

EMPLOYEE TURNOVER IN INDONESIA'S DIRECTORATE GENERAL OF TAXES A CASE STUDY OF JAKARTA'S TAX OFFICES BETWEEN 2009 AND 2015: CRITICAL APPLICATION OF PRICE AND MUELLER'S CAUSAL MODEL OF TURNOVER

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ABSTRACT

The thesis is driven by the increasing number of the Directorate General of Taxes (DGT) employees who voluntarily left the organisation following the first phase of its organisational reforms that ended in 2008. Some changes were made to the reforms, including improving the employee compensation scheme, developing a more conducive working environment, setting up standard operating procedures to clarify job ambiguity, and implementing a job rotation system. The expectation following these changes was that employees would perform better and continue their employment in the DGT. During the second phase of reform between 2009 and 2014, 280 DGT employees decided to quit their jobs. The DGT claimed it had lost many tax specialists, tax auditors and managers, who play a crucial role in enabling the DGT to perform its function of collecting tax revenues

This thesis seeks to understand the underlying causes of employee turnover in Indonesia's DGT. It employs Price and Mueller's model of employee turnover as the analytical framework to systematically examine the research problem. The research is based on two case studies in Jakarta's regional tax offices, and it includes former and current DGT employees, as well as officials who are responsible in implementing the human resource regulations. Data for the research were collected through questionnaires and interviews.

Price and Mueller's comprehensive approach to the turnover problem was expected to be a useful tool to raise awareness for further examination of employee turnover problems. The thesis reveals that the model is substantially useful to explain job satisfaction among DGT employees (stayers), however, it is not fully effective in capturing employee turnover problems in Indonesia's DGT. The model assumed organisational stability, while organisational change is more prevalent not only in the private sector, but also in the public sector. This research concludes that employees' intentions/decisions in staying or leaving the DGT were rooted in organisational change and changes in its HR practices. The uncertainty tied into the reforms was found to be an important factor in influencing employees' attitudes and behaviour toward their jobs.

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TABLE OF CONTENTS

ABSTRACT.....	2
ACKNOWLEDGEMENTS.....	3
LIST OF TABLES.....	8
LIST OF FIGURES.....	10
ABBREVIATIONS.....	11
CHAPTER 1: INTRODUCTION.....	12
Employee Turnover.....	12
DGT Reforms and Employee Turnover.....	15
Researching DGT's Employee Turnover.....	18
Research Aims, Objectives and Questions.....	19
Significance of the Research.....	19
Structure of the Thesis.....	20
CHAPTER 2: THE CONCEPTS AND THEORIES OF EMPLOYEE TURNOVER.....	22
Introduction.....	22
Concepts Used in the Research on Employee Turnover.....	22
Voluntary versus involuntary turnover.....	22
Actual turnover and intention to leave.....	24
Employee Turnover and Employee Retention.....	26
Partial and Comprehensive Approach in Research of Employee Turnover.....	26
The methods employed in the research of employee turnover.....	30
Employee turnover in the private and public sector.....	30
Models of Employee Turnover.....	31
March and Simon's model of turnover.....	32
Mobley's turnover process and process-oriented model of employee turnover.....	34
Mobley, Griffeth, Hand and Meglino's expanded model.....	36
Steers, and Mowday's job expectations and job attitudes.....	38
Price and Mueller's causal model of turnover.....	39
Hopkins, Cohen-Callow, Kim, and Hwang's turnover model in child welfare workers.....	43
Katsikea, Theodosiou, and Morgan's model of export sales managers' turnover.....	43
Antecedents of Employee Turnover.....	44
Environmental factors.....	46
Job satisfaction.....	48
Causal relationship between job satisfaction and organisational commitment.....	51
Organisational commitment.....	52
Demographic variables.....	53
Examination of the Models.....	54

CHAPTER 3: INDONESIA'S TAX ADMINISTRATION.....	58
Brief Overview of Indonesia	58
Geographical context.....	58
Population.....	60
History	60
Government and politics	62
The Civil Service	64
The Ministry of Finance	64
Tax Administration	66
Directorate General of Taxes.....	69
Indonesia's Civil Service Law	73
Types of civil servant positions	74
Civil service rank	74
Recruitment process.....	76
Pay	76
Performance evaluation	77
Employee placement, job rotation and termination of employment.....	78
Conclusion.....	78
CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY	80
Introduction.....	80
Research Objectives	80
Case Study Design	81
Case study sites selection: Jakarta Special RTO and South Jakarta RTO	81
Methodological Lessons from Employee Turnover Literature.....	85
Research Design	87
Mixed methods design	87
Methods of data collection.....	89
Sampling Design	92
Ethical considerations	96
Other Methodological Issues	97
Data analysis.....	99
Conclusion.....	100
CHAPTER 5: DGT REFORMS AND HUMAN RESOURCE MANAGEMENT	102
The Reforms	102
DGT's 1983 reform.....	102
DGT's 2002 reform.....	107
DGT's Human Resource Management.....	115
HR regulations.....	116

