

## **Collective Innovation Model in the Governance of Increasing Local Own-Source Revenue (PAD) in Makassar City**

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### **KEYWORDS**

Collective Innovation Model, Governance, Local Own-Source Revenue

### **ABSTRACT**

Effective governance of increasing Local Own-Source Revenue will encourage successful development in Makassar City. To realize this, collective innovation is needed so that the target of Local Own-Source Revenue can increase. This study aims to analyze and produce a collective innovation model in the governance of increasing Local Own-Source Revenue (PAD) in Makassar City. This study uses a qualitative research method with an explorative type. Data collection is carried out through observation, in-depth interviews, documentation studies and Focus Group Discussions. Research informants include the Makassar City Regional Revenue Agency, Bank Sulselbar, Taxpayers, PT. Pos Indonesia, Makassar City Bappeda and the Entrepreneurs Association. Data processing includes the stages of data collection, data reduction, data presentation and drawing conclusions. The focus of the research consists of standardization, collaborative engineering, network innovation and openness of innovation. The results of the study indicate that the standardization element in the governance of increasing PAD in Makassar City has various regulations in the form of Laws, Government Regulations, Regional Regulations and Mayoral Regulations as well as SOPs in their implementation. In standardization, these various regulations have sufficiently accommodated the complexity of implementing governance to increase Regional Original Income. The findings of collaborative engineering elements indicate the implementation of collaborative practices by working together with sub-districts and urban villages as well as PT. Pos Indonesia for the collection of Rural and Urban Land and Building Tax (PBB-P2). The network innovation element in the governance of increasing PAD in Makassar City indicates cooperation between the Regional Revenue Agency (Bapenda) and various financial institutions to develop innovative solutions to optimize Regional Original Income. The element of openness to innovation indicates that the development of the PAKINTA application is one of the real implementations of the principles of collective innovation. The collective innovation model requires an increase in public engagement not only in the PAKINTA innovation which so far only accommodates tax payments, but public engagement needs to be applied and increased in regional levies to maximize the governance of Makassar City's Original Regional Income.

### **1. Introduction**

The existing public sector innovation tends to be partial. Where in its application, it only focuses on one institution. even though the innovation model is closely related to agencies in other sectors. Innovation services related to other services in other institutions are not coordinated and integrated, resulting in many innovations that are ineffective in their implementation.

To implement broad, real, and responsible regional autonomy, it is necessary to have the authority and ability to explore its own financial resources. With the enactment of the Law, the authority of the regions becomes greater to manage and take care of their own households, including managing regional revenue sources by implementing various strategies and innovations in order to support the Regional Revenue and Expenditure Budget (APBD).

In order to realize these goals, one of the efforts implemented by the regional government is to encourage an increase in Regional Original Income. Regional Original Income (PAD) is income obtained by regions from sources within their own region which is collected based on regional regulations in accordance with applicable laws (Halim, 2001). The purpose of Regional Original Income is to provide authority to the Regional Government to fund regional autonomy in accordance with regional potential as a manifestation of decentralization. So, the higher the PAD income obtained by the region, the higher the region's ability to implement decentralization because PAD is one of the important sources of funding for the region.

According to Law Number 23 of 2014 concerning Regional Government, sources of regional income consist of: Regional Original Income, which consists of: Regional Tax Results, Regional Retribution Results, Results of Regionally-Owned Companies and Results of Management of Separated Regional Assets, Other legitimate regional original income, and Balancing Funds.

Regional income is one of the sources of regional revenue. In the General Provisions of Government Regulation Number 12 of 2019 concerning Regional Financial Management, it is stated that regional income is money that goes into the regional treasury. Regional Original Income (PAD) includes regional taxes, regional levies, results of managing separated regional assets, and other separated original income. The types of regional taxes and regional levies must be based on Law Number 28 of 2009 concerning Regional Taxes and Regional Levies.

One of the problems faced by some Districts/Cities in Indonesia today is the management of Regional Original Income, the receipt of which is often low and does not reach the expected target. This causes local governments to often rely on financial assistance or subsidies from the Central Government and results in low contributions of Regional Original Income to Regional financing.

Makassar City as one of the largest cities in Indonesia has a fairly high Regional Original Income in the Eastern Indonesia Region. Based on data obtained from the Regional Revenue Agency (Bapenda) of Makassar City, the realization of Regional Original Income is as follows:

So far, there has been no system for all types of regional taxes where taxpayers can check their tax amounts online along with the amount of tax to be paid. Taxpayers can only find out the amount of their taxes when they are given a Regional Tax Assessment Letter from the Makassar City Bapenda. The Sismiop service currently used only provides information about taxes for Taxpayers but has not been integrated with an online tax payment system. Furthermore, the limited number of regional tax payment counters is an obstacle for Regional Taxpayers in Makassar City. Currently, regional tax payments can only be accessed at Bank Sulselbar, the Indonesian Post Office, the Makassar City Regional Revenue Agency Office, Alfamart, and Alfamidi.

