

ORGANIZATIONAL PERFORMANCE AS A MEDIATION ON THE EFFECT OF LEVERS OF CONTROL AND LEARNING ORGANIZATION ON TAX COMPLIANCE

Agus Bandiyono
Yvonne Augustine

ABSTRACT

The current research aims to look at the extent of the effect of Levers of Control and Learning Organizations on Tax Compliance mediated by Organizational Performance. The research population includes senior employees and Echelon IV (Semi Manager) at the Tax Service Office within the Directorate General of Taxes. Based on the population, the researcher chose and decided to use the sample because of limited time and energy. The sampling technique of the research applies convenience sampling. The research findings indicated that organizational performance is proven to mediate the relationship between levers of control and tax compliance as well as the relationship between learning organization and tax compliance. In addition, levers of control and learning organizations have a strong and positive effect on organizational performance, so does organizational performance on tax compliance. However, there are two unproven hypotheses stating that the levers of control and learning organization do not have strong effect on tax compliance.

Keywords: Levers of Control, management accounting, tax compliance.

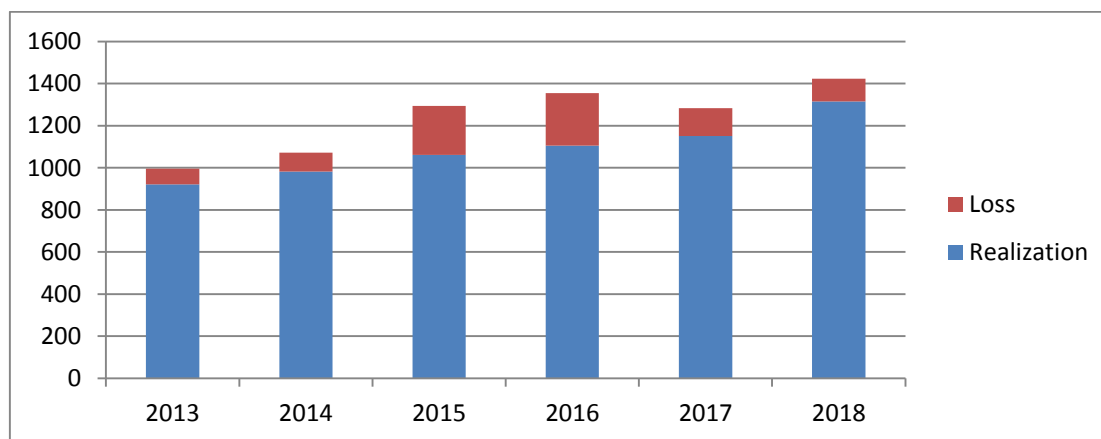
INTRODUCTION

In 2018, the Directorate General of Taxes (DJP) 's performance achievements were reflected in the achievement of tax revenues contained in DGT's Main Performance Indicators (IKU) related to the percentage of tax revenue realization reaching Rp. 1,315.93 trillion or 92.41% of the Revenue Budget target. and State Expenditure (APBN) in 2018. The revenue has increased from previous years. This tax revenue supports state revenues in the State Budget that have not changed in recent years. This is a proud achievement in the absence of an adjustment to the State Budget so that the tax targets set at the beginning of the year are not adjusted. (DGT Performance Report; 2018)

However, in term of carrying out tax obligation in Indonesia, both individual and agency taxpayers have low compliance which affects tax revenues up to now. Therefore, the Government in this case the DGT seeks to optimize tax revenues. In carrying out its duties, DGT still encountered various obstacles, both internal and external.

The expansion of the tax base is one of the government's efforts to maximize tax revenues. This is important because there is an unsatisfactory track record in terms of tax revenue that has never reached the target set in the APBN from 2009 to 2018. There is always a shortfall between the realization of the tax revenue target and the burdensome budget deficit in the APBN. Figure 1 displays a graph that shows the gap between the target and the realization of tax revenues for 2013 to 2018.

Figure 1: Realization of Tax Revenue to Tax Target for 2013-2018



Source: Processed from the Directorate General of Tax's Performance Report

To optimize state revenues, the expansion of the tax base must also be supported by the taxpayers' commitment since they have already registered to voluntarily comply with tax rights and obligations. Voluntary compliance is considered essential. Since the implementation of the Self Assessment System, there has been a transfer of responsibility from Tax Officials to Taxpayers in carrying out tax administration, starting from calculating their own income, calculating and paying their own taxes, and reporting their tax obligations based on the prevailing tax regulations.

In his research, Mansury (2000) stated that the enactment of self-assessment in Indonesia has the role of taxpayers in determining state revenue from the tax sector. The problem is whether tax compliance has supported the implementation of the system. Executive Director of the Center for Indonesia Taxation Analysis (CITA) Justin Prastowo as reported by detik.com (9/16/2018) assessed that the level of compliance of the Indonesian people for taxes is still low. In fact, the low level of compliance is reflected in the tax coverage ratio (new realization ratio to potential) of 72%. During 2004-2014, there was low tax revenue ratio to Gross Domestic Product (tax ratio) which ranged from 11% -12% or just 0.1% up in.

Several researches have been carried out aiming at analyzing the factors affecting taxpayer compliance. Richardson (2006) conducted research in 45 countries and pointed that complexity is the most vital factor in determining noncompliance behavior regardless of source of income, education, justice, and tax morale. Nugent (2013) stated that various researches investigating the relationship between the tax law complexity and taxpayer compliance conclude that the impact of the complexity of tax law can influence risk behavior and perceptions of taxpayer's costs of justice. Moreover, Kirchler et al (2008) in their research mentioned that taxpayers tend to comply with the Taxation Law when it is considered less complex.

In addition to the various things mentioned above, the demand for increased revenues, improvements and fundamental changes in all aspects of taxation is the reason for tax reform from time to time in the form of improvement to tax administration system and taxation policy. Thus, the tax base may be expanded further and the available tax may be optimally collected by upholding the social justice principle and providing excellent service for taxpayers.

One reforms in the field of taxation was marked by the establishment of a vision of Directorate General of Taxation, which was to become a model of community service that carried out world-class tax management and systems that were trusted and proud by the community. The Directorate General of Taxation also stipulates that one of the fiscal missions is to collect domestic revenue from the tax sector which is able to support the independence of government funding based on tax laws using high-level of effectiveness and efficiency.