Recruitment process.....	117
Rank and rank group applied to DGT employees	118
Pay	118
Types of civil servant positions applied to DGT employees.....	119
Performance evaluation	122
Job rotation.....	124
Termination of employment and disciplinary regulations	127
Conclusions	128
CHAPTER 6: FACTORS INFLUENCING DGT'S EMPLOYEES INTENTION TO LEAVE OR TO STAY	131
Quantitative Findings	131
Stayers' demographics	131
Stayers' job satisfaction, organisational commitment and intention to leave	134
Qualitative Findings: Factors Influencing Stayers' Job Satisfaction, Organisational Commitment and Intention to Stay or to Leave the DGT.....	138
Job satisfaction.....	139
Organisational Commitment	154
Intention to Leave or to Stay	156
Conclusion.....	161
CHAPTER 7: FACTORS INFLUENCING DGT'S EMPLOYEE TURNOVER	163
The Questionnaire Data.....	163
Leavers' demographics	163
Leavers' job satisfaction, organisational commitment, and job opportunity.....	164
Qualitative Findings: Factors Influencing the Leavers' Decision to Leave the DGT ...	164
Job satisfaction.....	165
Organisational commitment.....	173
Reasons for leaving	176
Conclusion.....	180
CHAPTER 8: DISCUSSION AND CONCLUSION	182
Overall Questionnaire Responses	183
Factors Influencing Stayers and Leavers Decisions in Staying or Leaving the DGT ..	183
Job satisfaction.....	183
Organisational commitment.....	190
Intention/decision to Leave	192
DGT's HR Practices	196
Conclusion and Implications for Further Research.....	198
Appendix 1: Ethical approval letters	215
Appendix 2: Participant information sheets.....	230
Appendix 3: Participant consent form	232

Appendix 4: Questionnaire for stayers	234
Appendix 5: Questionnaire for leavers	239
Appendix 6: Topic guide for stayers.....	244
Appendix 7: Topic guide for leavers	250
Appendix 8: Topic guide for HR managers/advisors/other stakeholders	254
Appendix 9: Transcriber non-disclosure agreement	258

LIST OF TABLES

Table 2.1. Summary of the models and selection criteria	55
Table 3.1. Indonesia's civil servant ranks and rank groups	75
Table 3.2. Maximum promotion in civil servant ranks and rank groups.....	75
Table 3.3. Summary of performance evaluation of Indonesia's civil servants.....	78
Table 4.1. Research questions and purposes.....	80
Table 4.2. Voluntary leaving in the DGT between January 2009 and March 2015	82
Table 4.3. Rate of professional staff turnover in Jakarta.....	83
Table 4.4. Data collected from the questionnaire and interviews	92
Table 4.5. Sample for the stayers.....	93
Table 4.6. Interviews for the stayers	95
Table 4.7. Interviews for the leavers.....	95
Table 5.1. Summary of DGT's operational units based on taxpayer segmentation and office location	111
Table 5.2. Classification of DGT's units determining job title and job rotation	117
Table 5.3. Types of civil servant position, job titles and grades applying to DGT employees.....	120
Table 5.4. Job titles and ranks for tax auditors.....	121
Table 5.5. Summary of employee performance evaluation based on Government Regulation PP No. 46/2011	123
Table 5.6. Summary of job rotation regulations and requirements	125
Table 5.7. Classification of DGT's regional organisational units for determining periods of job rotation	126
Table 6.1. Demographics of questionnaire participants.....	132
Table 6.2. Interviewees' demographics	133
Table 6.3. Stayers' job satisfaction, organisational commitment and plan in near future	135
Table 6.4. Stayers' job satisfaction by demographics	136
Table 6.5. Stayers' organisational commitment by demographics	136
Table 6.6. Stayers's intention to leave or to stay by demographics	137
Table 6.7. Interviewees' job satisfaction, organisational commitment and plan in near future by RTO	137
Table 6.8. Differences in job satisfaction, organisational commitment and intention to leave or to stay between the two RTOs	138
Table 6.9. Stayers' interviewees backgrounds	139
Table 7.1. Leavers' interviewees	164
Table 8.1. Factors influencing job satisfaction in Price and Mueller's model and the current research	184
Table 8.2. Factors influencing organisational commitment in Price and Mueller's model and the current research	190

Table 8.3. Factors influencing intentions/decisions to leave in Price and Mueller's model and the current research	193
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LIST OF FIGURES

Figure 2.1. March and Simon’s model of employee turnover	32
Figure 2.2. Mobley’s turnover process	35
Figure 2.3. Mobley, Griffeth, Hand and Meglino’s expanded model.....	37
Figure 2.4. Steers, and Mowday’s model of voluntary employee turnover	38
Figure 2.5. Price and Mueller’s 1986 model of turnover	40
Figure 3.1. Geographical situation, population density and administrative divisions of Indonesia in 2015	59
Figure 3.2. Stucture of the Indonesian government	63
Figure 3.3. MOF’s organisational structure	65
Figure 3.4. Organisational structure of the DGT	70
Figure 5.1. DGT organisational structure based on the 1983 reform.....	104
Figure 8.1. The modified version of Price and Mueller’s model for Indonesia’s DGT	200

