

Four Levers of Control in the Implementation of Supply Chain Management in Government Institutions

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Abstract- The current state of the government's Supply Chain Management (SCM) is fraught with malpractices which include lack of good governance, fair, equitable, transparent, competitive and cost-effective procurement process. The management challenges for the Central Jakarta DJP Regional Office are not only performance targets that have not been achieved over the past three years but are coupled with an increase in revenue targets each year that can affect employee motivation at work. With the decline in performance and supply chain management issues identified through the pre-research survey, the authors intend to research the supply chain management system in the Central Jakarta Regional Tax Office using the model approach *four levers of control*. The application of *boundary systems* in the form of *business conduct boundaries* and *strategic boundaries* is quite reliable. The implementation of *the interactive control system* is realized by the creation of a discussion room by *top management* and the establishment of good internal communication between employees in the Central Jakarta DJP Regional Office. Application of diagnostic control system in the form of a planning system with planning that refers to the 2015-2019 Directorate General of Tax Strategic Plan, implementation of budgeting in the form of performance-based budgeting. Generally, SCM performance in the various surveyed government, although it became evident that the departments experience obstacles during the implementation of SCM processes and procedures. Furthermore, procurement planning is inadequate and needs improvement when the departments procure goods, services or works. Procurement execution was also found wanting, especially with regards to procurement governance.

Keywords; *supply chain management system, four levers of control, management accounting, public sector accounting, state finance, taxation.*

1. Introduction

1.1. Background Research

Entities are a collection of various systems that work to achieve common goals. In [1] defines the system as a group of components, each of which supports each other, both interconnected or not, all of which constitute a unity. Supply chain management according to [2] is the process by which managers influence their members to carry out

organizational strategies. In [3] explain that supply chain management systems function to influence employee behavior as expected to increase the probability of achieving company goals. In [4] added that with a good performance measurement system and control system, it is expected that the control system can be used to accommodate various conflicts of interest within the organization [5].

Robert Simons introduced a concept related to supply chain management in 1995, namely the concept of *four levers of control*. In [6] explains that this control model focuses on ensuring that every member of the organization stays in control but does not curb freedom in innovation and creation. Model *four levers of control* have four tools(*tools*)that consist of a *belief system*, *boundary*, *diagnostic control systems*, and *interactive control system*.

In [7] explained that the *belief system* is a formal system used by *top managers* to define, communicate, and strengthen the basic values, goals, and direction of the organization. An example of implementing a *belief system* is a statement of the organization's vision and mission. *Boundary system* is a formal system used by *top managers* to create restrictions and rules that must be obeyed. *Boundary systems* are realized with a code of ethics, a budgeting system, and a strategic planning system. A *diagnostic control system* is a formal system used to monitor company performance and deviations that arise from performance measurement. Examples of application of *diagnostic control systems* are profit and budgeting plans, activity monitoring systems, income monitoring systems. An *interactive control system* is a formal system used by top managers to personally and regularly involve subordinates in decision-making activities.

In [8], explained that when an entity develops to become larger and more complex and business competition becomes more competitive, control can inhibit employee creativity, experimentation, and initiative. This is a challenge for entities to find ways for the development of employee creativity to take place while simultaneously encouraging employee productivity. The concept of *four levers of control* has the advantage of reconciling conflicts between creativity and control. Quoted by [9], Simons also explained that the *four levers* created a pressure between innovation and

efforts to achieve goals. The pressure generated by these four levers urges managers to understand how to achieve a high level of learning (innovation) as well as a high level of control (efficiency).

The Directorate General of Tax (DGT) as the entity responsible for 75% of state revenue has a large organizational structure and massive internal resources, so the need for supply chain management is essential in each of its vertical units. One of the vertical units within the DGT that has great responsibility is the Regional Office (Kanwil) of the Central Jakarta DJP which is in charge of 16 (sixteen) Tax Service Offices (KPP) in charge of performing services, counseling, and coaching Taxpayers in the Central Jakarta area is one of the largest business centers in Jakarta. The regions which are the responsibility of the Central Jakarta Regional Tax Office are Menteng, Gambir, Senen, Tanah Abang, Kemayoran, Sawah Besar, Johar Baru, and Cempaka Putih.

In 2017 Central Jakarta DGT Regional Office received a large responsibility in the form of tax revenue targets as illustrated in Table I.1. Central Jakarta DGT Regional Office has the largest contribution to the national tax revenue target in 2017 compared to other DGT Regional Offices in the Jakarta area, which is Rp76,432,327,053 or about 5.85% of the total state revenue target given to DGT in 2017. This further strengthens the position of the Central Jakarta DGT Regional Office as one of the vertical units under the DGT that plays an important role in national revenue in 2017.

Table 1. Comparison of 2017 Tax Revenue Targets in Jakarta DGT Regional

Offices Name of Office	2017 Targets for Revenue (in rupiah)	% Comparison with the National Tax Revenue Target (Rp. 1,307.4 T)
Central Jakarta Regional Tax Office	76.432.327.053.000	5.85%
West Jakarta Regional Tax Office	40.071.500.692.000	3.07%
East Jakarta Regional Tax Office	23.375.614.132.993	1,79%
North Jakarta Regional Tax Office	31,549,396,497,000	2.41%
South Jakarta Regional Tax Office I	49,296,184,777,000	3.77%
South Jakarta Regional Tax Office II	24,336,392,913,994	1.86%

In addition to the burden of the revenue target which is quite significant with the national tax revenue target, the realization of the tax revenue of the Central Jakarta Regional Tax Office since 2014 experienced a significant decrease as illustrated in Table I.2. Central Jakarta DGT Regional Office has continued to experience a decline in the realization of the tax revenue target since 2013, where

the worst achievement target in 2015 was only 75.87% of the revenue target given. Whereas in the past year the realization of the Central Jakarta Regional Tax Office revenue target was only around 77.13%, which shows the performance of the Central Jakarta Regional Tax Office was not optimal in achieving its main goal of tax revenue.

Table 2. Realization of Tax Revenue of Central Jakarta Regional Tax Office 2012-2016

Year	Target(Rp)	Realization (Rp)	Percentage of Realization
2012	40,041,210,329,680	41,320,043,067,277	103.19%
2013	49,065,121,448,987	45,452,673,183 .859 92.64	%
2014	55.022.361.598.988	50.989.269.519.005	92.67%
2015	74.833.958.122.986	56.772.865.162.339	75.87%
2016	79.432.327.053,000	61.269.589.843.324	77.13 %

(Source: internal data of the Directorate General of Taxes, processed by the author)

According to [6], targets differentiate between good and bad performance, failure to reach targets is a signal that improvements in organizational supply chain management are needed. The decrease in the realization of the Central Jakarta Regional Tax Office's tax revenue indicates some things need to be improved by management in achieving performance targets. The management challenges for the Central Jakarta DJP Regional Office are not only performance targets that have not been achieved over the past three years but are coupled with an increase in revenue targets each year that can affect employee motivation at work [11].

In addition to the decline in performance that occurred since 2013, the author has conducted a pre-research survey related to the supply chain management system to 48 employees or 38.4% of the population of employees in the Central Jakarta DGT Regional Office. The survey results showed 45 respondents filled out all closed questions given. A total of 15 respondents filled open questions related to supply chain management issues, eight respondents identified formal problems such as staffing and workload, five respondents identified informal problems such as communication and leadership styles, and two respondents identified technical problems in the form of office facilities.

With the decline in performance and supply chain management issues identified through the pre-research survey, the authors intend to research the supply chain management system in the Central Jakarta Regional Tax Office using the model approach *four levers of control*.

1.2. Scope of Research

The scope of this study is the application of supply chain management systems in the Central Jakarta DGT Regional Office in the form of leadership policies and employee behavior related to organizational supply chain

management. The analysis used in this study uses the concept of *four levers of control* that was conceived by Robert Simons in 1995 which included a *belief system*, *boundary system*, *diagnostic control system*, and *interactive control system*.

1.3. Problem Formulation

Based on the background of the research, the problems in this study can be formulated as follows:

1. How is the implementation of control with the concept *belief system* in the Central Jakarta Regional Tax Office?
2. How is the implementation of control with the concept of a *boundary system* at the Regional Office of DJP Central Jakarta?
3. How is the application of control with the concept of a *diagnostic control system* in the Regional Office of the DJP Central Jakarta?
4. How is the implementation of control with the concept of an *interactive control system* in the Regional Office of the DJP Central Jakarta?

1.4. Research Benefits The

Benefits of this research are:

1. For the academic field, to become study material and contribute scientific thought for the application of supply chain management systems in government entities.
2. For the Directorate General of Taxes, to be material for analysis and evaluation related to the implementation of supply chain management systems in vertical units that have high revenue targets.

