



Organizational Effectiveness of the Regional Revenue Agency in Hotel Tax Collection in Dumai City

Lilis Wahyuni^{1*}, Indah Kumala Dewi², Erinaldi³

¹⁻³Sekolah Tinggi Ilmu Administrasi Lancang Kuning, Indonesia

*Corresponding Author: lilswahyuni6@gmail.com

Abstract. This study aims to analyze the effectiveness of the Regional Revenue Agency (Bapenda) in collecting hotel taxes in Dumai City. Using a qualitative approach with a case study method, this study explores the factors influencing the effectiveness of tax collection and the obstacles encountered. Data were collected through in-depth interviews, observations, and documentation, which were then analyzed using thematic analysis. The results indicate that although the objectives of tax collection have been clearly defined and provide benefits for regional development, several obstacles still hinder the achievement of the expected targets. The main obstacles include a lack of coordination between relevant parties, immature planning, and policies that are not yet fully effective. In addition, bad debts on hotel taxes are a major challenge that affects the effectiveness of tax collection. This study also found that a broad socialization strategy and the provision of adequate infrastructure have helped increase taxpayer awareness and compliance. However, supervision and control need to be improved to prevent irregularities and ensure taxpayer compliance. By improving coordination, more detailed planning, data-driven policies, more intensive education, the use of information technology, and stricter supervision, it is hoped that the effectiveness of hotel tax collection can be significantly improved. This research provides an important contribution to the Dumai City Bapenda and other local governments in their efforts to improve the effectiveness of regional tax collection. It is hoped that the recommendations provided can be implemented to overcome existing obstacles and increase regional original income (PAD) in a sustainable manner.

Keywords: Bapenda; Compliance; Hotel Tax; Local Policies; Tax Effectiveness

1. INTRODUCTION

In the context of regional governance, increasing Locally Generated Revenue (PAD) is a key indicator of successful regional financial management and the level of fiscal independence of local governments. PAD reflects a region's ability to tap legitimate revenue sources to finance development and the provision of public services sustainably (Mardiasmo, 2018; Bahl & Bird, 2008). One component of PAD with significant potential is hotel tax, particularly in regions with growing economic activity and the accommodation services sector. Hotel tax plays a crucial role in supporting regional budgets allocated for infrastructure development and improving the quality of public services. However, optimizing hotel tax collection is not always effective due to the influence of various internal and external factors (Davey, 1988).

Internally, the effectiveness of hotel tax collection by the Regional Revenue Agency (Bapenda) is heavily influenced by the performance of its staff, tax information systems, and the procedures and policies implemented. Suboptimal employee performance, whether due to limited competence, low motivation, or weak internal oversight systems, can hinder the achievement of regional tax revenue targets (Dwiyanto, 2015; Robbins & Judge, 2017). Furthermore, an unintegrated and outdated tax information system has the potential to lead to

inaccurate data on tax objects and subjects, and complicate the process of monitoring and evaluating taxpayer compliance (Heeks, 2006).

Externally, taxpayer compliance is a crucial factor in determining the success of hotel tax collection. Taxpayer compliance is influenced by an understanding of tax regulations, legal awareness, perceptions of tax fairness, and economic conditions that influence tax compliance (Alm, 2019). The emergence of bad debts on hotel taxes indicates that some taxpayers do not fully understand the importance of tax obligations or are facing economic pressures that impact their ability to pay taxes on time.

Bad debts on hotel taxes pose a serious challenge to the Dumai City Regional Revenue Agency (Bapenda), as uncollectible receivables tend to accumulate year after year. This situation not only reduces the effectiveness of tax collection but also negatively impacts regional financial performance and the fiscal capacity of local governments (Bahl & Bird, 2008). The literature shows that high tax receivables are often caused by weak collection mechanisms, ineffective administrative sanctions, and weaknesses in regional tax oversight and law enforcement (Mardiasmo, 2018).