ABBREVIATIONS

BKF	Badan Kebijakan Fiskal (Fiscal Policy Agency)
BKN	Badan Kepegawaian Negara (National Civil Service Agency)
DGCE	Directorate General of Customs and Excise
DGT	Directorate General of Taxes
DP3	Daftar Penilaian Pelaksanaan Pekerjaan (list of work achievements)
DPD	Dewan Perwakilan Daerah (Regional Representative Council)
DPR	Dewan Perwakilan Rakyat (People's Representative Council)
HR	Human Resource
HRM	Human Resource Management
IMF	International Monetary Fund
KPK	Komisi Pemberantasan Korupsi (Corruption Eradication Commission)
MOF	Ministry of Finance
MPR	Majelis Permusyawaratan Rakyat (People's Consultative Assembly)
OECD	Organisation for Economic Co-operation and Development
PKI	Partai Komunis Indonesia (Indonesian Communist Party)
RKT	Rencana Kerja Tahunan (Annual Work Plan)
RTO	Regional Tax Office
STAN	Sekolah Tinggi Akuntansi Negara (College of State Accountancy)
TKPKN	Tunjangan Khusus Pembinaan Keuangan Negara (Special Allowance for State Finance Administrators)
TSDCO	Tax Service, Dissemination and Consultation Office
PSM	Public service motivation

CHAPTER 1: INTRODUCTION

This chapter explains the background to the research presented in this thesis. It discusses previous research on employee turnover, and explains the history of reforms and employee turnover in the Directorate General of Taxes (DGT). It then describes the reasons for conducting research on the DGT, presents the research aims, objectives and research questions, and explains the significance of the research. Finally, it outlines the structure of the thesis.

Employee Turnover

Employee turnover refers mainly to employees leaving organisations. Most research begins with an assumption that every organisation seeks to minimise employee turnover (Hom & Griffeth, 1995, p.1; Ballinger et al., 2011, p.111; Cho & Lewis, 2012, p.4). Organisations calculate their rates of employee turnover by dividing the total number of employees who leave in a certain period by the total number of full-time permanent employees (Cohen et al., 2016, p.7). The previous literature does not appear to identify what might be considered a high rate of employee turnover that may be detrimental to organisations.

Some researchers contend that not all employee turnover is bad for organisations. Meier and Hicklin (2007, p.585-586) suggest that if an organisation does not replace its members, it may become inflexible and find it difficult to innovate, thus preventing it from achieving its growth potential. McElroy, Morrow and Rude (2001, p.1294) posit that employee turnover allows organisations to replace employees who are not performing well in their jobs, thus motivating others who stay in the organisation to perform better. Employee turnover may be either voluntary, when employees choose to leave their jobs, or involuntary, when employees are dismissed by their employers, e.g. for not performing as expected.

Selden and Moynihan (2000, p.64) differentiate between different types of turnover as: voluntary turnover, involuntary turnover and retirement, each of which represents a fundamentally different phenomenon and is therefore influenced by different factors. However, both voluntary and involuntary turnover may be expensive, because losing employees is costly in terms of the money and time required to search for, recruit and train replacements (Ballinger et al., 2011, p.115; Cho & Lewis, 2012, p.5). Losing employees may jeopardise organisational performance and affect remaining staff, especially if those who leave are key or talented employees (Ballinger et al., 2011, p.111; Hom & Griffeth, 1995, p.1). Therefore, investigating the reasons and causes, especially for voluntary turnover, is considered to be important for organisations in order to avoid its negative effects.

Previous research has involved developing or using models of employee turnover to identify factors that influence employees to quit their jobs. Some researchers have focused on partial factors that they think important or in which they are interested, and have examined correlations between these factors and actual turnover or intentions to leave (Caillier, 2015; Kim & Barak, 2015; Kim, 2015; Tourani et al., 2016; Nazir et al., 2016; Whitford & Lee, 2016). Others have approached employee turnover problems by using a comprehensive model to identify and categorise various factors identified by previous research as important to the turnover process, and then developing their own models to understand the possible causes of employee turnover. For example, Price and Mueller (1986) develop a causal model of employee turnover, Mitchell and Lee (2001) develop an unfolding model, Lo's (2015, p.387) model includes factors that directly and indirectly influence turnover intentions, as well as external and environmental factors, and Katsikea, Theodosiou and Morgan (2015, p.367) develop a comprehensive conceptual model of seventeen hypothesised relationships.

Much research indicates that job satisfaction, organisational commitment and job opportunity are among the key factors affecting employee turnover (Hom & Griffeth, 1995, p.51; Lee et al., 1999, p.450). However, it is often difficult to generalise the findings of studies of employee turnover because they produce mixed results. For example, for the relationship between job satisfaction and organisational commitment in models of turnover, one study finds that job satisfaction is an antecedent of organisational commitment (Williams & Hazer, 1986, p.219), while others state the opposite (Bateman & Strasser, 1984, p.106).