The Makassar City Government has made efforts to maximize Local Revenue. Among them are strengthening regulations by issuing Regional Regulation Number 2 of 2018 concerning Regional Taxes. In addition, efforts in the form of creating innovations such as the development of integrated and digitalized tax applications (PAKINTA) and updating digital data for Makassar City PBB.

PAKINTA as an innovation, where regional taxes are managed and used in a fully online network starting from registration, checking, reporting, verification, supervision, determination, to online payment. With the integration and digitalization system of regional taxes through the new tax information system and application, it will reduce interaction with Taxpayers, so that it can make it easier for taxpayers to pay taxes and reduce the potential for leakage in tax payments.

PAKINTA is an innovation from the Makassar City Regional Revenue Agency which aims to realize integrated and accountable digital and real-time regional tax services starting from registration, reporting, verification, supervision, determination to payment. Stakeholders involved in the PAKINTA innovation consist of the Makassar City Government in this case Bapenda and various other OPDs, Banking, Media, LPM throughout Makassar City, the Directorate of Taxes for the South Sulawesi and West Sulawesi Region and the community. The involvement of various stakeholders is carried out in order to maximize the success of the PAKINTA innovation in order to increase Regional Original Income.

Various efforts by the Makassar City government to increase Regional Original Income still need to be improved. The demand for innovation in the governance of increasing Local Own-Source Revenue by public organizations in this case the local government of Makassar City through the Regional Revenue Agency (Bapenda) requires more serious attention and must be carried out in an integrated and simultaneous manner. This is because innovation that is carried out in an integrated and simultaneous manner has a spreading power that affects all parts of the organization. Innovation that

is carried out partially will only affect certain parts of the organization and has less effect and impact factor on the vision and mission of the organization.

Based on the explanation above, research on collective innovation in the governance of increasing Local Own-Source Revenue in Makassar City is urgent to be implemented. This is because the collection innovation approach is considered comprehensive and relevant in analyzing the phenomenon of governance of increasing Local Own-Source Revenue because the phenomenon of this research in its application requires collective action from stakeholders in producing and implementing innovation in the public sector.

## **2. Methodology**

The approach used in this study is a qualitative approach. The selection of this method is based on the theory or model used as a reference in data collection, which is then verified or confirmed with field data collected through qualitative analysis methods, then quantitative data is taken and used as supporting data in this study. Furthermore, the qualitative approach used in this study is based on a number of concepts and theories related to Collective Innovation that have been widely developed. Then reduced into a number of research questions, research focuses and conceptual frameworks. The selection of a qualitative approach in the phenomenon of governance of increasing Regional Original Income (PAD) in Makassar City aims to explain the phenomenon holistically and in accordance with its context. This research was conducted in Makassar City. The selection of this location was made because Makassar City is the center of economic growth in Eastern Indonesia.

In this study, the informants of the study were the actors involved in the Collective Innovation process in the governance of increasing Regional Original Income (PAD) in Makassar City, including: a) Officials and Staff of the Makassar City Regional Revenue Agency; b) Officials of Bank Sulselbar; c) Head of Division at the Makassar City Regional Development Planning Agency; d) Entrepreneurs Association and e) taxpayers. Data collection methods include stages of observation, in-depth interviews and documentation. Data analysis techniques include stages of data collection, data reduction, data presentation and drawing conclusions.

## **3. Result and Discussion**

### **Standardization In Collective Innovation on the Governance of Increasing Local Own-Source Revenue in Makassar City**

Standardization (Standardization) is defined as the process of forming technical standards, specification standards, test method standards, definition standards, standard procedures (or practices) and others such as legal products, rules, policies, standard operating procedures (SOPs) and so on. Standardization in this case relates to legal products, rules, policies, standard operating procedures (SOPs) in the context of governance of increasing local revenue (PAD) of Makassar City.