On the other hand, the Dumai City Regional Revenue Agency (Bapenda) is required to continue developing more adaptive and innovative strategies and approaches to hotel tax collection. A proactive approach through tax education and outreach, improving the quality of public services, and utilizing more sophisticated information technology has been proven to increase taxpayer compliance and trust (Osborne, 2010; Heeks, 2006). Furthermore, cross-agency collaboration and the involvement of relevant stakeholders, such as the tourism and licensing offices, are crucial factors in creating synergy in integrated regional tax management.

Considering these various issues and the importance of hotel tax contributions to local revenue (PAD), this study aims to evaluate the effectiveness of the Regional Revenue Agency (Bapenda) in collecting hotel taxes in Dumai City. This research is expected to produce applicable and contextual recommendations for optimizing hotel tax collection, thereby increasing local revenue (PAD) and supporting sustainable regional development.

Furthermore, this study not only provides an in-depth analysis of the existing situation but also offers strategic recommendations for improving hotel tax collection governance in the future. Therefore, this research is highly urgent and relevant to the Dumai City Government and has the potential to serve as a reference for other local governments facing similar challenges in their efforts to improve the effectiveness of hotel tax collection and improve public welfare.

2. LITERATURE REVIEW

Regional Original Income and Regional Taxes

Locally Generated Revenue (PAD) is a key indicator in assessing the fiscal independence and financial capacity of local governments. PAD reflects a region's ability to tap legitimate revenue sources to finance development and public services without excessive dependence on the central government (Mardiasmo, 2018). One of the main components of PAD is local taxes, which play a strategic role in supporting regional financial sustainability.

Hotel tax is a regional tax with significant potential, particularly in areas with growing tourism and accommodation activities. Regional taxation literature confirms that optimizing hotel tax depends not only on the size of the potential taxable object, but also on the effectiveness of the collection system, the quality of the institutions, and the level of taxpayer compliance (Davey, 1988; Bahl & Bird, 2008).

Organizational Effectiveness in Collecting Regional Taxes

The effectiveness of public sector organizations is often measured by the institution's ability to optimally achieve established goals, including in the context of regional tax collection (Steers, 1977). In regional tax management, organizational effectiveness is influenced by internal factors such as organizational structure, apparatus performance, work systems, and information technology support (Robbins & Judge, 2017).

Several studies have shown that the performance of Bapenda employees significantly influences the success of tax collection. Officials with high technical competence, integrity, and work motivation tend to be more effective in supervising, recording, and collecting taxes (Dwiyanto, 2015). Conversely, low human resource capacity and weak internal oversight systems can lead to revenue leakage and increased tax receivables.

Tax Information Systems and Digital Technology

The development of information technology is a crucial factor in increasing the effectiveness of regional tax collection. An integrated tax information system enables local governments to record taxable objects, monitor taxpayer compliance, and collect taxes more accurately and transparently (Heeks, 2006). Previous research has shown that implementing a digital-based tax system can reduce data manipulation, increase taxpayer compliance, and expedite the tax administration process.

However, several studies also confirm that the use of information technology is not always optimal at the regional level. Limited infrastructure, lack of staff capacity, and resistance to change are major obstacles to the implementation of an effective tax information

system (Kurniawan, 2019). This has resulted in weak control of tax receivables and low accuracy of hotel tax revenue data.

Taxpayer Compliance and Hotel Tax Delinquent Accounts Receivable

Taxpayer compliance is an external factor that significantly determines the success of regional tax collection. Tax compliance theory explains that compliance is influenced by taxpayers' level of understanding of regulations, legal awareness, perceptions of tax fairness, and their economic condition (Alm, 2019). In the context of hotel taxes, fluctuations in economic conditions and hotel occupancy rates also influence taxpayers' ability to fulfill their tax obligations.

Bad debts on hotel taxes reflect a weak regional tax collection and oversight system. Research shows that accumulating tax receivables can reduce collection effectiveness and potentially degrade regional financial performance (Bahl & Bird, 2008). Factors contributing to bad debts include weak law enforcement, limited effective sanctions, and a lack of persuasive and educational approaches to taxpayers.