Other research finds a different relationship between job opportunity, sometimes operationalised as unemployment rate or perceived job opportunity, and employee turnover. Hulin, Roznowski and Hachiya (1985) summarise the mixed findings for this relationship. First, some employee turnover research finds a weak and inconsistent relationship between unemployment rate and employee turnover, although Hulin et al. (1985, pp.240-242) suggest that this may be because some researchers exclude certain types of worker from their samples. Second, some researchers find that perceived job opportunity directly affects turnover, rather than being mediated by an intention to leave, while others contend that perceived job opportunity influences decisions to leave through a mechanism of having intentions to leave that affects employees' perceptions of job satisfaction (Hulin et al., 1985, pp.242-244).

Private- and public-sector research also presents mixed findings on employee turnover. For example, Wang, Yang and Wang (2012, p.559) find that private-sector employees are more satisfied with their jobs than employees in the public sector. Rainey and Bozeman (2000, p.447) find no differences between public- and private-sector managers'

perceptions of organisational formalisation, even though public-sector managers face greater goal complexity and ambiguity than those in the private sector. Other studies find that public-sector employees are more satisfied with their jobs than private-sector employees (Newstrom et al., 1976, pp.71-72; Maidani, 1991, p.448).

Studies conducted in non-Western settings produce both differences from and similarities to those in Western settings. For example, technical managers with longer tenure show higher affective and normative commitment and intrinsic job satisfaction than executive and administrative managers (Natarajan & Nagar, 2011, p.59). Mafini and Dlodlo (2014, pp.1,10) find significant relationships between job satisfaction and four extrinsic motivation factors (remuneration, quality of work life, supervision and teamwork), but a non-significant relationship with promotion. According to Chua et al. (2014, p.265), employees' likelihood of staying in public service is affected by their gender, ethnicity, job satisfaction and organisational commitment, while Sarwar, Mirza, Ehsan, Khan and Huma (2013, p.429) find that age and length of service are negatively related to job satisfaction in Pakistan, contradicting previous research in Western settings.

Most research on employee turnover has been conducted in the private sector and in developed, Western countries (Tett & Meyer, 1993; Hom & Griffeth, 1995; Ballinger et al., 2011), although the number of studies on employee turnover in the public sector (Price & Mueller, 1986; Lewis, 1991; Wright & Davis, 2003) and in developing countries (Zheng & Lamond, 2010; Sarwar et al., 2013; Mafini & Dlodlo, 2014) is growing. Very few studies have been carried out on employee turnover in Indonesia (Shih & Susanto, 2011; Guntur et al., 2012; Purba, 2015; Rusyandi, 2015; Purba et al., 2016), all of them in the private sector, and none appear to have been conducted on the DGT. For example, Shih and Susanto (2011, p.111) find that innovative work behaviour is positively and significantly related to turnover intention, and perceived distributive fairness negatively moderates this relationship. Guntur, Haerani and Hasan (2012, p.10303) find that affective, continuance and normative commitments have a negative effect on turnover intentions, while Purba (2015, p.39) finds that commuting time and family embeddedness negatively influence organisational commitment and turnover intentions. Intentions to leave are significantly negatively related to employee engagement (Rusyandi, 2015, p.318), while the relationship between trust in supervisor and turnover intentions is mediated by job embeddedness (Purba et al., 2016, p.174).

Studies of employee turnover have implications for organisations' employee retention strategies. Hwang and Kuo (2006, p.254) suggest that identifying the causes of employee turnover may be useful for predicting turnover behaviour more precisely, and may, therefore, avert actual employee turnover. Phillips and Edwards (2009, p.27) observe that studies of employee retention and employee turnover seek to understand the same

problem from different perspectives. Employee retention focuses on employees who stay in an organisation, while turnover focuses on employees who leave the organisation. Thus, similar to studies of employee turnover, studies of employee retention seek to establish the causes, effects and impact of turnover, mainly for organisational purposes.

DGT Reforms and Employee Turnover

The DGT is one of two directorates in Indonesia's Ministry of Finance (MOF) and deals with state revenue collections, while the other is the Directorate General of Customs and Excise (DGCE). Governments mandate tax administrations to implement and enforce tax laws. In implementing tax laws, tax administrations are required to be both efficient and effective, and fair and impartial (Crandall, 2010, p.3). They are responsible for collecting government revenues needed to provide public services. In some countries, they are responsible for collecting taxes, social contributions and customs revenues. Unlike other countries in which tax administrations come under a single directorate of the MOF or are semi-autonomous bodies reporting to a government minister, Indonesia places its tax administration in multiple directorates under the MOF.

