

Inter-Organizational Linkages Capacity After Fiscal Decentralization of Land And Building Tax Management In Revenue Department of Cimahi City, West Java, Indonesia

Candradewini
Faculty of Social and Political Sciences, University of Padjadjaran

— *Review of* —
**Integrative
Business &
Economics**
— *Research* —

ABSTRACT

The transfer of Urban Land and Building Tax management from the Central Government to the Local Government is a form of follow-up policy of regional autonomy and fiscal decentralization. This is a turning point in the management of Land and Building Tax in Indonesia. The purpose of this study was to obtain a description of the Inter-Organizational Linkages Capacity of Cimahi Revenue Department in managing the organization after fiscal decentralization in Urban Land and Building Tax in Cimahi City. The results showed that the Inter-Organizational Linkages Capacity of Cimahi Revenue Department did not perform well and did not provide reliable service to taxpayers. Planning, implementing and monitoring were not good enough. For examples, there were about 700 taxpayers who proposed mutations but have not been handled and the car of tax services have not been in line with expectations.

Keywords: Inter-Organizational Linkages Capacity

1. INTRODUCTION

The changing management of Rural and Urban Land and Building Tax (PBB-P2) from the Central Government to the Local Government is a follow up form of regional autonomy and fiscal decentralization policy. There is a form of the policy created into Law No. 28 of 2009 about Regional Taxes and Levies. It's the turning point in management of Rural and Urban Land and Building Tax sector. By this change, the process of collecting data, assessment, determination, administration, collection/billing, and service PBB-P2 will be hosted by the government of district and city.

One of the regions that has been managing the PBB-P2 is Cimahi. Cimahi as an autonomous region has conducted Urban Land and Building Tax management since the beginning of 2013. As before, the implementation of Land and Building Tax management has been assigned Regional Regulation No. 9 of 2011 about Local Taxes. In addition, it is also stipulated Mayor Regulation No. 24 of 2012 about The Procedure for Collecting Urban Land and Building Tax.

In January 2013, Cimahi officially managed its Urban Land and Building Tax independently from central government in this case KPP Pratama Kota Cimahi. There are three major things devolved by central government, namely: i). Taxpayers database; ii) Cooperation Agreement; iii) SPT. Thus, from 11 types of local taxes, now Cimahi is managing 10 types of them, namely: hotel tax, restaurant tax, entertainment tax, advertisement tax, street lighting tax, parking tax, BPHTB, ground water tax (ABT), bird nest tax, and Urban Land and Building Tax.

Since the phase of preparation began in 2011 and the official devolvement in January 2013, Department of Revenue (Dipenda) Cimahi already managing the various efforts made. However, the phenomenon shows that results of management for nearly two years as follows:

Urban Land and Building Tax which expected to contribute optimally to the PAD Cimahi has not been fully achieved. Data in 2013 and 2014 reported by the Development of Revenue indicates that the achievement of Land and Building Tax as follows:

Target and revenue realization of Land and Building Tax in Cimahi is still far below its potensial. Based on the author's observation and interviews with the Head of Department, Secretary, and Head of Revenue it's happened because the ability of cooperation which hasn't been well between related institutions involved in taxes management, namely: Dipenda, Kelurahan (village), banks, and the other parties who associated with management of Urban Land and Building Tax. For the example, in additional supervision of building which giving and impact on the amount of NJOP. Since receiving devolvement from central government, Department of Revenue (Dipenda) has not in a sinergy to record the scale of NJOP that should be adjusted by the addition of new building.

That phenomenon shows that cooperation between the organization which carried out by Department of Revenue (Dipenda) Cimahi hasn't been running well. Thus, the authors are interested to do research to uncover the extent of cooperation between organizational capacities undertaken by Department of Revenue (Dipenda) Cimahi.

The author assessed that the urgency of this research is very high considering the usefulness and the lack of studies that reveal the intern-organizational linkages capacity on Land and Building Tax management in Indonesia.

Based on the background, authour compiled this following research question: "How far the capacity of inter-organizational linkages revenue service Cimahi, West Java, Indonesia in managing Urban Land and Building Tax".

2. LITERATURE

Indonesia recognizes various taxes which imposed on owned land or tilled society or usually called with land tax. Nowadays the term of land tax called Land and Building Tax. Land and Building Tax is a tax that has been levied on a very long period of time, starting from the royal era, the colonial era, the era of independence, so it's developing until today. Various problems and optimalization efforts of earning Land and Building Tax to be attention of various party including government, citizens, and researchers, as well as academicians. Various studies of the land and building tax become interesting study for researchers.