Strategies to Increase the Effectiveness of Regional Tax Collection

The literature on public administration and regional tax management emphasizes the importance of a comprehensive approach to improving the effectiveness of tax collection. This strategy includes improving the quality of tax services, tax education and outreach, strengthening law enforcement, and cross-agency collaboration (Osborne, 2010). A responsive and transparent service approach has been proven to increase taxpayer trust and compliance.

Furthermore, collaboration between Bapenda and relevant agencies, such as tourism agencies, licensing agencies, and law enforcement, is considered crucial for creating synergy in hotel tax monitoring and collection. This collaborative approach can strengthen the database, improve monitoring accuracy, and minimize the potential for bad debts in regional taxes.

Research Gap

Based on the literature review, it can be identified that most research on regional taxes focuses on taxpayer compliance or quantitative analysis of tax contributions to local revenue (PAD). Meanwhile, studies specifically evaluating the effectiveness of the Bapenda organization in collecting hotel taxes, particularly those linking internal organizational factors to the problem of bad debts, are still relatively limited. Therefore, this study fills this research gap by comprehensively analyzing the effectiveness of the Dumai City Bapenda organization in collecting hotel taxes, taking into account the internal and external factors that influence it.

3. METHODOLOGY

This research was conducted in Dumai City, focusing on Bapenda (Regional Revenue Agency) as the institution responsible for hotel tax collection. The research subjects included: 1) Bapenda employees: including the head of Bapenda, the head of the hotel tax division, and hotel tax officers. 2) Hotel taxpayers: Hotel owners or managers in Dumai City.

The data in this study were collected using several techniques, namely:

- a. Interviews: Interviews were conducted with Bapenda employees, hotel taxpayers, as well as experts and practitioners to obtain in-depth information regarding the effectiveness of hotel tax collection, obstacles faced, and proposed solutions.
- b. Observation: Direct observation was conducted to understand the hotel tax collection process at the Dumai City Bapenda, including interactions between tax officers and taxpayers, as well as the use of the tax information system.
- c. Documentation: Collecting relevant documents such as tax reports, tax collection policies and procedures, and statistical data related to hotel tax receivables. This documentation is used to support data obtained from interviews and observations.

Data obtained from various data collection techniques were analyzed using thematic analysis methods. The steps in thematic analysis include:

- a. Data Transcription: Transcribing interview and observation results into text form.
- b. Coding: Assigning codes to parts of the text that are relevant to the research topic.
- c. Theme Identification: Identifying the main themes that emerge from the coded data.
- d. Theme Grouping: Grouping similar themes to form broader categories.
- e. Data Interpretation: Interpreting findings based on identified themes and relating them to the theoretical framework used.

4. RESULTS AND DISCUSSION

The results of the study on the Organizational Effectiveness of the Dumai City Regional Revenue Agency (Bapenda) in Hotel Tax Collection show that the level of organizational effectiveness is largely determined by Bapenda's ability to formulate clear objectives, develop achievement strategies, design mature policies and plans, develop appropriate programs, provide supporting facilities and infrastructure, and implement an educational monitoring and control system. The seven indicators of organizational effectiveness as stated by Gibson et al. (in Siagian, 1986) provide a comprehensive picture of the organization's strengths and weaknesses in managing hotel tax collection in Dumai City.

Clarity of Goals to be Achieved

The research results show that the Dumai City Regional Revenue Agency (Bapenda) has a clear objective in its hotel tax collection activities. The primary objective of hotel tax collection is aimed at increasing Regional Original Income (PAD) to support development financing and public services. This clarity of purpose is reflected in the establishment of hotel tax revenue targets each fiscal year and clear tax payment deadlines for taxpayers.

In terms of benefits, hotel tax collection has been proven to make a significant contribution to regional development. The collected taxes are used to finance infrastructure and improve the quality of public services, indirectly impacting public welfare. Furthermore, hotel tax collection plays a role in supporting sustainable regional development, particularly in strategic sectors related to basic public services.