The DGT is currently responsible for collecting income tax, value added tax, and land and property tax for the plantation, forestry and mining sectors. The other directorate, DGCE, is responsible for collecting import duties and other international trade-related revenues. In addition to collecting taxes, tax administrations have three major operational tasks: facilitating compliance, enforcing compliance and reducing tax evasion, and improving governance (Bird, 2010, pp.2-3). Handling these three tasks is not easy because one task may contradict another. For instance, in facilitating compliance, tax administrations need to know their taxpayers and become close to them to encourage voluntary compliance. However, this practice may be abused by dishonest officials seeking to profit from negotiations with taxpayers over the amount of tax to be paid, thus harming the task of improving governance. Problems may also arise in enforcing compliance and reducing tax evasion. There is a common view among tax officials that taxpayers should be treated as potential criminals (Bird, 2010, p.4). This may lead to difficulties in performing the task of facilitating tax compliance if taxpayers perceive that any correspondence with the tax office means they will have to pay more tax.

None of DGT's core tasks are outsourced to private companies. All employees are full-time civil servants and are thus subject to the laws of the Indonesian civil service. All regulations that apply to MOF employees also apply to DGT employees. The general civil service regulations that apply to all civil servants are regulated by the Ministry of State Apparatus; however, Indonesia's civil service laws allow ministries to administer some of their own human resource (HR) regulations because each ministry may require additional regulations

based on its specific characteristics and functions. Similar autonomy is given by the ministries to their directorates; thus, there are some differences in human resource management across the Indonesian civil service. The DGT refers to Indonesian civil service laws for its principles of HRM, such as the structure and function of jobs, civil servant ranking and promotion, recruitment processes, basic salaries, and retirement and termination of employment. It generally refers to MOF regulations in determining its employee grading and performance-related pay, although it now refers to the 2015 President's Decree to determine its employees' performance-related pay. Unlike a private company that can adjust salary levels as necessary, the DGT does not have the freedom to do this. The only possible way to adjust employee pay is to make recommendations to the MOF, or now to the President, to increase performance-related pay. Basic salaries can only be increased by the government with the approval of the Indonesian parliament, '*Dewan Perwakilan Rakyat*' (DPR, or in English, 'People's Representative Council'), because they apply to all civil servants.

To perform the functions of collecting taxes and enforcing compliance, the DGT needs specialists with specific tax skills. Such skills are also needed by the private sector, so the DGT risks losing its employees to the private sector. In addition to tax-related skills, most DGT employees are required to undertake some administrative work. Some jobs require more tax-related skills and others require more administrative work. DGT employees have little freedom to choose the types of job they do.

Since it was established, the DGT has undergone several reforms. The 1983 reform was a starting point for embracing a more common tax system, the self-assessment system, and implementing a reformed tax administration. The 2002 reform was conducted as part of a requirement to secure financial support from the International Monetary Fund (IMF) because Indonesia had been hit by the Asian currency crisis (Minister of Finance, 1997, attachment nos.3-5). Financial support was given by the IMF under an agreement that the government would carry out comprehensive financial-sector and structural reforms. As such, in order to secure a three-year interim arrangement with the IMF, the Indonesian government put in place a policy framework that focused on maintaining a strong macroeconomic framework, restructuring the financial sector, and developing a broad range of structural measures that were expected to improve governance (Minister of Finance, 1997, letter of intent of the Government of Indonesia).

Indonesia suffered more than other Asian countries due to its poor political and administrative system, as well as long-standing defects in governance (World Bank, 1998, p.2; Hamilton-Hart, 2000, p.108). The currency crisis caused the Indonesian currency to depreciate by more than 30 per cent, and the Jakarta stock exchange index fell by 35 per cent, weakening Indonesia's macroeconomic fundamentals (Minister of Finance, 1997,

attachment no.3). For the IMF, reforming the DGT was considered important in order to reduce corruption and step away from 'crony' capitalism, which was suspected to have contributed to the effects of the financial crisis in Indonesia (Borsuk, 1997, p.A, 14:3). Indonesia was among the most corrupt countries when the DGT 2002 reform was implemented. It was ranked 96 out of 102 countries in 2002, and 107 out of 174 in 2014 in Transparency International's corruption perception indices (2002; 2014).

The 2002 reform is being carried out gradually. The first phase started in 2002 and ended in 2008 was marked by the establishment of the reformed tax office; the second phase ran from 2009 to 2014 aimed to improve the effectiveness of the reformed tax administration and to enhance organisational control of its employees; and the third phase started in 2015 and will end in 2019 aimed to improve taxpayers' compliance, ensure the quality and consistency of law enforcement (DGT, 2008, p.17; DGT, 2015, p.44). The reform covers both policy and organisation. The organisational reform was carried out first because there was little space to increase state revenues by increasing the tax rate. Improving governance in fiscal management was part of the government's strategy to restore its macroeconomic fundamentals, and was expected to increase public confidence in the government, the Indonesian currency and the financial markets, which had been damaged by the Asian currency crisis (Minister of Finance, 1997, attachment nos.6,13; 1998, attachment no.11; 2000, attachment no.12). Another reason for starting with organisational reforms was to ensure that the regulations were implemented according to the rules (Minister of Finance, 2000, attachment no.12).

