



# Optimization Non-Tax State Revenue through Reutilizing State-Owned Property

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## Authors' contributions

*This work was carried out in collaboration among all authors. All authors read and approved the final manuscript.*

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## ABSTRACT

**Aims:** This research was conducted to fill the gap in the results of previous findings regarding to the effects of product quality on reutilization decisions of the state-owned property in West Kalimantan. Reutilization of state-owned property will be one of the strategies to increase non-tax state revenue and the fiscal strength both in central and local government.

**Study Design:** The research was conducted by building and testing a model that can explain the direct influences of the quality of state-owned property, organizational image, and customer value on the decision to reuse state-owned property, as well as the indirect influences of the quality of state-owned property and organizational image on the decision to reuse state-owned property by using customer value as a mediator variable.

**Place and Duration of Study:** The research was conducted in the West Kalimantan region with 150 respondents. The criteria of the respondents are business owners that have been using state property to conduct business activities for at least one year. The data are collected internally at the

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Regional Office of the Directorate General of State Assets of West Kalimantan in 2014-2022. In addition, the external data are from partners who have reused state property.

**Methodology:** The research used the quantitative approach. The sampling technique in this research is Purposive Sampling. This technique used criteria chosen by the researcher in selecting the sample. Hypothesis was tested using SEM, while the data analysis technique was done by using SMART PLS version 3 software and questionnaire processing results was done by using a 5-point Likert scale as a variable measurement scale.

**Results:** The results of data analysis show that the quality of state-owned property has no impact on the decision to reuse state-owned property, but the image of the organization and customer value have an influence on the decision to reuse state-owned property. The quality of state property and organizational image are proven to have a significant direct effect on customer value. The results of the analysis regarding the role of customer value as a mediator show that customer value mediates the effect of the quality of state property and organizational image on the decision to reuse state property.

**Conclusion:** The conclusion of this research is that the owner of state-owned property must conduct continuing improvement of its asset management performance that will increase the organization's image. Furthermore, proper maintenance of state-owned property according to the provisions will attract the public to use it. Government agencies that own state-owned property must also make innovations and improve service quality on an ongoing basis, increasing the useful value as well as improving the quality of the physical condition of state-owned property. Therefore, the highly satisfied customers are encouraged to use it again.

*Keywords: Quality of state-owned property; organizational image; customer value; state-owned property reutilization decision.*

## 1. INTRODUCTION

Optimal utilization of state-owned property is part of an effort to realize the management of state assets in order to provide maximum financial and socio-economic benefits for the prosperity of the Indonesians as a source of Non-Tax State Revenue which contributes to strengthening fiscal policy. State-owned property is managed by the central government through the work units (I prefer to use "the entities") of Ministries or Institutions used to support the implementation of government duties and services to the community. The public is offered the opportunity to utilize state-owned property that is not being used or underutilised by the government with a lease or cooperative utilization scheme. The results of the utilization of state-owned property by the public will increase non-tax state revenue that will enable the government a leverage of financial, socio-economic benefits for the public. Ministry or institution agencies should formulize a planning and strategies for a state-owned property that is not being used can be utilized by the public. The concept of the decision to utilize state-owned property adapts the concept of product utilization decisions in marketing sciences.

The analytical approach of this research employs the Resource Based View (RBV) theory first

proposed by Wernerfelt [1] and subsequently Barney [2] emphasizing the importance of increasing competitive advantage derived from the organization's strategic resources. Furthermore, the Service Dominant Logic (SDL) theory views consumers as operant resources and focuses on the interaction between producers, consumers, and employees in the supply network, as parties who co-create value through a collaborative process [3]. Consumers will be involved in value creation to fulfill their needs and desires appropriately [4]. Zhang [5] stated that to be a champion in a competition, product quality must satisfy customer expectations, among others, by promoting innovation as a result of capability exploration, and maximizing efforts to exploit existing resources to meet market demands and win the competition. Product quality is a part of the marketing capability that will be a competitive advantage of the company/organization in uncertain market changes [6]. Pride & Ferrel [7] and Sullivan & Kim [8] concluded that product quality has a positive and significant effect on purchasing decisions. Schiffman & Kanuk [9] concluded that product quality has a positive effect on brand image (the higher the brand image in the minds of its customers, the more determined customers will be to make purchasing decisions). This supports the research of Boyd and Walker [10] that stated that

brand image has a positive effect on purchasing decisions. Similar research is also proposed by Sarini Kodu [11], Ilkay Kadaruman [12], Wahid [13], Jumiyatus Sholihah [14], Elina Monica [15], Nepwi Edwo Perdana, and Indah Handaruwati [16], who concluded that product quality has an effect on purchasing decisions.

