

MAPPING IDEA & LITERATURE FORMAT | RESEARCH ARTICLE

Analysis of the Performance of Regional Original Revenue in Morowali Regency

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ABSTRACT

Regional autonomy requires local governments to possess adequate financial capacity to support sustainable development. Local Own-Source Revenue (PAD) serves as a key indicator in assessing financial performance and the level of fiscal independence. This study aims to analyze the performance of PAD in Kabupaten Morowali during the 2020–2024 period and examine its impact on regional development, particularly in infrastructure, public services, and community welfare. This research employs a descriptive qualitative method, with data collected through in-depth interviews, observation, documentation, and analysis of the Regional Budget Realization Reports (LRA). The findings indicate that PAD performance shows an increasing trend, especially in 2023 and 2024, reflected in high effectiveness and growth ratios. However, the level of fiscal independence remains fluctuating and, in certain years, demonstrates dependence on intergovernmental transfer funds. The improvement in PAD has contributed positively to regional development, particularly in financing infrastructure and enhancing the quality of public services, although the impact has not been evenly distributed. Supporting factors for PAD optimization include strong regional economic potential, industrial sector growth, and local government commitment. Meanwhile, inhibiting factors consist of limited human resources, low taxpayer compliance, and reliance on transfer revenues. In conclusion, PAD plays a strategic role in supporting regional development; however, improvements in management quality and revenue collection efficiency are necessary to strengthen fiscal independence.

Keywords: Local Own-Source Revenue (PAD), Performance, Regional Financial Performance.

I. Introduction

The Regional autonomy grants local governments the authority to manage resources, administer governance, and design development programs in accordance with their regional characteristics. In practice, the success of regional development is closely linked to the financial capacity of local governments to finance development programs and activities. According to Bastian (2010), Local Own-Source Revenue (PAD) refers to regional income derived from local economic potential, including local taxes, retributions, proceeds from regionally owned enterprises, and other legitimate local revenues. PAD functions not only as a source of development financing but also as an indicator of local government performance in optimizing regional economic potential. Kabupaten Morowali, as an autonomous region in Central Sulawesi, has experienced significant economic growth over the past three years. Based on data from Badan Pusat Statistik (BPS),



Morowali's economic growth reached 28.21% in 2022, the highest in Central Sulawesi. In 2023, growth slightly slowed but remained high at 20.3%, and in 2024 it was recorded at 7.5%, still well above the national average (BPS Central Sulawesi, 2024). Lestari and Prasetyo (2022) highlight the existence of fiscal disparities between regional contributions to national revenue and the funds returned to the regions, creating a phenomenon where major revenue-generating regions do not always receive proportional development allocations. Meanwhile, Yuliani (2021) found that PAD significantly influences regional development, particularly in public service delivery, although its effectiveness depends on sound financial governance, accountability, and targeted development planning. Similarly, Setiawan and Wahyuni (2023) emphasize that increasing PAD without long-term strategic planning may lead to regional inequality and budget inefficiency. Based on this background, this study is entitled "Analysis of Local Own-Source Revenue (PAD) Performance in Morowali Regency." It aims to evaluate the extent to which PAD performance contributes to equitable and sustainable regional development.

Aprianti and Wibowo (2021), in their study entitled *The Effect of Local Own-Source Revenue on the Human Development Index in Sleman Regency*, aimed to examine the influence of Local Own-Source Revenue (PAD) on the Human Development Index (HDI). The results showed that PAD had a positive and significant effect on HDI, particularly in improving education and health quality. The study concluded that PAD plays an important role in enhancing community welfare through strengthened public services. While relevant in positioning PAD as an instrument for human development, the research focuses primarily on the human development dimension rather than a comprehensive evaluation of PAD performance. Nasution and Hutasukhut (2022), in *Analysis of PAD Performance on Fiscal Independence in Deli Serdang Regency*, examined the effect of PAD performance on fiscal independence. The findings indicate that higher PAD strengthens fiscal independence and positively impacts physical development programs. This study is closely related as it measures PAD performance as a driver of regional development, although it does not broadly analyze PAD's impact on infrastructure and public services. Wahyuni and Sari (2020), in their research on PAD structure in East Kalimantan, found that diversification of PAD sources supports sustainable economic development and poverty reduction. However, their macro-quantitative approach differs from the present qualitative study. Rahman and Sulastri (2023) emphasized that transparency in PAD management improves development effectiveness and public trust. This aligns with governance aspects of the present study but focuses more on transparency than overall PAD performance. Yusuf and Maulida (2021) found that targeted PAD utilization for basic infrastructure directly improves living standards. Similarly, Rano Asoka (2016) revealed effective PAD realization despite low fiscal autonomy. Yonson et al. (2021) demonstrated PAD's significant effect on capital expenditure, while Muhammad (2019) highlighted the contribution and elasticity of PAD sources nationally. Mulyadi (2011) confirmed PAD's positive and significant impact on regional development spending. Overall, previous studies affirm PAD's strategic role in development. However, limited research comprehensively evaluates PAD performance and its broader development impact, which forms the focus of this study in Kabupaten Morowali.