To achieve success assessment in tax revenues (Nasucha, 2004), it is necessary to pay attention to achieving tax administration objectives, including: (1) increasing compliance of taxpayers, and (2) implementing tax regulations uniformly to obtain maximum revenue at optimal costs. In line with this, the Directorate General of Taxes has since rolled out Medium-Term Tax Administration Reform (3-5 years) as a priority for tax reform with the aim of achieving: (1) high level of voluntary compliance, (2) high level of trust in tax administration, and (3) high taxation employee productivity.

In order to achieve this, good organizational performance is needed, especially from the side of Directorate General of Taxes by strengthening all sectors within Directorate General of Taxes organization. Therefore, it needs Management Control System (MCS) which is a manager's process of ensuring that organizational goals are achieved appropriately by obtaining and using effective and efficient resources (Govindarajan & Robert, 2005). According to Widener (2007), MCS functions to obtain meaningful information that will be used in decision making, planning, and evaluation processes. Kloot (1997) also revealed that MCS can facilitate organizational learning for organizational success in managing and integrating organizational learning so that success in developing its capabilities to achieve competitive advantage (Henri, 2006b).

In realizing this, Levers of Control (LOC) is needed to direct the behavior of all employees in an effort to facilitate organizational learning in order to improve the knowledge and skills of employees at all times, whose impact can improve organizational performance.

Simon (2000) stated that there are four types of Levers of Control (LOC) that consist of belief, boundary, diagnostic control, and interactive control systems which work simultaneously to benefit the organization. Belief system relates to the organization's core values. Boundary system limits employees to what they cannot do, diagnostic control systems motivate employees to harmonize employee behavior with organizational goals, and provide monitoring mechanisms, while the interactive control system is a two-way communication process between managers with subordinates at various levels of the organization. Budgetary participation has positive effects on managerial performance, that is, the higher the managers' participation in the budgeting process, the better managerial performance will be (Murwaningsari, 2008). Through these four dimensions of Levers of Control (LOC) the learning process in the organization will run well. It will improve the ability and competence of employees well which has an impact on improving organizational performance so that it will increase tax compliance.

Neng (2012) concluded that belief, boundary, diagnostic control, and interactive control systems have significant effects on organizational learning. In addition, a significant effect is found between organizational learning and organizational performance. Tax minimization is an action taken by a company in order reduce the corporate tax burden (Yulianti, & Rachmawati, 2019). Regarding the above description, authors are interested in conducting further research on tax compliance (tax compliance) in relation to Levers of Control, Learning Organization and Organizational Performance. So, this research entitles the Effect of Levers of Control, Learning Organization on Tax Compliance with mediated by Organizational Performance.

The current research aims to look at the extent of the effect of Levers of Control and Learning Organizations on Tax Compliance mediated by Organizational Performance. This study uses an analysis unit of all Tax Service Offices in Indonesia as a vertical office of Directorate General of Taxes by utilizing convenience sampling technique/ sample chosen with consideration of convenience.

Research related to tax compliance has been carried out. However, no one has included the variable organizational performance as a mediating variable. Organizational Performance is important for Directorate General of Tax organizations in providing excellent service to their stakeholders including taxpayers. It will later create tax compliance in the implementation of tax service. Moreover, it should be seen also how Levers of Control and Learning Organization in supporting the creation of good Organizational Performance.

REVIEW OF LITERATURE AND HYPOTHESIS

Agency Theory

Regarding the agency theory, Jensen and Meckling (1976) explained about the occurrence of agency relations. It occurs when an individual or more employs another individual (agent) to provide a service. Then, he/ she delegates' authority to the agent to make decision-making. Moreover, Hendriksen and Michael (2000) stated that the agent closes the contract to carries out particular tasks for the principal and the principal closes the contract to give the agent reward. Agency relations also occur between the government and the community, where the government becomes the agent and the community becomes the principal. Franzoni (1999) states that the government is given the authority by the community to run the government whose target is to improve the welfare of the community. The State Budget (APBN) is the government's main tool to improve the welfare of its people and a government tool to manage the country's economy at the same time.

In an implementation of tax administration agency theory can also be applied. Taxpayers act as principals and Fiscus acts as agent. The Fiscal makes a contract to carry out the duties of collecting tax money to finance the administration of the state and the principal makes a contract to reward the agent in the form of salary received by the tax authorities. Agency Problems arise when there is information asymmetry because agents have information about the taxation system that is better than the principal. The Fiscal does not maximize the information to carry out its duties to provide the best service in carrying out tax collection so as to cause principal losses for the maximum collection results due to inadequate service provided by agents. In this case the form of service in question is simple and easy service related to the implementation of principal or taxpayer tax rights and obligations.

Tax Compliance

Tax compliance is defined as one complex thing which is viewed from many perspectives. Franzoni (1999) stated that tax compliance means to report income in accordance with tax regulations, to report tax returns and to pay taxes in a timely manner. Devano & Rahayu (2006) mentioned that it may be defined as a situation when taxpayers carry out their taxation rights and fulfill their tax obligations.

Four Levers of Control

Simons developed a model framework for four levers of control to provide a theory for controlling business strategy according to several case studies conducted in the late 80s and early 90s. The strength of the model is that the implementation of the strategy cannot be used individually, but is complementary when used together. The four control models consist of (1) beliefs system; (2) boundary system; (3) diagnostic control system; and (4) interactive control system.

According to Simons, it is a central managerial challenge to balance innovation and control. Simultaneous use of four different control systems can provide a mean of balancing conflicting demands. Two of the control systems, belief and interactive control systems, are applied as a positive control system encourage employees to find new opportunities and motivate the members of the organization to have creative behavior. On the other hand, negative control, boundaries, and diagnostic control systems, are applied to make positive system balanced by limiting search behavior and obtaining members' attention.

Learning Organization

LO or Learning organization is an organization where everyone in it continues to develop their own capacity to achieve the goals they want, this is a new pattern for natural thinking, as well as conducting learning activities to learn together (Sange, 1990). Sange developed the concept above and saw the LO as an organization that does a whole job in which all people do their work together to create innovative solutions or can be called organizations that continue to develop themselves for future success. Sange proposed five basic elements of Learning organization, which consist of shared vision, personal mastery, mental models, system thinking, and team learning.