Horton, et al. (2003), stated that the capacity of organization as "its ability to successfully apply its skills and resources to accomplish its goals and satisfy its stakeholder's expectation". Operationally, organization capacity consist of resources, knowledge, and processes run by an organization. Capacity is a multidimensional concept, dynamic, and directly or indirectly affected by contextual factors (Brown, Fond and Macintyre, 2001; Rohdewohld and Poppe, 2005; Solanke, 2011).

From the description above, the organization capacity contains three elements: First, capacity is "ability" and "capability" of the organization which can be mean prosperity, skillful and competent of individual, group, and institutionally; Second, the

capacity concept associated with the achievement of organizational goals; Third, the concept implies capacity as a process, which means that there is something to be developed. From the definitions above, it appears that the organizational capacity describe widely in terms of skills, knowledge, and organizational resources that used to carry out the tasks, activities, and specific programs (Solanke, 2011). These definitions describe the organizational capacity as the highly organization's coveted ability, especially in relation to the dimensions which make it up.

In 1999 Lusthaus et, al conducted research which revealed that the suppression of investores to the organization/development agency is focused on the development of organizational capacity in solving all development problems that they faced. The organization experiences indicates that facilitating the change at organizational level is more difficult both conceptually and practically rather than merely implementing a simple project. A basic understanding of Lusthaus et, al in building the organizational capacity is how to develop the context of the organization. They find there are 8 things that are interrelated in terms of achieving organizational goals. So the concept of capacity presented by Lusthaus (2002) as follows: *“Organizational Capacity is the ability of an organization to use it resources to perform. If the organization itself is the unit of analysis, all of the resources, system and processes that organization develop to support them in their work can be assesed.”*

Because the concept is built by Lusthaus based on “contexts” resource owned by the organization, the aspect which was raised is in the form of owned resource that owned by organization *“organizational capacity entails eight interrelated areas that underlie an organization's performance. These are strategic leadership, organizational structure, human resources, financial management, infrastructure, program and service management, process management, and inter-organizational linkage.”* (Lusthaus, 2002)

One of the important aspects from organizational capacity according Lusthaus is the capacity of inter-organizational linkages. This networking aspect helps the organization in following the progress of certain areas to the purpose of the organization. In addition it is able to provide access to a very extensive and up to date information from various places in the world that has an organization with the same field. Such theories put forward Coyne and Dye, *“Linkages helps the organization keep up with advances in pertinent fields, and give access to wide-ranging source of up-to-date information within each area of the organization's work”* (Lusthaus, 2002). The components which make up this aspect are networks, joint ventures, coalitions, partnership; and computer linkages.

Networks, joint ventures, coalitions, and partnerships are informal networks involving several groups of interconnected because of the same interests. As noted Lusthaus *“Networks are an informal type of linkage that involves loosely coupled groups that are linked together to serve common interest.”* (Lusthaus, 2002).

If an organization does not implement this component, it will be many organizations that have problems and unable to finish their job because they do not get support from organizations that are in the same field of work. It has been stated Lusthaus, *“Many organizations find that they are unable to move toward reviews their mission without the help and support of like- minded organizations.”* (Lusthaus, 2002).

Networking in public service is very important for the organization (Horton et.all, 2003). Similarly, for the organization of local governments, as remember the limitations which owned by the government itself and also the demands of the socio-economic environment is very fast (Widaningrum, 2010). Through networking and

cooperation, the organization will be able to increase capacity and establish a mechanism for cooperation in the decision-making process (Berman, 2006). Therefore, the ability to create networking and cooperation is an important component of organizational capacity .

Furthermore, almost similar definition expressed by Berman (2006) that, "*partnership refer to a family of contractual arrangements that involve; joint responsibility for decision making and implementation*". The definition illustrated that partnership is a organizational cooperation process in which there is shared responsibility in order to make a decision and the implementation of an activity.

According Agranof (Warsono, 2009), there are four forms of networking, namely: (a) Information networking, is a form of cooperation between regions on limitation to the exchange of information, policies, programs, technologies and solutions of common problems; (b) Development networks, a form of cooperation among the districts whose scope is not only the field of information, but other fields that can mutually enhance each region capacity in addressing problems in their respective areas; (c) Outreach networks, namely the form of inter-regional cooperation in preparation of programs and strategies for each region, adopted and implemented also by other regions; (d) Action network, is a form of cooperation in which cooperative areas, jointly draw up a joint action program, implemented together or implementing cooperation activities.