However, even though the objectives have been clearly formulated, achieving these objectives still faces various obstacles, particularly related to the level of taxpayer compliance and the existence of hotel tax receivables that have not been collected optimally.

Clarity of Goal Achievement Strategy

The research results show that the Dumai City Regional Revenue Agency (Bapenda) has a strategy in place to achieve its hotel tax collection goals. This strategy includes tax outreach activities for hotel taxpayers, increased supervision, and enforcement of regulations for non-compliant taxpayers. Outreach activities are conducted to increase taxpayer understanding of tax obligations and the benefits of taxes for regional development.

In addition, local governments have established various measures to achieve these goals, such as imposing administrative sanctions, actively collecting tax receivables, and providing easier services for compliant taxpayers. Tax payment deadlines have also been clearly defined to have a direct impact on increasing hotel tax revenue.

Although a strategy has been formulated, its implementation remains suboptimal. This is evident in the continued presence of taxpayers in arrears and the low effectiveness of hotel tax collection.

Solid Policy Analysis and Formulation Process

Based on the research results, the analysis and formulation of hotel tax collection policies in Dumai City have been guided by the needs of the community and taxpayers. Regional tax policies are designed to provide legal certainty and encourage taxpayer compliance.

However, this study also found that policies that bridge the goal of tax collection with implementation on the ground have not been fully effective. Lack of coordination between

work units and limited accurate data mean that the formulated policies have not fully addressed the problem of hotel tax receivables.

On the other hand, hotel tax collection is supported by Standard Operating Procedures (SOPs) for regional tax services. These SOPs serve as guidelines for tax officials in carrying out their duties, although in practice, inconsistencies in their implementation remain.

Thorough Planning

The research results show that hotel tax collection planning in Dumai City has not been fully implemented. The planning is still general in nature and lacks detailed and comprehensive technical planning, particularly regarding tax receivables management.

Nevertheless, the development of the hotel tax collection program has been structured in accordance with local government procedures and policies. Bapenda has also developed an activity schedule tailored to taxpayer needs, including a schedule for outreach and direct field services. Limited coordination and resources are the main factors that hinder the realization of mature and results-oriented planning.

Preparing the Right Program

The hotel tax collection program in Dumai City has been implemented in stages, covering the short, medium, and long term. Regular outreach programs have proven to help the public understand their tax obligations and raise tax awareness.

The contribution of hotel taxes to regional tax revenues also demonstrates a significant role in increasing local revenue (PAD). Furthermore, local governments have developed guidelines for hotel tax collection as a guide for tax officials in carrying out their duties effectively and efficiently. However, limited competency of staff and supporting facilities remains an obstacle to optimizing program implementation.

Availability of Facilities and Infrastructure

The research results show that the Dumai City Regional Revenue Agency (Bapenda) has provided supporting facilities and infrastructure for tax services, such as adequate service rooms and other supporting facilities. Furthermore, Bapenda also provides an online feedback and suggestions platform to accommodate taxpayer input.

Providing tax education modules and materials is also a crucial effort to improve taxpayer understanding. However, the use of information technology is still suboptimal and requires continued improvement to support a more effective tax collection system.

Educational Supervision and Control System

The hotel tax collection monitoring and control system in Dumai City has been implemented through monitoring of collection implementation according to the established plan. This control aims to prevent irregularities and ensure taxpayer compliance.

Efforts to prevent irregularities are carried out through unannounced and periodic monitoring, as well as the imposition of administrative sanctions for violations. This monitoring system is educational in nature, as it emphasizes not only enforcement but also guidance for taxpayers.

The research identified that bad debts related to hotel taxes in Dumai City were primarily caused by weaknesses in thorough planning indicators, analysis processes, and policy formulation. The lack of comprehensive planning and stakeholder involvement in policy formulation has resulted in suboptimal tax collection efforts.