2. Theory Basis

2.1. The Supply chain management System

In [12], defines the Supply chain management System (SPM) as the acquisition and use of information to help coordinate the process of planning and decision making through the organization and to guide the employee. In [2] define SPM as a process by which managers influence other members of the organization to implement organizational strategies. In [3] explained that the formal supply chain management process includes strategic planning, budgeting, implementation, and evaluation.

In [6] found there are three main problems in supply chain management, which are almost inevitable in complex organizations such as companies or government agencies, namely: lack of direction; motivational problems; individual limitations.

An adequate control system will at least be able to motivate the individual's concerned not their efforts to conflict with the interests of the company as a whole. Both formal and systems informal influence individuals in an organization. In carrying out organizational strategies

effectively, these two factors must be able to go hand in hand. According to [2], informal factors in supply chain management systems include:

1. External

External factors are norms about expected behavior in society, where corporate organizations are part of it. These norms include a work ethic, which is manifested through employee loyalty to the organization of the company, their tenacity in their passion and also the pride they have in carrying out their duties (rather than just carrying out their duties on time).

2. Internal factors Internal

Factors in the supply chain management system include culture, management style, informal organization, perception, and communication.

Formal factors in the supply chain management system according to [2] include:

1. Supply chain management systems, which include strategic planning, budget preparation, implementation, and performance evaluation.

2. Rules, namely a set of writings that contain all types of instructions and controls, including position instructions, division of labor, standard operating procedures, manuals, and ethical guidelines.

2.2. The concept of *Four Levers of Control*

Robert Simons, a professor from Harvard University, researched by producing the concept of *four levers of control* in 1995. In [5] shows a comparison between old and new control and management philosophies as in table II.1:

Table 3. Philosophy of Old and New Supply chain management

<i>OLD</i>	<i>NEW</i>
<i>Top-Down Strategy</i>	<i>Customer / Market-Driven Strategy</i>
<i>Standardization</i>	<i>Customization</i>
<i>According to plan</i>	<i>Continuous Innovation</i>
<i>Keeping Things on Track</i>	<i>Meeting Customer Needs</i>
<i>No Surprises</i>	<i>Empowerment</i>

Based on a series of case studies in the late 80s and early 90s Simons developed model framework *four levers of control* to provide a theory for controlling business strategies. The strength of the model is that the implementation of strategies cannot be used alone, but each other complement when used together. The four control models are (1) *beliefs system*; (2) *boundary system*; (3) *diagnostic control system*; and (4) *interactive control system*.

According to Simons the need to balance innovation and control is a central managerial challenge. Using four different control systems together can provide a means to balance conflicting demands. Two of the control systems, *beliefs*, and *interactive control systems*, are used as positive control systems encouraging employees to look for new opportunities and motivate organizational members to engage in creative behavior. Conversely, negative control systems, *boundaries*, and *diagnostic control systems*, which are used to balance positive systems, by limiting behavior search and allocate members' attention. The four control models can be explained by Figure II.1:

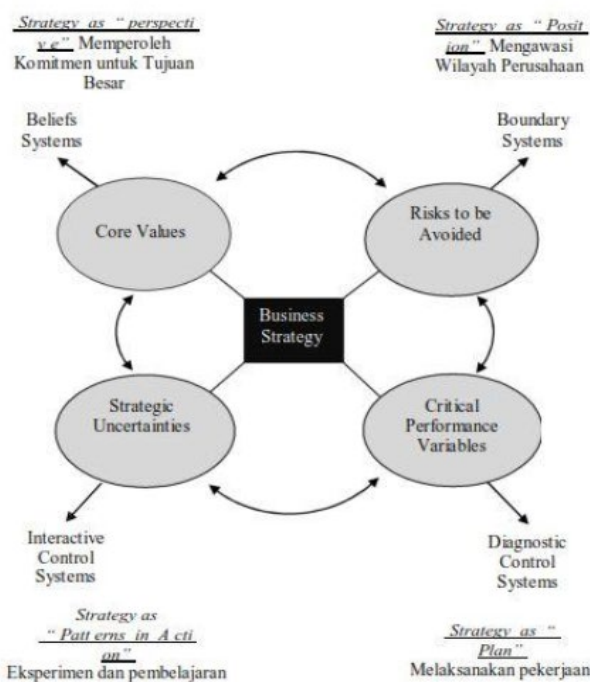


Figure 1. The Concept *Four Levers of Control* from Robert Simons

2.2.1. Supply chain management in government system

The supply chain may be inbound into the public sector – an operational requirement for internal customers for example, or it may be outbound from the public sector – in place to deliver wider organizational objectives to provide services for delivery to citizens, or a combination of both. This relationship is highlighted in Figure 2.

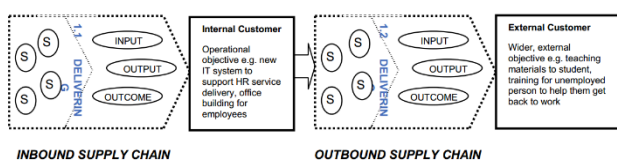


Figure 2. Inbound and outbound supply chains

The *belief system* is a formal system used by managers to define, communicate the company's core values to inspire and motivate employees to find, explore, make,

and issue efforts in appropriate actions [8]. It explains the organization's core values, organizational definitions, organizational goals and direction. This is in the form of the organization's vision and mission.

2.2.2. Boundary system

Boundary system is a formal system used by top managers to communicate organizational boundaries and rules to be respected [8]. This system is contrary to *belief systems*. *Boundary systems* tell employees what they cannot do. The aim is to enable employees to have the freedom to innovate, explore, create and achieve certain standards in predetermined fields

2.2.3. Diagnostic control system

Simons said that the *diagnostic control system* is a formal feedback system that is used to monitor the benefits of the organization and correct errors whether they are in line with organizational performance standards. The purpose of the *diagnostic control system* is to motivate employees to do, align employee behavior with organizational goals, and to provide monitoring mechanisms, in addition to the presence of a *diagnostic control system*, employees have the freedom to innovate, make and achieve certain targets in an organization.

2.2.4. Interactive control system

Interactive control system is a control system where managers regularly and actively involve themselves in decision-making and activities employee [8]. *Interactive control system* is a communication process two-way between managers and subordinate employees at various levels of the organization. According to Simon, managers can use an *interactive control system* from: a system of important organizational agendas and discuss them with subordinates focus on routine management attention throughout the organization's operations, participation in discussions dealing directly with subordinates, carry out debates ongoing about data, assumptions and planning actions.

2.3. Framework for Thinking

Based on the background and theoretical basis above, the authors develop the framework of thought in Figure II.2. This framework begins with an analysis of primary and secondary data on the concept of *four levers of control* in general and a supply chain management system in the Central Jakarta Regional Tax Office. Then proceed with the analysis related to the application of the concept of *four levers of control* in the Central Jakarta Regional Tax Office. From this analysis, the writer will conclude and formulate suggestions for improvement that are deemed necessary.

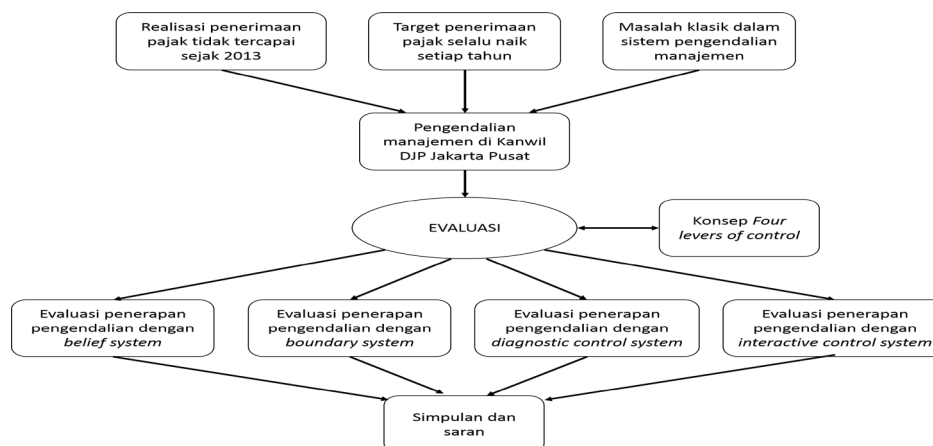


Figure 3. Research Thinking Framework

3. Discussion

Results of research on the application of supply chain management systems related to the concept of *four levers of control* include research conducted by [5] with the title *Levers of Control: Analysis of Supply chain management Systems in A Slovenian Company*. The results of the case study method show that concept *four levers of control* Robert Simons' includes formal and informal aspects of control, while Tekavcic et al suggest that future research should pay attention to deeper informal aspects such as organizational culture and leadership to produce a more comprehensive analysis of management performance.

