

**Process Management Capacity in the Revenue
Department of Cimahi City, West Java,
Indonesia**

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ABSTRACT

Cimahi is one of the cities in Indonesia which receives fiscal decentralization from the central government in managing urban land and building. This is a new task for the Revenue Department of Cimahi City. The purpose of this study was to obtain a description of the process management capacity of the Revenue Department in managing the organization after fiscal decentralization in Urban Land and Building Tax in Cimahi City. The results of this study will be a reference for academicians and practice entity in order to regard capacity building of process management especially there were new challenges and new tasks. The aspects of process management capacity by Lusthaus (problem-solving, decision making, communications, monitoring, and evaluation) was used to guide this research. The research applied the qualitative research method that would reveal in depth and factual about the reality on the ground. Data and information were collected through interviews and observations and triangulation techniques to ensure data validity. Informants in this study are the Head of Revenue Department of Cimahi City, the Secretary, the Head of Divisions, the Head of Sections, employees and communities it serves. The results shows that the process management capacity of the Revenue Department of Cimahi City has not performed well in problem solving especially, in human resources scarcity constrain. The Revenue Department cannot fulfill quantity and quality of human resources to manage the new task. Communication aspect has not run well between the institution and the public. The website of institution needs to be updated routinely as the media of information for the public. On the other hand, decision making, monitoring and evaluation aspects have run well.

Keywords: Process Management Capacity, Revenue Department

I. INTRODUCTION

Tax is the biggest revenue for the government and also constitutes the realization of public participation in funding the activity of the government. How to increase tax revenue is the big challenge for the government in order to maintain sustainable fiscal policies.

To maintain legal certainty in tax collection, the government has issued legislation on taxation. Along with regional autonomy policy and fiscal decentralization, there is Law Number 28 of 2009 on Local Taxation and Charges. The implication is Local Government have to manage new taxes such as Urban Land and Building Tax.

One of the Local Governments that manage Urban Land and Building Tax is Cimahi City. In particular, Urban Land and Building Tax is managed by the Revenue Department of Cimahi City. Since the preparation phase until the official delegation in

January 2013, the Revenue Department had managed this tax with many efforts. However, the phenomenon in the field shows us the following results.

First, information and communication technology have not been used optimally. In this case, Revenue Department of Cimahi City has not made adjustments to use taxes information technology, so that the process of updating taxable subjects is the main problem in managing Urban Land and Building Tax.

Second, Revenue Department cannot reliably fulfill the quantity and quality of human resources in managing Urban Land and Building Tax. There has been no employee recruitment after the department received tax decentralization and the ability of printing machine operator and operator of online tax system is limited because there is no continuous training process, in which it is conducted only during the socialization.

Based on that phenomenon, the purpose of this research was to obtain a description of the process management capacity of Revenue Department in managing the organization after fiscal decentralization in Urban Land and Building Tax in Cimahi City. The results of this study will become a reference for academicians and practitioners in improving process management capacity, particularly in facing new challenges and new tasks.

II. LITERATURE

An organization is often influenced by internal and external environment, especially in the era of globalization that has spread into all aspects of life. Such conditions have been demanding the organization's ability to optimize all available resources and at the same time to respond and to adapt to the changing environment.

The capacity is a multidimensional and dynamic concept. It contains the meaning of abilities, capabilities, and skills of individuals, groups, or institutions. Organizational capacity is also related to effort to achieve the objectives of the organization and it becomes a continuous process to be developed. It can be said that organizational capacity describes a wide range of capabilities, knowledge and resources organizations use in carrying out specific assignments, activities or programs (Solanke, 2011).

When the vision in the organization is then run into a reality through the routine of work, it can be said to be an ongoing process. Ability, knowledge, and resources to run it are the reflection of management process capacity. Lusthaus argued that "*Process management is the task of aligning and integrating the various practices and cultures of different segments of an organization through the introduction of common systems and operations that apply uniformly to all segments of the organization*" (Lusthaus, 2002). It can be said that the management process is an activity which combines human variables with organizational variables by applying management principles. Thus, the management process is a practical stage of all pre-planned stages in order to achieve organizational goals.

The management process in an organization occurs at every level of the organization, from the top level to the bottom level. Everyone in the organization will interact with related parties in accordance with the systems and procedures which have been established. Each person is required to solve problems, make plans and take the right decision. This is in line with the opinion from Lusthaus that "*The common operations or processes include problem-solving, planning, decision-making, communication, and monitoring and evaluation*" (Lusthaus, 2002). Whereas the common process includes problem solving, planning, decision making, communication,

and monitoring and evaluation. The process also becomes a forming component of management process capacity. Thus, the activities of problem-solving monitoring and evaluation are the process to ensure that the organization's activities remain in the right direction and get the results as expected.