Based on field findings, it shows that in the governance of increasing local revenue (PAD), the Makassar City Government has several legal products, regulations, policies, standard operating procedures (SOPs) including Law Number 1 of 2022 concerning Financial Relations Between the Central Government and Regional Governments; Government Regulation Number 35 of 2023 concerning General Provisions for Regional Taxes and Regional Levies; Makassar City Regional Regulation Number 5 of 2021 concerning the Regional Medium-Term Development Plan (RPJMD) for 2021-2026; Makassar City Regional Regulation Number 1 of 2024 concerning Regional Taxes and Regional Levies; Makassar Mayor Regulation Number 97 of 2022 concerning the Position, Organizational Structure, Duties and Functions and Work Procedures of the Regional Revenue Agency; Makassar Mayor Regulation Number 5 of 2024 concerning Procedures for Collecting Rural and Urban Land and Building Taxes; Makassar Mayor Regulation Number 12 of 2024 concerning Administration and Procedures for Providing Fiscal Incentives for Business Actors; Makassar Mayor Regulation Number 13 of 2024 Concerning the Provision of Fiscal Incentives to Entertainment Business Actors Nightclubs, Bars, Drinking Houses/PUBs, Discotheques, Karaoke, Massage Parlors

and Steam Baths/Spas; and Standard Operating Procedures (SOP) for Regional Tax Collection (SOP for Data Collection, SOP for Billing, SOP for Services, and so on.

The research findings also show that the current rules regarding the management of local revenue (PAD) are new rules where the current one is Law Number 1 of 2022 so that the Makassar City Government also made Regional Regulation Number 1. In the applicable rules there are changes and restructuring of tax types, namely 5 (five) types of taxes combined into one, especially for consumption taxes such as food and drink, restaurants, entertainment, hotels, parking and so on which are combined into one called PBJT (Certain Goods and Services Tax). Then in the future there are 2 (two) new types of taxes that apply nationally and will also be managed by the Makassar City Government, namely Opsen PKB and Opsen BBNKB.

With the presence and enactment of new regulations, derivatives of these regulations must also be changed. The Makassar City Government currently still has a Mayor's Regulation that must be completed and has 4 (four) Mayor's Regulations that have been completed which are derivatives of the Regional Regulation because the Regional Regulation has not yet regulated technically regarding the management of regional original income (PAD) but will be regulated technically further in the Mayor's Regulation. And one type of tax whose rate has been regulated by law is restaurant tax with a rate of 10% so that the amount of the rate cannot be disputed.

### **Collaborative Engineering In Collective Innovation on the Governance of Increasing Local Own-Source Revenue in Makassar City**

Collaborative engineering (collaborative engineering) is the practical application of the science of collaboration to the engineering domain. Its goal is to enable decision makers in organizations to work more effectively with all stakeholders in reaching rational agreements and taking collaborative action across cultural, disciplinary, geographic, and time boundaries.

Collaborative engineering in this case is related to collaboration, cooperation agreements, MoUs and memorandums of understanding in the phenomenon of governance of increasing local revenue (PAD) in Makassar City. Based on field findings, it shows that in managing the increase in local revenue (PAD) in Makassar City, the Regional Revenue Agency collaborates in collecting PBB-P2 with all sub-district and village level governments in Makassar City. Furthermore, the Regional Revenue Agency has entered into a cooperation agreement with PT. Pos Indonesia regarding the receipt of special payments for PBB-P2. In addition, there is also an MoU between the Regional Revenue Agency and the State Finance Polytechnic STAN for the development of human resources, especially regarding education and training of tax auditors. And a memorandum of understanding between the Makassar City Government in this case the Regional Revenue Agency and the South Sulawesi Provincial Government regarding the Optimization of Regional Taxes in South Sulawesi.

The research findings also show that the sub-district government in Makassar City is one of the main partners of the Regional Revenue Agency in the PBB-P2 collection process in the field. The Regional Revenue Agency annually issues the PBB SPPT which will then be distributed to the sub-districts and then from the sub-districts to the village level. The sub-district and village level governments are extensions of the Regional Revenue Agency to encourage the community to pay PBB-P2. In addition, the Regional Revenue Agency also annually conducts socialization related to taxes in each sub-district in rotation.

In addition, the Regional Revenue Agency's partner in managing regional original income (PAD) is PT. Pos Indonesia which cooperates in paying PBB-P2 at all post offices throughout Indonesia. In the PBB-P2 payment process, the applicable regulations require that payments must be received and entered into the regional treasury within 1 x 24 hours, while if through PT. Pos Indonesia, payments from PBB-P2 may take more than 1 x 24 hours to be received in the regional treasury. However, these matters and conditions are adjusted from within PT. Pos Indonesia itself and carry out a common perception and seek a solution between the Regional Revenue Agency and PT. Pos Indonesia, namely

by closing PBB-P2 payments at PT. Pos Indonesia on Saturdays and Sundays.