In [8] conducted a study with the title *Analysis of the Application of Four Levers of Control Case Studies at PT TASPEN (Persero)*. Research with a qualitative method in the form of a case study shows that PT TASPEN (Persero) has implemented a supply chain management system that is by the concept of *four levers of control* but not as a whole. Handary suggested that PT TASPEN (Persero) to apply the concept of *four levers of control* in its entirety following the conditions of companies that are at the stage of growth.

In [1] conducted a study with the title *Analysis of the Possibility of Implementing a Supply chain management System with the model Four Levers of Control at the Bank of China Jakarta Branch*. The results of the case study method show that the leadership of the Jakarta branch of the Bank of China has applied three of the four aspects of the concept *four levers of control* in the company, thus enabling the concept to *four levers of control* be applied at the Bank of China Jakarta Branch.

In [7] conducted a study entitled *Disclosing the control Belief System System based Universities Entrepreneurship: A Phenomenology Study*. *The belief system* is one element of the concept of *four levers of control*. The results of this study found that the lecturers will be motivated to work when they interpret the belief system as a system that can influence lecturers' behavior through the quality of work relationships, appreciation, lecturer participation, role models, and space for lecturer creativity.

4. Research Methods

4.1. Type of Research

The method used in this study is a qualitative method with evaluation techniques. In [3] defines qualitative research as a research process based on a typical methodological research approach that examines social or humanitarian problems. Weiss, as quoted by [2], defines evaluation research as applied research which is a systematic way to find out the effectiveness of a program, action or policy or another object under study when compared to the objectives or standards applied.

4.2. Research Data Sources and Informants

Data sources used in this study are:

- 1) Primary data, including *depth interviews*, and observations made by the author directly at the Central Jakarta Regional Tax Office.
- 2) Secondary data, including studies of work documents in the Central Jakarta Regional Tax Office and the literature relating to the supply chain management system and the concept *four levers of control*.

The interview technique was carried out to the informants that had been selected by using *purposive sampling method*. In [9] defines the *purposive sampling method* as a data source technique based on certain considerations. In the *purposive sampling method*, the number of samples is not specifically determined but rather based on the consideration of information needs. Nasution, as quoted by [6], explained that the determination of the sample (respondent) was considered to be sufficient if it had reached the level of data saturation (*data redundancy*), ie where new information was no longer obtained despite adding a new sample.

Through the *purposive sampling method*, the sample of this study consisted of the Head of the Central Jakarta Regional Tax Office as the *top manager* in the Central Jakarta Regional Tax Office, the Head of the Central Jakarta Regional Tax Office as the manager responsible for supply chain management, the Kasubbag in the

General Section of the Jakarta Regional Office Central, implementing staff at the Central Jakarta Regional Tax Office as the party who accepts and implements management policies, as well as from academics who are chosen based on their knowledge of supply chain management systems. For informants with the status of implementing in the Central Jakarta DGT Regional Office, the authors chose the informants who have a working period in the Central Jakarta DGT Regional Office for more than one year for data reliability [4, 5].

4.3. Research Instrument

In [10] explains that the main instrument in qualitative research is the researcher himself. Sugiyono further explained that the researcher as an instrument must be validated to what extent his readiness to go into the field. The validation of the researcher includes validation of the understanding of qualitative research methods, mastery of the area under study, as well as the researchers' academic and logical readiness to enter the object of research.

4.4. Data Collection Techniques Data

Collection techniques in this study were carried out in three ways to meet the triangulation of techniques, where the triangulation of the techniques according to Stainback as cited by [4] aims to improve researchers' understanding of what has been found. Mathison, as quoted by [11], explained that the value of triangulation data collection techniques is to find out the data obtained extensively, whether in the form of convergent, inconsistent, or contradictory. Three data collection techniques are:

- 1) In-depth interviews (*in-depth interviews*); The interview was conducted in the form of a structure, which according to [2] interviews in this form aim to find problems more openly, where parties to the interview are asked for their opinions and ideas.
- 2) Passive participatory observation; Observation of passive participation is defined by [6] as a form of observation where researchers come at the place of the activities of the person being observed but are not involved in the activity.
- 3) Study documents and literature, namely documents related to supply chain management in the Central Jakarta DGT Regional Office such as the Main Performance Indicator Report (IKU), as well as written regulations related to discipline and staffing. A literature study is conducted to find general and relevant theories to build a constructive framework of thinking related to supply chain management systems and the concept of *four levers of control*.

4.5. Data Processing Techniques Data

processing techniques used in this study refer to the model of [8]. Miles and Huberman as quoted by [10] explained that the activities in qualitative data analysis were carried out interactively and were ongoing so that the

data was saturated. Data analysis activities are divided into data collection (*data collection*), data reduction (*data reduction*), data presentation (*data display*), and drawing conclusions and evaluations (*conclusions: drawing / verifying*).

Miles and Huberman as quoted by [11] explain that data reduction means summarizing, choosing the main points, focusing on the important things, then looking for themes and patterns. Presentation of data can be done in the form of brief descriptions, charts, relationships between categories, *flowcharts* and the like. The analysis process concluded by drawing conclusions and verification. These data analysis activities can be illustrated in Figure III.1 [10].

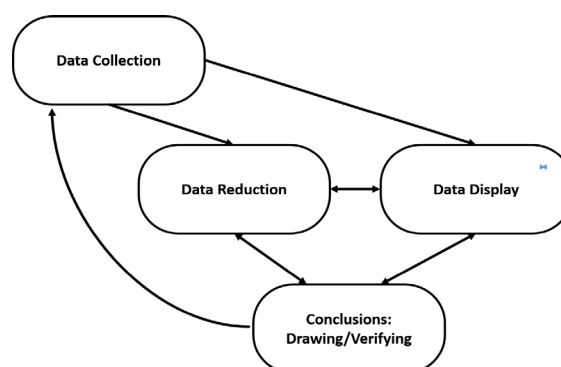


Figure 4. Components of Data Analysis According to the Miles and Huberman Model

4.6. Data Legality Testing

In [12] explains that the data validity test in qualitative research includes test *credibility* (internal validation), *transferability* (external validation), *dependability* (reliability), and *confirmability* (objectivity). The test is *credibility* conducted using the technique triangulation and source triangulation methods. Technical triangulation was carried out using in-depth interviews, passive participatory observation, and study of documents and literature. Source triangulation is done by checking the data at the head of the Regional Office of the Central Jakarta DJP as the *top manager* who controls management, employees at the Central Jakarta DJP Regional Office as recipients and policymakers, as well as lecturers from the STAN State Financial Polytechnic as academics who master the theories related to supply chain management systems.

5. Research Results and Discussion

5.1. Supply chain management in Central Jakarta DGT Regional Office

- a. Statement of vision, mission, and organizational values in Central Jakarta DGT Regional Office

As an echelon, I unit under the Ministry of Finance, the Directorate General of Taxes has the appropriate vision, mission, and organizational values with the vision, mission, and values of the Ministry of Finance. The vision of the Ministry of Finance is "We will be the prime mover

of inclusive economic growth in Indonesia in the 21st century." From the vision statement, it can be concluded that the Ministry of Finance seeks to be the main driver of Indonesia's economic growth, one of which is realized in the targeted state revenue, and this is the responsibility of the Ministry of Finance delegated to the Directorate General of Taxes [11].

The Vision of the Directorate General of Taxes is "To be the best institution for collecting state revenue to guarantee the sovereignty and independence of the state." From the statement of vision, it is illustrated that the main task of the Directorate General of Taxes is to collect state revenues, which will ultimately guarantee the sovereignty and independence of the country. In realizing this vision, the Directorate General of Taxation, of course, internalizes the vision statement to the internal units below it. Central Jakarta DGT Regional Office is a vertical unit equivalent to echelon II under the Directorate General of Taxes so that the vision statement of the Central Jakarta DGT Regional Office is the same as the vision statement of the Directorate General of Taxes.

The Central Jakarta DGT Regional Office mission statement is also directly adapted from the Directorate General of Tax mission statement because the Central Jakarta DGT Regional Office is a vertical unit under the Directorate General of Taxes. The mission statement of the Directorate General of Taxes is "To guarantee the administration of a sovereign and independent state by:

- 1) collecting revenue based on high voluntary tax compliance and fair enforcement;
- 2) modern technology-based services to facilitate the fulfillment of tax obligations;
- 3) tax apparatus with integrity, competence and professionalism; and
- 4) competitive compensation based on a performance management system. "

From the statement of the mission, several aspects can be prioritized by the Directorate General of Taxes in carrying out its mission, namely tax compliance, technology-based services, competent tax officials, and compensation based on a performance management system. The mission statement of the Directorate General of Taxes is sent directly to each vertical unit under the Directorate General of Taxes including the Central Jakarta Regional Tax Office.

