

The Effect of Market Revitalization towards Original Local Government Revenue (PAD) (Case Study: Padang Market)

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Abstract

Revitalization of traditional market is a government program in improving original local government revenue (PAD) generally, and Padang trader's economic especially. The purpose of the research is to know the influence of revitalization toward original local government revenue (PAD). The research is conducted in Padang city which includes traditional market that has been revitalized. The sample of the research is amount 257, a majority of all traders in traditional markets which have been revitalized in the city of Padang. Data collection methods used were structured interview and observation. This study uses a simple linear regression analysis. The results showed $Y = 44.744 + 0,962X$, Through the calculation results are processed using SPSS obtained value f t test and obtained results that revitalization, has a significance influence on original local government revenue (PAD).

Key words: Revitalization, Original local government revenue (PAD)

Introduction

Developments in science and technology are rapidly increasing nowadays, proving that a change needs to be done so that the balance and sustainability of the progress made at this time. Changes that have been done is a growth innovation for fulfill the society needs in digital world era. One of the innovations done by government is the innovation towards traditional market. The revitalization policy to market physic condition which is claimed as the dirty, unregularly and untidy area. This innovation is expected to change the society paradigm in digital world era.

Basically, both of traditional market or modern market averagely has specification in same commodity. It will create the competition both of the markets. The free computation will be done if we ignored it. From ancient, traditional market was thought as the place to fulfill all the society needs. But, the growth of the technology causes the traditional market is labeled as the dirty, and untidy place. That's why the seller are unwilling to buy all their needs in traditional market, then move to the modern market which offers more comforting for them.

Traditional markets are having various problems nowadays. The general Problems that occur in traditional markets are the physical condition of the market, facilities and infrastructure facilities to the weakness of market management. Today, the existence of traditional markets is increasingly being pushed down by the emergence of modern markets, that offer all the needs of the people in one place, and ensure the cleanliness and comfort of visitors to shop. The higher competition between traditional markets and modern markets makes the visitors moving to shop in the modern market, this condition certainly affects the income of traders and will damage the traders who have small financial capital, as well as original local government revenue (PAD) from traditional market retribution of course will decrease.

In facing this competition, it is needed the efforts of local government to make improvization through market revitalization. Government Policy Presidential Regulation Number 112 in 2007 about the Arrangement and Development of Traditional Markets, Shopping Centers and Modern Stores is one of the policies issued by the government to overcome the competition that is not balanced between traditional markets and modern markets.

Kotler (2005) cites that a market is a potential place to special offers which influenced by all sellers. Market has active role for the growth of goods and services fulfilling. Either government and

consumer, or producer has to be fulfilled by the market. The main contribution of traditional market for local income is retribution fee and tax. Pfeffermann (2000) states that traditional market traders who in the informal sector category gives the vocation up to 58%, it can prevent the poverty. The existence of traditional market has another profit, such as the big capacity of employ workers, so it will reduce the unemployment rate.

Market revitalization which has physics improvement either in building renovation or in management administration for more professionalism that is done by trade office supposed to be an effective formula to confront the giant retailer. Without any revitalization, the traders get the grim reality, what a quiet their market. They are defeated by modern markets.

If it is seen from regional revenues that from trade activities in the market, it is certainly not comparable to tax revenues received from modern markets, but it is important to note that contribution from traders who sell in traditional markets are part of original local government revenue (PAD) Padang city. If the trade process in the traditional market weakens, this condition will not only affect the economy of the traders, but also affect the percentage of PAD that is received. It can be seen from the contribution of original local government revenue (PAD) received from traditional markets, it has a low percentage compared to the contribution of PAD received from other sectors, therefore it is necessary to increase the source of revenue from the traditional market.

Therefore, one of the government ways to defend the traditional market from the competitor is recovery and renovation of traditional market by revitalization. The market will be managed physically, so it cannot be loosed by modern market. If it rises up, the market can give contribution through collecting retribution to the traders, and of course it will affect original local government revenue (PAD). It is important to know "the effect of Padang Market revitalization towards the Original local government revenue (PAD) It can give the information to the government about the relationship effect of revitalization to original local government revenue (PAD) that come from Padang Market.

Market Revitalization

Traditional market revitalization is very important to be done defendsmall micro businesses in business competition. According to Munoz (2001), in some specific condition, traditional markets can grow and develop continuously. The government have to overcome this condition so that the traditional market can develop sustainably by making various programs such as which is currently being run is revitalizing traditional markets. Revitalization or recovery of traditional markets physically is aims to eliminate the impression of dirty traditional markets.