However, a different conclusion occurs in research conducted by Chia Mei Si & Wei Chooi Yi [17], which concludes that product quality has no effect on purchasing decisions. Other research conducted by Ratlan Pardede and Tarcicius Yudi Haryadi [18], also concluded the similar result that product quality has no positive and significant effect on consumer purchasing decisions. Thus, there is an in-consistency or gap in the effect of product quality on utilization decisions.

This research is conducted to fill the gap by building and testing a model that can explain the effect of the quality of state-owned property, organizational image, customer value on the decision to re-utilize state-owned property. The scope of the research is essentially to identify factors that influence the decision to reuse state-owned property, specifically the quality of state-owned property, organizational image, and customer value, by taking the research location of state-owned property in the West Kalimantan region. Furthermore, it is to examine the structural relationship amongst the four constructs to achieve the research objectives, which are: (1) to determine the effect of the quality of state-owned property, organizational image, and customer value on the decision to reuse state-owned property, (2) to determine the effect of customer value as a mediator of the effect of the quality of state-owned property and organizational image on the decision to reuse state-owned property.

## 2. THEORETICAL FOUNDATIONS

### 2.1 State-Owned Property Reutilization Decision

Peter & Olson [19] stated that purchasing is an integrating process that combines knowledge to evaluate two or more alternative behaviors and choose one of them. Hawkins [20] defined repurchase as a repurchase activity carried out by consumers of a product with the same brand without being followed by meaningful feelings towards the product. The concept of the decision to reutilize state-owned goods is a decision made

by partners as a continuation of partner satisfaction with the quality and benefits of using state-owned property, the performance or image of the state-owned property management organization, and customer value formed from all things experienced by consumers. The decision to reutilize state-owned property can be seen from four indicators, namely repeated transactional, recommendation, preferential, and exploration.

### 2.2 Quality of State-Owned Property

Calantone [21] argue that product quality is a basic characteristic of the features and performance of a product that will meet consumer needs and expectations. Superior product quality will influence purchasing decisions or decisions to reuse the product. This improvement in product quality is an organizational effort to increase customer value, which ultimately leads to consumer reuse decisions. The quality of state-owned property is defined as the characteristics of state-owned property that will support the ability to satisfy consumers who utilize or use it. The quality of state-owned property can be seen from three indicators, namely the usefulness of the goods, the physical condition of the goods, and their location.

### 2.3 Organizational Image

Walsh [22] explained that the image of an organization or company is the perception of stakeholders regarding performance, trust in the company, communication activities carried out by the company, and emotional feelings towards the company over time. The image of the organization becomes one of the guidelines for customers in making various important decisions, and will even recommend the high reputation of the organization to others. A poor image creates a negative impact on business operations and also weakens the ability to compete. Fornell [23] suggested that organizational image is an overall evaluation of organizational performance, which can be measured from three indicators, namely the company's degree of customer orientation, the company's media profile, and how positive or negative of public's perception about the company. Organizational image is defined as the public's assessment of the management and reputation of the state-owned property management organization. Therefore, in order to measure the organizational image variable in this study, it will be viewed through three aspects, which are the performance of the work unit

organization (including responsiveness, responsibility, and accountability), in which the unit organization's name is easily memorized and known, and the public's assessment of the organization (how positively or negatively consumers rate the organization and that the manager/owner of state property is recognized as an agency that always offers good and quality state-owned property).

### 2.4 Customer Value

Customer value, as defined by Kotler & Keller [24], is a function of the closeness between consumer expectations and the perceived performance of the product. If the performance is far below their expectations, consumers are disappointed, if it meets expectations, consumers are satisfied, and if it exceeds expectations, consumers are happy. Perceived values will determine consumer decisions, so all marketing strategies are aimed at creating customer value. The organization must find opportunities about some things that are not fulfilled in the market and the organization will fill the gap. Organizations must always innovate, both innovations related to products, services, and interactions between products and consumers. The organization must have unique attributes and exploit them accordingly. It will be difficult to mimic by other organizations. Customer value in the concept of reutilizing state-owned property is defined as the value felt by consumers from the benefits they feel after using state-owned property, namely financial and non-financial benefits. Customer value is scrutinized from three indicators, namely the value of the benefits of state-owned property, the service of the work unit that owns state-owned property, and the costs paid to obtain the benefits of state-owned property.