Meanwhile linkages electronic components is a new technology which was considered potential enough in exchanging information , because it includes unlimited access to information. Lusthaus says, "*Electronic linkages are a worldwide assembly of systems, including communication networks, information equipment, information resources, and people of all skill levels and backgrounds*" (Lusthaus, 2002). Organizational capacity and performance will be more advanced with the using of electronic technology precisely like this. The role of information systems such as this is a good opportunity for the organization in order to obtain information and new ideas were spread around the world. Refers to Lorenzoni and Baden Fuller stated that, "*Electronic systems provide the opportunity to search the entire globe for new ideas and information, unlimited access to public services, cultural opportunities, commercial transactions, etc.*" (Lusthaus, 2002).

3. RESEARCH METHOD

The research method used by the author to examine the capacity of inter-organizational linkages is a qualitative research method. The procedures of qualitative research conducted consist of several stages: pre-court stage, the stage of data collection, data analysis stage research report writing.

The instrument that used to collect the datas in this research is qualitative approach. Meanwhile the tools which used to support the collection data and interview activites were stationary, recorder, photos, map, etc.

Author chose the informant *purpossively*, in which the informant was chosen according to the purpose of this research. The informant of this research consist of: Head of Revenue Department (Dipenda) in Cimahi City, The Secretary, Head Divisions, Head Section, some organization under Cimahi Government, and Tax Payer in Cimahi City.

4. RESULTS AND DISCUSSION

Management of Urban Land and Building Tax conducted by Revenue Department in Cimahi involve a variety of stakeholders. Based on the interview with The Head of Section for Reception, obtained information that linkage in the management of Urban Land and Building taxes are the various parties as follows: 1) The citizen of Cimahi City as tax payer Urban Land and Building Tax who need the services to do to their compulsory to pay their own tax. 2) Banks, in this case BJB Cimahi, BTN, Syariah Mandiri Bank, and post office as receiver of Urban Land and Building tax payment. 3) Villages Government as a partner in disseminating SPPT the Urban Land and Building Tax. 4) Regional Secretariat of organization of Cimahi City as partner to create the structure and design of Revenue Department in Cimahi. 5) Archive office, library and electronic data management as Dipenda partner to help the broadcast of information which related to Land and Building Tax for Cimahi city citizen through government website. 6) Tax Reception Office (KPP Pratama Cimahi) as the representative of Central Government.

The linkage between Revenue Departement with related institution relationships that determine the effectiveness of tax administration, especially Land and Building Tax. In the opinion of The Institutional Head of Organization Cimahi Government: *“All regional organizations in Cimahi city has coordinated relationship each other. This is to facilitate the implementation of work process accross departments in Cimahi city. Even, in some cases, if needed some relation with external aspect because special needed it’s possible if according to regulations.”*

This linkage would help the organization to adapt the development another aspects which relate to the vison of organization. In addition, it would be able to prvide accesibility and uo to date information from some organizations in the same field. Coyne and Dye stated that, *“Linkages helps the organization keep up with advances in pertinent fields, and give access to wide-ranging source of up-to-date information within each area of the organization’s work”* (Lusthaus, 2002). The component which create this dimension are lain *networks, joint ventures, coalitions, partnership; and computer linkages*. According to Lusthaus (2002), *“Networks are an informal type of linkage that involves loosely coupled groups that are linked together to serve common interest”*. The Cimahi Government has implemented the *linkage* involve some institution to work together achieve the goals. The purpose is meant here is service of Urban Land and Building Tax to the taxpayers in Cimahi.

If an organization does not implement this component, it will be many organizations that have problems and unable to finish the job because they do not get support from organizations that are in the same field of work. It has been stated Lusthaus, *“Many organizations find that they are unable to move toward Reviews their mission without the help and support of like-minded organizations”* (Lusthaus, 2002).

Similiarly for the government of Cimahi City, the limitation of the government and also the demands of the development jobs and the new jobs to manage the land and building tax, so the govenrment implement the linkage to serve the tax payers in Cimahi city.

Head Department and The Secretary of Department stated the reason why Cimahi city partnering some parties to manage Urban Land and Building Tax: *“It’s impossible to manage the urban land and building tax without involving bank with modern financial management facilities, villages that are at the forefront of service to*

the community, KPP Pratama which experienced some years to manage the urban land and building tax and SKPD"

According to Lorenzoni and Baden Fuller statement (Lusthaus, 2002) who stated that *electronic systems* would ease the *linkage* to public become faster and widespread would help the government to provide the services for cimahi netizen. In this case, the Cimahi government have created online tax payment through internet.