This revitalization does not only aim to improve physical conditions but also will rearrange the market structure and market management system. The lack of human resource capacity of traders and market managers technically and management (Lukman, et al: 2012). The traders and market managers must also be required to be able to see how consumers behave in traditional markets. Chen (2005) said that the majority of consumer behavior will choose a shopping place that has been categorized as the type of goods.

According to Victor (2006) there are some factors which market can be said run optimally and efficiently. Those are:

- 1) The pattern of distributing good trading facilities
- 2) Adequate market physical condition
- 3) Good market management
- 4) Items sold are vary
- 5) Market service time

Market has very important role in economic development. According to Kottler (2002) there are some defenition of market, those are:

- 1) In its original defenition, market is a meeting place for those who want to sell and buy to exchange goods and services

- 2) For an economist, they more focus on the behavior, performance and structure of a market and all parties involved in the transaction.
- 3) For a market marketer is involve of all parties who will sell or buy a product.

In this case the market success of the revitalization program is measured through the sharing aspects, of one of them is on the achievement of program objectives and appropriate targeting. The purpose of the traditional market revitalization program by the Indonesian Ministry of Trade are:

- 1) to change the "face" of traditional markets become more structured, clean, and comfortable;
- 2) to improve and protect consumers and traders;
- 3) to promote awareness of traders in terms of product hygiene, health, and sanitation;
- 4) awareness of all parties involved that the safety and quality of products is important;
- 5) to maintain the competitiveness of traditional markets

Market revitalization not only propose physical and market building improvements but also to improve market management and traders income, in addition there is a concept of how to dynamize the market. As explained by the Ministry of Commerce in the Country (Lukman, et al, 2012) recovery of market management and traders includes:

- 1) Application of Retail Management and Integrated Space,
- 2) Local and global Realization,
- 3) Applying the Specialty Store concept,
- 4) A strong brand awareness market,
- 5) Modernization of Market Information System management,
- 6) Managerial and technical management training for market managers,
- 7) Managerial training and trading techniques for traders.

Original local government revenue (PAD)

Original local government revenue (PAD) is the revenue obtained from the local tax sector, local retribution, the results of regionally owned companies, the results of the management of separated regional wealth, and other legitimate local revenue (Mardiasmo, 2011). The regional revenue sector plays a very important role, because through this sector it can be seen to what extent an area could be able finance government activities and local construction.

Original local government revenue (PAD) is one of the sources of local construction finance, but in fact it is not enough contribute to local growth, the local governments have to explore and increase local revenue, especially the sources of original local government revenue. Original local government revenue (PAD) is local revenue derived from local taxes, local retribution, the results of the management of regional assets are separated, and other legitimate local revenue, which aims to provide freedom to the region in exploring funding in the implementation of regional autonomy as a realization of the principle of decentralization. (Description of constitution No. 33 in 2004).

To increase the role of local governments in local construction, local governments are required to be more independent in financing the operations of their households. It can be seen that local revenues cannot be separated from local expenditures, because there are similarities. There is a budget allocation that is managed and made to expedite the local government. There are rightful authority, competence, and obligation, that are given to local government in developing the managing their households. It is an effort to increase the role of local government in developpe their local potential by manage the sources of local revenue efficiently and effectively, especially their own original local government revenue.

The sources of original local government revenue (PAD) that is stated in constitution Number 33 in 2004 Article 157, those are consists of:

- a. The results of Local tax
Tax is the main financial source for regions beside the local retribution.
- b. The results of local retribution.
The source of other important local revenue is local retribution. There are some definition of local retribution from some experts. According to Kaho (2005) regional retribution is a local

- collection as payment of usage, obtaining employment, business or local services for the public interest or because of services are provided by the government directly or indirectly.
- c. The results of local-owned companies and the results of separated local property management. The result of the local-owned company is the local revenue of the net profit of the local company in the form of local construction and the part for the local budget which is deposited to the local treasury, both separated local companies, it is suitable with the motive of establishment and management provide services, organize public benefits, and develop local economies.
 - d. Others legitimate local revenues are those that are not included in the types of local taxes, local retribution, service revenues.
- Other legitimate local businesses have an opening nature for local governments to carry out activities that produce good material in the activity aimed at supporting, streamlining, or establishing a local policy in a particular area.