The Regional Revenue Agency increasingly needs human resources who are quite qualified in handling the work of managing regional original income (PAD). With the enactment of the new regulation, namely Law Number 1 of 2022, it is required to carry out tax audit efforts so that the Regional Revenue Agency prepares certified tax audit human resources. Therefore, several employees of the Regional Revenue Agency were given the opportunity to attend school at the State Finance Polytechnic STAN in Bintaro until in 2023 they began pioneering 6 employees to attend school who finally graduated to become certified tax auditors, which in the future will be increased.

### **Networked Innovation in Collective Innovation on the Governance of Increasing Local Own-Source Revenue in Makassar City**

Networked innovation in this case is related to cooperation and MoU related to innovative products and public services in the governance of increasing local revenue (PAD) of Makassar City. Networked innovation is a special form of open innovation that is the collaboration of two or more companies in a partnership, with the aim of developing innovative products or product-service solutions together and to share the risks and rewards in doing so.

**Stakeholder** The most important thing in managing the increase in local revenue (PAD) is Bank Sulselbar because all local revenue (PAD) whether from taxes, regional levies, results of processing separated wealth and other legitimate local revenue (PAD) will enter the regional treasury stored in Bank Sulselbar. The source of data related to recording and receipts is at Bank Sulselbar so that the Regional Revenue Agency will easily obtain the data for reporting and as its accountability.

Bank Sulselbar also facilitates the Regional Revenue Agency by providing transaction recording devices to taxpayer business actors who are considered to have large transactions to detect taxpayer business actors' compliance in paying taxes honestly. The transaction recording device can only be installed if the taxpayer business actor has an electronic payment instrument and uses a certain payment machine so that not all taxpayer business actors are given the transaction recording device. In addition, there are a lot of taxpayer business actors in Makassar City while Bank Sulselbar also has limitations in facilitating all taxpayers. The transaction recording device facilitated by Bank Sulselbar has 2 (two) types, namely TMD and MPos.

During their time as the main partners in managing local revenue in Makassar City, the Regional Revenue Agency and Bank Sulselbar have never experienced any significant obstacles or problems related to differences in organizational culture. And if there are any obstacles related to information data, data sharing will be carried out in a format that has been determined in a joint agreement as a solution to this.

Based on field findings, it shows that there is a cooperation agreement between the Regional Revenue Agency and PT. Bank Sulselbar regarding the payment of regional taxes and regional levies online system. In addition, the Makassar City Government has signed an MoU with PT. Bank Mandiri regarding the provision of banking solutions for public services in Makassar City.

### **Open Innovation in Collective Innovation on the Governance of Increasing Local Own-Source Revenue in Makassar City**

Open innovation (openness to innovation) is a condition where an organization does not only rely on knowledge, technology, internal resources, such as employees and R&D departments to innovate, but is also open to utilizing various external sources of consumer feedback, competitors, patent publications, research results, and so on to encourage internal product/service innovation. Openness to innovation in this case is related to innovations that also involve third parties in the phenomenon of governance of increasing local revenue (PAD) in Makassar City. Based on field findings, it shows that in managing the increase in local revenue (PAD) in Makassar City, the Regional Revenue Agency created the Pakinta application (Integrated and Digitalized Tax) which is feedback from the community to make it easier for the people of Makassar City anywhere and anytime to report, check and pay their

tax obligations without having to go to the Regional Revenue Agency office.

One of the innovations that has increased local revenue (PAD) in Makassar City is the Pakinta application which was initiated directly by the Head of the Makassar City Regional Revenue Agency, Mr. Firman Pagarra. As local revenue (PAD) is greater from regional taxes compared to the other 3 (three) types of PADS, therefore from the regional tax component the Pakinta application idea innovation emerged because the number of taxpayers in Makassar City will increase day by day and this Pakinta application will facilitate public services for taxpayers.

The Pakinta application was launched in 2022 and was first launched in mid-2022. For the maintenance of the Pakinta application, it was developed by the Regional Revenue Agency itself by involving the IT Team that had been appointed by the Regional Revenue Agency, which always makes improvements and developments to the menus and features of the Pakinta application. One of the things that is currently being developed is the addition of types of regional tax payments and other types of regional original income payments, such as waste levies which will be included in the Pakinta application with the target of being fully operational in 2025. And currently there are 7 (seven) types of payments in the Pakinta application.

