

## **Bureaucratic Performance in Public Service: Study on the Office of Regional Revenue Palembang, South Sumatra Province**

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### **ABSTRACT**

*Change on the paradigm of New Public Management (NPM) to the paradigm of New Public Service (NPS) requires the performance of public service bureaucracy. Now it's becoming an increasingly strategic policy issue due to improved performance of the bureaucracy with broad implications on the economic and political life. This study aimed to assess the performance of public services in the Office of Regional Revenue Palembang in South Sumatra Province. This study used qualitative approach with principled basis naturalistic objects of research. Data were collected by observation, interview and documentation. Research shows that the performance of the bureaucracy in the public service is still dominated by a culture that can be seen from the dimensions: (a) Land and Building Tax services mostly do not overlook the village officials with the principles of public service so that the service can be qualified; (B) although in terms of structure, rules or procedures can affect service providers and service users, but in reality the provision of services is determined by the wisdom and consciousness of bureaucrats; (C) the need for cooperation between village officials with the Office of Regional Revenue Palembang, South Sumatra Province in the administration of land and building tax services, through the act of prudence. In the sense that there are some services provided entirely to village officials, and there are some services are still held by the Office of Regional Revenue Palembang, so that each village officials have a responsibility to the government. Furthermore, the role of government through the Office of Regional Revenue Palembang in South Sumatra was focused more as regulators/policy makers with regard to performance improvement services of Land and Building Tax.*

**Keywords :** Bureaucratic Performance, New Public Service, New Public Management

## 1. INTRODUCTION

The passion of public service is beyond those who formally working for government, which thought as public service servants. Meanwhile, ordinary citizens have also expected to contribute the service. However, the way they might bring their talents have been limited partially because the citizenship role has severely constrained over the past several decades. The public servants prefer to think public as customers or consumers rather than citizens (Denhardt and Denhardt, 2003)

Decision of MENPAN (The Apparatus Empowerment Ministry) No. 63 of 2004 stated that the nature of public service is providing excellent service to the community as the realization of obligations for government apparatus as a public servant. Law No. 25 of 2009 on the public service explained that the public service is an activity and a series of activities to meet the needs of the service in accordance with the laws and regulations for every citizen and resident in the goods, services, and/or administrative services provided by the public service organizers. Zeithami and Bitner suggest that satisfaction is a much broader concept than just assessment of service quality, but also influenced by other factors (Zeithami, et.al., 1990).

According to Kotler (1994), service users (customers) are *value maximizers*. It means that they always want products that can provide the highest level value or of satisfaction. A person's feeling of satisfaction appears on their perception on the products or services they get (Kotler, 1994)

In the opinion of Maxwell (2003), there are six criteria for creating a qualified service: (a) appropriate and relevant; (b) available and affordable; (c) to ensure a sense of justice; (d) acceptable; (e) economic and efficient; (f) Effective. Otherwise, Steers, et.al. (1999) stated that the factors that support the success of an organization can be found in four general groups: organizational structures and technology, environmental characteristics, the characteristics of workers, the policy and practice of leadership. The institution/program is built to meet the needs of certain socioeconomic where the needs were formulated goals of the organization or program (Poliit,et.al., 2000). It also means a program organization providing input, organize activities to process the inputs into output in a particular process. The performance assessment consisted of: (a) relevance, (b) efficiency, (c) the effectiveness, and (d) utility and sustainability (Poliit,et.al., 2000).

Poor performance of service bureaucracy in Indonesia described in the report of the Political and Economic Risk Consultancy based in Hongkong in 2011. It was reported that Indonesia has become the most corrupt country of the 16 countries in the Asia Pacific region (Kompas, 2012a).

*"In the eyes of business people, Indonesia is the most corrupt countries in the Asia Pacific region. This is related to the performance of the bureaucracy, thus the problem will not be complete if only relying on repression".*

Chairman of KPK (Corruption Eradication Commission), Abraham Samad in anti-corruption conference entitled "Principles for Anti-corruption Agencies", said the failure of anti-corruption agencies are caused by the absence of government support or sufficient political will. The high level of corruption in Indonesia, according to Abraham, brings extensive and damaging impact, not only economically but also socially (Kompas, 2012b).