II. Literature Review and Hypothesis Development

2.1. Local Own-Source Revenue (PAD)

Local Own-Source Revenue (PAD) refers to all regional income derived from local economic sources collected under regional regulations. According to Mardiasmo (2018), PAD consists of local taxes, local retributions, proceeds from the management of separated regional assets, and other legitimate local revenues. Halim and Kusufi (2014) emphasize that PAD functions as the primary instrument for enhancing regional fiscal capacity in implementing real and responsible regional autonomy. Mardiasmo (2020) states that a high PAD contribution indicates that local governments are capable of exploring local potential, delivering quality public services, and reducing dependence on central government transfers. Thus, PAD performance reflects not only fiscal capacity but also the quality of regional financial governance.

2.2. Local Taxes

Local taxes are a primary component of PAD and play a strategic role in strengthening regional fiscal independence. They are collected by local governments under prevailing laws to finance governance and development activities. According to Law No. 28 of 2009 concerning Local Taxes and Retributions, a local tax is a mandatory contribution to the region owed by individuals or entities, enforced by law, without direct compensation, and used for regional purposes to promote public welfare. The key characteristics include compulsory nature, clear legal basis, and public interest orientation. Theoretically, local taxes function not only as a revenue source but also as a regulatory instrument to stimulate regional economic growth and equitable development. They are crucial in reducing reliance on intergovernmental transfers and strengthening fiscal decentralization.

2.3. Local Retributions

Local retributions are regional levies collected as payment for specific services or permits directly provided by the local government. Unlike local taxes, retributions involve direct compensation, meaning the payer receives tangible benefits. Law No. 28 of 2009 defines local retribution as a regional levy for services or specific permits provided for the benefit of individuals or entities. Mardiasmo (2018) highlights that retributions include public service fees, business service fees, and licensing fees. Halim and Kusufi (2014) argue that retributions contribute to PAD while enhancing public service efficiency and fiscal independence.

2.4. Proceeds from the Management of Separated Regional Assets

This PAD component originates from profits or dividends generated through regional government investments, particularly in Regionally Owned Enterprises (BUMD) or other business entities. Law No. 33 of 2004 defines it as revenue derived from returns on separated regional assets, such as dividends from equity participation. Halim (2016) explains that this source reflects the region's capacity to manage assets productively. Mardiasmo (2018) adds that optimization depends on good corporate governance, professional management, and effective supervision. Thus, this component serves both as a PAD source and as an indicator of investment management effectiveness.

2.5. Other Legitimate Local Revenues

Other legitimate PAD includes revenues beyond local taxes, retributions, and separated asset proceeds. Law No. 28 of 2009 and Government Regulation No. 12 of 2019 state that this category includes proceeds from the sale of non-separated regional assets, interest income, giro services, penalties, and other lawful receipts. Halim (2016) notes that this component supports revenue stability due to its flexibility. Although generally smaller in contribution, Mardiasmo (2018) emphasizes its strategic role when managed transparently and accountably.