The DGT has tried to overcome the task ambiguities commonly faced by tax administrations by setting standard operating procedures. These are a set of processes to guarantee that tax offices deliver the same treatment to all taxpayers and to encourage transparency (DGT, 2007, p.16). Since the reforms are being introduced gradually, a standard operating procedure was first applied to DGT's reformed organisational units, and was then fully implemented in all tax offices in 2009 (DGT, 2009b, p.46).

Successful implementation of the 2002 reform has relied heavily on employees whose jobs are directly affected by it. The DGT has introduced a formal job rotation system to give employees broader working experience, and to facilitate good governance by limiting their periods of work in one tax office or region. Allowing employees to stay too long in one office may increase their risk of becoming too familiar with taxpayers, thus encouraging corrupt behaviour. Under the current job rotation regulations, employees may be sent to DGT units across the country, including offices in remote areas.

As with other organisations, the DGT faces employee turnover problems, and turnover increased following the first phase of organisational reforms that ended in 2008. Some changes were made to the reforms, including improving the employee compensation

scheme, developing a more conducive working environment, setting up standard operating procedures to clarify job ambiguity, and implementing a rotation system. The expectation following these changes was that employees would perform better and continue their employment in the DGT. During the second phase of reform between 2009 and 2014, 280 DGT employees decided to quit their jobs. According to one newspaper, *Kompas*, the director of the DGT claimed it had lost many tax specialists, tax auditors and managers, who play a crucial role in enabling the DGT to perform its function of collecting tax revenues (Suryowati, 2014). This further increased DGT's problem of shortage of employees (Dhyatmika, 2014). Another newspaper, *Tempo*, reported that, in 2014, the DGT had approximately 32,000 employees serving Indonesia's population of around 240 million. DGT's director at that time claimed that the organisation ideally needed an additional 60,000 employees, in addition to its current complement, to perform its function effectively. He pointed out that Germany, with a population of around 80 million, has 110,000 tax officials, while Japan has 66,000 tax officials serving a population of around 100 million (Dhyatmika, 2014). Employee turnover and staff shortages make retaining current employees particularly important. However, employee turnover and retention are complex issues because they involve both employee and organisational behaviour.

Researching DGT's Employee Turnover

The author is one of DGT employees, who is on study leave. The author's interest in employee turnover in the DGT was sparked on hearing that some previous colleagues had quit their jobs. Some of these colleagues were well-known for their dedication to their jobs, so their reasons for leaving were of interest. Despite the difficulties faced by many tax officials in performing their daily tasks, their jobs may be rewarding because few people have opportunities to be involved in tax revenue collection, and state revenues help the government and the country to finance development programmes.

This thesis focuses on voluntary turnover among those DGT employees who hold managerial positions, the echelon III and IV positions (manager); tax auditor (including tax appraisers); and tax specialist (tax objection reviewers and account representatives) in two regional tax offices (RTOs) in Jakarta: Jakarta Special RTO and South Jakarta RTO. These are referred to as 'professional staff'. The thesis focuses on professional staff because many employees in this category have left the DGT (Suryowati, 2014). The two RTOs in Jakarta were chosen because Jakarta accounted for more than 40 per cent of voluntary turnover between 2009 and March 2015. However, rather than focusing only on those who have left (the leavers), the study includes people who are still working at the DGT (the stayers), in order to establish their employment intentions, as well as those involved in HRM (the HR people), to determine their views on the research problems.

This research utilises Price and Mueller's model of employee turnover as the analytical framework. Price and Mueller's model is one of the comprehensive model that had been applied in the public sector. This research is the first employee research in the DGT, therefore the model is used as a complete guide in understanding employee turnover problems in the organisation.

Research Aims, Objectives and Questions

The aims of this research are:

1. To critically examine the factors that determine turnover intentions among stayers and the underlying causes of employee turnover among leavers
2. To analyse DGT's retention strategy in relation to the research problems.

Aligned with the research aims, the research objectives are:

1. To explore factors influencing stayers' intentions to stay in or leave the DGT, as well as factors influencing leavers' decisions to leave the DGT.
2. To compare similarities and differences in these factors between stayers and leavers.
3. To explore employees' perceptions of DGT's retention strategies and examine whether HR practices influence turnover intentions and actual turnover.
4. To examine Price and Mueller's model of turnover in explaining DGT's employee turnover problem.

Based on these research aims and objectives, the following questions are identified:

1. What are the factors that influence stayers' intentions to stay in or leave the DGT, and what motivates leavers to quit their jobs?
2. To what extent do these factors determine stayers' intentions to continue or end their employment in the DGT, and leavers' decisions to quit?
This research question explores the most important factors that have encouraged or prevented stayers from acting on their intentions to leave, or have influenced leavers to quit the DGT. It examines similarities and differences between stayers and leavers.
3. To what extent have DGT's retention strategies affected employees' intentions to stay in or leave their employment, especially for professional staff (middle managers, tax auditors and tax specialists)? In answering this question, the analysis will be enriched by discussing changes during DGT's bureaucratic reforms, including changes to the organisation and job design.
4. To what extent does Price and Mueller's model of turnover explain the problem of employee turnover in Jakarta and in the DGT in general?