According to Kadjatmiko (2002) there are some types of local tax for districts/cities, those are:

1. Hotel tax.
2. Restaurant tax.
3. Entertainment tax.
4. Advertise tax
5. Street lighting tax
6. Tax on the extraction of group C materials
7. Parking tax.

As the taxes in general, local taxes have a double role, namely:

1. As a source of local revenue (budgetary)
2. As a regulatory tool

The success of implementing local autonomy is also very depend on the active participation of the society and give implications for society as an integral whole of the very important regional government of the government system, because the implementation of autonomy is aimed at realizing a prosperous society. Society participation involve the participation in the decision making process, implementation, utilization of results and evaluation. Local autonomy can be realized if accompanied by good financial and economic autonomy. This means that financially does not depend on the central government by exploring as much as possible the source of original local government revenue (PAD).

Research hypothesis

The hypothesis of this study is Allegedly there is revitalizing effect on the original local government revenue (PAD) Pasar Raya Padang

Methods

Population and Sample

The population in this study are all Pasar Raya Padang traders who feel the revitalization of highway market and the reorganization of the sword. Total population obtained from official trade for 2017 was approximately 720 people.

The sampling technique is random sampling, the random sampling, and provides the opportunity for each element or selected members of the population being sampled. The sample in this study Slovin taken using the following formula:

$$\begin{aligned}
 N &= 720 / (1 + (720 \times 0,05^2)) \\
 &= 720 / (1 + 240 \times 0,0025) \\
 &= 257 \text{ (margin of error = 5\%)}
 \end{aligned}$$

Types and Sources of Data

Primary data is data taken directly from the object under study by conducting research directly on the object that is the conclusion of research and in the study of primary data sources obtained from questionnaires to the traders, the head of the market, and buyers. Secondary data is data which is not directly derived from the first source and has been arranged in the form of written documents, books and journals that are related to research.

Table 1 Operational Definition

Variabel	Indicator	
Revitalization	Physical Condition	X1
	Governance	
Original local government revenue (PAD)	Local Revenue	
	Retribution tax	Y
	Local Construction	

Analysis Method Validity test

Validity test in this study is a degree of accuracy of research measuring instruments about the actual content measured; the validity test can be seen in the Corrected item correlation. Correlation method is used to test the validity of the instrument. To test the validity of the set, the author uses the SPSS version 16.0 program. By analyzing the value Correct Item Total Correlation is negative or small from r_{table} (for $n = 30$, $r_{table} 0.361$), the item number is invalid, and the other variables are positive $> r_{table}$ the table number is valid.

Reliability Test

This test is useful to find out whether measurements made are reliable. In this study, reliability testing uses the Cronbach Alpha application from SPSS Version 16.0 which is useful to find out whether the measurements are doing are reliable. Cronbach Alpha can be determined by this formula:

Table 2 Criteria of Reliability coefficient

Criteria	Reliability coefficient
Excellent	0,80-1,00
Very Good	0,60-0,80
Good	0,40-0,60
Fair	0,20-0,40
Poor	0,00-0,20

Table used by: Suharsimi Arikunto (2013)

Simple Regression Analysis

To see the effect of the independent variable (X) on the dependent variable (Y) in this study, it can be done by using simple linear regression analysis. In its use simple linear regression analysis can be formulated as follows:

$$Y = a + bx$$

Description:

Y = original local government revenue (PAD)

X = market revitalization

a = constant (intercept)

b = regression coefficient

Hypothesis testing T-test

Individual testing can be seen on the effect of X variables individually toward Y variable. Data processing for the t-test uses SPSS version 16.0. The terms used if $t_{\text{counts}} \geq t_{\text{Table}}$ then the hypothesis is accepted and if $t_{\text{counts}} < t_{\text{Table}}$ then the hypothesis is rejected. The level of trust (α) of this hypothesis is 95% or (α) = 0,05.

Result And Discussion

The Variables description of this research aimed to see the effect of the revitalization of Pasar raya, traders' rearrangement toward original local government revenue. The result of this research was based on the contents of respondents that consist of 275 respondents.

Original local government revenue (PAD) (Y).