The Pakinta application has an impact on increasing local revenue (PAD) in Makassar City because it facilitates non-cash or cashless taxpayer payments that can be made anywhere and anytime. The Pakinta application developed by the Makassar City Regional Revenue Agency can provide convenience for taxpayers that has been directly felt at this time regarding the ease of payment services without having to visit the Regional Revenue Agency office so that it can save energy, time and costs. However, it is possible that there will be several obstacles and disruptions to the Pakinta application so that sometimes it has an impact on the recording of taxpayer payments that are not updated, network disruptions or errors when making payments. For example, when paying through the Pakinta application, taxpayer payments sometimes do not go directly to the regional treasury at Bank Sulselbar because the Regional Revenue Agency and Bank Sulselbar must be active together so that when one of them is not active, the payment will be pending. This also happens when there is a power outage and network disruption or error.

The Collective Innovation approach according to Graaf and Duinb (2013) emphasizes collaboration between actors in producing coordinated and inclusive joint innovation. One important dimension of Collective Innovation is standardization, which is the operational basis in a good governance system. Standardization in the context of collective innovation is defined as the process of establishing technical standards, procedures, specifications, and rules that are applied consistently in the governance system. Standardization ensures that actors in the governance system can operate with higher efficiency, reduce uncertainty, and accelerate the process of joint innovation.

In the phenomenon of increasing PAD in Makassar City, research findings show that there are various regulations, legal products, and SOPs that regulate the management of regional taxes and levies. Law Number 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments and Government Regulation Number 35 of 2023 concerning Regional Taxes and Regional Levies provide a legal framework that is strengthened by local regulations, such as Makassar City Regional Regulation Number 1 of 2024 and the Mayor's Regulation regarding tax management. The findings show that standardization in the governance of PAD in Makassar City is implemented through a series of new regulations and policies that support the restructuring of types of regional taxes and levies.

Collaborative engineering elements of collective innovation are seen in various forms of collaboration found in the field, especially in the management of PAD in Makassar City. Research findings indicate collaboration with Sub-districts and Urban Villages, where the Makassar City Regional Revenue Agency collaborates with sub-districts and urban villages to collect Rural and Urban Land and Building Tax (PBB-P2). This collaboration is not only limited to the distribution of PBB Tax Payable Notification Letters (SPPT), but also includes socialization and education activities for the community

to increase awareness and compliance in PBB payments. In the theory of "collective innovation," this shows how collaboration between local institutions within one government can create synergies that support the optimization of tax collection.

Collaboration with PT. Pos Indonesia in receiving PBB-P2 payments also reflects the application of collaborative engineering. This collaboration is arranged to make it easier for the public to pay taxes through the PT. Pos channel, even though there are technical challenges, such as the requirement for payments to be completed within 1x24 hours. This finding shows a process of dialogue and adjustment between the Regional Revenue Agency and PT. Pos Indonesia to achieve a solution that is in accordance with regulations. This is in line with the theory of Graaf and Duin (2013), which emphasizes the importance of finding joint solutions through cross-institutional collaboration.

The Regional Revenue Agency also conducted a Memorandum of Understanding (MoU) with the State Finance Polytechnic STAN for the development of human resources in the field of education and training of tax auditors. This shows a strategic collaboration to improve internal competence, in accordance with the demands of the latest regulations, such as Law No. 1 of 2022 which requires tax audits. This collaboration not only focuses on meeting current needs, but is also a long-term investment in developing organizational capacity, which is the core of the concept of collective innovation.

The agreement with the South Sulawesi Provincial Government to optimize regional taxes through the Motor Vehicle Tax (PKB) and Motor Vehicle Transfer Fee (BBNKB) options shows vertical collaboration between the city government and the provincial government. This collaboration shows the application of collective innovation on a wider scale, where coordination between local and provincial governments can create a greater impact in tax collection, with the aim of increasing PAD.

According to Graaf and Duin (2013), collective innovation is an innovation process that involves collaboration between various actors or organizations to achieve common goals. One form of collective innovation is networked innovation. Network innovation refers to collaboration between two or more organizations in the form of partnerships aimed at developing innovative solutions together. In this context, organizations share the risks and benefits in developing the product or service.

Research findings in Makassar City on PAD improvement governance show a concrete form of networked innovation through collaboration between the Regional Revenue Agency (Bapenda) and various financial institutions, such as PT. Bank Sulselbar and PT. Bank Mandiri. The network innovation elements explained by Graaf and Duin are very relevant in the context of PAD improvement, where the innovations developed focus on more effective tax payment and public service systems through collaboration with the banking sector.

From the research findings, it can be seen that network innovation in Makassar City is realized through several cooperation agreements and Memorandums of Understanding (MoU) between Bapenda and various banks. For example, the cooperation agreement with PT. Bank Sulselbar includes the development of an online regional tax payment system. Another MoU between the Makassar City Government and PT. Bank Mandiri includes the provision of banking solutions for public services. This form of collaboration shows how various parties work together to create innovation in the field of public governance, in line with the concept of collective innovation.