According to Head of Determination and Head of Received: activities that use electronic networks in Cimahi include: payment, data validation, land and buildings tax payment in the form of a report receipt of all OP, land and buildings tax receipts and form of reports receipt of all objects of tax, monitoring land and building tax, the calculation tax payable.

According to the opinion of an employee of the General Functional, relations with the electronic network/internet are doing with the bank in online payments, because it requires a network between the client host to host. In other hand, the provision of information to the village and the community has been prepared through a website about Urban Land and Building Tax information.

5. CONCLUSION

The inter-organizational linkages capacity of Revenue Department in Cimahi City, West Java-Indonesia, still facing many challenges. These challenges include: coordination with budgeting department on preparation and submission of annual budget of Revenue Department Cimahi City, with with part of the organization in terms of change and development of the organizational structure. In addition, with archive office, Libraries and Electronic Data Management Cimahi to manage website and information about tax service online. Communication and coordination with village to socialize the land and buliding tax service.

6. RECOMMENDATION

The Revenue Department of Cimahi City should strengthen networking (linkages) with the related institutions in the management of taxation in particular Urban Land and Building Tax. First, there should be continuous coordination among the relevant institutions and evaluated regularly. Secondly, there should be the utilization of villages as agents of socialization tax services to the community Cimahi. Thirdly, updating of information services tax by strengthening coordination with the Office of Archives, Libraries and Electronic Data Management Cimahi.

REFERENCES

- [1] Berman, Evan M. (2006). *Performance and Productivity in Public and Non Profit Organization*, p.166, 2nd Ed. Amok, NY: ME. Sharpe
- [2] Brown, Lisanne, Anne Lafond, Kate Macintyre. (2001). *Measuring Capacity Building*, Measure Evaluation, HRN-A-00-97-00018-00 Carolina Population Center University of North, Caroline at Chapel Hill. Retrieved July 15, 2011 from www.cpc.unc.edu/measure.
- [3] Horton, Douglas, et. all. (2003). *Evaluating Capacity Development: Experiences From Research And Development Organizations Around The World*. The Netherlands: International Service for National Agricultural Research (ISNAR); Canada: International Development Research Centre (IDRC), the Netherlands:

- ACP-EU Technical Centre for Agricultural and Rural Cooperation (CTA), pp.19-25.
- [4] Lusthaus, C., Anderson, G. & Murphy, E. (1995). *Institutional Assessment: A framework for Strengthening Organizational Capacity for IDRC's Research Partners*, Canada: International Development Research Centre.
- [5] Lusthaus, Charles, et,all, (2002). *Organizational Assessment. A framework for improving performance.* pp. 11-83. Ottawa: Inter-American Development Bank, Washington DC and International Development Research Centre.
- [6] Makmur. (2010). *Faktor-faktor yang Mempengaruhi Penerimaan PMM-Pajak Bumi dan Bangunan-di Kabupaten Kutai Barat.* Jurnal Eksis, Vol. 6 No. 2, pp. 1440-1605. Retrieved August 7, 2014 from <http://www.karyailmiah.polnes.ac.id>.
- [7] Rohdewohld, Reiner dan Manfred Poppe. (2005). *Guidelines on Capacity Building in The Region: Mudule A: The Capacity Building Cycle From Capacity Building Needs Assessment (CBNA) Toward the Capacity Action Plan, GTZ-SfDM (Support for Decentralization Measure), Version 2.0, SfDM Report 2005-2.*
- [8] Solanke O, Eziyi O Ibem. (2011). *Aseessing Organizational Capacity Inhousing Provision: A Survey of Public Housing Agencies in Ogun State, Nigeria,* Journal of Social and Development Sciencies Vo. 2 No. 6 pp 275-288.
- [9] Undang-Undang No. 28 Tahun 2009 Tentang Pajak Daerah dan Retribusi.
- [10] Warsono Hadi, (2009). *Kolaborasi dan Kerjasama Antar Daerah,* in Agus Pramusinto and Erwan Agus Purwanto (2009) *Reformasi Birokrasi. Kepemimpinan dan Pelayanan Publik.* Yogyakarta: Gava Media, JIAN-UGM dan MAP-UGM.
- [11] Widaningrum, Ambar. (2010). *Desentralisasi, Kapasitas Daerah dan Pengelolaan Jaringan Alam Penyelenggaraan Pelayanan Publik,* Wahyudi Kumorotomo and Ambar Widaningrum, (editor), *Reformasi Aparatur Negara Ditinjau Kembali,* Yogyakarta: Gava Media dan MKKP dan MAP, UGM.