

INTER-ORGANIZATIONAL COMMITMENT AND ORGANIZATIONAL COORDINATION FOR EFFECTIVE IMPLEMENTATION OF TAX PENALTY ELIMINATION POLICY

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Abstract

Background: Government efforts to eliminate taxes to increase awareness and compliance of paying taxes face obstacles due to organizational behavior. **The study aims** to analyze inter-organizational commitment and organizational coordination to effectively implement a tax penalty elimination policy in the Indonesian context. **The method** used is a causal study through a survey of taxation public service institutions with an observation unit of employees related to taxation as many as 241 employees—data analysis using the SEM Amos procedure. **The results** showed that implementing an effective tax penalty elimination policy cannot be separated from commitment and coordination between organizations. The willingness of institutions to sacrifice will encourage and form the capacity to cooperate, and collective action taking becomes more targeted. Interactions indicating the existence of formal authority, division of duties and responsibilities, and functional relationships based on the effectiveness of policy implementation will determine the effectiveness of eliminating tax penalties. **Conclusion:** Interorganizational commitment and organizational coordination affect the effectiveness of the implementation of tax elimination. Theoretical implications are the importance of inter-organizational commitment and organizational coordination based on a common goal as a public institution developed to realize the effectiveness of policy implementation. Practically commitment and coordination become a framework for institutions to learn effective policies. **Originality:** Enriching knowledge of pragmatic approaches in tax policy using interdisciplinary public administration, psychology, and behavioral economics.

Keywords: implementation, Interorganizational commitment, Organizational coordination, policy Tax penalty elimination

Introduction:

The study of public administration is growing with a variety of approaches. One approach is pragmatic to help realize the achievement of problem-solving for state and democracy. Through a pragmatic approach, policymakers have the opportunity to achieve goals through an efficient process. On the other hand, a pragmatic approach in expanding discourse.

Pragmatic approaches use interdisciplinary approaches such as economics and administration. Chetty (2015) posits a long intellectual tradition of pragmatic perspectives, e.g., approaching economic behavior as a natural development (not a challenge to neoclassical economic methods). The economic approach assesses processes in terms of efficiency. For public policy itself, an interdisciplinary approach enriches viewpoints and offers new policy tools for solving problems and generating better predictions about the effects of existing policies. Kasdan (2018)

stated the need to use interdisciplinary approaches in various implementations to improve public implementation's quality and policy compliance.

Discourse on the development of public administration today offers many frameworks with propositions based on pragmatic approaches. The purpose of using this approach is to maximize the system for the benefit of society. But the orientation of changes to the public service system is not easy to implement. Various obstacles arise regarding performance policy, human resources, and inadequate infrastructure, including institutions dealing with Indonesia's taxation issues.

Handling taxation becomes the autonomy of local governments. Taxes as a revenue source play an essential role in the continuity of development and the implementation of local government affairs. Local taxes turned out to dominate PAD, and in local taxes, there were 2 (two) types of taxes that contributed the most to PAD, namely Motor Vehicle Tax (PKB) and Motor Vehicle Name Back Tax (PBBKB) which contributed a lot to the Provincial PAD.

Such achievements require strategic support to explore the potential of local taxes. There is still a high area of motor vehicle taxes in Banten Province and the low compliance of the community in paying vehicle taxes and the routine of the Banten Provincial Government issuing Governor's Regulations on the elimination of vehicle tax penalties. The policy becomes a less effective strategy to alleviate taxpayers, abolishing tax penalties for motor vehicles every year. Annual tax arrears remain high until 40% of the total potential tax.

Obstacles in policy implementation can be seen from several factors from local government institutions and laws and inappropriate policies. These three factors are related. The central aspect of supporting the successful implementation of policies in local government institutions is related to taxation. Implementing the policy of eliminating vehicle tax penalties to explore the potential and reduce arrears due to weak coordination structures and inter-organizational commitments is not uncommon for contradictions due to the interests and egos of the organization. Winter (2003) states that in public policy there is inter-organizational commitment and inter-organizational coordination as essential factors that support policy implementation. The inter-organizational commitment function leads to effective policy implementation practices.

Interorganizational commitment crosses the boundaries of each organization's capabilities (Cropper, 2009). Shiu et al. 2014 describes the three main constructions of inter-organizational commitments, namely trust, reliance, dependence. Inter-organizational coordination as a mechanism of institutional work in the implementation of policies. Inter-organizational coordination describes the division of labor and resources (Molenveld, Verhoest, Voets, & Steen, 2020).