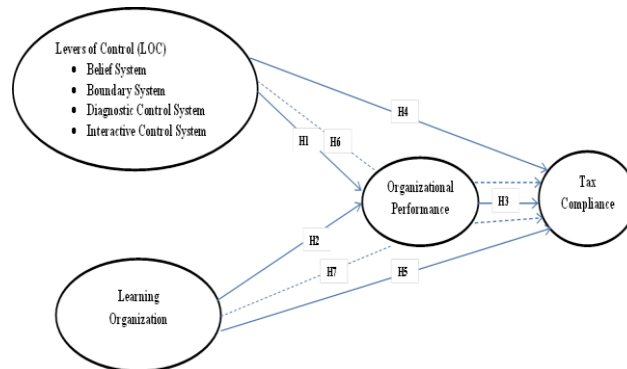
Organizational Performance

It is generally associated with the financial performance of an organization. Financial analysis alone will make an organization trapped in past information without information about the future picture. An organization needs to analyze its current position in relation to its journey to achieve the expected goals in the future.

Performance is an explanation on the achievement level of activities in realizing organization's mission, vision, objective, and goal which are written in Strategic planning. Then, Bernardin and Russel (in Sembiring, 2012) provide a definition of performance "Performance is defined as specified job junction or activity during a specified time period" (performance is a record of the results produced from a function- functions of certain positions or activities for a certain period of time). Thus, what is meant by performance is an achievement in all policies by using resources to achieve whatever goals an organization has set in its vision and mission.

Research Rationale

Figure 2: Research Concept



Source: processed by the authors

Hypothesis

Relationship between Levers of Control and Organizational Performance

In her article, Sripeni (2014) uses simple regression analysis and the result is a management control system with Levers of Control influencing the performance of managers at BPR Eka Dharma Binaraharja Magetan. Thus, the researcher formulates the hypothesis as follows:

H1: Levers of Control has positive and significant effect on Organizational Performance Learning Organization Relationship to Organizational Performance.

Argyris and Schon (1996) say that learning culture, with the condition of individuals in organizations working together, allows the occurrence of LO and development of knowledge. The concept of Argyris and Schon (1996) about LO focuses on collective and reflective and sustainable learning in organizational processes to achieve good performance. Senge (1999) developed the concept above and saw LO as an organization that worked in a holistic manner where everyone involved worked together to create innovative solutions or in other words an organization whose independence developed itself to create the future. Senge (1999) proposed five basic elements of LO that consist of shared vision, mental models, personal mastery, system thinking, and team learning. Thus, the following hypothesis is formulating:

H2: Learning Organizations have a positive and significant effect on Organizational Performance

Relationship between Organizational Performance and Tax Compliance

Nasucha (2004) added that "tax administration reforms can be carried out without tax reformation, namely by synergizing internal and external factors that affect organizational performance." The external environment in question is fiscal policy, including items not included in the tax base, spending and public services. "In a developing economy, tax administration must be focused on large taxpayers maximally and contribute to small taxpayers." If existing taxation policies are able to deal effectively with the above problems, then the tax administration can be said to be good. The tax ratio will increase. The basis for the realization of a good tax administration is the application of modern management principles namely Planning, Organizing, Actuating and Controlling, the existence of clear and simple taxation policies. So, it will facilitate taxpayers in carrying out tax obligations, availability of qualified and honest Tax Officers and law enforcement firm and consistent. Thus, the researcher formulates the hypothesis as follows:

H3: Organizational Performance has positive and significant effect on Tax Compliance

Relationship between Levers of Control and Tax Compliance

According to James et all in Timbul Hamonangan etc (2012: 84) Taxpayer compliance is merely about the extent to which taxpayers fulfill tax obligations in accordance with prevailing tax law. Levers of Control can help tax authorities and taxpayers comply with applicable rules. Thus, the researcher formulates the hypothesis as follows:

H4: Levers of Control has positive and significant effect on Tax Compliance

Relationship between Learning Organization and Tax Compliance

Palil (2010) conducted a study entitled "Tax Knowledge and Tax Compliance Determinants in Self Assessment System in Malaysia". After mapping the condition of tax knowledge to Malaysian society, in the implementation of self assessment system in Malaysia, Palil finds that tax knowledge has significant effect on tax compliance. Thus, the researcher formulates the hypothesis as follows:

H5: Learning Organization has positive and significant effect on Tax Compliance

Organizational Performance mediates the relationship between Levers of Control and Tax Compliance

Kasipillai et al. (2003) conducted a survey of students to see differences in tax behavior between those who took taxation courses and those who did not. As a result, compared to other students, a group of students who obtained knowledge from taxation subjects tended to have better taxation behavior. Thus the researcher formulates the hypothesis as follows:

H6: Organizational Performance mediates the relationship between Levers of Control and Tax Compliance

Organizational Performance mediates the relationship between Learning Organization and Tax Compliance

Adelin (2013) conducts research dealing with tax compliance behavior that occurred Indonesia. She concluded the more a person understands the applicable tax provisions, the better the tax compliance behavior. The findings also stated that knowledge about sanctions and fines and knowledge of tax objects has significant effect on compliance. Thus, the researcher formulates the hypothesis as follows:

H7: Organizational Performance mediates the relationship between the Learning Organization and Tax Compliance

METHOD

Regarding the formulation of the research problems and objectives, the design of this study is testing the hypothesis with the form of causality relationships. The way to measure variables and operationalize the variables are as follows. Simons developed a framework for the model of four levers of control aiming at providing a theory to control business strategy. Based on the strength of the model, the implementation of the strategy cannot be used individually, but is complementary when used together. The four control models include (1) beliefs system; (2) boundary system; (3) diagnostic control system; and (4) interactive control system. Simons argued that it is core managerial challenge to balance innovation and control. Simultaneous use of four different control systems allows the provision of means for balancing demand conflict. Sange proposes five basic elements of Learning organization, namely mental models, personal mastery, team learning, shared vision, and system thinking. While organizational performance here is proxied by the performance of public organizations. Meanwhile, tax compliance contains four elements, namely willingness, reporting all income, declaring the correct income, and timeliness / on time and the right amount of tax. The four elements of compliance formulated from various definitions refer to how taxpayers calculate, pay, and report tax payable. Therefore, compliance with the fulfillment of tax obligations in the self assessment system leads to taxpayers, not tax authorities (Palil; 2010).

Research Population and Samples

In this study, the population was senior employees (5 years experiences) and assistants manager at the Tax Service Office within the Directorate General of Taxes. Based on the population, the researcher chose and decided to use the sample because of limited time and energy. The sample is part of the characteristics and amount that the population owns. This research applies Convenience Sampling/ technique in which the samples are chosen by considering the convenience factor and is a technique in selecting samples with the consideration that researchers do not have other considerations except based on convenience. Someone was taken as a sample because by chance the person was there or he happened to know the person. In this technique, each member of the population has equal opportunities to be selected as the members of the sample.