The values of the organization owned by the Central Jakarta Regional Tax Office are direct derivatives of the Ministry of Finance Values regulated in Decree of the Minister of Finance Number 312 / KMK.01 / 2011 concerning Ministry of Finance Values, namely integrity, professionalism, synergy, service, and perfection. In addition to these Ministry of Finance values, the Ministry of Finance also formulated a cultural program within the Ministry of Finance determined through Minister of Finance Decree Number 127 / KMK.01 / 2013 concerning

Culture Programs within the Ministry of Finance, namely: one information every day, two minutes before schedule, three greetings every day, plan, work, monitor and follow up, and be concise, neat, clean, caring and diligent.

b. Discipline and code of ethics at the Central Jakarta Regional Tax Office DGT

Directorate General of Taxes is one of the echelon I government agencies under the Ministry of Finance, so disciplinary regulations at the Directorate General of Taxes refer to disciplinary regulations for Civil Servants (PNS) as stipulated in the Government Regulation of the Republic of Indonesia Number 53 of 2010 concerning Discipline of Civil Servants. These civil servant discipline regulations contain obligations, prohibitions, and disciplinary punishments that can be imposed on civil servants who have been proven to have committed violations. Disciplinary punishment for civil servants has its level and type. The level of disciplinary punishment for civil servants includes mild disciplinary punishment, moderate disciplinary punishment, and severe disciplinary punishment.

Light disciplinary sentences consist of verbal reprimands, written reprimands, and dissatisfied statements in writing. Moderate disciplinary action consists of postponing periodic salary increases for 1 (one) year, delaying promotion for 1 (one) year, and demotion lowering for 1 (one) year. Severe disciplinary action consists of demotion lowered for 3 (three) years, transfer in the context of lowering the position of a lower level, release from office, dismissal with respect not at his request as a civil servant, and dismissal not with respect as a civil servant.

To improve the discipline of civil servants within the Ministry of Finance, the Ministry of Finance requires each Echelon I unit under the Ministry of Finance to establish a Code of Ethics and supervise its implementation, as stated in Minister of Finance Regulation No. 29 / PMK.01 / 2007 which has been amended by Regulation of the Minister of Finance Number 71 / PMK.01 / 2007 concerning Guidelines for Improving Discipline of Civil Servants in the Ministry of Finance.

Through the Minister of Finance Regulation, the Directorate General of Taxes has formulated a Code of Ethics for the employees of the Directorate General of Taxes which was confirmed through Ministry of Finance Regulation Number 1 / PM.3 / 2007 concerning the Code of Ethics for the Directorate General of Taxes' Employees. The Employee Directorate General of Ethics Code aims to improve employee discipline, ensure the maintenance of order, ensure the smooth execution of tasks and a conducive work climate, create and maintain working conditions and professional behavior, and improve employee image and performance.

In addition to increasing employee discipline by establishing a code of ethics, the Ministry of Finance also seeks to improve employee discipline by linking it to

employee benefits as stipulated in Regulation Minister of finance. 85 / PMK.01 / 2015 concerning Amendments to Minister of regulation finance. 214 / PMK.01 / 2011 concerning the Enforcement of Discipline about the Special Allowance for Fostering State Finance in the Ministry of Finance.

c. The performance appraisal system at the Central Jakarta DJP Regional Office of the

Ministry of Finance has been running a performance scoring system based on a *balanced scorecard* since 2007. Along with its development, the performance appraisal system at the Ministry of Finance was last regulated by Decree of the Minister of Finance No. 467 / KMK.01 / 2014 concerning Management of Performance in the Environment Ministry of Finance. The objectives of the Decree of the Minister of Finance concerning Performance Management within the Ministry of Finance are as follows:

1) To become a guideline in planning and evaluating the performance of organizations and employees to stimulate the maximum contribution of organizations and employees;

2) Being a strategic control tool for management in stages starting from the head office level to the operational office;

3) Become a standard method for evaluating organizational and employee performance;

4) As an HR management tool for employee competency and career development.

Performance management within the Ministry of Finance consists of three main stages, namely planning, monitoring, and determining performance and evaluation results. Simply stated, performance management within the Ministry of Finance can be explained in Figure IV.2.

a. Planning stages

The annual work plan is the basis for the preparation of performance commitments/performance contracts for the year concerned.

b. Monitoring stages

Based on performance commitments/performance contracts that have been determined, monitoring of KPI achievements and employee behavior is then used as material for conducting performance dialogues, guidance, and consultation.

c. Stages of determining performance and evaluation results

After the year of performance commitment / performance contract ends, the results of the performance appraisal are determined and become a reference in evaluating the performance and structuring of organizations/employees.

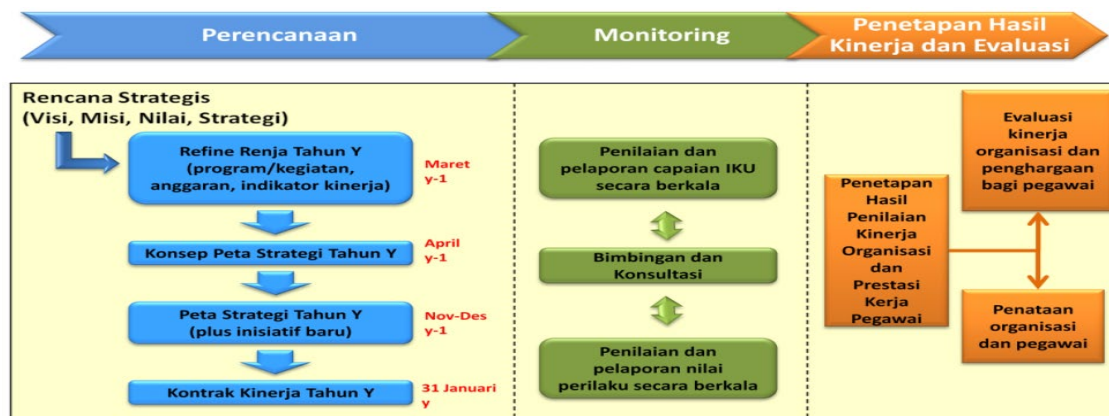


Figure 5. Framework for Performance Management in the Ministry of Finance

Performance Management in the Ministry of Finance is realized in the framework of aligning strategic planning and execution of-based strategies *balanced scorecard* (BSC). In general, the BSC-based mindset is illustrated by the Strategy Alignment Pyramid as contained in Figure IV.3.

The vision and mission of the organization directs all organizational components to have the same image/ideals.

It underlies decision making, planning for the future, coordinating different jobs, and encouraging innovation going forward. Furthermore, the objectives are formulated as a qualitative stage to realize the vision and mission. To make these goals more easily achieved, goals are formulated that describe the specific and measurable conditions that are to be realized in a certain period.



Figure 6. Pyramid of Strategic Alignment within the Ministry of Finance

Referring to these goals, the strategic goals are formulated as a priority to be had, is carried out and achieved by the organization in a certain period. To ensure that these strategic objectives can be achieved, management needs to be carried out on the risk of failure to achieve SS. The achievement of the SS was measured by IKU. Each KPI is accompanied by targets that describe the performance that must be achieved. To achieve the IKU target, a breakthrough activity called the Strategic Initiative (IS) can be carried out. In principle, the formulation and implementation of all the above stages are always carried out within the Ministry of Finance's values.

BSC Ministry of Finance is a strategic management tool that translates the Vision, Mission, Objectives, and Strategy, as stated in the Strategic Plan (Rienstra), into a Strategy Map. BSC-based performance management in the Ministry of Finance is divided into 6 (six) levels, namely:

a. Ministry of Finance *Wide*: Ministry level (Performance Commitment of Ministers and Contracts of Performance of Deputy Ministers);

b. Ministry of Finance *One*: Echelon I Unit level (Echelon I Structural Officer Performance Contract);

c. MoF*Two*: Echelon II Unit level (Echelon II Structural Officer Performance Contract);

d. MoF*Three*: Echelon III Unit level (Echelon III Structural Officer Performance Contract); MoF*Four*: Echelon IV Unit level (Echelon IV Structural Officer Performance Contract);

e. MoF*Five*: Contract Performance of Expert Staff to Ministers, Researchers, Functional Officers, Echelon V level units and Implementers.

Performance appraisal is an appraisal of the performance of the organization and employees on the performance realization compared to the targets set in the monitoring period. The output of the performance appraisal is in the form of Organizational Performance Value, Employee Performance Value and Employee Work Performance Value. Performance appraisal within the Ministry of Finance is simply illustrated through Figure IV.4.