The survey of Political and Economic Risk Consultancy in 2013-2014 showed that the quality of the bureaucracy in Indonesia, including the worst along with Vietnam and India. This also implies the bureaucratic reform agenda in Indonesia was never seriously prioritized by government. The impact of this attitude was reflected in Indonesia's inability to escape the crisis, and Indonesia even becomes the slowest countries to overcome this problem. Similar results were shown in The World Competitiveness Yearbook issued by the Institute for Management Development (IMD) which classifies the Indonesian bureaucracy competitive index in the lowest group before India and Vietnam. In the midst of the rupiah's decline, the World Economic Forum (WEF) in the 2013-2014 report Indonesia's competitiveness on the order of 38<sup>th</sup>, higher from the order of the previous year was 50<sup>th</sup> (Ministry of Education and Culture, 2012).

Supreme Audit Agency found the realization of tax revenue over the past five years did not reach the target or only ranged from 94.31%–97.26% of the revised budget target. It was noted in 2008 that only tax revenues excess the target or reach 106% of the APBN-P (the revision of national budget). While tax revenues were maintained DG Taxation in 2012 for Rp 835.830.000.000; or Rp 49.200.000.000 less than the revised budget target Rp 885.030.000.000.

*"Cumulatively revenue of 2009-2012, tax revenues do not reach budget target of Rp 134.240.000.000,- from national budget Rp233.440.000.000,-"*

The target of tax revenue was not achieved, because the government has not implement Article 35A of Law No. 28 year 2007 concerning General Provisions and Tax Procedures (CTP); although it has been effective since January 1, 2008 (Journal of Parliament, 2014). Performance assessment of public service bureaucracy in Regional Revenue Office of Palembang in South Sumatra Province can be judged based on the revenue targets. The area is said to have performed a good public service bureaucracies if it can meet the specified revenue target. Lack of awareness on the leadership in carrying out its duties optimally could be problems in meeting the original revenue targets of specified area.

Regional Income is a factor that will accelerate the pace of regional development. It is expected to reduce the burden on the central government since the area is able to organize and manage their own financial resources.

The implementation of land and building tax collection performed by the Tax Office Regional Revenue Office of Palembang, South Sumatra Province had been well. Overall administration in accordance with:

- 1) Law No. 12 of 1994 on Land and Building Tax,
- 2) Law No. 28 of 2009 on Regional Taxes and Levies,
- 3) Palembang City Regulation No. 3 of 2011 on Urban Land and Building Tax,
- 4) Palembang Mayor Regulation No. 51 of 2013 on amendments to Mayor of Palembang Regulation No. 12.a in 2013 on the procedures for granting reductions and settlement objections of Urban Land and Building Tax,
- 5) Palembang Mayor Regulation No. 15 of 2014 concerning the classification, greatness rates and minimal provisions of Land and Building Tax.

Receipt of property taxes tends to be not in accordance with the target compared with revenues from other local tax revenues targets which were realized more. Realization of revenue targets tendencies of land and building tax can be seen from the report targets and realization of land and building tax of Palembang in 2009-2012 (Table 1).

**Table 1.** Revenue of Land and Building Tax in Palembang

Year	Revenue of Land and Building Tax (Rp)		Realization Percentage (%)
	Target	Realization	
2009	38.259.731.924	27.340.997.392	71.46
2010	48.768.492.854	34.478.575.419	70.70
2011	52.290.074.392	36.533.330.839	58.58
2012	83.562.750.000	76.134.848.215	91.11

Public services from the Revenue Office Palembang are also supported by information systems that rely on digital power (the application of information technology). If the bureaucracy was performed with steady quality management system, the incident referred to above Table 1 must not be happened.

Steady performance of the bureaucracy in the public service excellence is expected to ensure the sustainability of service quality in Regional Revenue Office Palembang. In addition, the presence of the public service –despite a change of leadership or executive officers in the ministry– is not expected to affect the performance of the bureaucracy in Revenue Service Office of Palembang. Thus it can lead to satisfaction and confidence that required on land and building tax service, as well as the ideals of reform in Indonesia. This study aimed to assess the performance implementation of the public services in the Regional Revenue Office Palembang, South Sumatra.