In the context of policies for the elimination of fines and contexts in developing countries such as Indonesia, inter-organizational commitment and inter-organizational coordination need to be examined based on propositions built on pragmatic approaches in the implementation of public policy. Public institutions need value orientation as a collective guide to realize effective policy implementation. Inter-organizational commitment and inter-

organizational coordination are common phenomena in public services. The two have a relationship. Coordination can be improved through a commitment to build and use common interests and facilitate cooperation through exchanges (Winter, 2003). The existence of mutual relations, dependency, and the need for input reduce the possibility of a veto from the organization that hinders policy implementation. Policies and programs to meet public markets can be achieved effectively and responsibly through cooperation between relevant institutions. Public services are not only to build a vision and leave it to each institution, but to join together in the process of both designing and implementing programs in the desired direction (Denhardt and Denhardt, 2014). But as Sienkiewicz-Małyjurek & Owczarek (2021) points out, complexity and situational dependence create challenges for researchers and public managers. The process of coordination between organizations, interacting and complementing each other is still unclear.

Practically understanding inter-organizational commitment and inter-organizational coordination are not only based on principles in NPS (new public service) such as value people, not just productivity in policy implementation. Understanding the behavior of public organizations is essential for policymakers to drive change based on values that demonstrate orientation to the public interest. Dramatic changes are needed to encourage public institutions to be more flexible and cope with rapid changes due to the acceleration demands and the pressure of the Covid19 pandemic. An understanding of organizational behavior can be done through a psychological lens that is useful for confirming, adding nuance, or expanding classical public administration theory. (Grimmelikhuijsen et al 2017).

Referring to Dunn (2019), the explanation of inter-organizational commitment and inter-organizational coordination illustrates that there is an uncertainty of knowledge that often occurs in public policy analysis and complex situations both are considered unknown or relevant to the effectiveness of the implementation of the policy of removing tax penalties that always happen every year. The problem lies in both variables. Ineffective, repetitive policy problems are problems based on weak abstraction analysis of problem situations.

The first study results enrich the knowledge of pragmatic approaches in public policy and increase confidence to take action for policymakers. The resulting concept can make a difference in crafting contemplation and action for effective policies in policy areas related to inter-organizational coordination and commitment. Both Research offers an interdisciplinary approach between public administration and psychology and behavioral economics necessary to broaden understanding (Grimmelikhuijsen, Jilke, Olsen, & Tummers, 2017). A pragmatic approach with the economy and public administration as a discipline used as a reference to implement public policy will be more efficient and effective based on the principle of NPS (new public service).

The study aims to analyze inter-organizational commitment and organizational coordination to effectively implement a tax penalty elimination policy in Indonesia.

Literature Review

Interorganizational Commitment

Interorganizational commitment is a multidimensional construction and is categorized into attitudes and behaviors. Collective social activities are carried out by institutions (Mavondo & Rodrigo, 2001). Obligations based on shared identity and professionalism cross the boundaries of each organization's abilities (Cropper, 2009). Shiu et al. (2014) describe the three main constructions of inter-organizational commitments: trust, reliance, and dependence. The first construction is trust as the output of the process through the exchange of benefits that develop and repeat into trust. The faith encourages inter-organizational commitment and follow-up of the inter-organizational commitment in real terms, namely through actions directed to support policy implementation. Reliance is trusted at a certain level that grows between organizations. Based on the social exchange theory, dependence is developed and improved through a social exchange in good faith that continues to repeat itself. Social exchange in trust between institutions on the implementation of policies goes beyond what is stipulated in the formal bounds of the organization. According to resource dependency theory, dependence indicates how an organization needs other organizations to provide benefits. The reliance will increase and the acceptance of higher benefits obtained from other institutions. Dependence determines inter-organizational commitment in policy implementation.

Interorganizational Coordination

Organizational coordination shows the ability to adapt to each other in understanding institutional and social problems and the constant changes in policy implementation (Alexander, 1993). Inter-organizational coordination is a 'synchronization system' that is one coherent unity integrated into policy implementation. Inter-organizational coordination is an effort to integrate and design system activities that support the achievement of results (Molenveld et al., 2020). Inter-organizational coordination is more broadly related to networking to solve problems in a coordinated manner, build informal relationships, determine the level of decentralization of each institution's tasks, and disseminate charges. Inter-organizational coordination is generally done informally. Inter-organizational coordination depends on the entity of the institution involved, the conditions and dynamics of environmental changes in policy implementation.