The variable of original local government revenue (PAD) had several indicators such as very good, good, and quite good criteria. For a very good indicator there was a question about the contribution of original local government revenue (PAD) greater than before market' revitalization, with a TCR amount of 82.96%. Meanwhile, for the good question included in Increased construction, local development, number of PAD increases, business opportunities higher, broad business licenses, and also the type of business was limited. The total TCR was in the range of 80-83%. In contrast, for indicators that have TCR was good enough criteria; uncertain revenue, strategy of PAD increases, the development of trade, the process of selling smoothly, shopping activities easier to access, strategies for transportation, adequate facilities, the new emergence, the efforts market construction develop and are not affected by new competitors. The TCR number for that question is in the range 65-79.99%.

Based on the description above it can be seen that there were items that had an effect that is better than other items, such as original local government revenue (PAD) greater than the previous one. It can be viewed of the current physical condition of the market, it is indeed better than before, because the market is more neat and orderly. This condition was made the number of market visitors increase for shopping in the market Padang city, so the income of sellers will increase with the current market revitalization. The increase in the trade process after the revitalization policy will also have an impact on local revenues from collecting the retribution to the traders, and of course will increase the amount of original local government revenue (PAD). Whereas for items that had good and sufficient TCR categories there were some results with were almost the same, it showed that the variables for the construction development can be said to be quite good, with a total score of 3.93 and the TCR number of 78.58%. The overall criterion was good enough.

The increasing this original local government revenue (PAD) can not be separated from other variables that influence. Market management that is done is an effort so that regional income through PAD can finance expulsion and local construction, so that a good PAD indicates local progress and local independence in managing their potential.

The Market Revitalization (X)

Based on the frequency distribution of respondents' answers of the table above, it was known that revitalization variable of market had an average score of 3.82 with a level of achievement of 76.83% and good criteria. This can be interpreted that the variable revitalization of the market was in a good criteria.

Based on several statements in revitalization variable of market, all items that had a score with TCR criteria were quite good, the market felt cleaner and more comfortable, neatly arranged, physical condition for selling, the ease of transaction between sellers and buyers, the position for sell was less strategic, and governance by the government has been better. The overall TCR score range was at 65-79.99%.

Based on the information above it can be seen that for market revitalization items only have a score that was in a fairly good range, there were no items that have TCR scores with very good and good criteria. It can be interpreted that the revitalization policy that has been carried out by the Padang City government was currently not running optimally and has not been able to function properly, because there were several things that make this variable well enough, namely in terms of physical market looks better than in the previous market conditions, but there were still deficiencies, where this deficiencies was what makes traders and buyers feel dissatisfied with the market revitalization policy was made by the government. Such as market revitalization in meat, chicken and fish kiosks, where the kiosk was located on the upper floor, and in terms of range for easy and difficult to reach, remembering that people who shopping in the market were housewives who want to shop quickly and easily.

The current revitalization had been done still had to make some improvements in terms of physical markets, so that the market was not just neatly arranged, but the market can also be beneficial for all parties, namely traders and sellers who have an interest in trading.

Classical assumption test

Normality test

To determine whether the data was normally distributed or not, it was done the variable normality test by using the Kolmogorov-Smirnov test which results can be seen in the table below:

Table 3 Normality test
One-Sample Kolmogorov-Smirnov Test

		Market Revitalization	Original government (PAD)	local revenue
N		257		257
Normal Paramet ers ^a	Mean	22.91		66.79
	Std. Deviation	3.296		7.411
Most Extreme Differen ces	Absolute	.084		.071
	Positive	.080		.071
	Negative	-.084		-.052
Kolmogorov-Smirnov Z		1.340		1.139
Asymp. Sig. (2-tailed)		.065		.250

a. Test distribution is Normal.

Source: Processed Data of SPSS 16.0

From the table above for each variable, the value of α Y (original local government revenue (PAD)) was 0.250, variable X (Market Revitalization) with α value of 0.055. It means that the distribution of X and Y data were normal or sample data came from normally distributed populations. This was evidenced from the One-Sample Kolmogorov-Smirnov Test . Sig. all variables > 0.05, it means that all data variables are distributed normally.

Simple Regression

Table 4 T Test

Coefficients^a

		Unstandardized Coefficients	Std. Error	Standardized Coefficients	T	Sig.
Model		B		Beta		
1	(Constant)	44.744	2.951		15.164	.000
	Market Revitalisation	.962	.127	.427	7.549	.000

Source: Processed Data of SPSS 16.0

From the table above it was obtained the results of data processing as follows:

$$\hat{Y} = a + bx$$

$$Y = 44.744 + 0.962X$$

The Interpretation of equation above was:

- 1) A constant of 44,744 showed that without the influence of the independent variable, namely Market Revitalization (X), toward the original local government revenue was 44,744.
- 2) the value of variable regression coefficient of Market Revitalization (X) was 0.962 which means that if Market Revitalization gets higher by 1 percent, the original local government revenue will be higher by 0.962 or 96.2%.