Significance of the Research

Little research has been conducted on employee turnover in the public sector and in non-Western settings. This research aims to fill this gap. It is the first research on employee turnover conducted on Indonesia's core public-sector and government institutions. This thesis will test a comprehensive model of employee turnover, the causal model of turnover developed by Price and Mueller in 1986, which was developed in a Western setting. This model is employed to establish whether it is applicable to a non-Western setting, and whether it is able to explain turnover problems in Indonesia's DGT. This research includes both leavers and stayers, as well as those involved in HRM, in order to understand the research questions more comprehensively.

Structure of the Thesis

This thesis consists of eight chapters. This chapter provides a background to the research and a justification for the research focus.

Chapter 2 provides a review of the literature relevant to employee turnover. It discusses concepts and assumptions used in research on employee turnover, as well as previous models of employee turnover and a justification for using Price and Mueller's model in this research.

Chapter 3 outlines Indonesia's tax administration, providing a more detailed insight into the organisation. The chapter briefly presents Indonesia's geography, history, population, economy and governmental structure. In establishing the context for this study, it also discusses DGT's position in the MOF, its functions, responsibilities and authority, and its HR practices.

Chapter 4 explains the research design and methods used to answer the research questions. It also gives a rationalisation for using various methods in employing Price and Mueller's model.

Chapter 5 discusses the 1983 and 2002 reforms that have influenced DGT's performance of its functions and responsibilities, and its handling of HR. It includes a discussion of DGT's retention strategies and participants' perceptions of DGT reforms and HRM. The discussion identifies that DGT's gradual reforms, and some potential HRM problems, may have contributed to leavers' decisions to leave their jobs and stayers' intentions to stay in or leave the DGT.

Chapter 6 presents the research findings from DGT's current employees in two RTOs, Jakarta Special RTO and South Jakarta RTO. It discusses the stayers' demographics and factors that have determined their job satisfaction, organisational commitment and future employment intentions in the DGT. It also discusses similarities and differences in these factors in the two case study sites. Thematic analysis is used to determine the factors. Some factors are similar to Price and Mueller's model, while others are based on recurring themes arising during interviews.

Chapter 7 presents the research findings from former DGT employees who resigned between 2009 and March 2015. It also examines the leavers' demographics and factors that determined their decisions to leave their jobs in the DGT, as well as their perceptions of job satisfaction and organisational commitment. As in Chapter 6, thematic analysis is used to analyse the factors.

Chapter 8 consists of a discussion and conclusion. It summarises the characteristics of participants who have left and those who are still working in the DGT. It also includes the

discussion on participants' characteristics based on their original RTO. The chapter compares the quantitative findings on participants' perceptions of job satisfaction and organisational commitment in the context of demographics and RTOs, as well as between the stayers and the leavers. It further examines similarities and differences in qualitative findings, and assesses the extent of Price and Mueller's model in explaining employee turnover in the DGT. Overall, this research has found that the Price and Mueller model was not enough in explaining employee turnover problems in the DGT. There are factors which considered to be important by participants that were not included in Price and Mueller model. Factors, such as job rotation, corruption and DGT's ongoing reform are considered as specific factors that might be applied only to DGT employees or a public organisation that deals with tax collection. This research suggested for the model to be applicable in the DGT, it needs to include these factors.

CHAPTER 2: THE CONCEPTS AND THEORIES OF EMPLOYEE TURNOVER

Introduction

This chapter explores the factors influencing employee turnover, that is employees' decisions to leave their jobs, and its proxy which is often used for research purposes, turnover intention or employees' intentions to leave or to stay in their jobs. The chapter begins with a discussion of concepts in the research on employee turnover. The chapter continues with a discussion on antecedents commonly found in employees' decision to leave their job. Several prominent models of employee turnover are presented, including the causal model of employee turnover developed by Price and Mueller. The models discussed in the more detailed review have been selected primarily based on the following two criteria: the fact that it is a comprehensive model, and the fact that it can be applied to the public sector. The last section provides the conclusion and justification for using Price and Mueller's model of employee turnover for this research.

Concepts Used in the Research on Employee Turnover

Voluntary versus involuntary turnover

Employee turnover continues to be the concern of organisations, as they rely on personnel to achieve organisational goals. In the human resources field, employee turnover mainly refers to the condition where employees leave organisations. Mobley (1982, p.10) defines employee turnover as "the cessation of membership in an organisation by an individual who receives monetary compensation for participating in that organisation". Mobley's definition of employee turnover, plus definitions of other researchers' (e.g. Hom & Griffeth, 1995; Shaw et al., 2005), emphasises the voluntary action of the employee. These definitions are also reflected in much of the research into employee turnover, which is dedicated to examine the voluntary termination of employment.