Effectiveness of policy implementation

Policy implementation shows the relationship between practice and policy design. The main criteria for assessing the effectiveness of a policy are not only from the output. The two main focuses in policy implementation are 1) implementation compliance listed in the policy document, 2) implementation more broadly. What was successfully achieved? And what happened? And why?" (Ripley, 1985). Hill & Hupe (2002) put forward the implementation of policies based on the state of law and the development of democracy. Implementation is a process that shows the implementation of principles as characteristic of public institutions, such as thinking strategically, acting democratically or valuing people, not just productivity

(Denhardt & Denhardt (2014). An essential value in policy implementation is the solution of the problems faced and will be solved through policy design).

Hypothesis Development

Inter-organizational commitment influences the effectiveness of policy implementation.

Implementation of public policy with public problems that are dynamic and complex requires involvement between institutions involved based on an overall ethical orientation. Policy implementation is very difficult given the relationship between organizations (O'Toole, 2004). Policy implementation is concerned with creating systems for policies with unique means designed and realized to support the achievement of policy objectives. Successful implementation of policy as a realization of broad public statements about goals, objectives, and standards translated into action programs according to the goals listed in the policy (Grindle, 2017; Winter, 2003) requires a mechanism that comes from inter-organizational commitments. Policy implementation is the configuration of decisions with consequences that demand a change of function and the demands of adapting between organizations. These changes and needs require a commitment to be directed towards the value goals of the policy itself. Formal and informal relationship problems with "policymaking or institutions that enforce the policy as determinants of successful policy implementation (Hill and Hupe, 2002). Hypothesis proposed

Ha1= Interorganizational commitment has a positive influence on the effectiveness of policy implementation.

Inter-organizational coordination influences the effectiveness of policy implementation

Understanding of policy can be seen from the side of public administration as a systematic process that involves coordination between stakeholders. Complexity in the implementation of tasks, sharing responsibilities including resources in policy implementation involving different institutions, can be minimized by institutional coordination. Individuals in the organization carry out policies based on institutional mechanisms. Efforts to implement effective public policy require means and procedures formulated based on collective coordination for the public good. Winter (2003) suggests one of the factors influencing the policy implementation process, namely behavior between organizations such as inter-organizational coordination. Interorganizational coordination determines the successful implementation of policies. Proposed hypothesis.

Ha2= Inter-organizational coordination influences the effectiveness of policy implementation

Inter-organizational commitment influences the effectiveness of policy implementation through inter-organizational coordination.

Coordination becomes part of the process that determines policy implementation. Coordination is a permanent and formal relationship consisting of mutual relations of organizational adaptation and connecting elements of interdependent activity (Sienkiewicz-Malyjurek & Owczarek, 2021). Coordination requires a driver of commitment between organizations. Bolton, Logan & Gittel (2021) suggest complexity in work, specialization, and

interdependence, requiring coordination across roles, disciplines, organizations, and sectors.
Proposed hypothesis

Ha3=. Interorganizational coordination mediates the influence of inter-organizational commitment on the effectiveness of policy implementation.

Research Methods

The method used is mixed-method with a sequential explanatory strategy. A qualitative approach is carried out after the results of quantitative research. Qualitative data sources are policymakers, communities selected based on purposive and snowball techniques. For the dissemination of questionnaires conducted online and offline for some areas that are difficult to access internet-based technology. The survey used questionnaires of employees related to taxation or joint offices as many as 241 employees of the tax sector. Employees are randomly selected without distinction between positions in management.

The measurement of inter-organizational commitment refers to Shiu et al. (2014), a trust-like exchange of benefits that develops and repeats into a trust. Reliance is a social exchange in good faith that keeps repeating itself. Social exchange in faith between institutions on the implementation of policies goes beyond what is stipulated in the formal bounds of the organization. Dependence is how an organization needs other organizations to provide benefits.

Measurement of inter-organizational coordination (Sienkiewicz-Małyjurek & Owczarek, 2021) includes clear division of responsibilities, transparency of the role of each organization, clarity of organizational tasks, adaptation of resource availability to needs, and efficient allocation of resources between organizations.