### 3. RESEARCH METHODS AND RESEARCH HYPOTHESES

This research used quantitative method, which is a form of research using at least two variables that are connected and is a study that looks for a causal relationship between one independent variable and the dependent variable using a hypothesis [25]. The endogenous variable in this study is the decision to State-Owned Property Reutilization Decision (Z), the exogenous variables are the quality of state-owned property (X1) and organizational image (X2). While the mediator variable is customer value (Y1). The research was conducted on the reutilization of State Property in the West Kalimantan region with guidelines for determining the sample using the maximum likelihood method, namely using the role of thumb for research using the Structural Equation Modeling (SEM) approach with a minimum of 150 respondents [26]. The criteria of the respondents are business owners and have been using state property to conduct business activities for at least one year. The data are collected internally at the Regional Office of the Directorate General of State Assets of West Kalimantan in 2014-2022. In addition, the external data are from partners who have reused state property. This study uses primary data that gathered through observations, interviews, and questionnaires, as well as secondary data from previous research, library materials, literature, books, and so on [27], Hypothesis testing using SEM analysis techniques using SMART PLS version 3 software and processing questionnaire results using a 5-point Likert scale as a variable measurement scale. Testing of mediating variables using the Indirect Specific Effect Bootstrapping approach [28].

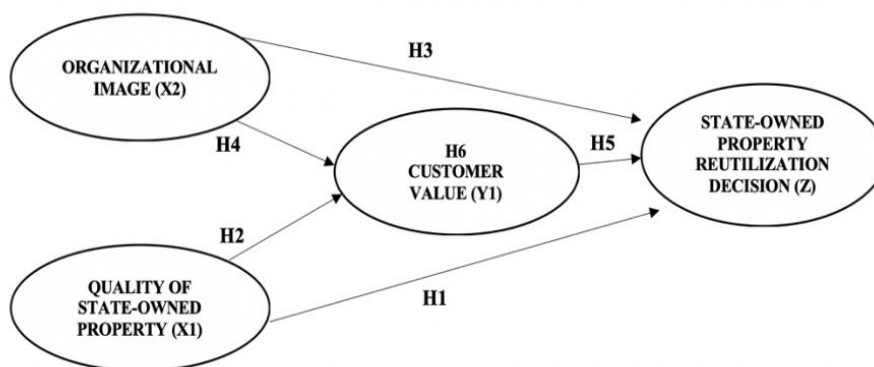


Fig. 1. Research framework

The hypotheses of this study are as follows:

1. H1: Quality of state-owned property significantly affect state-owned property reutilization decision.
2. H2: Quality of state-owned property significantly affect customer value.
3. H3: Organizational image significantly affect state-owned property reutilization decision.
4. H4: Organizational image significantly affect customer value.
5. H5: Customer value significantly affect state-owned property reutilization decision.
6. H6a: Customer value as a mediator of the effect of quality of state-owned property significantly affect state-owned property reutilization decision.
7. H6b: Customer value as a mediator of the effect of organizational image significantly affect state-owned property reutilization decision.

#### 4. RESULT AND ANALYSIS

The purpose of this study is to determine the factors that influence the decision to reuse state-owned property. The relationship model illustrated in Fig. 1 shows the overall interrelationship between variables. The conclusion is that the quality of state-owned property has no effect on the decision to reutilize state-owned property decision.

From Table 1, the quality of state-owned property has no significant effect on state-owned property reutilization decision. ( $p\text{-value} > 0.05$ ,  $\beta = 0.067$ ). Meanwhile, organizational image and customer value significantly influence the decision to state-owned property reutilization decision. ( $p\text{-value} < 0.05$ ,  $\beta = 0.376$  and  $\beta = 0.430$ ). Thus, H1 is not accepted, while H3 and H5 are accepted. However, there is a significant effect of state-owned property quality and organizational image on customer value ( $p\text{-value} < 0.05$ ,  $\beta = 0.552$  and  $\beta = 0.296$ ), therefore H2 and H4 are accepted. The results of testing customer value as a mediator of the effect of BMN quality and organizational image on the decision to reuse State Property are proven ( $p\text{-value} < 0.05$ ,  $\beta = 0.237$  and  $\beta = 0.127$ ) which imply that H6 is accepted.