RESULTS AND DISCUSSION

Data Quality Test

After obtaining the calculation result, it is known that the results of the validity test are not found in any indicator which has a value of less than 0.50, so that all indicators on the model are said to be fit.

Test Construction Reliability

The evaluation of the value of construct reliability is measured by looking at Cronbach's Alpha, Composite Reliability, and AVE values. Based on calculations, it is known that the value of cronbachs alpha is above 0.70. Variable levers of control with a value of 0.936, a learning organization variable with a value of 0.961, an organizational performance variable with a value of 0.890 and a tax compliance variable with a value of 0.880, thus all criteria are said to be reliable. The AVE output all shows values above 0.50. Variable levers of control with a value of 0.531, learning organization variable with a value of 0.633, organizational performance variables with a value of 0.696 and a tax compliance variable with a value of 0.681. Thus, all variables have good convergent validity. The composite reliability value in this study all variables show values above 0.90. Variable levers of control with a value of 0.944, learning organization variable with a value of 0.965, organizational performance variable with a value of 0.920 and a tax compliance variable with a value of 0.914. Thus, all research variables are considered to be reliable.

Results of descriptive analysis

Based on the collected questionnaire data, the next step is to find out the level of approval or tendency of respondents to answer questions / statements regarding the influence of levers of control, organizational learning on tax compliance mediated by organizational performance. This descriptive statistical test evaluates the mean (mean) of the respondent's answer. The average value of respondents' answers is then grouped in a certain interval according to the research variables.

The variable levers of control (X1) has 4 dimensions and 15 indicators. The dimensions in question are belief, boundary, interactive control, and diagnostic control systems. Based on calculations, the frequency distribution of levers of control in 99 respondents studied showed that most respondents (41 respondents or 41.41%) answered almost always, 36 respondents or 36.37% answered always, 18 respondents or 18.18% answered frequently, 3 respondents or 3.03% answered occasionally and only 1 respondent or only 1.01% answered almost never.

Table 1: Average Rating and Categorization Dimensions Penelitian Variabel levers of Control

No.	Dimension	mean	Category
1	<i>belief System</i>	5.87	Almost always
2	<i>Boundary System</i>	5.93	Almost always
3	<i>Diagnostic control system</i>	5.98	Almost always
4	<i>Interactive control system</i>	5.74	Almost always
Average value		5.88	Almost always

The learning organization variable has 5 dimensions and 16 indicators. The dimensions in question are mental models, system thinking, shared vision learning, building teams, and personal mastery. The results of frequency distribution of learning organizations in 99 respondents studied showed that most respondents (43 respondents or 43.44%) answered almost always, 34 respondents or 34.34% answered always, 18 respondents or 18.18% answered frequently, 3 respondents or 3.03% answered sometimes and only 1 respondent or only 1.01% who answered almost never.

Table 2. Average Rating and Categorization Dimensions Variable Research Learning Organization

No.	Dimension	mean	Category
1	<i>systems Thinking</i>	5.57	Almost always
2	<i>mental models</i>	5.87	Almost always
3	<i>Personal mastery</i>	5.73	Almost always
4	<i>Team learning</i>	5.81	Almost always
5	<i>Building Shared Vision</i>	5.85	Almost always
Average value		5.77	Almost always

Organizational performance variables have 1 dimension and 5 indicators. The dimensions in question are the performance of public organizations. The results of the frequency distribution of organizational performance in 99 respondents studied showed that most respondents (42 respondents or 42.42%) answered almost always, 27 respondents or 27.27% answered always, 16 respondents or 16.16% answered frequently, 2 respondents or 2.02% answered sometimes and only 3 respondents or only 3.03% answered less.

Table 3: Average Rating and Categorization of Organizational Performance Dimensions Variable Research

No.	Dimension	mean	Category
1	<i>Public Organization Performance</i>	5.89	Almost always
Average value		5.89	Almost always

The variable tax compliance has 3 dimensions and 5 indicators. The dimensions in question are compliant with internal obligations, comply with annual obligations and comply with material provisions and formal juridical taxation. The results of frequency distribution of tax compliance on 99 respondents studied showed that most respondents (40 respondents or 40.40%) answered almost always, 34 respondents or 34.35% answered always, 16 respondents or 16.16% answered frequently, 8 respondents or 8.08% answered sometimes and only 1 respondent or only 1.01% answered less.

Table 4: Average Rating and Categorization Dimensions Variable Research Tax Compliance

No.	Dimension	mean	Category
1	Complying with internal obligations	5.72	Almost always
2	Complying with the annual obligation	6.02	Almost always
3	Complying with ketentian material and formal juridical taxation	5.92	Almost always
Average value		5.89	Almost always

Results of Analysis of Partial Least Square Models

The research was carried out with the aim to investigate the effect of levers of control, learning organization on tax compliance and mediated by organizational performance. The research population is the Tax Service Office throughout Indonesia. This research Partial Least Square Structural Equation Modeling (PLS-SEM) method. The model approach of the research is based on the dimensions of each latent (unobservable) variable. In the first stage (first order) in this study is to measure reflective of the indicators of each dimension as manifest variables (observable). In the second stage (second order) initially measured reflectively from all indicators of each dimension and then measured reflectively from the dimensions of each study. The overall PLS-SEM analysis results in the form of a PLS model diagram can be seen in the following figure. PLS model is the overall model of the measurement model (outer model) and the effect model or structural model (inner model).

Measurement Evaluation

Discriminant Validity Model

Discriminant validity measurement from the measurement model was assessed by looking at the comparison of the measurement coefficients between dimensions (crossloading) and the roots of AVE. If a construct's AVE square root is greater than the correlation value among the constructs, it is said that the variable has discriminant validity. Likewise, if crossloading value of the indicator correlation to the construct is high compared with the indicator correlation value for other constructs, it also says that the variable has discrete validity.

Discriminant Validity of Levers of Control Measurements

The square root value of AVE of each dimension construct and the correlation value between constructs in the measurement model of levers of control are presented in the table below.

Table 5: Root AVE squares and Inter Construct Correlation on Levers of Control Measurement Model

Dimension	<i>Square Root of AVE</i>
<i>Belief System</i>	0.807
<i>Boundary System</i>	0.797
<i>Diagnostic Control System</i>	0.867
<i>Interactive Control System</i>	0.879

Compared to the correlation value among the other dimension blocks, it appears that the value of the square root AVE in each dimension block is bigger. The results of the evaluation of discriminant validity, both through crossloading and square root AVE above, show that all indicators in each dimension block of the composite variable of control are acceptable discriminant validity.