Measurement of the effectiveness of policy implementation as a process that leaves the implementation output. Policy norms in practice (not observed in the model). The measure of the effectiveness of policy implementation refers to Ripley, (1985) regarding implementer compliance, regional revenue targets, why it happens. Denhardt & Denhardt (2014) present principles in the public service system: serve citizens, not customers, seek the public interest, and value citizenship over entrepreneurship.

Data analysis using variant SEM procedure.

Data Analysis

The results of descriptive analysis showed that the average level of Interorganizational commitment and Organizational coordination was in the less category while. In comparison, effectiveness of the effective implementation of tax penalty elimination policies was cred to be in the less category. This can be seen from the issuance of reducing tax penalties every year.

The test results of confirmatory factor analysis (Convergent Validity, Average Variance Extraction (AVE)), composite reliability are as follows

Table 1: Loading factor, AVE, and CR. Unstandardized regression weight test results

	Item	Loading factor	AVE	CR
Interorganizational commitment	Through the exchange of benefits that develop and repeat into trust	1	1.8933	0.9845
	Social exchanges in good faith that keep repeating themselves	1.192		
	The extent to which an organization needs other organizations to provide benefits	1.162		
Interorganizational coordination	Clear division of responsibility	1	1.195	0.991
	Transparency of the role of each organization	1.192		
	Clarity of tasks of each organization	1.162		
	Ability to achieve common goals	0.911		
	Matching resources to needs	1.083		
	The flexibility of shared action	1.116		
	The rapid flow of resources between organizations	1.171		
	Formalization of procedures and rules	1.191		
	Strong leadership during task realization	1.049		
	Possibility to make decisions at the task force level	1.249		
	Speed of adaptation to conditions of action	0.995		
	Mutual adaptation of the organization	0.937		
	Effectiveness of policy implementation	Compliance of implementers and communities	1	0.978
Regional revenue targets		1.064		
Serve citizen		1.063		
Serve whether you know or don't know the community,		0.96		
Seek the public interest,		0.986		
Value citizenship over entrepreneurship		0.843		

Note: AVE = average Variance Extracted, CR = Reliability of composites

The test results showed that the weight factor of each indicator was in the reception area which was above 0.5. this means that each indicator can explain latent variables.

Discriminant Validity Test

The results of the discriminant validity test are as follows: following:

Variable	IC	OC	EI
IC1	0.49	0.31	0.213
IC2	0.479	0.303	0.209
IC3	0.502	0.318	0.219
OC1	0.41	0.647	0.342
OC2	0.463	0.731	0.387
OC3	0.44	0.695	0.368
OC1	0.389	0.613	0.325
OC2	0.436	0.687	0.364
OC3	0.453	0.715	0.379
OC4	0.462	0.728	0.385
OC5	0.475	0.749	0.396
OC6	0.421	0.664	0.351
OC7	0.477	0.753	0.398
OC8	0.424	0.67	0.355
OC9	0.393	0.621	0.329
OC10	0.41	0.647	0.342
OC11	0.463	0.731	0.387
OC12	0.44	0.695	0.368
EI1	0.326	0.396	0.748
EI2	0.335	0.407	0.769
EI3	0.344	0.419	0.791
EI4	0.33	0.401	0.757
EI5	0.313	0.381	0.719
EI6	0.288	0.35	0.661

Based on the test results in the table above, it is known that the IC1-IC3 indicator has the highest correlation to the inter-organizational commitment (IC) variable. The OC1-OC12 indicator has the highest correlation to the Interorganizational coordination (OC) variable, EI1.1-EI6 indicator has the highest correlation to the policy implementation effectiveness variable (EI), so it can be concluded that the validity of the discriminant is in a suitable category. This means that each observed variable has a more significant relationship with its respective latent variables compared to other latent variables.

