

Conference Paper

Total Quality Management Application on Services Quality at The Information and Complaints Service of Directorate General of Taxation

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ABSTRACT

Changing environment and increasing community demands encourage Public Sector Organizations to begin to focus on the community and its services. However, the majority of Public Sector Organizations are considered slow in improving their services. This service sector is considered far behind compared to services in the private sector. Therefore, the fastest way to be able to match or even goes beyond is to implement systems and governance of private sector organizations to the public sector. One of the “tools” for the private sector that has been successfully applied in improving the performance of the public sector in different countries is “Total Quality Management”. Total Quality Management (TQM) is the philosophy that requires behavior change at every level of the organization to achieve competitive advantage by being customer-oriented. This study aims to examine the application of TQM on service quality at the information and complaint service office of the Directorate General of Taxation. The type of research that used in this paper is qualitative data. The result of the study found that quality is the main factor in service organization services. Total Quality Management has been implemented effectively at the information and complaint service office of the Directorate General of Taxation.

Keywords: *total quality management, ics dgt, 1500200, public sector*

Introduction

Technological advances today have given rise to a boundless patterns of interaction between society, products, and services in the private sector. This often causes public expectations of products and services in the public sector to increase. When people see an effective, efficient, and transparent system in the business world, they tend to expect the same from the public sector. Other than that, people who are increasingly aware of their rights will demand a higher level of service than before (Ha & Lee, 2010). Based on research, generally, the public sector has lower customer satisfaction than the private sector (Desmarais, 2005). For that public sector organizations must continue to improve. As “servants” and community service who are paid from taxes, public sector organizations must be able to meet people’s expectations or even exceed them.

Generally, customer service in the private sector has received more attention than the public sector, because services purchased by customers in the private sector provide direct benefits to both customers and companies. Other than that, private sector companies have undergone intense competition in the industry thus pushing to compete against various change initiatives towards better customer service and innovative products to achieve a competitive advantage (Greenberg, 2004).

So, one of the effective ways to match or even surpass the private sector is to implement things that can make the private sector excel. Then, this becomes one of the driving forces to adopt various approaches in organizational design and management in the private sector into government agencies or what is often referred to by the term “*Reinventing Government*”. One of the systems

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and governance of the private sector that has proven successful in its application to the public sector is *Total Quality Management* (TQM). TQM has been adopted by several countries such as United States, Japan, and Malaysia and has proven to provide performance-enhancing benefits for public service agencies in that country (Sumaedi, 2011). An accepted principle that organizations in the public sector must be customer-oriented if they want to improve their service quality and customer satisfaction (Chen et al., 2004).

Information and complaints service office of Directorate General of Taxation (ICS DGT) as a technical service unit that is directly related to the taxpayer community is required to be able to provide quality services. as the first and largest government Contact Center that is the first point of contact for the community and plays a key role in determining whether customers decide to join or leave the organization (McAdam et al., 2009) then the quality of the ICS DGT's service will determine whether there will be (Voluntary Tax Compliance) from the public or even apathy towards taxes which account for more than 80% of state revenue. For that, it is deemed necessary to conduct a study of the application of TQM on service quality at ICS DGT. The quality of service in this organization is important because apart from the role of the ICS DGT as the "face" of DJP, also the services provided by the ICS DGT are information related to tax regulations and tax collection in a persuasive way. errors in service content will have an impact on taxpayer errors in fulfilling their tax obligations.

Study of Literature

Information and complaints service officer of directorate general of taxation (ICS DGT)

Information and Complaints Service of Directorate General of Taxation (ICS DGT) officially established at the end of 2012 with Financial Regulation Number: 174/PMK.01/2012 regarding The Organization and Work Procedure of the Information and Complaint Service Office of Directorate General of Taxation, beginning with the birth of the Kring Pajak 500200 which was the forerunner of the ICS DGT in January 2008 as a mandate of the Presidential Instruction of the Republic of Indonesia Number: 3 of 2006 regarding the package of policies to improve the investment climate, one of which is the establishment of a tax *call center* that is complete and functioning at the latest of March 2008. At that time there was an *inbound call center* under the directorate of extension, service, and public relations and an outbound call center under the central office for data processing and tax documents. The merger of these two working units later became The Information and Complaints Service Office of Directorate General of Taxation.

ICS DGT is the technical implementation unit of the Directorate General of Taxation in the field of services for providing tax information, handling complaints, and providing appeals to taxpayers by utilizing information and communication technology that is under and directly responsible to the Director-General of Tax (PMK, 2012). Based on the Regulation of the Director-General of Tax Number PER-22/PJ/2014, the ICS DGT service was published as "**Kring Pajak 500200**". But since 2016, the director-general of tax Regulation Number PER-25/PJ/2016 changed to "**Kring Pajak 1500200**".