Discriminant Validity of Learning Organization Measurement

The AVE square root value of each dimension construct and the inter-construct correlation value of the learning organization measurement model are presented in the table below.

Table 6: Root AVE squares and Inter Construct Correlation on Learning organization measurement model

Dimension	<i>Square Root of AVE</i>
<i>System Thinking</i>	1.000
<i>Mental Models</i>	0.832
<i>Personal Mastery</i>	0.860
<i>Team Learning</i>	0.836
<i>Building Shared Vision</i>	0.838

Compared to the correlation value among other dimension blocks, it appears that the value of the square root AVE in each dimension block is greater. Evaluation results of discriminant validity, both through crossloading and square root AVE above, show that all indicators in each dimension block of the learning organization variable are composite can be accepted discriminant validity.

Validity of Discriminant Organizational Performance Measurements

The square root AVE value of each dimension construct and the inter-construct correlation value in the measurement model of organizational performance are presented in the table below.

Table 7: Root squared AVE and Inter Construct Correlation on Organizational Performance Measurement Model

Dimension	<i>Square Root of AVE</i>
Public Organization Performance	1.000

Compared to the correlation value among other dimension blocks, it appears that the value of the square root AVE in each dimension block is greater. Evaluation results of discriminant validity, both through crossloading and square root AVE above, show that all indicators in each dimension block of composite organizational performance variables can be accepted discriminant validity.

Validity of Discriminant Measurement of Tax Compliance

The square root AVE value of each dimension construct and the inter-construct correlation value in the measurement model of tax are presented in the table below.

Table 8: Root squared AVE and Inter Construct Correlation on Tax Compliance Measurement Model

Dimension	Square Root of AVE
Comply with internal obligations	1.000
Comply with annual obligations?	1.000
Comply with material provisions and formal juridical taxation?	0.896

Compared to the correlation value among other dimension blocks, it appears that the value of the square root AVE in each dimension block is greater. The results of the evaluation of discriminant validity, both through crossloading and square root AVE above, indicate that all indicators in each dimension block of the composite performance absorption budget variable can be accepted discriminant validity.

Structural Model Evaluation

Evaluation of structural models in research is carried out by conducting a significance test of each path coefficient which shows the strong influence of a variable on other variables.

Hypothesis testing

Effect of Levers of control on Organizational Performance

Effects of levers of control on organizational performance can be determined from the values of the parameter coefficients and the statistical significance t. The t-statistics significance value and parameter coefficient value are presented in the following table:

Table 9: Table Path Value Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
<i>Levers of control-> Organizational Performance</i>	0,365	0,361	0,093	3,915	0,000

Based on the table above, the parameter coefficient is 0.365. It means that levers of control have positive effect on organizational performance. Levers of control affect organizational performance by 36.5% and the remaining 63.5% is affected by other variables. The higher the levers of control, the better organizational performance. The t statistic value is 3.915 and the t table value with a significance level of 5% = 1.984. The t statistics value is greater than t table (3.915 > 1.984) and the significance level <0.05. It is pointed out that levers of control significantly affect organizational performance. In conclusion, the hypothesis stating that Levers of control has significant and positive effect on organizational performance is proven or accepted.

Effect of Learning Organization on Organizational Performance

Effect level of learning organization on organizational performance can be determined by parameter coefficients and t statistical significance values. The t statistics significance value and parameter coefficient value are presented in the table below:

Table 10: Table Path Value Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
<i>Learning Organization -> Organizational Performance</i>	0,548	0,551	0,095	5,790	0,000

Based on the above table, parameter coefficient value is 0.548. Thus, learning organization has positive effect on organizational performance. Learning organizations affect organizational performance by 54.8%, while the remaining 45.2% is influenced by other variables. The higher the learning organization, the higher organizational performance. The t statistics value is 5.790 and the t table value with significance level of 5% = 1.984. The t statistics value is bigger than t table (5.790 > 1.984) and the significance level <0.05. It means that learning organization has significant effect on the quality of financial statement. In conclusion, hypothesis stating that learning organization has significant and positive effect on organizational performance is proven or accepted.

Effect of Organizational Performance on Tax Compliance

The effect level of organizational performance on tax compliance can be determined by the parameter coefficients and t statistical significance values. The parameter coefficient and t statistics significance value values are presented in the table below:

Table 11: Table Path Value Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Organizational Performance -> Tax Compliance	0,505	0,496	0,144	3,511	0,000

Based on the table above, the parameter coefficient is 0.505. It shows that organizational performance has positive effect on tax compliance. Organizational performance affects tax compliance by 50.5% and the 49.5% are affected by other variables. The higher the organizational performance, the more tax compliance. The t statistic value is 3.511 while the t table value with significance level of 5% = 1.984, the t value of statistics is greater than t table (3.511 > 1.984) and the significance level < 0.05. This means that organizational performance has significant effect on tax compliance. In conclusion, hypothesis stating that organizational performance has positive and significant effect on tax compliance is proven.

The Effect of Levers of Control on Tax Compliance

The effect level of the levers of control on tax compliance can be determined by the parameter coefficient and the t statistical significance values. The parameter coefficient and t statistics significance values are presented in the table below:

Table 12: Table Path Value Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Levers of Control -> Tax Compliance	0,090	0,085	0,171	0,527	0,599

Based on the following table, parameter coefficient value is 0.090. It shows that levers of control have positive effect on tax compliance. Levers of control affect tax compliance by 9.0% and the 91.0% is affected by other variables. The higher the levers of control, the higher tax compliance. The t statistic value is 0.527 while the t table value with a significance level of 5% = 1.984, the t statistics value is smaller than t table (0.527 < 1.984) and the significance level > of 0.05. This means that levers of control have no significant effect on tax compliance. In conclusion, hypothesis stating that levers of control have significant and positive effect on tax compliance is not proven or is rejected.