Significance test

Testing the relationship between latent variables showed a significant relationship between latent variables. The beta coefficient indicating the relationship between IC and OC is 0.7, the beta coefficient of IC and EI is 0.226. The beta coefficient of the relationship between OC and EI is 0.518

Model Conformity Test (Goodness of Fit Test) and model reification

The results of the model match test are as follows:

Table 2: Model test results

Absolute fit indices	Result	Conclusion
p-value (Sig.)	0.000	Bad
CMIN	1.428	fit
GFI (Goodness of Fit Statistic)	0.91	fit
RMSEA(Root Mean Square Error of Approximation)	0.042	fit
RMR (Root Mean Square Residual)	0.013	fit
Incremental Conformity Measure		
AGFI (Adjusted Goodness of Fit)	0.883	Marginal fit
CFI (Comparative Fit Index)	0.963	fit
Incremental Fit Index (IFI)	0.963	fit
Relative Fit Index (RFI)	0.872	Marginal fit
Parsimonious Fit Size		
PNFI (Parsimonious Normed Fit Index)	0.786	fit
PGFI (Parsimony Goodness-of-Fit Index)	0.729	Marginal
AIC (Akaike Information Criterion)	355	fit
CAIC (Consistent Akaike Information Criterion)	557	fit

Based on the results of the goodness of fit criteria test, each goodness of fit criteria, namely absolute fit index, incremental fit index and parsimony index is fully represented. The test results indicate that the model is accepted. There is compatibility between data in the field obtained through surveys and models built into research.

Causality Test with regression analysis techniques (Regression Weights) and effect mediation

Causality test results show significant positive relationships between variables that include Test results as shown in the following table:

Table.3: Hypothesis Test Results based on standardized regression weight values

Variable Relationships	Direct	Indirectly	Total	Hypothesis conclusion
OC IC ←————	0.634	-	0.634	Supported
EI OC ←————	0.423	-	0.423	Supported
EI IC ←————	0.167	0.268	0.436	Supported

The results of the Hypothesis Test indicate that the proposed hypothesis is accepted. The first hypothesis shows that Ha1 = Interorganizational commitment has a positive influence on the effectiveness of policy implementation. Commitments stemming from normative values of the public interest can encourage coordination between actors in different institutions. Ha2 = Interorganizational coordination influences the effectiveness of policy implementation. The success of the tax reduction policy cannot be separated from the coordination between the institutions involved, the actors, and outside the institution, such as with the judiciary, to optimize the tax bill. Hypothesis 3 is interorganizational coordination mediating the influence of inter-organizational commitment on the effectiveness of accepted policy implementation. This means that inter-organizational coordination mediates some of the power of inter-organizational commitment on the efficacy of policy implementation in tax reduction.

Findings

The results showed that the position of inter-organizational commitment and inter-organizational coordination is significant for the successful reduction of tax arrears. The second essential function is interorganizational coordination between institutions as a variable that mediates the influence of inter-organizational commitment on the successful implementation of tax reduction policies. Both variables are the focus of government attention.

In line with Mavondo & Rodrigo, 2001 who presents inter-organizational commitment as a collective social activity carried out by institutions, and Cropper, 2009 which expresses as a common identity and professionalism mean that inter-organizational commitment needs to be developed as an orientation of motor vehicle tax service institutions to realize the success of tax reduction policies. Without understanding inter-organizational commitment, it is difficult for the government to realize its success. As Dunn (2019) points out that public policy faces complex situations. Understanding the inter-organizational commitment makes it easier to parse the root of the problem in the policy of reducing motor vehicle taxes.

Coordination determines the successful implementation of policies. The results showed that both became the determining factors for the successful implementation of tax policy. In line with O'Toole, (2004) who stated that policy implementation is very complex judging from the relationship between organizations. Coordination, as stated by Alexander, 1993 or Molenveld et al., 2020, is an effort by institutions to integrate and design system activities that support results. Therefore, inter-organizational coordination becomes an important part of implementing motor vehicle tax reduction policies to increase regional revenues.

In line with Grindle, 2017; Winter, 2003 regarding these two variables, the success of the tax reduction policy lies in understanding the concept and role of the two variables in the implementation of motor vehicle tax reduction policies.

Limitations

Research is limited to agencies that manage taxes with employee supervision units at the implementing level. Data capture using cross-section data techniques.

Conclusion

Inter-organizational commitment and inter-organizational coordination determine the successful reduction of tax arrears. Interorganizational coordination mediates the influence of inter-organizational commitment on the successful implementation of tax reduction policies.

Theoretical and practical implications

Focus on developing the concept of inter-organizational commitment and inter-organizational coordination as the basis for driving success in vehicle tax reduction policies. The mechanism built to increase inter-organizational commitment and inter-organizational coordination is a mechanism that is made based on the awareness of agents in the field on the importance of these two variables for the success of tax reduction policies.

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