## 2. RESEARCH METHOD

### 2.1 Study Object

This research was conducted at the Revenue Office of Palembang, South Sumatra Province. The research site was the work units in Regional Revenue Office of Palembang which consisted of:

- 1) Head of Regional Revenue Office of Palembang,
- 2) Secretariats, included: General Sub Division and Planning; Sub Officer; Sub Finance;
- 3) Head of Division of The Land and Building Tax and BPHTB (the fees for acquisition of land and buildings);

- 4) Division of Data Collection and Determination of Local Taxes, covered: Data Processing Section; Determination Section; Examination Section;
- 5) Division of Billing and Bookkeeping Local Taxes, covered: Collection Section; Section of Bookkeeping and Verification; Section of Objection and Appeal;
- 6) Division of Research and Development of Local Taxes, included : Local Tax Potential Assessment Section, Sharing and Other Income; Section of Monitoring and Evaluation; Regional Revenue Reporting section;
- 7) Division of The Land and Building Tax and BPHTB, included: Section BPHTB; Section of Revenue and Information Services on Land and Building Tax; Section Assessment and Designation of land and building tax; Section of Collection, Mind, and Land and Building Tax Deduction;
- 8) The Technical Unit (UPTD) of Regional Revenue in the District;
- 9) Land and Building Tax Payer;
- 10) Village officials.

### 2.2. *The Research Approach*

This research included qualitative research approach with principled basis of naturalistic objects. The research assessed the performance of public service bureaucracies in the Regional Revenue Office of Palembang, specifically in the service of land and building tax.

### 2.3. *Research Focus*

#### 2.3.1. Performance of Bureaucracy

- a) Efficiency on: (a) inputs, included budgets and benefits; (b) output, covered the target set and the amount of realization;
- b) Effectiveness on: (a) level of concordance between the objectives with intermediate outcome (result), included access to the increase in taxes and fees; (b) the final outcomes/impact, included gender and ethnic group participation;
- c) Relevance on: (a) requirements, including site selection and socialization; (b) objectives, covered internal and external purposes;
- d) Utility and Sustainability, namely: (a) utility, emphasized on investment in land and buildings; (b) sustainability was focused on improving registration of land and building tax.

#### 2.3.2. Service Quality

- a) Appropriate and relevant; the service had to meet the desires, expectations and needs of individuals or communities
- b) Available and affordable; service should have reached or been accessed by any person or group who needed these services
- c) Guarantee the sense of justice; open in providing treatment to individuals or groups of people in the same state regardless of race, gender, origin, and other identity
- d) Acceptable; the service had quality when viewed from the technique, quality, convenience, comfort, fun, reliable, punctual, fast, and responsive.

#### 2.3.3. Organizational factors

- a) Characteristics of the Organization
  1. Organizational Structure
  2. Technology Organization
- b) Environmental characteristics
  1. External Environment
  2. Internal Environment
- c) Workers characteristics
- d) Policy and Practice Leader

#### 2.3.4. Bureaucratic Model

We reconstructed the model of bureaucratic performance for the Revenue Service Office Palembang, South Sumatra; specifically in the service of land and building tax.

### 2.4. *Data Processing*

Data were collected by observation, interview and documentation, followed by data reduction. It defined as the process of selecting, sorting, simplifying and transformation of rough data (Miles and Huberman, 2014).

Data display has been compiled over rendering activity of information. We setup the data systematically with the order of focus and sub focus, simplify the researcher to analyze it. It also provided interpretations of the conclusion drawing or verifying. The activities were interpretation, subjective meaning on a phenomenon, and composing inter-relation between events, comparing, contrasting, and linking up the various events related to the object (Yin, 1988).

### 3. RESULT AND DISCUSSION

The study recommended: (1) Characteristics of organizations using open and close system should have been maintained, it considered the implementation on tax service of land and building tax that was seasonal, so if the addition of employees more it would be a waste of budget; (2) Given the more trusting culture figure on tax service personel of land and building tax, it should have made Regional Revenue Office of Palembang in South Sumatra Province needed to approach and guidance through the concierge on tax service of land and building tax mandatory on tax service of land and building tax. In this way was expected to be able to change the mindset required on tax service of land and building tax, which in turn would affected the service delivery process on tax service of land and building tax in the Office of Regional Revenue Palembang in South Sumatra Province; (3) The number of existing employees compared to the limited volume of work, it needed to be done according to the job description of the districts, so that would be eased the process of registration on tax service of land and building tax; (4) Needed for cooperation / role of village officials in the administration of land and building tax services, through the act of prudence in the sense that there were some services provided entirely to the official village officials and tone some services were still held by the government.