It is confirmed that there is a significant gap from previous research related to the effect of quality on utilization decision. Through respondent observation it is imply that consumers rarely focus on the quality of state-owned property when making a decision as consumers perceive a similar quality when using assets other than state-owned property. Consumers put attention on the popular name that own state-owned property when making decision that presumed that the more recognized the owner of state-owned property, the easier for the consumers to

introduce themselves to market. Undetermined property locations that attract institution of state-owned property is highly recognized by public. In addition, consumers value the services and facilities provided owner from state-owned property to boost the convenience. This perception leads to repeated utilization or reutilization decision.

Organizational image affects the decision to utilize State Property, where a favorable organizational image is reflected in the performance of the work unit organization including responsiveness responsibility, and accountability. Moreover, public recognition of institution is widely known however public assessment of the organization is assumed to be consumer perspective either positively or negatively perceived about the managing organization or owner of state-owned property. The result of the research is in line with the views of Leong et.al. [29], which states that a good corporate image significantly affects network quality, customer support, and price fairness which ultimately leads to customer loyalty in the form of repeat purchases or reutilize decision.

Customer value affects the decision to utilize state-owned goods. Every customer is able to memorize their experiences whether of being satisfied or dissatisfied after utilizing state-owned property. Consumers could remember the value that consists of benefits of state-owned property, the services of the institution that owns the state-owned property, and the price paid to be able to utilize state-owned property. YuTeTu, et.al [30] concludes that customer value has an impact on customer satisfaction and loyalty to make repeat purchases in the future. It is this customer value that will influence consumers to utilize or not utilize state-owned repeatedly.

**Table 1. Direct and indirect effect test**

<b>Hypothesis</b>	<b>Original Sample</b>	<b>Sample Mean</b>	<b>Standard Dev.</b>	<b>T-Statistics</b>	<b>P-Value</b>	<b>Description</b>
H1 : Quality of state-owned property → State-owned property reutilization decision	0,067	0,074	0,127	0,523	0,601	Insignificant
H2 : Quality of state-owned property → Customer value	0,552	0,553	0,13	4,241	0,000	Significant
H3 : Organizational image → State-owned property reutilization decision	0,376	0,371	0,117	3,221	0,001	Significant
H4 : Organizational image → Customer value	0,296	0,298	0,121	2,444	0,015	Significant
H5 : Customer value → State-owned property reutilization decision	0,430	0,428	0,126	3,418	0,001	Significant
H6a : Quality of state-owned property → Customer value → State-owned property reutilization decision	0,237	0,238	0,094	2,516	0,012	Significant
H6b : Organizational image → Customer value → State-owned property reutilization decision	0,127	0,127	0,064	1,986	0,047	Significant

The effects of customer value on the decision to utilize state-owned property infer the possibility that customer value can mediate the effect of the quality of state-owned property on the decision to reutilize state-owned property. This is aligned with problem formulation to construct first to last hypothesis. The result is that customer value is proven to be a mediator of the influence of the quality of state-owned property on the reutilization of state-owned property in full mediation. In addition, the effect of customer value is proven to be a mediator of the influence of organizational ideals on the decision to reutilize state-owned property in partial mediation.

## 5. CONCLUSION AND RECOMMENDATION

The consequence is that the owner of state-owned property must conduct continues improvement of its asset to achieve management performance that will increase the organization's image. Furthermore, proper maintenance of state-owned property according to the provisions will attract the public to use it. Government agencies that own state-owned property must also make innovations and improve service quality on an ongoing basis, increasing the useful value as well as improving the quality of the physical condition of state-owned property. Therefore, the highly satisfied customers are encouraged to use it again. Ministry of Finance in Indonesia suggested to improve the regulations and budget allocations to support better management of state-owned property in annual basis.

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## COMPETING INTERESTS

Authors have declared that no competing interests exist.

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