment in infrastructure is also a key element in this strategy. Funds need to be allocated for the construction and maintenance of infrastructure, including a good network of roads and other means of transportation. High-quality infrastructure will increase the efficiency of product distribution and facilitate connectivity to remote areas. The importance of infrastructure development is a very relevant concept in regional development because strong and high-quality infrastructure has a significant impact on economic growth, people's quality of life, and the competitiveness of a region in the global market [20].

The WO strategy is implementing training and education programs and increasing efforts to diversify the economy. Implementing training and education programs while increasing efforts to diversify the economy is a very relevant approach to advancing South Buton Regency. By combining effective education and training with efforts to broaden the economic base, the region can achieve sustainable economic growth and improve the quality of life of its residents. Community assistance through resource-based business diversification activities is a good concept for empowering communities and advancing the local economy [21]. The importance of training in increasing the economic value of village communities in strengthening community capabilities, improving their skills, and improving the quality of life economically [22].

ST's strategy is to use the potential of rich natural resources to develop various products and services and improve the quality of existing infrastructure. This strategy aims to exploit the potential of the rich natural resources in the South Buton Regency in a sustainable way that positively impacts economic growth. By developing various products and services and improving existing infrastructure, we can achieve inclusive and sustainable economic growth, provide economic opportunities to local communities, and reduce dependency on certain sectors. With good implementation and commitment from various parties, this strategy can be the key to success in advancing South Buton Regency. The creative economy is gradually replacing the role of commodities and natural resources as economic drivers that impact sustainable economic growth [23].

WT's strategy is to establish partnerships with other regions in a joint effort to overcome competition with other regions and face common challenges. In developing partnerships with other regions, South Buton Regency must consider common interests, respect each other's cultural differences and needs, and have a clear shared vision. Through this joint effort, South Buton Regency can better overcome competition from other regions and face various challenges, creating more inclusive and sustainable economic growth. Partnership is a form of mutually beneficial cooperation between the two parties to achieve common goals [24].

D. CONCLUSION

Based on the results and discussion above, it can be concluded that the internal and external factors, which are the strengths and weaknesses as well as opportunities and threats in the development of optimizing Local Own Revenue (PAD) and their impact on economic growth in South Buton Regency, several alternative strategies can be considered, including the strategy of exploiting the potential of rich natural resources and improving supporting infrastructure, the strategy of implementing training and education programs and increasing efforts to diversify the economy, the strategy of using the potential of rich natural resources to develop various products and services and improve the quality of existing infrastructure and establish partnerships with other regions in a joint effort to overcome competition with other regions and face common challenges. It is important to note that implementation of these strategies requires strong commitment and
coordination between local government, the private sector, local communities, and other stakeholders. In addition, periodic monitoring and evaluation are needed to ensure the effectiveness of these strategies in increasing PAD and economic growth in the South Buton Regency. With these steps, the Regency has the potential to achieve more inclusive and sustainable economic growth and improve its people's welfare.

E. REFERENCES


Author declaration

Author contributions and responsibilities

The authors made major contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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All data is available from the author.

Competing interests

The authors declare no competing interests.

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