Based on the organizational chart above, there is a quality assurance section for the implementation of the provision and handling of feedback on general tax information services, giving tax information to improve service quality, manage complaints, and conduct analysis and performance evaluation.

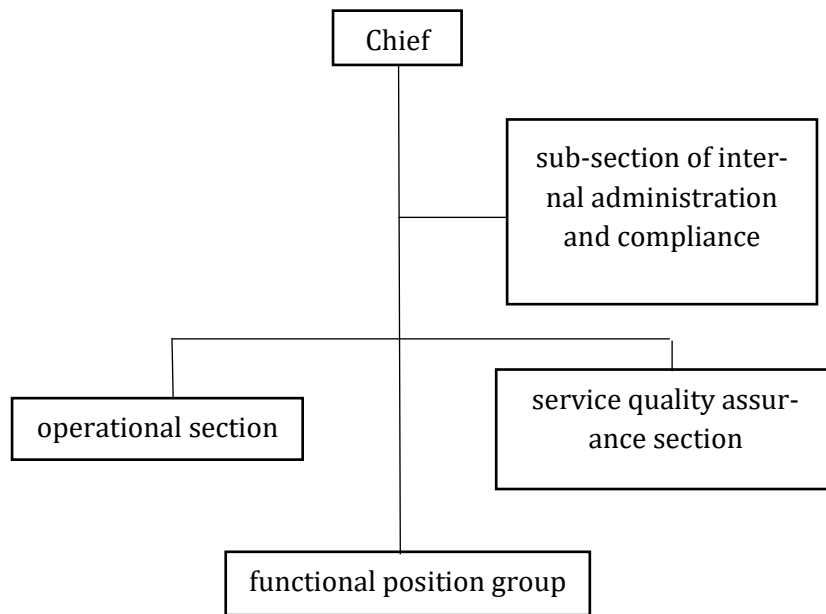


Figure 1. The organizational chart (PMK, 2012)

Total quality management

Total quality management definition

Total Quality Management (TQM) is the management of the entire organization so that it excels in all aspects of products and services that are important to customers (Haizer & Render, 2004). *TQM* is a management philosophy that focuses on work processes and people, with a primary concern for satisfying customers and improving organizational performance (Davies, 2003).

Whereas the international standard ISO 8402, defines *TQM* as an organization's management approach, centered on quality, based on the participation of all its members, and aims for long-term success through customer satisfaction, and benefits for all members of the organization and society (Ogbari & Borishade, 2015).

Temtime and Solomon (2002) said that TQM seeks continuous improvement in the quality of all the processes, people, products, and services of an organization (Temtime & Solomon, 2002). TQM is also a system which approaches to management that aims to increase value to customers by designing and continuously improving organizational processes and systems (Karthi, 2004). According to Kumar et al., (2011), TQM is a philosophy and a modern management process, not a purpose.

Based on the literature analysis of the definition of TQM above, we can conclude that TQM is a philosophy or approach that covers an organization from suppliers to customers who are oriented towards achieving a competitive advantage.

Total Quality Management Program Concept

There are seven effective TQM programs, which are (Haizer & Render, 2004):

- a. Continuous Improvement
- b. Six Sigma
- c. Empowerment of Workers
- d. Benchmarking
- e. Just-in-Time (JIT)
- f. Taguchi Concept
- g. TQM Device Knowledge.

The quality flow requires to achieve total quality management

There are four streams of activity needed to achieve TQM, which are (Haizer & Render, 2004):

- a. Organizational Practices:
 - Mission Statement Leadership, Effective Operating Procedures, Employee Support, Training.
 - Result: What is Important and what will be achieved.
- b. Quality Principles:
 - Focus on Customer, continuous improvement, Benchmarking, Just-in-time, TQM tools.
 - Result: How to do what is important and what will be achieved.
- c. Employee Fulfillment:
 - Empowerment, Organizational Commitment
 - Result: Employee's attitude can choose to fulfill what is important.
- d. Customer Satisfaction:
 - Won orders, Customers who bought back
 - Result: Effective organization with a competitive advantage.