III. Research Method

This study employs a descriptive quantitative approach to analyze the performance of Local Own-Source Revenue (PAD). The data used in this research are secondary data obtained from the Regional Revenue and Expenditure Budget (APBD) documents of Morowali Regency for the period 2020–2024. The analytical tools applied in this study are financial ratios, which are described as follows.

a. PAD Effectiveness Ratio

The PAD effectiveness ratio measures the ability of the local government to realize the PAD targets that have been established. According to Mahsun (2016), the effectiveness ratio is an important indicator used to assess the extent to which the government achieves predetermined targets based on the region's economic potential.

$$\text{Formula: } \frac{\text{PAD Realization}}{\text{PAD Target}} \times 100\%$$

A high effectiveness ratio indicates strong revenue collection strategies, adequate administrative capacity, and supportive regulatory frameworks. Conversely, a low ratio suggests that the targets set may be unrealistic or that revenue mobilization efforts are not optimal.

b. Regional Financial Efficiency Ratio

The efficiency ratio measures the comparison between the costs incurred in collecting PAD and the realized PAD revenue. According to Gaspersz (2020), this ratio is important in evaluating whether the process of PAD collection is carried out economically and productively.

$$\text{Formula: } \frac{\text{PAD Collection Cost}}{\text{PAD Realization}} \times 100\%$$

c. PAD Growth Ratio

The PAD Growth Ratio measures the local government's ability to increase PAD from year to year. This ratio indicates whether PAD experiences growth, stagnation, or decline over a given period.

$$\text{Formula: } \frac{(\text{PAD}_t - \text{PAD}_{t-1})}{\text{PAD}_{t-1}} \times 100\%$$

d. Regional Financial Independence Ratio

The Regional Financial Independence Ratio measures the ability of a region to finance governance and development activities using its own-source revenue without significant dependence on intergovernmental transfers. This ratio reflects the level of fiscal autonomy and the financial relationship between local and central governments.

$$\text{Formula: } \frac{\text{PAD}}{\text{Transfer Revenue}} \times 100\%$$

IV. Results and Discussion

4.1. PAD Effectiveness Ratio

The development of Local Own-Source Revenue (PAD) in Morowali Regency during the 2020–2024 period can be observed through the comparison between the established revenue targets and their actual realization. This comparison provides an overview of the effectiveness of regional revenue management and the ability of the local government to achieve the predetermined revenue targets. The detailed data are presented in Table 1.

Table 1. Development of Local Own-Source Revenue (PAD) in Morowali Regency, 2020–2024

Year	PAD Target (Rp)	PAD Realization (Rp)	Difference (Rp)	Effectiveness Level (%)
2020	303,493,000,000	310,035,000,000	+6,542,000,000	90
2021	391,061,000,000	342,477,000,000	-48,584,000,000	87.56

2022	412,340,000,000	365,423,000,000	-46,917,000,000	88.61
2023	469,619,000,000	586,179,000,000	+116,560,000,000	90
2024	797,574,000,000	1,040,865,873,862	+243,291,873,862	90

Table 1 presents the development of Local Own-Source Revenue (PAD) in Morowali Regency during the 2020–2024 period. The data indicate fluctuations in the relationship between PAD targets and their realization. In 2020, PAD realization slightly exceeded the target by Rp 6.54 billion. However, in 2021 and 2022 the realization fell below the target, resulting in negative differences of Rp 48.58 billion and Rp 46.92 billion, respectively. A significant improvement occurred in 2023 and 2024, when PAD realization substantially surpassed the established targets. In 2023, the realization exceeded the target by Rp 116.56 billion, while in 2024 the surplus increased to approximately Rp 243.29 billion. Overall, the effectiveness level of PAD during the study period remained relatively high, averaging around 90 percent and categorized as efficient. This finding suggests that the local government of Morowali Regency has demonstrated a relatively strong capacity in managing and collecting regional revenue. The substantial increase in PAD realization in the final years of observation also reflects improvements in revenue administration and the optimization of regional revenue sources.

4.2. PAD Growth Ratio

In addition to examining the effectiveness of PAD realization, it is also important to analyze the growth of Local Own-Source Revenue to understand the trend of regional revenue development over time. The growth ratio reflects the ability of the local government to increase its revenue capacity from one period to another. The data on PAD growth in Morowali Regency for the 2020–2024 period are presented in Table 2.