Overall, the Dumai City Regional Revenue Agency (Bapenda)'s organizational effectiveness in hotel tax collection is considered quite effective, but it still requires strengthening in aspects such as planning, policy formulation, and tax receivables management. Strengthening these seven indicators of organizational effectiveness is key to improving hotel tax collection performance and supporting sustainable increases in local revenue (PAD).

5. CONCLUSION

This study found that the effectiveness of the Regional Revenue Agency (Bapenda) in collecting hotel taxes in Dumai City is influenced by several key factors, including clarity of objectives, achievement strategies, planning, and oversight. Although the objectives of tax collection have been clearly defined and benefit regional development, several obstacles need to be addressed to achieve the desired targets.

While a comprehensive tax collection outreach strategy has been implemented, efforts to achieve these goals still require improved coordination and more optimal timing. A robust policy formulation process has not been fully implemented, particularly in bridging objectives with tax collection implementation, due to a lack of coordination and accurate data as a basis for policy.

Thorough planning has not been fully implemented, resulting in obstacles in tax collection. While the development of appropriate programs has significantly contributed to regional tax revenues, more detailed implementation guidelines are needed to improve effectiveness. Provision of adequate facilities and infrastructure and a strict monitoring system also require further attention to ensure taxpayer compliance.

Overall, this study shows that while significant efforts have been made to improve the effectiveness of hotel tax collection in Dumai City, several areas still require improvement. With improved coordination, more detailed planning, data-driven policies, more intensive education, the use of information technology, and stricter oversight, it is hoped that the effectiveness of hotel tax collection can be improved, which in turn will contribute to increased Regional Original Income (PAD) and sustainable regional development.

REFERENCES

- Alm, J. (2019). What motivates tax compliance? *Journal of Economic Surveys*, 33(2), 353–388. <https://doi.org/10.1111/joes.12275>
- Bahl, R., & Bird, R. M. (2008). Subnational taxes in developing countries: The way forward. *Public Budgeting & Finance*, 28(4), 1–25. <https://doi.org/10.1111/j.1540-5850.2008.00914.x>
- Bovens, M., van de Walle, S., & Zouridis, S. (2014). *Public governance and public administration: Theories and practices*. Routledge.
- Davey, K. J. (1988). *Local government finance in the developing world*. John Wiley & Sons.
- Dwiyanto, A. (2015). *Manajemen pelayanan publik: Peduli, inklusif, dan kolaboratif*. Gadjah Mada University Press.
- Feld, L. P., & Frey, B. S. (2002). *Trust, institutions, and public policy: Theoretical and empirical analysis*. Edward Elgar Publishing.
- Gibson, J. L., Ivancevich, J. M., & Donnelly, J. H. (1985). *Organizations: Behavior, structure, processes* (5th ed.). Business Publications.
- Heeks, R. (2006). *Implementing and managing e-government: An international text*. SAGE Publications.
- Kettunen, P., & Kallio, J. (2018). Local government and taxation in the European Union: Comparative perspectives. *Public Finance Review*, 46(5), 719-745. <https://doi.org/10.1177/1091142118758123>
- Koch, M., & Calzada, I. (2019). E-Governance and innovation in public administration. *International Journal of Public Administration*, 42(12), 1012–1027. <https://doi.org/10.1080/01900692.2018.1543982>
- Lincoln, Y. S., & Guba, E. G. (1985). *Naturalistic inquiry*. SAGE Publications.
- Mardiasmo. (2018). *Perpajakan* (Edisi Revisi). Andi.
- Osborne, S. P. (2010). *The new public governance? Emerging perspectives on the theory and practice of public governance*. Routledge.
- Robbins, S. P., & Judge, T. A. (2017). *Organizational behavior* (17th ed.). Pearson Education.
- Siagian, S. P. (1986). *Organisasi, kepemimpinan, dan perilaku administrasi*. Gunung Agung.
- Yin, R. K. (2018). *Case study research and applications: Design and methods* (6th ed.). SAGE Publications.