Total quality management in the service sector

In an era of rapid market and economic changes today, marked by phenomena such as globalization, market deregulation, technological advances, and intense competition. TQM became one of the most important things not only for the manufacturing sector but also in the service sector (Talib et al., 2011). The increasing appetite of customers who view service quality as their right is driving the implementation of this system even further (Ogbari & Borishade, 2015). For service companies, this challenge can be a threat, but also a lucrative opportunity. If it can be managed well, the service organization will gain a more stable competitive advantage because the service is more difficult for competitors to imitate than for example a price quote (Dun, 2012).

Various studies said that Total Quality Management has a significant effect on the quality of performance and customer satisfaction in service sector organizations and the public sector (Al-falah, 2017; Anil & Satish, 2019; Nguyen & Nagase, 2019; Pambreni et al., 2019; Pattanayak et al., 2017; Psomas & Jaca, 2016).

Researchers recommend the holistic adoption of TQM and establish it as a policy across all service organizations to achieve quality service and customer satisfaction. In general, there is no single approach to implementing TQM. Every organization needs to develop a program according to its needs, taking into account several factors such as product type, organizational development stage, available resources, organizational culture, and customer needs (Ogbari & Borishade, 2015).

Material and Methods

The type of research used is descriptive research. This study aims to explain how the application of total quality management to service quality on ICS DGT. This research was conducted in October 2020. The research method used is a descriptive method that is used to identify and be able to explain the characteristics of the variables studied in a situation. This research is also qualitative which is useful in applying solutions to current problems, understand certain phenomena, and produce further theories for empirical testing (Sekaran, 2014). So, this research is qualitative descriptive research.

The data source used is primary data and secondary data. Primary data is data obtained directly by researchers through direct interviews via chat applications and the author's experience while serving in the organization. In addition, the authors also use secondary data, namely data collected by researchers, data published in statistical journals and other journals as well as information available from published or non-published sources both inside and outside the organization, all of which can be useful for researchers (Sekaran, 2014).

Data collection techniques in qualitative research were obtained from:

- a. Interview, a direct question, and answer with someone or more to obtain the desired information. Interviews will be conducted either directly or indirectly with the relevant organizations.
- b. The document, records of past events. The documents used in this research are written documents such as *agent* assessment forms, publications, regulations, and policies (Sugiyono, 2008).

The analytical method used is the descriptive analysis method. The data analysis process carried out in this study is as follows: (1) literature study based on documents and publications; (2) interviews with sources; (3) linking supporting theories with research results; and (4) draw conclusions and provide suggestions according to the needs of the organization.

Results and Discussion

Based on analysis of literature studies, interview results and combined with the author's experience while serving in the ICS DGT, note that the quality of service is very important for ICS DGT. If we see, in the organizational structure there is one work unit, called The Quality assurance section which has a special task to ensure service quality and improve it.

Service quality is important because in addition to the ICS DGT being "the face" of the DJP that is directly related to the public also because the content of the service is information related to the interpretation of tax regulations. This information becomes a guideline for taxpayers in exercising their tax rights and obligations. Errors in the content of the information provided can cause taxpayers to carry out their obligations incorrectly. In addition, as with service companies, the method of delivery is also important, as if the content of information is not good and true, if it is conveyed in a bad manner, it will be useless because taxpayers may become antipathy and "leave".

There are two dimensions of service quality, which are "hard skill" content and how to deliver "soft skill". Information that is correct but is conveyed in a bad manner will be rejected, whereas information that is incorrectly conveyed in a good manner will be misleading.

The following are the results of the analysis of the application of TQM in the ICS DGT using the activity flow theory needed to achieve TQM (Haizer & Render, 2004)

Table 1. The perspective of implementing total quality management at the ICS DGT

No	Perspective	Component	Status	Activity
1	Organizational Practices	Training	Implemented	ICS Academy
		Vision & Mission	Not Implemented	-
		Effective Operational Procedures	Implemented	Have SOP rules
2	Quality Principles	Continuous Improvement	Implemented	Agency service quality evaluation, coaching, business process improvement
		Benchmarking	Implemented	Comparative studies, national and international CC competitions
		Quality Control	Implemented	Direct and indirect service quality inspection
3	Employee Fulfillment	Empowerment	Implemented	involve employees in quality improvement
		Organizational commitment	Implemented	Have a blueprint
4	Customer Satisfaction	Focus on customer	Implemented	Provide services according to people's desire
		Customer satisfaction level	Implemented	High customer satisfaction survey results
		Competitive advantage	Implemented	Achievements in the national and international

Source: *processed data*

Based on the table above, the analysis results of implementing TQM in the ICS DGT can be described as follows:

1. Organizational Practices

- a. ICS DGT has KLIP Academy which is a training system starting from initial training for new employees that teaches not only *hard skills* (tax knowledge) but also *soft skills* (communication skills, negotiation, etc.), weekly routine training, thematic training, and *corporate value internalization* programs are carried out regularly.
- b. ICS DGT has not a specific vision and mission yet. The vision and mission of the parent organization, namely DJP.
- c. ICS DGT already has effective operating procedures with the existence of Standard Operating Procedures (SOP) and continuous improvement of business processes.