Hypothesis testing

t Test

Hypothesis testing was intended to prove whether this research hypothesis was accepted or rejected.

Hypothesis

Hypothesis in this research was that there was a significant influence between the market revitalization toward the original local government revenue with the sig value of 0.00. Then, it can be known that there was a significant influence between the revitalization of Pasar Raya (X) toward the original local government revenue (PAD) (Y).

Determination Coefficient Test (R²)

It was a part of hypothesis testing which is useful to find out the variation of proportions that explain the contribution of independent variables toward the dependent variable. Based on the results of testing were conducted with the help of the SPSS program, the results were shown in the table:

Table 5. (R²)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.427 ^a	.183	.179	6.714

a. Predictors: (Constant), Market Revitalisation

Source: the results of data processing with SPSS program Version 16

It can be seen From the table above, it was known that R^2 value was 0.427. it indicated that the variation in the proportion which explains the contribution of market revitalization affect toward original local government revenue about 0.427 or 42.7% while the rest is explained by another variable was not used in this research. The magnitude of the influence for each variable was as follows: revitalization variable of market (X) had the effect of $= 0.962$.

Discussion

The discussion of research result was based on descriptive and inductive analysis, simple linear regression analysis, which has been described in the form of description of research variables as well as analysis of research results on the effect of market revitalization variables (X) toward the original local government revenue (PAD) (Y). So, the research results can be interpreted as follows:

The Effect of Market Revitalization toward original local government revenue (PAD) in Padang City.

The research results showed that there was a significant influence between the variables of market revitalization toward original local government revenue (PAD) in Padang City. The result of data processed showed that revitalization had a relationship toward original local government revenue. Based on the results of calculations that were processed using SPSS obtained the t test value with a significance level of $0.00 < \text{from } 0.05$. It means that hypothesis of H_0 was rejected and H_a was accepted. Thus, revitalization had a significant effect toward original local government revenue (PAD).

Based on the test results that has been done by using SPSS program, then magnitude of the effect for the revitalization variable ((X) was 0.962 or 96.2%. It means that revitalization will affect the original local government revenue (PAD) was about 96.2% . Revitalization was an important factor to improve the society economic infrastructure, especially the Pasar raya revitalization was a source native income of local government. The improvement of the market physically would be able to help the economy of the people, especially the traders.

From the results of data processing, it can be seen that the pasar raya revitalization directly gave a significant influence toward original local government revenue (PAD). It can be seen from the total of revitalization effect, which amounted to 96.2%. It indicated that the improvement of infrastructure and the improvement of facilities in the market physically, will be able to encourage the intention of visitors to make purchase transactions at the market. In terms of physical and market governance, the market revitalization activities gave good effect toward the development and improvement of market's tools and infrastructures generally.

According to Munoz (2001) in Juliarta, it stated that "in certain circumstances traditional markets can grow and develop on an ongoing basis." Lukman, et al (2012) in Juliarta said that "the revitalization was done by city governments was effected by lack of trades' human resources and managers in technically and management. The revitalization that was done by Padang City government today was one of the efforts to grow and develop the activities of buying and selling in the market as continously, as well as in order to improve the technical and the better market management.

It can be concluded that the market revitalization was a government policy that provided the newest management so that the market was more organized and well coordinated and gave visitors a comfort feeling to shop and the traders felt comfort to sell. The market improvement physically through revitalization that has been done by the government will affect the income and economy of the trader, so that the benefits can be felt by all parties. For some buyers and traders, the development of the current market revitalization gave positive effect, also provided difficulties to shop. For example, to shop on the top floor was difficult to reach by buyers because of the inadequate staircase conditions. This condition should be a concern the government in revitalization the market must also consider the needs and the convenience of buyers to shop.

Conclusion and Suggestion

There was a significant effect between the market revitalization (X) toward original local government revenue (Y) in Padang city.

To optimize the used of shops or kiosks after the revitalization was done by the government, it is necessary to build kiosks that are adjusted to the traders' standards to sell and buy facilities for shopping, because from the results of the field survey, the use of kiosks or shops has not been optimally used by traders.

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