#### 3.1 Bureaucratic Performance

Land and Building Tax utilized national and regional budgets Palembang which reflected the contribution of each project activity. The large amount of money charged to the Land and Building Tax shall be adjusted to the condition of the land and buildings used as objects of Land and Building Tax which the tariffs and minimal provision of urban building land tax according to Palembang Mayor Regulation No. 15 of 2014.

Land and Building Tax service programs benefited the Land and Building Tax mandatory for those who had SPPT (tax bills) of Land and Building Tax. This would be impacted the example as proof of ownership of land and buildings, the feeling of safety and access to credit and others.

The amount of the target set by the Office of Regional Revenue Palembang in South Sumatra Province impacted on the amount of the registration fee in the implementation of Land and Building Tax.

Taxpayers of land and buildings basically only knew the services that came from officers village officials. Taxpayers of land and buildings was satisfied with the performance of officers village officials and not the performance the Office of Regional Revenue Palembang in South Sumatra Province of services Land and Building Tax

The Office of Regional Revenue Palembang in South Sumatra Province was still difficult to change the culture of some communities in the provision of services Land and Building Tax.

With the village officials program would be added/improved the Land and Building Tax. Proof of payment of Land and Building Tax role was very important, it would be affected the public consciousness in the payment of Land and Building Tax.

There was no discriminatory treatment of men and women in the process of implementation, and the names listed in the Land and Building Tax SPPT associated with the origin of the soil.

Implementation of Land and Building Tax service process there was no difference was treated the same (ethnic group), both descendants of Java, Madura, Arabic, and Chinese, as long as all requirements were met it would be processed according to the rules.

The majority of officers village officials in the Office of Regional Revenue Palembang in South Sumatra Province concluded that the procedures and responsiveness provided by the Office of Regional Revenue Palembang in South Sumatra Province in organizing the registration of Land and Building Tax was still considered to be entangled around the bush and not in accordance with the applicable rules, seen from the time of printing SPPT Land and Building Tax late and insufficient infrastructure.

Procedures and requirements as well as the ability of officers in the proposed location the Office of Regional Revenue Palembang in South Sumatra Province has been pursued by the Office of the Mayor of Palembang so it could be chosen in the implementation of the Land and Building Tax service program.

With the socialization of education in rural areas/ villages concerned, the holder of the obligation to know the purpose and benefits of Land and Building Tax registration, as well as the rights/obligations and responsibilities of the holders of obligations also helped the Land and Building Tax registration was managed according to the schedule set.

Implementation of data collection the subject of rights in the field of service teams Land and Building Tax not experience significant obstacles, this was because village officials and obligatory Tax Building or applicant proactive in meeting the completeness juridical, then this would have an impact on the quality of legal certainty of land rights to be realized.

Every process of establishing a duty on the ground carried out by bureaucrats (Land and Building Tax ministry team) to attempt to achieve legal certainty that includes juridical data, physical data and data administration.

Implementation of Land and Building Tax service programs would have an impact on the level of investment in land and buildings.

By appointment the Office of Regional Revenue Palembang in South Sumatra Province, Land and Building Tax registration could be carried out by a third party (village officials), but remained in the supervision and the results were validated by the Office of Regional Revenue Palembang in South Sumatra Province appropriate authority.

Availability of infrastructure, adequate employment, the realization of the accuracy and relevance of services were obtained by service team who had the courage to defend the truth and have the ability to respond the public complaints. Good manners and fair in providing services would have an impact in improving the quality of service performance on the Land and Building Tax in Regional Revenue Office Palembang, South Sumatra Province.

### *3.2 Quality of Service*

Precise and relevant as the apparatus in performing tasks of Land and Building Tax services could been run in accordance with the target of both time and the results were predetermined, then this would have an impact on service quality improvement Land and Building Tax.

Available and affordable service apparatus Land and Building Tax (Land and Building Tax service teams) had something to do with time, clear procedures, so that participants feel Tax Buildings had easy service procedures Land and Building Tax.

In the level attitude he had submitted his voice, as in the organization of the system and there was no clear mechanism of groove and procedures, the design of existing positions were not applied consistently by the leadership, reward unclear and commitment to working order yet.

Modifications that environmental factors affected a person about how they felt, how they behaved.

The establishment of appropriate and relevant, available and affordable, and fairness, as well as acceptable in providing services to compulsory land and building tax, this would have an impact on improving service quality land and building tax in Regional Revenue Office of Palembang in South Sumatra Province.