Effect of Learning Organization on Tax Compliance

The effect level of learning organizations on tax compliance can be determined by the parameter coefficients and t statistical significance values. The parameter coefficient and t statistics significance values are presented in the table below:

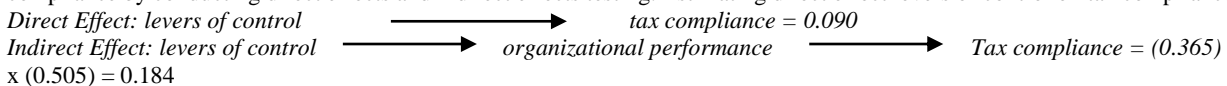
Table 13: Table Path Value Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Learning Organization -> Tax Compliance	0,281	0,291	0,198	1,423	0,155

Based on the following table, parameter coefficient is 0.281. It shows learning organization has positive effect on tax compliance. Learning organization affects tax compliance by 28.1% and the remaining 71.9% is affected by other variables. The higher the learning organization, the higher tax compliance. The t statistics value is 1.428 while the t table value with a significance level of 5% = 1.984, the t statistics value is smaller than t table (1.423 < 1.984) and the significance level > of 0.05. This means that learning organization has no significant effect on tax compliance. In conclusion, it rejects hypothesis stating that organizational performance has significant and positive effect on tax compliance.

The Effect of Organizational Performance Mediates Levers of Control on Tax Compliance

Procedure for testing organizational performance as mediating variable to relationship between levers of control and tax compliance by conducting direct effects and indirect effects testing. Estimating direct effect levers of control on tax compliance.



Based on the above equation it can be concluded that levers of control not only have direct but also indirect effect on tax compliance mediated by organizational performance. Organizational performance mediates levers of control by 0.184 or 18.4% with a significance of 0.05. The results of this calculation are presented in the indirect effect table below:

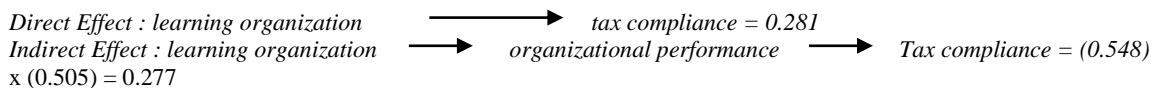
Table 14: Indirect Value Table Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Value
Levers of Control -> Tax Compliance	0.184	0.177	0.065	2.825	0.005

According to table 11, organizational performance mediates the levers of control with tax compliance 0.184. The t count value is 2.825 (t table = 1.984) and the significance level is 0.05. Conclusion of Organizational Hypothesis Performance mediating the relationship between Levers of Control and Tax Compliance is true, significant, and positive.

The Effect of Organizational Performance Mediating Learning Organization on Tax Compliance

Testing on direct and indirect effects is the procedure for testing organizational performance as mediating variable in the relationship between learning organizations and tax compliance by conducting. Estimating direct effect levers of control on tax compliance.



Based on the above equation it can be concluded that learning organization not only has direct but also indirect effect on tax compliance mediated by organizational performance. Organizational performance mediates the learning organization of 0.277 or 27.7%. The results of this calculation are presented in indirect effect table below:

Table 15: Indirect Value Table Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Learning Organization -> Tax Compliance	0,277	0,275	0,098	2,826	0,005

According to table 12, organizational performance mediates learning organizations with tax compliance 0.277. The t count value is 2.826 (t table = 1.984) and the significance level is 0.05. In conclusion, of hypothesis stating that organizational performance mediates the relationship between learning organization and tax Compliance is true, significant, and positive.

DISCUSSION

Effect of Levers of control on Organizational Performance

Regarding the results on statistical and significance tests, levers of control has significant and positive effect on organizational performance. Simon (2000), argues that the framework of Levers of Control (LOC) implemented will direct employee behavior, so that organizational learning can be facilitated by the four system controls in the framework of Levers of Control (LOC) (Levitt and March, 1988) to achieve organizational high performance.

One element of the LOC is the boundary system. Top managers use boundary system is a formal system for communicating organizational boundaries and rules to be carried out (Simon, 1994). It tells employees what they cannot do (Simons, 2000). The aim is to enable employees to have the freedom to innovate, explore, create and achieve certain standards. The Boundary System sets employees about limits that cannot be done in work (Widener, 2007). Boundary System measurements refer to instruments based on Widener's (2007) research, namely the Code of Ethics describes behavior that is appropriate for employees, Code of ethics informs about behavior that is out of bounds, communicates risk to be avoided, and Employees are aware of the code of ethics. based on learning from the past and not from the future (Levitt and March, 1988), but boundary system aims to provide the employees freedom to innovate, explore, create and achieve certain standards (Simon, 2000). Simons (1995) also emphasizes that the boundary system goal is to encourage employees in searching, exploring, and experimenting certain circumstances. Marginson (2002) in Neng (2012) found that the boundary system gives employees the ability to look for ideas or innovations. new innovations in carrying out their duties and work. From this description the levers of control clearly have significant and positive effect on organizational performance.

Levers of control variable has significant and positive effect on organizational performance is something that is very reasonable when viewed from the education of respondents and the age of respondents. With education with an average of two degrees, an organization will find it easier to adapt and improve its performance especially since the respondents in the study have an average age of more than 30 years. Adequate education, accompanied by clear experience and structure and a clear job desk will improve performance. Reward and punishment that is clear in an institution will also increase healthy competition, open standards of assessment will cause employees to improve organizational performance. Education, experience and the existence of reward and punishment will be able to increase productivity, service quality, responsiveness, responsibility and accountability of the organization.

Indicators of mission statement and core values, belief system need to be improved because there are some respondents giving a minimum score. This means that the two indicators cannot be implemented maximally by the leadership or employees within the agency who have not yet understood the first and second indicators. The variable of levers of control needs to be improved again its implementation to improve organizational performance so that it is expected that with increasing organizational performance the goals and targets of institutions can be achieved.

Effect of Learning Organization on Organizational Performance

According to statistical and the significance test results, learning organization is positively and significantly influential to Organizational Performance. This finding is consistent with previous studies that measured the effect of Learning Organizations on Job Satisfaction. Research by Che Rose et al. (2009) in Malaysia also pointed out that organizational learning has positive effect on job satisfaction, commitment to organization, and performance.

Simons (1994) research found that after making strategic changes, managers conveyed their vision and mission to communicate ideas and information to employees. Marginson (2002) in Neng (2012) found that belief systems open to new ideas, actions, and initiatives Widener (2007) also found positive relationship between belief systems and organizational learning.

The effect of learning organization to organizational performance can be seen from the results of the collected questionnaires. All learning organizational dimensions have above-average values. Education and experience of respondents turned out to have an impact on ways of thinking and how to overcome problems. Education and experience will also have an impact on the mentality of employees so that if there is a change, they are always ready to follow changes in funds usually they also have creativity.

Indicators capable of thinking systemically and comprehensively are not directly proportional to the education and experience of respondents. This can be seen from the results obtained from the questionnaire respondents. These two indicators are considered by some respondents to be difficult to implement by the institutions they work in, this is evidenced by their answers which provide a minimum score on the two indicators.