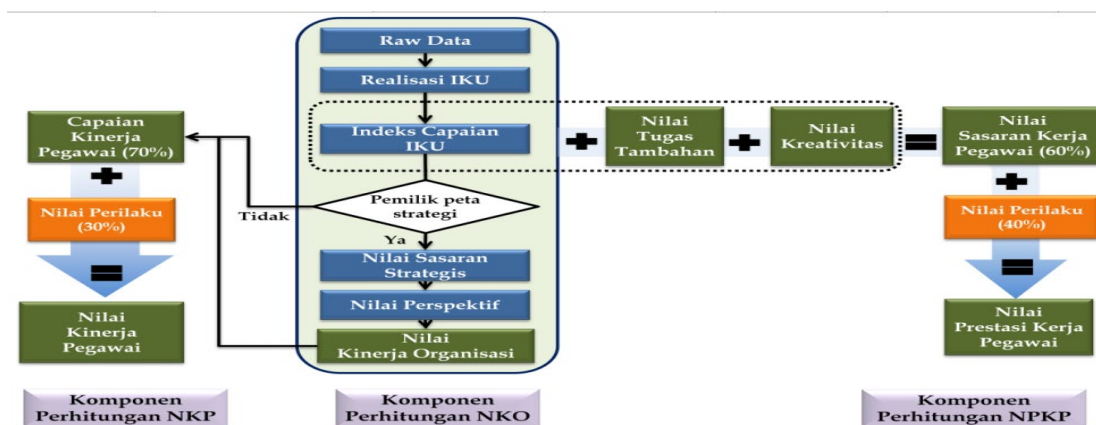


Figure 7. Performance Assessment Mechanism within the Ministry of Finance

6. Discussion on

6.1. Application of the concept of *belief system* in Central Jakarta DJP

a. DJP Analysis vision statement in Central Jakarta

Declaration Central Jakarta Regional Office DJP's vision refers directly to the vision statement of the Directorate General of Taxes. This is because the Central Jakarta DGT Regional Office is a vertical agency equivalent to Echelon II under the Directorate General of Taxes. The vision statement of the Directorate General of Tax is "To be the best institution for collecting state revenue to guarantee the sovereignty and independence of the state." country.

To analyze the vision of the Directorate General of Taxes, the writer uses the criteria for compiling the vision stated in the Regulation of the State Minister for National Development Planning / Head of Bappenas Number 5 of 2014 concerning Guidelines for the Formulation of K / L Strategic Plans for 2015-2019. The criteria for the preparation of the vision include:

1) Vision must be able to provide foresight directions related to the performance and role of the organization.

The vision statement possessed by the Central Jakarta Regional Tax Office has provided foresight direction which is reflected by the words "Being an institution that collects state revenue ...", besides that vision also illustrates the performance and role of the organization, namely "... guaranteeing the sovereignty and independence of the country. "The

2) vision must be able to provide a picture of the future conditions to be realized by the organization.

The vision statement of the Central Jakarta Regional Office of the DGT has drawn a picture of the future conditions that the Directorate General of Taxes wants to realize, which is to become the best state revenue collection institution.

3) Vision must be determined rationally, realistically and easily understood

According to the authors of the vision statement Central Jakarta DGT Regional is a rational and realistic statement because it is directly related to the objectives and functions of the Central Jakarta DGT Regional Office as an institution for collecting state revenue, besides the vision statement is easy to understand because it's quite short and easy to memorize.

4) The vision must be formulated in a concise, concise, and easy-to-remember way.

The vision statement Central Jakarta DGT Regional Office's is relatively short, consisting of only 13 words. Also, the meaning contained in the vision statement is solid, namely combining the guarantee of the sovereignty

and independence of the country. With this concise and concise vision statement, the authors also consider the vision statement of the Central Jakarta Regional Tax Office to be easy to remember.

5) The vision must be carried out consistently in achieving the vision statement. Central Jakarta DGT Regional Office's It can be implemented consistently because it is in line with the duties and functions of the Central Jakarta DGT Regional Office, namely as an institution that collects state revenue.

6) The vision must always apply to all possible changes that might occur so that a vision should have a flexible nature.

The vision statement of the Central Jakarta Regional Tax Office, according to the author, is not rigid and can be valid for the long term. Although in the future it is always possible to revise the statement of vision, the vision statement of the Central Jakarta Regional Tax Office is sufficient to represent the possibility of change.

b. Central Jakarta DGT Regional Office mission statement analysis Central Jakarta DGT Office mission statement is a mission statement that is quoted directly from the Directorate General of Tax's mission statement, namely "Ensuring the implementation of a sovereign and independent state by:

1) collecting receipts based on high voluntary tax compliance and fair law enforcement ;

2) modern technology-based services to facilitate the fulfillment of tax obligations;

3) tax apparatus with integrity, competence and professionalism; and

4) Competitive compensation based on a performance management system. "

In analyzing the mission statement, the writer is still guided by the criteria mentioned in the State Minister of National Development Planning / Head of Bappenas Regulation No. 5 of 2014 concerning Guidelines for Formulating the 2015-2019 K / L Strategic Plan, namely:

1) mission must be in line with efforts to achieve the organization's vision and be valid for a certain period.

From the mission statement of the Central Jakarta Regional Tax Office, according to the opinion of the author is in accordance with the vision of the Directorate General of Tax and the Ministry of Finance, besides the mission statement is in accordance with the 2015 Directorate General of Tax's Strategic Plan -2019 and the 2014-2025 Ministry of Finance Institutional Transformation Blueprint.

2) The mission must be able to describe the elaboration of the RPJMN as well as the tasks imposed by the law relating to the

mission statement of the Central Jakarta DJP Regional Office. The mission has been described as mandated by Law Number 17 of 2003 concerning State Finance, namely collecting state revenue and providing services to taxpayers. Besides, the mission statement relating to tax officers with integrity, competence, and professionalism is following Law Number 5 of 2014 concerning State Civil Apparatus.

3) The mission must be able to describe actions adjusted to the main tasks and functions of the organization or be unitary towards other organizations.

The mission statement of the Central Jakarta Regional Office of the DGT has described actions that are in line with the main tasks and functions of the Directorate General of Taxes and also the Ministry of Finance. This is illustrated by the mission statement about collecting state revenue and services for tax obligations.

4) Mission needs to bridge the elaboration of the organization's vision into goals organizational

Statement DJP Jakarta's vision is already bridging the vision statement of the Directorate General of Taxation to organizations purpose Directorate General of Taxation, which is specified in the first mission statement is "... the state revenue and compliance high taxation."

c. Analysis of organizational values in Central Jakarta DGT Regional Office

Organizational values guided by Central Jakarta DGT Regional Office are the Ministry of Finance values. The Ministry of Finance's values are spelled out in Minister of Finance Decree Number 312 / KMK.01 / 2011 regarding the Ministry of Finance's Values as follows:

1) Integrity

Integrity implies that in thinking, saying, behaving and acting, the Chairperson and all Civil Servants in the Ministry of Finance environment do it properly and correctly and always upholds the code of ethics and moral principles.

2) Professionalism

Professionalism implies that in working, the Chairperson and all Civil Servants in the Ministry of Finance do it thoroughly and accurately based on the best competence and full responsibility and high commitment.

3) Synergy

In Synergy it means that the Chairperson and all Civil Servants in the Ministry of Finance are committed to building and ensuring productive internal cooperation relationships and harmonious partnerships with stakeholders, to produce useful and quality work.

4) Services

In Services, it means that providing services, leaders and all civil servants in the Ministry of Finance do it to

meet stakeholder satisfaction and are carried out wholeheartedly, transparently, quickly, and safely.

5) Perfection

Perfection implies that the leadership and all civil servants in the Ministry of Finance always make efforts to improve in all fields to be and provide the best.

In the framework of internalizing and implementing the Ministry of Finance Values as stipulated in Decree of the Minister of Finance Number 312 / KMK.01 / 2011, the Ministry of Finance has formulated a cultural program to be implemented within the Ministry of Finance. The cultural program is stipulated in the Decree of the Minister of Finance No. 127 / KMK.01 / 2013 on Cultural Program within the Ministry of Finance, namely:

1) The daily information

is intended to encourage all employees of the Ministry of Finance are looking for a positive and share information (*sharing*) with other employees to shared knowledge.

2) Two minutes before the schedule

Intended to train, familiarize, and foster discipline among all Ministry of Finance employees by being present in the meeting room/place two minutes before the meeting starts on schedule, to increase the effectiveness and efficiency of the meeting.

3) Three greetings every day It is

intended that all Ministry of Finance employees are accustomed to providing the best service and to be polite and polite, by giving greetings by the time, namely good morning, good afternoon, and good afternoon.

4) Plan, work, monitor, and follow up It is

intended that all employees of the Ministry of Finance in carrying out their daily tasks apply the work ethic and principles of good management/organization, by always making plans in advance, working to completion, monitoring and evaluating the process and results against targets and specifications and report the results and follow up on the results to make improvements.

5) Concise, neat, clean, caring, diligent

Intended to encourage the growth of awareness, confidence, and concern of the Ministry of Finance employees on the importance of structuring office space and working documents that are concise, neat, clean/clean through maintenance, routine to create a work environment that is comfortable to improve work ethic and enthusiasm for work.