### *3.3 Organization Factors*

The Office of Regional Revenue Palembang in South Sumatra Province in this way was known as open-close system. With the lid open system, the compulsory service Land and Building Tax the Office of Regional Revenue Palembang in South Sumatra Province could be resolved.

Culture of some communities in Palembang had been more trusted figure officers village officials familiar longer than the personnel who worked at the Office of Regional Revenue Palembang in South Sumatra Province, so that if a candidate was obliged Land and Building Tax wants to carry out services of Land and Building Tax they then came and registered and surrendered everything to the officers village officials. This would be indirectly functional shifted the Office of Regional Revenue Palembang in South Sumatra Province as the official agency in charge of service delivery Land and Building Tax.

There was no togetherness and mutual support in the service of Land and Building Tax was causing constraints on the work of a less than optimal. Each of these employees became more self-assertive rather than togetherness.

The presence of the difference between the prevailing policies in the mechanism of service delivery Land and Building Tax set by the Government of Palembang with practices that occur in the Office of Regional Revenue Palembang in South Sumatra Province due to the culture of some people who were more trusting officers village officials than the official institutions such as the Office of Regional Revenue Palembang in South Sumatra Province.

Impose a structure that was both open and close resulted in Section Services, Data Collection, and the Land and Building Tax Information might resolve the problem. However, there was another part to the Regional Revenue Office of Palembang, South Sumatra Province. Most compulsory tax on land and buildings had inadequate human resources lead to more trust figure village officials to register land and building tax indirectly to the Regional Revenue Office of Palembang as the official agency in charge of service delivery of Land and Building Tax. Flexible policy service delivery systems of Land and Building Tax had a negative impact where the officials on Service Unit, Data Collection, and the Land and Building Tax Information were less responsive to the taxpayer of land and building tax. These employees preferred to wait for the work result of the village officials.