2. Quality Principles

ICS DGT has practiced several TQM programs such as continuous improvement with service evaluation, agent assessment with a composition of 60% *hard skill* and 40% *soft skills*, training programs, *quality control*, and continuous improvement of business processes. There is also a "**poka-yoke**" mechanism in the form of an FAQ, tax knowledge-based, and *Interactive Voice Response* automatic machine services for basic information services.

Besides that, routine *benchmarking* activities are carried out either by comparative studies or by participating in national and international *contact center* competitions.

3. Employee Fulfillment

Employee empowerment is carried out by involving all employees at every level, related to internal and external work units (*application vendors*) to participate in improving the service quality. The organization is also committed to improving and developing service quality in the long run by having a *blueprint* for the development of the ICS DGT.

4. Customer Satisfaction

Customer Satisfaction is the focus of TQM. For that ICS DGT are always customer-oriented in providing their services. For example, to keep up with the times, apart from using the ICS DGT telephone line, opening up consultation channels, and providing services via *email*, *chat*, and *Twitter*. This can be seen from the following data (Tax, 2019):

Table 2. ICS DGT's service statistics in 2018

Service	Total	Unit
Phone Call	659.494	call
E-mail	8.520	e-mail
Live chat	49.599	session
Twitter	79.811	Interaction chat

Source: Annual report DGT 2019

Besides that, based on the results of a survey from a third party (Sucofindo) there was an increase in the level of community satisfaction from year to year. in 2019 it got a satisfaction index of 3.42 (scale 4) or 85.50% with the status "SATISFIED".

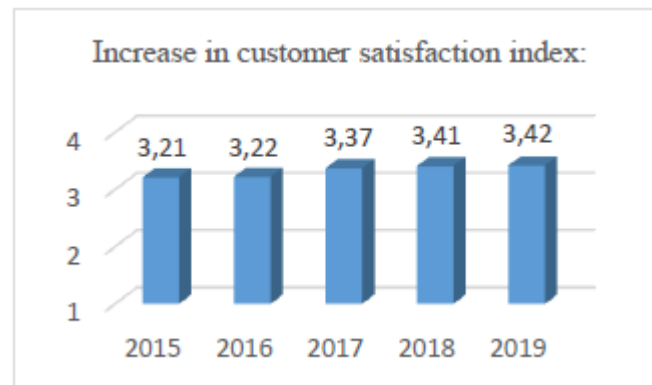


Figure 2. Increase in customer satisfaction (Tax, 2020a)

As benchmarks and to measure service quality, ICS DGT participates in *contact center* competitions both at the national and international levels. At the National level, in **2019 The Best Contact Center Indonesia competition**, ICS DGT was **ranked II**, only losing to the *contact center* of Bank Central Asia. At the International level, at a competition held in the Praha Czech Republic, ICS DGT won 8 medals consisting of 3 golds, 3 silvers, and 2 bronzes. This achievement, apart from proving that the ICS DGT as a public sector organization can compete with the *private* sector, also makes it a learning reference for government agencies/BUMN in developing their *contact centers*. Several Agencies that carry out *benchmark* activities to the ICS DGT are LPS, Angkasa Pura II, BPOM, and others (Pajak, 2020b).

Conclusion

Based on the results of the analysis and discussion above, it can be concluded that the ICS DGT is very *concerned* about service quality. Service quality consisting of *hard skills* and *soft skills* is very important because it will affect taxpayer compliance and accuracy in exercising their tax rights and obligations. ICS DGT has practiced the TQM program effectively, this can be seen from the level of satisfaction and achievement of a good ICS DGT.

Suggestion

ICS DGT should prepare a reference or standard so that it can implement the six sigma program, for example, the number of answer errors per call, so that it can facilitate measuring the process of improving the service quality. Besides that, ICS DGT needs to compile a vision and mission, because based on research the vision and mission have a significant effect on improving the quality and performance of the organization (Taiwo et al., 2016; Wadhwa, n.d.). Vision and mission are important aspects for the public, non-profit, business, and UMKM organizations (Darbi, 2013; Yousaf, 2016). Especially as a UPT, the status of KLIP is equivalent to a school, hospital, or public health center (puskesmas) which in practice has its vision and mission.

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