The dimensions of learning organization are not directly related to indicators of organizational performance. System thinking will be able to increase productivity, service quality, responsiveness, responsibility, and accountability. Likewise, the other dimensions of mental models, personal mastery, shared vision learning and building teams indirectly enhance organizational performance. Facing this, the role of the leadership is very necessary so that if a problem occurs, the organization will immediately be able to overcome it as well as the leader must be open to criticism and suggestions for the organization's development so that the organization's objectives and goals can be achieved.

Effect of Organizational performance on Tax Compliance

According to the results of statistical and significance tests, organizational performance on tax compliance is positively and significantly influential. This is in line with Gunadi (2004) that "justice is one of the elements that can help increase public confidence in the taxation system and further enhance the voluntary compliance of taxpayers". Justice here is the existence of equal treatment of KPP to taxpayers. Tax reform covers two areas consisting of tax administration reform and tax policy or tax regulation reform covering tax laws. Administrative reform has the main goal of providing services for community to pay tax obligations. The second is administering tax revenues so that the transparency and accountability of revenues as well as the expenditure of tax payments can be known at any time. The third is providing a supervision in carrying out tax collection, especially tax collector apparatus, taxpayers, or community.

Indicators of organizational performance, namely productivity, service quality, responsiveness, responsibility and accountability based on the data collected there are 3 indicators that are given a minimum score by respondents. Productivity indicators by some respondents are considered that some employees have not been able to do the task and complete the task on time. Indicators of responsiveness according to some respondents are still far from the ideal word because there are still many employees who serve customer complaints and service users are not in accordance with the procedure. Accountability indicators according to some respondents are considered to be still confusing because of the frequent changes in Standard Operating Procedures that are not accompanied by adequate socialization.

The dimensions of public organization performance are measured based on productivity, service quality, responsiveness, responsibility and accountability. If all indications of organizational performance can be implemented in a maximum tax compliance, it will also increase. One of the targets of KPP is to increase taxpayer compliance and compliance. Taxpayers will obey if all KPP employees have performance in accordance with the performance indicators of the public organization.

The Effect of Levers of Control on Tax Compliance.

According to statistical and significance test results, levers of control have positive but not significant effect on tax compliance. Levers of control has dimensions of diagnostic control, interactive control, boundary, and belief systems and 15 indicators. Directorate General of Taxes's duty is in accordance with the mandate of the Minister of Finance Regulation Number 217 / PMK.01 / 2018 regarding Organizations and Working Procedure of the Ministry of Finance. It is to formulate and implement policy and technical standardization in taxation field. To conduct the duty, DGT carries out: a. formulation of taxation policy; b. implementation in taxation policy; c. preparation of taxation standards, norms, criteria, and procedures; d. provision of taxation evaluation and technical guidance; and e. DGT administration.

The implementation of these functions and duties are strongly supported by the application of levers of control within DGT. However, the levers of control implementation has not been proven to have a direct impact on increasing taxpayer compliance because according to Simon (2000), the framework of Levers of Control (LOC) implemented will direct employee behavior, so that the four system controls are in the Levers framework. of Control (LOC) can facilitate organizational learning (Levitt and March, 1988) to achieve high organizational performance. This means that LOC has a significant impact directly on the internal organization, not on external parties. Pengaruh *Learning Organization* on *Tax Compliance*.

According to statistical and significance test results, learning organization is positively influential but not significant on tax compliance. This means that learning organizations have a more significant impact directly on the internal organization, not on external parties. This finding strengthens a research conducted by Che Rose et al. (2009) in Malaysia who also found that organizational learning has positive effect on commitment to organization, job satisfaction, and performance.

So, there are various factor affecting tax compliance. Peter's (2013) study examined the factors affecting tax compliance in Kenya especially in real estate sector. This study was conducted on 271 respondents from a population of 841 in Real Estate entrepreneurs in Nakuru Town, Kenya in 2013. This study was guided by Planned Behavior Theory and used an explanatory research design with 4 independent variables, namely the cost of knowledge and tax education, tax penalties and sanctions, tax compliance, as well as opportunities for tax evasion.

The Effect of Organizational Performance Mediates Levers of Control on Tax Compliance

According to statistical and significance test results, Organizational Performance mediates the relationship between Levers of Control and Tax Compliance positively and significantly. If we look at the research by Marginson (2002) in Neng (2012), it is found that belief systems open up for new ideas, actions, and initiatives that can improve organizational performance. Then Widener (2007) also found positive relationship between organizational learning and belief system.

It means that an intermediary / mediation relationship between Levers of Control and Tax Compliance is indeed needed This means that the variable organizational performance functions as a variable that mediates between levers of control and tax compliance. Levers of control applied in KPP then implemented together with organizational performance will add positive impact on tax compliance.

The Effect of Organizational Performance Mediating Learning Organizations on Tax Compliance

According to statistical and significance test results, the relationship between learning organization and Tax Compliance is mediated positively and significantly by Organizational Performance. Sange proposed five basic elements of a Learning organization, namely shared vision, mental models, personal mastery, system thinking, and team learning. The Watkins and Marsick (2003) see LO as an integrative system used in the workplace and the organization's environment to improve and support the learning process. There are three things that underlie the understanding of the LO concept revealed by Watkins and Marsick (1997), namely: (1) organizational learning process (2) thinking collectively (3) a structured environment so that it can be connected between each organizational division, this allows the occurrence of learning activities together and carried out in a continuous manner. This means that the variable organizational performance functions as a variable that mediates between learning organizations with tax compliance. Learning organizations that are implemented in KPP are then implemented in conjunction with organizational performance so that it will add a positive impact to tax compliance.

CONCLUSIONS, LIMITATIONS AND RECOMMENDATIONS

Conclusions

According to the formulation of research questions, hypothesis testing and discussion presented in the forementioned chapters, the following conclusions are drawn:

- a. Levers of control have significant and positive effect on organizational performance. It means some elements of levers of control such as education, experience and the existence of reward and punishment will be able to increase productivity, service quality, responsiveness, responsiveness and accountability of the organization.
- b. Learning organization has significant and positive effect on organizational performance. It means system thinking will be able to increase productivity, service quality, responsiveness, responsibility, and accountability. Likewise, the other dimensions of mental models, personal mastery, shared vision learning and building teams indirectly enhance organizational performance.
- c. Organizational performance has significant and positive effect on tax compliance. It means justice is one element that help to improve public trust in taxation system and further enhance the voluntary compliance of taxpayers. Justice here is the existence of equal treatment of KPP to taxpayers. Tax reform covers two areas, namely tax administration reforms and tax policy reform covering rules or tax regulations in tax laws.
- d. Levers of control have not significant effect on tax compliance. In implementing their duties and functions, they are strongly supported by the application of levers of control within the DGT. However, levers of control implementation have not been proven to have direct effect in increasing tax compliance
- e. Learning organization has no significant effect on tax compliance. It points out that learning organizations have a more significant impact directly on the internal organization, not on external parties.