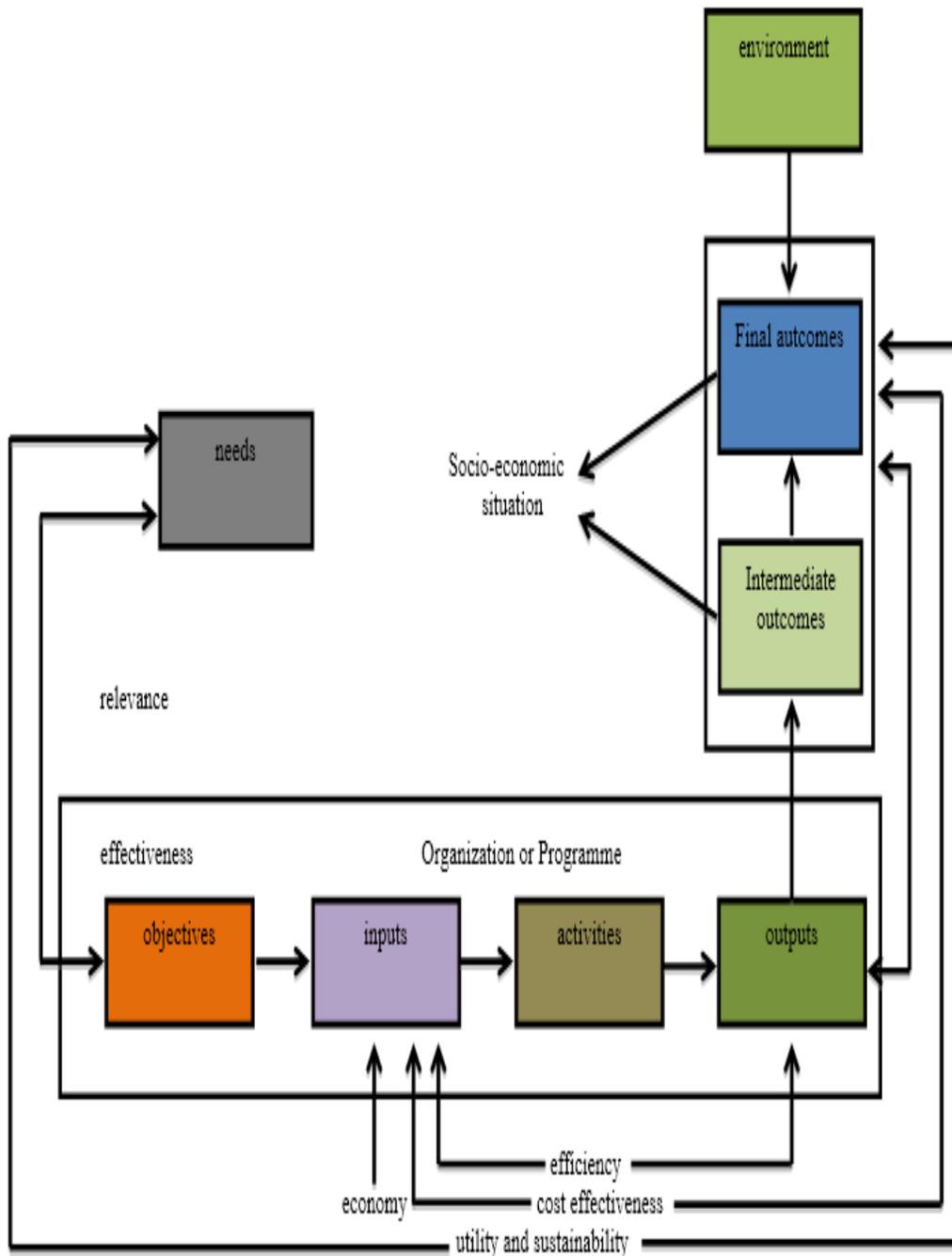
#### *3.4 Development Model*

The indicators in the performance (input, process and output) were already evident, where in the process of service of the Office of Regional Revenue Palembang in South Sumatra Province was known that in order to achieve the output had to be bridged in advance by officers village officials, so that the role of officers village officials quite important in order to achieve predetermined output.

If the role of Regional Revenue Office of Palembang as a administration regulator of land and building tax authorized the village officials, then it was not only limited to the guidance of land and building tax services as their main duty, but also received a registration tax on land and buildings. Regional Revenue Office Palembang would be able to empower the village officials thus it became in line with the characteristics of the New Public Management (NPM). It stated that the government belonged to the community (empowering community-owned government rather than serving) so it should be oriented more to empower people, not just to serve.

#### *3.5 Recommendation Model*

In order to improve the performance of public service bureaucracies in the Office of Regional Revenue Palembang, we developed recommendation model as shown in Figure 1.



**Figure 1.** Recommendation Model of Public Services Bureaucracy in Regional Revenue Office Palembang

The study recommended:

- a) Characteristics of organizations using open-close system (multi-skilling) should be maintained; considering the implementation of land and building tax services that were seasonal, so that when the addition of more employees, there would be a waste of budget;
- b) Given the more trusting culture figure, Regional Revenue Office Palembang needed to approach and guide through the concierge service of land and building tax to the compulsory land and building tax payer. It was expected to eventually affect the service delivery process in Regional Revenue Office of

Palembang;

- c) The number of existing employees was less compared to the volume of work. It was necessary to divide the tasks according to districts, thus would ease the process of registration for land and building tax;
- d) Needed for cooperation / role of village officials in the administration of land and building tax services, through precautionary measures in the sense that there were some services provided entirely to village officials. However, some of the services were still held by the government.

#### **4. CONCLUSIONS**

The implementation of land and building tax service relied heavily on existing village officials. However, on the other hand, flexible service delivery system policies of Land and Building Tax would strengthen service delivery of village officials. If the policy was carried out, the obstacles encountered was the employee became less responsive to prospective compulsory land and building tax, because only waited the work results of the village officials. Nevertheless, the use of indirect strategy on the provision of services on land and building tax in Regional Revenue Office of Palembang was able to give satisfaction to the prospective compulsory land and building tax.

Land and building tax services in the Regional Revenue Office of Palembang have been generally realized in a various community satisfaction index and the principle of service, which included: appropriate and relevant, available and affordable, guarantee a sense of justice, and acceptable. Therefore, the mandatory tax on land and building was getting easier; courage in maintaining a convincing response of consumers in providing services Land and Building Tax.

Contributing factors of the bureaucracy performance in Regional Revenue Office of Palembang were organizational characteristics, environmental characteristics, the workers characteristics, policy, and leadership. While the inhibiting factors were the lack of socialization, lack of public awareness for paying the land and building tax, and less responsive officers which always waited the work results of the village officials. Thus people were more reliant on village officials.

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