Bank Sulselbar plays a central role as the main partner in managing PAD in Makassar City, acting as an institution that accommodates all regional income. Bank Sulselbar's initiative in providing transaction recording tools for taxpayers is also a form of technological innovation that supports increased transparency and taxpayer compliance. Transaction recording tools such as TMD and MPoS are important means of ensuring that every transaction is recorded and taxes that should be paid are properly detected.

In the theory of collective innovation proposed by Graaf and Duin (2013), innovation is not only the result of an organization's internal efforts, but also the product of external collaboration involving various parties to produce innovative solutions. In the context of governance, this approach recognizes

that open innovation is essential to increasing responsiveness to public needs and efficiency in service delivery.

In the phenomenon of increasing Local Revenue (PAD) in Makassar City, the openness of innovation identified through the development of the PAKINTA application is one of the real implementations of the principles of collective innovation. This application was developed based on feedback from the community, showing that this innovation does not solely come from within the Regional Revenue Agency (Bapenda), but also involves participation and input from service users, namely taxpayers in Makassar City.

**Community Feedback Inclusion** One of the key factors of the collective innovation theory is collaboration between actors, including the community. In the case of the PAKINTA application, the community is directly involved in the innovation process by providing feedback on how the application can meet their needs in terms of ease of reporting and paying taxes. By utilizing this input, Bapenda is able to create an application that is more responsive and relevant to the needs of the public. Public involvement through this kind of feedback illustrates the open innovation dimension described by Graaf and Duin (2013), where organizations leverage external knowledge and insights to improve and develop their services.

**Cooperation with Third Parties**, where inThe theory of collective innovation also emphasizes the importance of the involvement of external actors, including third parties. In updating data on Rural and Urban Land and Building Tax (PBB-P2), Bapenda Makassar City collaborates with third parties who have expertise in surveys and data technology. This involvement reflects an open innovation approach because Bapenda does not only rely on internal resources, but also involves credible external actors in the process of collecting and processing data. This collaboration is important to ensure the accuracy and efficiency of data updating, which ultimately contributes to increasing PAD.

**Use of Digital Technology and Payment System Integration**The development of the PAKINTA application reflects the dimension of open innovation that involves technological collaboration with external parties, such as digital payment platforms (e-commerce) and banks. This application is integrated with various digital payment channels such as Qris, Tokopedia, ShopeePay, Gopay, OVO, and LinkAja. With this collaboration, innovation in the tax payment system in Makassar City becomes more inclusive, making it easier for taxpayers to make non-cash transactions and increasing the efficiency of tax management. The open innovation element supports this practice, because collaboration with digital platforms allows Bapenda to access and utilize external technology to improve its public services.

Open innovation in managing PAD in Makassar City through the PAKINTA application brings various benefits that are relevant to the theory of collective innovation. First, there is efficiency in the tax service process because taxpayers can make payments anywhere and anytime, without having to visit the Bapenda office. Second, transparency and ease of access to tax data minimize direct interaction that is prone to human error and data inaccuracy. Third, collaboration with external parties allows the development of technology that is more adaptive to changes in regulations and local policy dynamics.

Although the implementation of open innovation through the PAKINTA application has had a positive impact, several challenges are still faced, such as technical problems that arise in digital payments, delays in recording, and network disruptions. This indicates that although open innovation is important, reliable infrastructure and solid cooperation between internal and external parties are still needed to ensure long-term success.

The theory of collective innovation by Graaf and Duin (2013) provides an appropriate analytical framework to understand the innovation process in PAD management in Makassar City. Through open innovation, involving community feedback and collaboration with third parties, the Makassar City Regional Revenue Agency has succeeded in creating the PAKINTA application that simplifies the tax



payment process and increases efficiency and transparency. Although some technical challenges still exist, this innovation remains an example of best practice of open innovation in local government management in this case Makassar City.

### **Collective Innovation Model in Governance of Increasing Local Own-Source Revenue in Makassar City**

Based on the results of research and theoretical discourse, to perfect the application of collective innovation in the governance of increasing PAD in Makassar City is public engagement. In the research findings, public engagement is one of the bases used in the practice of PAD increase governance, but it is not yet optimal so that public engagement needs to be increased.