- f. Organizational performance mediates levers of control with tax compliance positively and significantly. This means that the variable organizational performance functions as a variable that mediates between levers of control and tax compliance. Levers of control applied in KPP then implemented together with organizational performance will add positive effect on tax compliance.
- g. Organizational performance mediates significant and positive learning organizations with tax compliance. This means that the variable organizational performance functions as a variable that mediates between learning organizations with tax compliance. Learning organizations that are implemented in KPP are then implemented in conjunction with organizational performance so that it will add a positive impact to tax compliance.

Limitations

This study has limitations regarding the number of samples used and only took 99 KPPs with Section Head respondents (Echelon 4) and senior employees. This research will be more accurate if you can take the population of all KPPs in Indonesia with Office Head respondents.

Suggestion

According to the above discussion and conclusions results, researchers can provide the suggestions below:

- a. The Directorate General of Taxes must always make innovations and new breakthroughs to improve taxpayer compliance (individuals and corporations) not only in the form of sanctions but preventive measures related to tax compliance must continue.
- b. The Directorate General of Taxes must act decisively against corporations committing tax fraud and vice versa.

REFERENCES

- Adelin, V., & Fauzihardani, E. (2013). Pengaruh Pengendalian Internal, Ketaatan pada Aturan Akuntansi dan Kecenderungan Kecurangan Terhadap Perilaku Tidak Etis. *Wahana Riset Akuntansi*, 1(2).
- Argyris, C., & Schon, D.A. (1996) *Organizational Learning: A theory of action perspective*. Addison Wesley, Reading, MA
- Bernardin, H.J., & Russel, E.A. (1993). *Human resource Management, An Experiential Approach*. Mc. Graw Hill International Edition, Singapore: Mac Graw Hill Book Co.
- Devano, S., & Rahayu, S. K. (2006). *Perpajakan Konsep, Teori, dan Isu*. Jakarta: Kencana
- Franzoni, L.A. (1999). *Tax Evasion and tax Compliance*. Bologna: University of Bologna.
- Hendriksen, E.S., & Michael F Van Breda, 2000. *Theory Accounting* alih bahasa Herman Wibowo. Batam: Inter Askara
- Henri, J.-F. (2006b). Management control systems and strategy: A resource-based perspective. *Accounting, Organizations and Society*, 31, 529–558.
- Jensen, M. C., & Meckling, W.H. (1976). *Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure*. *Journal of Financial Economics*, Oktober, 1976, V. 3, No.4
- Kasipillai, J., Aripin, N., & Amran, N.A. (2003). *The Influence of Education on Tax Avoidance and Tax Evasion*. *eJournal of Tax Research* (vol.1, no.2, pp.134-146).
- Kirchler, E., Erik H., dan Ingrid W. (2008) "Enforced Versus Voluntary Tax Compliance:
- Kloot, L. (1997). Organizational learning and management control systems: responding to environmental change. *Management Accounting Research*, 8, 47–73.
- Mansury. (2000). *Pajak Penghasilan Lanjutan*. Jakarta : YP 4
- Murwaningsari, E. (2008). The role of organizational commitment and procedural justice in moderating the relationship between budgetary participation and managerial performance. *Gadjah Mada International Journal of Business*, 10(2), 185-210.
- Nasucha, C. (2004). *Reformasi Administrasi Publik: Teori dan Praktik*. Jakarta: Penerbit PT Gramedia Widiasarana Indonesia
- Neng, K. 2012. Faktor-faktor yang Mempengaruhi Minat Masyarakat Dalam Berhubungan Dengan Bank Syariah Di Kota Padang. *Jurnal Manajemen dan Kewirausahaan*, Vol. 3, No. 1, Januari: 26-56.
- Nugent, D.A. (2013). *Legislating Morality: The Effect of Tax law Complexity on Taxpayers' Attitudes*. *The Journal of Applied Business Research*. Vol. 29.
- Palil, M.R. (2010). *Tax Knowledge and Tax Compliance Determinants in Self Assessment System in Malaysia*. Birmingham: The University of Birmingham.
- Richardson, G. (2006). *Determinants of Tax Evasion: A Cross-country investigation*. *Dalam Journal of International Accounting, Auditing and Taxation* 15(2006) 120-169.
- Sembiring, M. (2012). *Budaya & Kinerja Organisasi*. Bandung: Fokusmedia.
- Senge, P.M. (1999). *The Fifth Discipline: The Art and Practice of Learning Organiza-tion*. Random House, Australia.
- Simanjuntak, T.H., & Mukhlis, I. (2012). *Dimensi Ekonomi Perpajakan dalam Pembangunan Ekonomi*, Ed (1). Jakarta: Penerbit Raih Asa Sukses
- Simons, R. (2000). *Levers of Control: How Managers Use Innovative Control Systems to Drive Strategic Renewal*. Boston: Harvard Business School Press.
- Sripeni, R. (2014). *Pengaruh Sistem Pengendalian Manajemen terhadap Kinerja Manajer pada BPR Eka Dharma Binaraharja Magetan*. Madiun: Media Soerjo.
- Widener, S.K. (2007). *An Empirical Analysis of the Levers of Control Framework*. *Accounting, Organization and Society*. Journal.
- Yulianti, S., & Rachmawati, S. (2019). Tax Minimization Sebagai Pemoderasi Pada Pengaruh Tunnelling Incentive Dan Debt Covenant Terhadap Ketetapan Transfer Pricing. *JABI (Jurnal Akuntansi Berkelanjutan Indonesia)*, 2(2), 165-179.

Agus Bandiyono
Doctoral Student in Accounting Science,
Faculty of Economics and Business,
Trisakti University
Kyai Tapa Street No. 1, West Jakarta, Indonesia
and Lecturer in Polytechnic of State Finance STAN
South Tangerang, Indonesia
Email: agus.bandiyono@gmail.com

Yvonne Augustine
Faculty of Economics and Business,
Trisakti University
Kyai Tapa Street No. 1, West Jakarta, Indonesia
Email: yvonneags57@gmail.com