With the values of the Ministry of Finance, the Ministry of Finance's cultural programs and leadership values, it shows that the Regional Office of the DJP Central Jakarta has complete and applicable organizational values in daily activities.

a. Analysis of the method of delivering the vision, mission and organizational values in the Central Jakarta DGT Regional Office

Based on the data obtained from interviews with ten informants who are employees of the Central Jakarta DGT Regional Office, there are several methods carried out in the Central Jakarta DGT Regional Office in delivering vision, mission statements, and organizational values to employees, including:

1) *Internalization Corporate Value (ICV)*; Submission of the vision, mission, and organizational values by the ICV method was delivered by seven informants.

2) *In-house Training (IHT)*; Submission of the vision, mission, and organizational values by the IHT method was also conveyed by seven informants.

3) Coaching meetings either by the Regional Office or the Head of Division / Head; Submission of the vision, mission, and organizational values through the coaching meeting was mentioned by three informants.

4) Through *banners*, banners, wall hangings in the Central Jakarta Regional Tax Office; Submission of

vision, mission, and organizational values through visual aids in the Central Jakarta Regional Tax Office Regional Office was mentioned by three informants.

5) Through organizational culture such as morning prayer, dinner together, morning tea, and other informal events at the Central Jakarta Regional Tax Office; delivery of the vision, mission, and organizational values through organizational culture and informal events at the Central Jakarta Regional Tax Office was delivered by six informants.

Broadly speaking the delivery of vision, mission, and organizational values in the Central Jakarta Regional Tax Office has been carried out in a variety of methods. The author has also conducted a pre-research survey in which the method of delivering the vision, mission, and organizational values is one of the objects in question. The survey in the form of a questionnaire received responses from 48 employees in the Central Jakarta DGT Regional Office. Based on the results of the questionnaire, there are still many employees who are hesitant in understanding the vision and mission of the organization (54%) and some are convinced that each employee works together in realizing the vision and mission (48%) although there are still some who doubt that (42%).

Table 4. Results of the concept Implementation Questionnaire *Belief System*

No.	Questions	Strongly Disagree	Disagree	Hesitate	Agree	Strongly
1.	Every employee in my office works together in realizing the vision and mission of the organization.	-	-	42%	48%	10%
2.	I memorize and understand the vision and mission of the organization where I work.	10%	15%	54%	19%	2%
3.	goals of the organization cannot be achieved without my contribution.	8%	13%	38%	38%	4%
4.	My leader set a good example.	-	4%	15%	65%	17%
5.	I always finish my work even though the leadership is not in place.	-	2%	8%	56%	33%
6.	I am proud of the work I am doing.	-	2%	17%	52%	29%
7.	environment, where I work, is pleasant.	4%	-	13%	60%	23%

b. Conclusion implementation analysis *belief system* in Central Jakarta DGT Regional Office

From the description of the analysis *belief system* in Central Jakarta DGT Regional Office, it can be concluded that the vision and mission statement of Central Jakarta DGT Regional Office is following the vision and mission criteria according to Bappenas. The vision and mission statement is also a statement that is concise, clear, and easy to remember by employees. Also, the vision and mission of the Central Jakarta Regional Tax Office are in line with the vision and mission of the Ministry of Finance

and are long-term and can adapt to change. The statement of organizational values in the Central Jakarta DGT Regional Office is also following the values and cultural programs of the Ministry of Finance.

Table 5. Indicator Analysis of the Application of concept *Belief System*

No.	Indicators	Filled	
		Yes	No
1.	Statement of organizational vision	✓	-
2.	Statement of mission of the organization	✓	-
3.	Statement of organizational values	✓	-
4.	Method of delivering the vision, mission, and values of the organization	✓	-

Submission of vision, mission, and values Organizational values at the Central Jakarta Regional Tax Office include a variety of methods ranging from ICV, IHT, coaching meetings, through teaching aids, through to organizational culture and informal events. Although not all employees memorize the vision, mission, and values of the organization, the results of the interviews show that the example given by the leaders in the Central Jakarta Regional Tax Office has shown that the vision, mission, and values of the organization have been internalized in the implementation of daily tasks. Day at the Central Jakarta Regional Tax Office. Based on the indicators in Table IV.2, it can be concluded that the application of *belief systems* in the Central Jakarta Regional Tax Office is quite good and is a source of inspiration for employees in working.

6.2. The application of the concept of *boundary system* in the Regional Office of the Central Jakarta DGT

The *boundary system* is an 'opponent' of the *belief system* as well as a counterweight in the organization. The *boundary system* does not provide positive ideas and motivation to develop for members of the organization as provided by the *belief system*, but the *boundary system* creates a domain or limited area based on risk determination and opportunity search. So that the *boundary system* can be said to be a guardian of limits in the achievement of goals and organizational development.

In analyzing *boundary systems*, two important things are the focus of the discussion, namely *business conduct boundaries* and *strategic boundaries*. *Business conduct boundaries* are a collection of rules in the form of a code of conduct that contains restrictions and limitations set by the organization. *Strategic boundaries* are limits that set the focus of the organization so that the creativity and innovation of the members of the organization do not exceed the limits and are in line with the goals of the organization.

a. Analysis of *business conduct boundaries* in the Central Jakarta DGT Regional Office The Central

Jakarta DGT Regional Office as a government agency under the Directorate General of Finance certainly has restrictions in the formal form that binds its employees. The form of *business conduct boundaries* in the Central Jakarta DGT Regional Office is manifested in PNS disciplinary regulations that are regulated by Government Regulation of the Republic of Indonesia Number 53 of 2010 concerning Discipline of Civil Servants as well as the Directorate General of Taxes Code of Employee Ethics governed by Ministry of Finance Regulation Number 1 / PM.3 / 2007 concerning the Code of Ethics of the Directorate General of Taxes Employees. Also, several informal rules originate from the leadership's policy, namely the Head of the Central Jakarta Regional Tax Office.

The first form of *business conduct boundaries* in the Central Jakarta Regional Tax Office is a civil servant discipline regulation governed by Government Regulation of the Republic of Indonesia Number 53 of 2010 concerning the Discipline of Civil Servants. These civil servant discipline regulations create obligations, restrictions, and disciplinary penalties for civil servants or CPNS who do not comply with the obligations and prohibitions that have been set. In addition to these obligations, another form of *business conduct boundaries* of PP 53 of 2010 is a prohibition for civil servants that also applies in the Central Jakarta DGT Regional Office.

Central Jakarta DGT Regional Office as a vertical unit under the Directorate General of Taxes also has a special code of ethics that is set in the Ministry of Finance Regulation No. 1 / PM.3 / 2007 concerning the Code of Ethics of the Directorate General of Taxes Employees. The Code of Ethics of the Directorate General of Tax employees explained that each employee has obligations and prohibitions in carrying out their duties in the association of daily life. In addition to these obligations, employees of the Directorate General of Taxes are also equipped with prohibitions as limits in carrying out daily tasks.

Based on the presentation of the Head of Legal Aid, Reporting, and Internal Compliance, it is reflected that the implementation of the code of ethics in the Central Jakarta Regional Tax Office is carried out in various ways ranging from joint prayer, motivation giving, IHT, ICV, to the use of visual aids in the Central Jakarta Regional Tax Office, so that can be impregnated by employees and will eventually become a work culture in the Central Jakarta DGT Regional Office.

The author also distributed questionnaires to Central Jakarta DGT Regional Office staff to find out whether the *boundary system* was understood by Central Jakarta DGT Regional Office staff. The questionnaire received responses from 48 Central Jakarta Regional Tax Office staff and received several responses related to the *boundary system* as shown in Table IV.3. Some employees have assumed that work procedures that apply in the office are clear and easy to understand (60%)

although there are still some who are skeptical about this (30%). Besides, some employees were still doubtful about the clarity of the division of tasks in the Central Jakarta

Regional Tax Office (38%) even though some were already clear about the division of tasks in the office (42%).