Public engagement in the governance of increasing regional income, it is not yet effective enough due to several interrelated factors. One of the main problems is the lack of trust and accountability between governments and the communities they serve. Previous research has shown that public engagement is essential for effective governance, and this public engagement can be built through accountability in public service delivery (Natalisma et al., 2021). However, many local governments struggle with transparency, which then undermines trust and public engagement (Tanjung et al., 2020). For example, other studies have shown that when communities perceive a lack of accountability in local governance, their willingness to engage decreases significantly (Natalisma et al., 2021; Tanjung et al., 2020).

The concept of public engagement in the context of governance of increasing local revenue (PAD) in Makassar City is very important, especially when combined with the theory of collective innovation. Public engagement refers to the process by which the government involves the community in decision-making and policy implementation, which is very relevant in increasing the legitimacy and effectiveness of public policies.

Often traditional methods of public engagement, such as town hall meetings, produce mixed results. Some officials view these meetings as essential to democratic participation, while others report that they can alienate citizens who feel uninformed or uninterested (Nabatchi & Amsler, 2014). This disparity can lead to the perception that public engagement is a formality rather than a genuine opportunity for citizen input, further exacerbating feelings of distrust (Nabatchi & Amsler, 2014; Ivacko & Horner, 2013). In addition, the effectiveness of public engagement initiatives is often hampered by inadequate management capacity within local government, which can lead to poor participation processes that are unappealing to citizens (Kim & Lee, 2012).

Another important factor is the relevance and accessibility of the information provided to the public. Previous research has shown that citizens are more likely to participate when the topics discussed are directly relevant to their daily lives, such as public transportation and housing (Ponte et al., 2015). However, many local governments fail to communicate these issues effectively or use platforms that facilitate meaningful interactions, such as social media (Moss et al., 2015). The lack of a tailored communication strategy can alienate potential participants and reduce the value of participation (Ponte et al., 2015; Li et al., 2022).

In addition, the legal framework governing public engagement often does not mandate adequate engagement practices, leading to a lack of genuine citizen engagement (Olsen and Feeney, 2022). This gap between legal requirements and actual practices can result in a shallow approach to public engagement, where local governments may fulfill legal obligations without building real dialogue or collaboration with the community (Olsen and Feeney, 2022).

According to Sørensen and Torfing, collaboration between public and private actors is considered a key driver of public innovation, where the formation of governance networks is a promising strategy to promote collaborative innovation (Sørensen & Torfing, 2016; Sørensen & Torfing, 2011). This suggests that public involvement in the decision-making process can increase legitimacy and support for implemented policies. From the perspective of collective innovation theory, public involvement not only increases legitimacy but can also increase the effectiveness of local revenue management.

Macharia et al. emphasize that when the public is informed and involved in revenue management, they tend to support measures aimed at increasing revenue and service quality (Macharia et al., 2021). This suggests that public engagement can serve as a bridge to connect government policies with the needs and expectations of the public, which in turn can increase the acceptance and success of these policies.

Collective innovation can increase the innovation capacity of local governments by involving various actors in the decision-making process and policy implementation. Research shows that the success of innovation in the public sector is highly dependent on collaboration between government and society, as well as the ability to access external knowledge. (Sutriadi et al., 2022). In this context, the collective innovation approach can help local governments to identify and utilize local resources more effectively, which in turn can increase PAD by increasing the efficiency and effectiveness of public services (Pratama, 2019; , Hayuningtyas et al., 2020).

Furthermore, in the context of governance of increasing PAD in Makassar City, the application of technology in revenue collection and management is also strengthened through collaboration with the community. The use of technology can increase transparency and accountability, which are important aspects in building public trust in the government. Dolmans et al. show that uncertainty and institutional logic play an important role in collaborative innovation, and that good management of this uncertainty can drive the development of smart cities (Dolmans et al., 2023).

Thus, the application of technology that involves the community in data collection and feedback can improve the effectiveness of PAD management. However, it is important to remember that collaboration in innovation also brings challenges. Røhnebæk notes that diversity and dissonance among organizational actors can lead to conflicts that can disrupt collaboration (Røhnebæk, 2021). Therefore, it is important for the Makassar City government to manage these dynamics well, ensuring that all voices are heard and considered in the decision-making process. This can be achieved through inclusive and transparent public discussion forums, which allow the community to actively contribute to the innovation process.

Overall, the urgency of the concept of public engagement in the governance of increasing PAD in Makassar City cannot be underestimated. Through effective collaboration between the government and the community, as well as the application of technology that supports transparency and accountability, Makassar City can increase the effectiveness and legitimacy of its public policies. Thus, public engagement is not only an obligation, but also an important strategy to achieve sustainable development goals in this case the governance of increasing PAD in Makassar City.