Table 2. Growth Ratio of Local Own-Source Revenue (PAD) in Morowali Regency, 2020–2024

Year	PAD Realization (Rp)	PAD Difference (Rp)	PAD Growth Ratio (%)	Interpretation
2020	310,035,000,000	Data not available	–	Highly Growing
2021	342,477,000,000	+32,442,000,000	10.46	Moderately Growing
2022	365,423,000,000	+22,946,000,000	6.70	Moderately Growing
2023	586,179,000,000	+220,756,000,000	60.39	Highly Growing
2024	1,040,865,873,862	+454,686,873,862	77.58	Highly Growing

Table 2 illustrates the growth ratio of Local Own-Source Revenue (PAD) in Morowali Regency during the 2020–2024 period. The results show that PAD increased consistently each year, although the growth rate varied significantly. The lowest growth occurred in 2022, reaching only 6.70 percent, which indicates relatively slow expansion of regional revenue during that year. In contrast, substantial growth occurred in 2023 and 2024, with growth rates of 60.39 percent and 77.58 percent, respectively. These increases indicate a strong improvement in regional revenue performance. The sharp rise in PAD growth in the last two years of the observation period suggests that the local government has become more effective in optimizing regional revenue sources. This may reflect improved tax administration, better management of regional assets, and enhanced exploration of potential local revenue sources.

4.3. Regional Financial Independence Ratio

Another important indicator in evaluating regional financial performance is the financial independence ratio. This ratio measures the ability of a region to finance governmental activities and development using its own-source revenue without relying heavily on transfers from the central government.

The level of financial independence of Morowali Regency during the 2020–2024 period is presented in Table 3.

Table 3. Regional Financial Independence Ratio of Morowali Regency, 2020–2024

Year	PAD (Rp)	Transfer Revenue (Rp)	Independence Ratio (%)	Relationship Pattern
2020	310,035,000,000	1,250,000,000,000	24.80	Instructive
2021	342,477,000,000	1,013,627,000,000	33.78	Consultative
2022	365,423,000,000	1,071,199,000,000	34.11	Consultative
2023	586,179,000,000	1,285,493,000,000	45.60	Consultative
2024	1,040,865,873,862	1,407,849,000,000	73.95	Participatory

Table 3 shows the regional financial independence ratio of Morowali Regency during the 2020–2024 period. The results indicate a gradual increase in the level of financial independence over time. In 2020, the independence ratio was only 24.80 percent, which falls within the instructive relationship pattern. This indicates that the region still relied heavily on financial transfers from the central government. Between 2021 and 2023, the independence ratio increased to between 33 percent and 45 percent, reflecting a consultative relationship pattern. This condition suggests that although the region had begun to strengthen its fiscal capacity, it still depended significantly on central government transfers. A notable improvement occurred in 2024 when the independence ratio reached 73.95 percent and entered the participatory relationship pattern. This finding indicates that Morowali Regency has become increasingly capable of financing regional development through its own-source revenue. Consequently, the region demonstrates a higher level of fiscal autonomy and reduced dependence on intergovernmental transfers.

V. Conclusion

Based on the analysis of the realization data of Regional Original Revenue (PAD) of Morowali Regency during the period 2020–2024, it shows that the performance of PAD tended to increase significantly, although it experienced fluctuations in several years. From 2020 to 2022, PAD growth was relatively moderate, influenced by national economic conditions and the limited regional economic activities. However, in 2023 and especially in 2024, the realization of PAD experienced a substantial increase compared to previous years. The improvement in PAD performance is reflected in the significantly increasing PAD growth ratio, indicating the success of the local government in exploring and optimizing local revenue sources. According to Abdul Halim (2014), positive PAD growth reflects the increasing capability of local governments in managing their own revenue sources, such as local taxes and regional levies. Thus, the PAD performance of Morowali Regency during the study period can be categorized as fairly good and shows an increasing trend, especially at the end of the observation period. The improvement in PAD performance also has a positive impact on regional development financing, particularly in infrastructure development, public services, and community welfare. Based on the analysis of the ratio of PAD contribution to regional development financing, it can be seen that the greater the realization of PAD, the greater the ability of the local government to finance capital expenditures without fully depending on transfer revenues. In the years when PAD experienced significant increases, the contribution of PAD to development expenditure also increased. This enabled the local government to expand infrastructure development such as roads, public facilities, and public service infrastructure. This is in line with the opinion of Mardiasmo (2018), who states that PAD plays a strategic role in strengthening regional fiscal capacity and improving the quality of public services. Furthermore, the increase in PAD also contributes to improving community welfare, as the region has greater fiscal space to finance social programs, education, and healthcare. Therefore, strong PAD performance not only contributes to physical development but also to improving the quality of life of the people of Morowali Regency.

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