Table 6. Results of the concept Questionnaire *Boundary System*

No.	Questions	Strongly Disagree	Disagree	Hesitating	Agree	Strongly
1.	Being late for work is not normal in my office.	4%	6%	47%	28%	15%
2.	The division of tasks in my office is clear.	-	13%	38%	42%	8%
3.	The working procedures in force in the office are clear and easy to understand.	-	-	31%	60%	8%
4.	I always work according to the rules.	2%	2%	10%	71%	15%

b. Analysis of *strategic boundaries* at the Central Jakarta DGT Regional Office

Strategic boundaries at the Central Jakarta DGT Regional Office in the form of business restrictions and organizational focus determination are listed in the 2015-2019 Directorate General of Tax's strategic plan document set out in the Director-General of Tax Decree Number KEP-95 / PJ / 2015 concerning the Directorate General of Tax's Strategic Plan for 2015-2019. *Strategic boundaries* in the Central Jakarta Regional Tax Office follow the limits set by the Directorate General of Tax in the 2015-2019 Directorate General of Tax's Strategic Plan. The Directorate General of Tax's 2015-2019 Strategic Plan can generally be divided into two aspects, namely:

a. Directorate General of Tax's 2015-2019 policy direction

To achieve organizational goals, the DGT established the 2015-2019 Directorate General of Tax's Policy Direction by focusing on specific programs each year, namely:

- 1) 2015: The year of guidance for taxpayers;
- 2) 2016: Year of law enforcement;
- 3) 2017: Year of reconciliation;
- 4) 2018: Year of synergy between government agencies, institutions, associations and other parties;
- 5) 2019: Year of State Budget independence.

b. Strategic Targets and Strategic Initiatives Strategic

Targets and Strategic Initiatives of the Directorate General of Taxes are related to each other so that they are expected to support the achievement of the vision of the Directorate General of Taxes. The strategic objectives are also divided into four points of view so that they represent aspects that represent stakeholders within the Directorate General of Taxes.

c. Conclusion analysis of the application of *boundary systems* in Central Jakarta DGT Regional Office

Based on the results of the analysis derived from interview data and analysis of documents related to *boundary systems* in Central Jakarta DGT Regional Office, the authors conclude that the implementation of *boundary systems* in Central Jakarta DGT Regional Office is reliable. This is reflected in the existence of complementary tools that support the creation of a *boundary system* in the Central Jakarta DGT Regional Office, namely disciplinary regulations, the Directorate General of Taxes Code of Ethics, and the implementation of *strategic boundaries* by planning work programs based on the 2014-2019 Strategic Plan of the Directorate General of Taxes. Application indicators Indicators for implementing the *boundary system* in the Central Jakarta Regional Tax Office are illustrated in Table IV.4. However, the thing that needs to be considered by Central Jakarta DGT Regional Office is the lack of clarity related to the division of tasks and work procedures based on the results of a questionnaire that the authors distributed to Central Jakarta DGT Regional Office employees. This shows there are still some employees who feel they have not received clear boundaries and directions related to the division of tasks and work procedures.

Table 7. Indicator Analysis of the Implementation of *Boundary System*

No.	Indicators	Filled	
		Yes	No
1.	Employee discipline rules	✓	-
2.	Employee code of conduct	✓	-
3.	<i>Strategic boundaries</i>	✓	-
4.	Clarity in the division of tasks and work procedures	-	✓

6.3. Application of the concept of *diagnostic control system* in the Regional Office of the DJP Jakarta Central

A *diagnostic control system* according to [5] is a formal feedback system used to monitor the benefits achieved by the organization and correct deviations that are not by organizational performance standards. This system has aim to motivate employees to align their behavior with organizational goals. Employee behavior that is aligned with the direction of the organization's goals can help ensure the achievement of organizational goals. The implementation of this system can be done by making a *planning system*, *budget system*, and performance measurement based on a *balanced scorecard*. The application of the concept of *diagnostic control system* in the Central Jakarta DGT Regional Office can be reviewed from several aspects mentioned above, namely:

a. *Planning system The*

The *diagnostic control system* at the Central Jakarta DGT Regional Office begins with the preparation of a strategic plan made in the 2015-2019 Directorate General of Tax's Strategic Plan document. The strategic plan is the basis for operational activities in the Central Jakarta DGT Regional Office in the relevant timeframe. All unit plans within the Central Jakarta DGT Regional Office must be aligned with the strategic plan.

The strategic plan was realized by the Directorate General of Taxes in the form of the 2015-2019 Directorate General of Tax Policy Direction and the Directorate General of Tax's Strategic Targets that were formulated on an ongoing basis. From the explanation above, it can be interpreted that the Central Jakarta Regional Tax Office has a planning system that is a guideline in every activity carried out so that any deviations that might occur can be refocused on the existing strategic plan.

b. *Budget system*

As a government organization, the Central Jakarta DGT Regional Office implements performance-based budgeting following the mandate of Law Number 17 of 2003 concerning state finances. The budget, as stated in Law 17 of 2003, is a tool for accountability, management, and economic policy. As an instrument of economic policy, the budget functions to realize economic growth and stability and income distribution to achieve the objectives of the state.

In implementing the budget in Central Jakarta DGT Regional Office, it refers to the Budget Implementation Entry List (DIPA). DIPA is a budget implementation document that is used as a reference for budget users in carrying out government activities as the implementation of the APBN, while the controller in operational activities

is a POK document (Operational Instructions for Activities). The POK document contains technical instructions for carrying out the activities contained in the DIPA. The dynamics of activities within the organization often require the Central Jakarta DGT Regional Office to make adjustments or revisions to its DIPA. It can be concluded that the *budget* or budget as part of the *diagnostic control system* in general still needs a lot of adjustments in the current year because many activities have changed their plans and techniques. Besides, sudden activities from other units in the Directorate General of Taxes require revisions to be made for the implementation of the program.

c. Performance measurement based on *balanced scorecard*

Performance measurement at the Ministry of Finance based on *balanced scorecard* (BSC) adjusted to the public sector where the financial perspective is replaced by the perspective of *stakeholders* or stakeholders. The application of BSC in the Central Jakarta DGT Regional Office begins with the signing of the Performance Contract at the beginning of the year between the Head of the Central Jakarta DGT Regional Office and the Director-General of Tax as the direct top. The form of the signed Performance Contract is in the form of a document with a strategy map (*strategy map*) and details of the Main Performance Indicators that are the responsibility of the owner of the Performance Contract.

The strategy map on the Performance Contract illustrates the Strategic Targets that were the objectives of the Central Jakarta DGT Regional Office for one working year. In addition to the strategy map, the Performance Contract also outlines the Key Performance Indicators (KPI) along with their targets and how to calculate them. The KPI is the direct responsibility of the *top manager* in the Central Jakarta Regional Tax Office, namely the Head of the Central Jakarta Regional Tax Office. IKU lays out the main tasks that must be performed by the holder of a Performance Contract in one year. There are some negative views related to the application of IKU in the Central Jakarta Regional Tax Office which is considered inappropriate because there are still many targets that are *given* and components that are beyond the control of the IKU owner. This is in line with the fact that one component of the KPI owned by the Central Jakarta Regional Tax Office is the KPI associated with tax revenue, where tax revenue is strongly influenced by macro factors. However, this criticism is also complemented by input so that the IKU is more representative of the work that the supporting components are in *fully controlled* by the IKU owner so that performance appraisal using the BSC method can produce an accurate assessment.

Table 8. Results of the questionnaire *Diagnostic Control System*

No.	Questions	Strongly Disagree	Disagree	Doubtful	Agree	Strongly
1.	Organizational strategy planning is always communicated to all parties in the organization.	2%	4%	56%	32%	2%
2.	Leaders make revisions to the work plan if there are errors or things that are not following the plan that was originally planned.	-	9%	19%	64%	9%
3.	The implementation of activities in the organization is always based on a predetermined budget.	-	4%	40%	47%	9%
4.	The existence of job evaluation in the organization motivates me to do my best at work.	4%	9%	37%	43%	7%

According to Simons, to run *diagnostic control systems* effectively, leaders must ensure that they devote sufficient attention to five areas, one of which is in the process of setting and negotiating goals. Managers must personally ensure that the targets set are correct both in direction and level of achievement. The target should be something challenging that can encourage us to work hard to achieve it. When we are motivated to give the best performance in achieving these challenging targets, this will have an impact on the organization's development for the better.

In addition to the explanation above, the author has also made a questionnaire to find out the application of the *diagnostic control system* in the Central Jakarta Regional Tax Office. This questionnaire received responses from 48 employees of the Central Jakarta Regional Tax Office and the results of the questionnaire are listed in Table IV.5. Most respondents were still doubtful about communicating strategic planning to employees (56%), this identified that there was a communication problem in the Central Jakarta DGT Regional Office regarding performance management. Doubt also arises regarding the suitability of the program with the budget (40%), but some respondents already believe the suitability of the program with the budget in the Central Jakarta Regional Tax Office (47%). Another positive thing that was found from the results of the questionnaire was that most respondents agreed that the leadership always made revisions to the work plan that was not under the original plan (43%).

d. Conclusion of the analysis of the application of the *diagnostic control system* in the Central Jakarta Regional Tax Office The

Implementation of the *diagnostic control system* in the Central Jakarta Regional Tax Office carried out by various methods. *The planning system* is manifested in the 2014-2019 DGT Strategic Plan document. *Budgeting* is implemented using planning and implementing the budget including revision of DIPA as a form of adjusting the implementation of activities with budget planning. Performance management based on a *balanced scorecard* (BSC) is carried out using a Performance Contract that

contains the Main Performance Indicators for each unit and employee in the Central Jakarta DGT Regional Office.