The direction of this research focuses on the management of increasing Regional Original Income through a collective innovation approach, as an effort to improve the quality of government governance that has an impact on increasing PAD, one of which is achieving the PAD target of 2 trillion for Makassar City in 2025. Based on various discourses and descriptions above, the author recommends the existing collective innovation model in the management of increasing PAD in Makassar City as shown in the following figure.

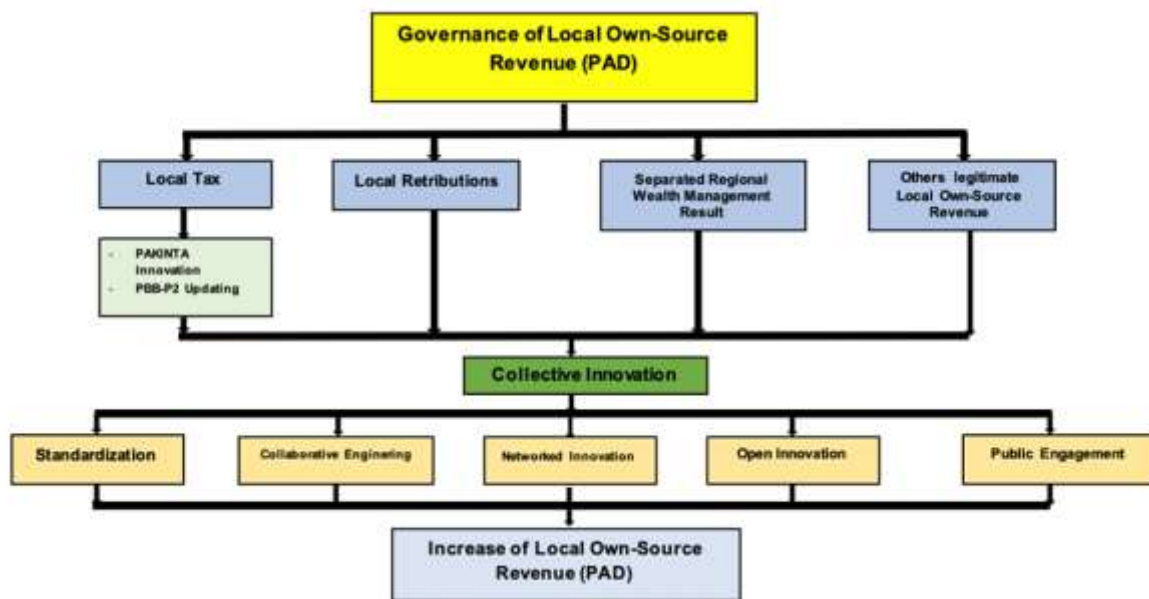


Figure 1. Collective Action Model in the Governance of Increasing Local Own-Source Revenue (PAD) in Makassar City

#### 4. Conclusion

Based on the research results, the following are the conclusions obtained from the research on collective innovation in PAD improvement governance in Makassar City. standardization, collaborative engineering, network innovation and openness of innovation. The standardization element in PAD improvement governance in Makassar City shows that there have been various regulations in the form of Laws, Government Regulations, Regional Regulations and Mayoral Regulations as well as SOPs in their implementation. In terms of standardization, these various regulations have sufficiently accommodated the complexity of implementing PAD improvement governance. Collaborative engineering elements in the governance of increasing PAD in Makassar City show the implementation of collaborative practices by working together with sub-districts and urban villages and PT. Pos Indonesia for the collection of Rural and Urban Land and Building Tax (PBB-P2). In addition, it also includes socialization and education activities for the community to increase awareness and compliance in paying PBB.

The implementation of this practice has proven effective in increasing PAD in Makassar City. The network innovation element in the governance of increasing PAD in Makassar City shows a concrete form of networked innovation through cooperation between the Regional Revenue Agency (Bapenda) and various financial institutions, such as PT. Bank Sulselbar and PT. Bank Mandiri to develop innovative solutions to optimize Regional Original Income. The element of openness to innovation in the governance of increasing PAD in Makassar City shows thatThe development of the PAKINTA application is one of the real implementations of the principles of collective innovation, where this innovation does not solely come from within the Regional Revenue Agency (Bapenda), but also involves participation and input from service users, namely taxpayers in Makassar City. However, in its implementation, several challenges are still faced, such as technical problems that arise in digital payments, delays in recording, and network disruptions. The collective action model in the governance of increasing local revenue (PAD) in Makassar City includes elements of standardization, collaborative engineering, networked innovation, open innovation and public engagement as important dimensions that must be used to encourage the success of the objectives of local revenue (PAD) governance.

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