III. RESEARCH METHOD

The research applied the qualitative research method that would reveal in depth and factual about the reality in the field. Data and information were collected through interviews and observations and triangulation techniques to ensure data validity. Informants in this study are the Head of Revenue Department of Cimahi City, the Secretary, the Head of Divisions, the Head of Sections, employees and communities it serves.

IV. RESULTS AND DISCUSSION

Since the beginning of 2013, the Revenue Department of Cimahi City has managed Land and Building Tax which is a delegation of authority from the Central Government. In this case, the management process taking place at various levels of the organization, from the highest leadership level to the lowest level.

Based on interviews with informants, it is known that the management of Land and Building Tax is conducted by using a system of "by process" management. The use of this system means that the implementation of the management of Land and Building Tax is not handled by a separate unit but it goes into whole units or working sectors at the Revenue Department. Through such a management system, there is great potential of accumulated workloads because the working process is carried out in sequence or from one table to the next table. In addition, to facilitate the work, then the existing Standard Operating Procedures need to be revised, especially those relating to the service of Land and Building Tax. According to the results of interviews the information was obtained that the Revenue Department has not had the Minimum Service Standards. Therefore, the revised Standard Operating Procedures will be directed also by the Minimum Service Standards with an emphasis on the need to limit the maximum settlement to the necessity of opening the registration booth in order to operate the Minimum Service Standards.

It shows the lack of diagnosis process of the existing problems within the organization which identifies various problems there, so it does not hamper the running of the organization. Problem-solving efforts are then sought to keep the organization running in accordance with the direction. With the "by process" management system the accumulated workloads had occurred because besides to accept the new task of managing Land and Building Tax, the Revenue Department also must deal with all kinds of other taxes. In this case, any kind of tax of course has different characteristics and service procedures, but all of which must be implemented by all units at the same time. This of course will make it difficult for the employees, especially the field staff who should immediately understand and manage Land and Building Tax as an additional new task.

Associated with the planning process in which there is a mapping of the aim which will be implemented as well as the technical means and should be done to achieve organizational goals. In this case, the revenue planning of Land and Building Tax should become the main local revenue as the characteristics of the object are

relatively large and fixed with values which are always increasing from year to year. The great potential will require a good management system and reliable.

Based on interviews with informants, it is known that the barriers encountered in implementing the management tasks of Land and Building Tax in Cimahi include inaccurate data, as the database of Taxable Subjects and Information System is not running as it should. This of course will affect the determination of revenue target, so that at the beginning when this tax is managed by the Revenue Department, the realization of revenue has not been fully achieved. However, the data is continuously updated.

The process of choosing alternative actions as the effort to solve the problem is the core of decision-making. The decision-making process is often influenced by the quality of information created by the decision makers. It is also affected by the background and experience of the decision makers.

According to the interview, it is known that the lack of guidelines and instructions of Land and Building Tax management and human resources that are less good in terms of quality and quantity issues becomes a problem in decision-making. The examples are the lack of printing machine operators and operators of online tax and the lack of qualified human resources due to the scarcity of training and education. Training is given only during the socialization at the early time of delegation of Land and Building Tax management and it has not become a technical guidance.

Besides the generated information has not been qualified, there is a need of the exchange of information at all levels of the organization. The organization must be able to create a mechanism that makes all the members of the organization able to access information according to his work. There is a need of internal communication and exchange of information with other agencies or the public outside.

The Revenue Department uses meetings as a means to communicate and exchange information among members of the organization. In addition, it also uses notices that can be pasted on the bulletin board to facilitate members of the organization to read the message. However, the difference in status still becomes a bottleneck in communication, especially communication between subordinates and superiors. Meanwhile, external communication has not been established. It still needs updating, especially information presented on the website.

Monitoring and evaluation are performed to detect whether the process and output of organization have been achieved as planned. Monitoring and evaluation activities focused on analyzing the final results or the output of the whole process management and the analysis provides the input for decision-making in the next management process.

The task of monitoring and evaluation will typically be in the Division of Evaluation. The monitoring and evaluation activities are carried out in a planned way but they need to be improved. In addition, monitoring taxable subjects and objects is very important in the context of updating the data. The lack of human resources has become a challenge itself in resolving some problems, such as the lack of employees who have the ability to assess taxable objects in order to rerecord the data on Notification of Tax Liability of Land and Building Tax.

V. CONCLUSION

The results showed that the management process capacity in the Revenue Department of Cimahi City in order to manage Urban Land and Building Tax is still

low. It appears in the "by process" management system that has the potential of accumulated workloads because the work is carried out in sequence or from one table to the next table. In addition, there are the lack of guidelines and instructions of the Urban Land and Building Tax management and the lack of Human Resources, both in quality and quantity issues in decision-making. Data on taxable subjects and objects still need updating, in particular the information presented on the website.

VI. RECOMMENDATION

The "by process" management system needs to be reviewed. It makes the work overlap and the units wait for each other. There is a need for additional staff and training in order to handle the increasing complexity of the work. Updating data on taxable subjects and objects and information on the website should be done immediately.

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