The planning system in Central Jakarta DGT Regional Office as a whole is *given* from the Head Office of the Directorate General of Taxes. BSC-based performance management has been carried out following Minister of Finance Decree Number 467 / KMK.01 / 2014 concerning Performance Management in the Ministry of Finance. But in its implementation, it is still a wedge for employees in the Central Jakarta DGT Regional Office because it still considers BSC-based performance management carried out at the Directorate General of Taxation is still *non-fully controllable* and there are still many targets that are *given* without any communication with employees first. Indicators of implementing the *diagnostic control system* in the Central Jakarta Regional Tax Office can be explained in Table IV.6.

Table 9. Indicator Analysis of the Implementation of the *Diagnostic Control System*

No.	Indicators	Filled	
		Yes	No
1.	Document strategies a <i>planning planning system</i>	✓	-
2.	Adequate budgeting	✓	-
3.	Performance management based on <i>balanced scorecard</i>	✓	-

6.4. The application of the concept of an *interactive control system* in the Regional Office of the Central Jakarta DGT

The interactive control system cannot be separated from *strategic uncertainties*. *Strategic uncertainties* according to Simons (1995, 94) are obstacles and opportunities that can arise and can lead to assumptions that underlie the current business strategy so the company cannot be applied anymore. Examples of *strategic*

uncertainties commonly faced by organizations are global economic conditions, technological developments, changes in population demographics, and changes in government policies.

a. *Strategic uncertainties* at the Central Jakarta DGT Regional Office

In the business process implemented by the Central Jakarta DGT Regional Office, several *strategic uncertainties* have a significant influence on the performance and achievement of the objectives of the Central Jakarta DGT Regional Office. *These strategic uncertainties* are closely related to tax revenue targets that are strongly influenced by national and global economic conditions. Also, taxpayer compliance is area *remote* that is beyond the control of tax officials who are in direct contact with taxpayers such as the *Account Representative* and *Functional Tax Examiner*. This is in line with what Wahyu K. Tumakaka revealed as Head of the Central Jakarta Regional Office of the DJP that "If you look at the statistics, the tax revenue that comes from the actions of the tax officer is only 2%, *average*. And the number of taxpayers who are touched by appeals or checked is not up to 2%, meaning that 98% is out of control. "

b. *Interactive control system* at the Regional Office of DJP Jakarta

In [4] explains that the interactive control system is a system that focuses on encouraging dialogue in the company/organization that is done by providing a framework or agenda for debate and motivating in gathering information outside of routine activities. This

Table 10. Results of the questionnaire *Interactive Control System*

No.	Questions	Strongly disagree	Disagree	Doubt	Agree	Strongly agree
1.	I can always express ideas/opinions to my leader.	2%	-	25%	58%	15%
2.	My leader respects the opinions of his subordinates.	-	-	21%	58%	21%
3.	My leader can always convey his wishes.	-	4%	13%	65%	19%
4.	My leader is paying attention to the work satisfaction of his subordinates.	-	2%	15%	58%	15%
5.	In delegating authority, my leadership can create pleasant working relationships.	-	-	21%	69%	10%

c. Conclusion of the analysis of the application of *interactive control systems* in the Central Jakarta DGT Regional Office

In facing *strategic uncertainties* related to the local and global economy, the Central Jakarta DGT Regional Office focuses on providing services that are good and sensitive to changing times, and by developing effective internal communication to equip and motivate employees at work. Central Jakarta DGT Regional Office also conducts debriefing by holding *In-house Training (IHT)* which discusses the development of the business world,

system is used by managers to personally involve themselves in the decision-making activities of employees. To choose what kind of system will be used in the *interactive control system* depends on the strategic and *strategic uncertainties* faced by the organization.

If you look at *strategic uncertainties* faced by Central Jakarta DGT Regional Offices that are out of control, then one effective way to deal with them is to equip employees at the Central Jakarta DGT Regional Office and develop interactive communication and by developments in the outside world. In addition to interactive communication with taxpayers, internal communication is also a provision for the Central Jakarta Regional Tax Office in dealing with *strategic uncertainties*. Effective internal communication will increase the confidence and trust of Central Jakarta DGT Regional Office employees in understanding their responsibilities so that they are more focused and confident in carrying out their duties.

The author also made a questionnaire to find out to what extent the concept of *an interactive control system* has been applied in the Central Jakarta Regional Tax Office. The questionnaire received responses from 48 employees of the Central Jakarta Regional Tax Office. Based on the results of the questionnaire, most employees felt they could convey ideas/opinions to the leadership (58%). Most employees also feel valued by the leader (58%), and the leader can express their wishes clearly (65%). Besides, the form of communication that was realized with a pleasant working relationship was also approved by most employees (69%).

but because the duties and functions of the Central Jakarta DGT Regional Office are in the technical realm so for debriefing and adjustment to the development of regulations and technology it is more dependent on debriefing by the Central Office of the Directorate General of Taxes as policy and regulatory determinants.

Internal communication at the Central Jakarta DGT Regional Office is also the key to facing *strategic uncertainties* in achieving organizational goals. Effective internal communication has been implemented by Central Jakarta DGT Regional Office staff. Effective internal

communication is also one of the methods used by the Head of the Central Jakarta DGT Regional Office as a *top manager* to strengthen the synergy within the Central Jakarta DGT Regional Office in achieving organizational goals. As revealed by Wahyu K. Tumakaka (interview, 7 June 2017) as Head of the Regional Office of the DJP Central Jakarta, that:

"And every day I used to go around chatting, chatting, the model is more to the model that is not aristocratic, not bureaucratic, the communication is more *interhuman*. Now, I explain to them, our relationship is *interhuman*, but there are times when I have to take a role in the function, I'm the leader must make a decision, I'm the lead should give direction, there comes a time, but relations remain a *friend*.

"Indicator analysis of the application of *interactive control the system* can be explained by Table IV.8.

Table 11. Analysis Indicator for Implementation of *Interactive Control System*

No.	Indicators	Filled	
		Yes	No
1.	Dialogue space between employees and leaders	✓	-
2.	Leaders involvement in operational activities	✓	-
3.	Means of conveying ideas and opinions	✓	-

6.5. Triangulation

In addition to technical triangulation, the author also triangulates resources by checking informants who are consists of the Head of the Central Jakarta Regional Tax Office as the *top manager of the organization*, the employees of the Central Jakarta Regional Tax Office as the party who receives and runs policies *top manager*, as well as from academics who master management theory in government organizations.

1. The supply chain management system (SPM) is very instrumental in helping the organization achieve its goals. Some of the vital roles of SPM in organizations are how to make plans that are appropriate to the goals of the organization, direct the organization's human and physical resources to the right department, and coordinate and motivate members of the organization.

2. SPM is highly needed by government agencies. This is reinforced by the fact that government agencies use funds sourced from the National Budget so that in planning and allocating it requires proper systems and controls.

3. The SPM problem that often arises in government agencies is the lack of internalization of the organization's vision, mission, and values to the

employees so that the organization's completeness is only considered as a formality. In addition, the SPM problem that also often occurs is the lack of initiative by leaders to involve subordinates in the formulation of goals and programs of the organization, so that the formulation of objectives and programs is more *top-down* despite the fact that subordinates are more aware of the technical conditions in the field compared to organizational leaders.

4. Internal communication must be built effectively to provide motivation and increase the control of employees in achieving organizational goals. The leadership must actively give direction and monitor the progress of the work done by subordinates, especially for agencies with high revenue targets such as the Directorate General of Taxes.

7. Conclusions and Suggestions

7.1. Conclusions

The results of this study may assist the participating departments to align their SCM and procurement practices to prescribed legislation in order to increase SCM performance, as well as achieve the objectives of good governance in terms of the Green Paper on Public Sector. The findings have to be interpreted in the context of national government initiatives to ensure effective SCM, which would eventually impact service delivery to its citizens. The Central Jakarta DGT Regional Office moved from the rule-driven procurement system to SCM to manage public procurement and address the core best practices such as the need for value for money; effective monitoring and reporting; skills development of key procurement personnel; and integrated procurement processes to focus on whole life costs and benefits.

7.2. Suggestion

Based on the conclusions obtained from the analysis, the authors provide suggestions for improvement related to the supply chain management system in the Central Jakarta DGT Regional Office, namely: The

1. Directorate General of Tax specifically the Central Jakarta Regional Tax Office should take a more specific and tangible method of internalizing the vision, mission, and values -the value of the organization. The method can be in the form of a model employee selection every month in each unit to motivate employees to better realize the values of the organization at work and provide the best in carrying out their duties. Another method that can be taken is to establish *sharing sessions* routinely in each unit where each employee can share stories related to experiences and other information to enrich insight and motivate employees to develop better.

2. Central Jakarta DGT Regional Office should provide clear boundaries related to the division of tasks and work procedures within the Central Jakarta DGT Regional Office to guarantee the limits and

responsibilities given to each employee in the Central Jakarta DGT Regional Office. This will increase transparency and effectiveness in implementing work programs in the Central Jakarta DGT Regional Office.

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