The discussions on voluntary turnover in this thesis focus on full-time permanent employees. This focus is chosen because the organisation where the research is conducted, only employed this type of employee. So, it is more relevant to review literature where the research is dedicated to full-time permanent employees. Selden and Moynihan (2000, p.64) identify that most research on employee turnover distinguishes between voluntary turnover, involuntary turnover, retirement, and total turnover. Total turnover consists of voluntary turnover, involuntary turnover, and retirement turnover. Voluntary turnover is a condition when employees decide to leave an organisation, i.e. the termination is initiated by the employee. Involuntary turnover refers to an employee who is dismissed thus, the action is initiated by the employer; retirement refers to an employee who leaves the organisation after fulfilling a certain service requirement. Organisations calculate the

rate of employee turnover by dividing the total number of employees who leave their jobs in a certain period, by the total number of full-time, permanent employees (Cohen et al., 2016, p.7). Since turnover rate includes all types of employee turnover, the rate of voluntary turnover is usually smaller than the rate of total turnover.

Selden and Moynihan (2000, p.64) state that the differentiation of turnover is made because each type of turnover represents a fundamentally different phenomenon and is, therefore, influenced by different factors. Holtom, Mitchell, Lee and Eberly (2008, p.234) believe that, in terms of who has the power to terminate the employment, not all turnover is equal. They posit that organisational leaders have full control of involuntary turnover, while in voluntary turnover the best performing employees, those who are expected to have more job opportunities outside the organisation, are more likely to leave; thus, they have more control. In addition to the different causes, different types of turnover would lead to different consequences, e.g. the cost of termination of employment (Shaw et al., 1998, p.511).

Much research on employee turnover begins with the assumption that employee turnover needs to be minimised by every organisation because losing members of an organisation is costly in terms of money and time to find, recruit and train new employees (Hom & Griffeth, 1995, p.13-14; Ballinger et al., 2011, p.111; Cho & Lewis, 2012, p.2). Losing members of an organisation can jeopardise the organisation's performance, especially if those who leave are key personnel or talented employees (Ballinger et al., 2011, p.111; Hom & Griffeth, 1995, p.1). In contrast, some researchers contend that not all turnover, including voluntary turnover, is bad for organisations. Meier and Hicklin (2007, pp.585-586) state that, without any replacement of its members, an organisation might become inflexible and less capable of innovating, thus preventing it from reaching its potential growth. McElroy et al. (2001, p.1294) state that replacing employees who do not perform well in their job can be used as a signal to motivate others who stay in the organisation to perform better.

By considering the impact of voluntary turnover on an organisation, Dalton, Todor and Krackhardt (1982, p.118) reclassify voluntary turnover as either functional or dysfunctional. They stated that the extent of functional turnover depends on the impact of that turnover to the organisation, so it would vary depending on the nature of the organisation. Voluntary turnover is classified as functional if poor performers leave and/or good performers stay; or, as dysfunctional turnover if good performers leave and/or poor performers stay; consequently, functional turnover could lead to an improvement in an organisation's performance. With this classification, a lower rate of employee turnover is not always associated with trivial problems (Dalton et al., 1981, p.718). It can be disastrous if those who choose to leave are the best performing employees. On the other

hand, having a high rate of turnover can be an advantage for an organisation if those who are leaving are those with low job performance.

Since many researchers believe that not all turnover is equal, and different types of turnover may represent different phenomena and consequences (Holtom et al., 2008, p.234; Shaw et al., 1998, p.511; Selden & Moynihan, 2000, p.64), some researchers suggest that turnover should also be classified as organisationally avoidable and unavoidable (Abelson, 1987, p.382; Dalton et al., 1981, p.717). Dalton, Krackhardt & Porter (1981, p.717) argue that, if organisations want to reduce turnover, then they should concentrate on turnover that allows them to make those interventions needed to prevent employees from leaving. Classifying employee turnover can increase homogeneity of the phenomenon being studied. This homogeneity permits a more meaningful examination that may exist among consequences of turnover on the organisation; it makes the task of forming a theory somewhat easier, as well as improving predictions of the turnover model (Dalton et al., 1982, p.122; Price, 1977, p.9; Abelson, 1987, p.382).

Actual turnover and intention to leave

Bradbury, Sowa and Kellough (2013, p.181) summarise that there are two different views for using employee turnover while conducting research. The first view is that the research utilises employee turnover as an independent variable. This research usually seeks to predict various organisational phenomena for example, by analysing organisational performance and the likelihood that public organisations will contract out services. The other view, which is more prevalent, treats employee turnover as a dependent variable, and usually seeks to know factors that are related with employee turnover and that may represent the underlying causes of differences in turnover rates. Only some of the research that treats employee turnover as a dependent variable examines turnover directly or using the actual turnover; among these researchers are Cho and Lewis (2012, pp.9-10) and Selden and Moynihan (2000, p.68). The remaining researchers usually measure turnover indirectly. Moynihan and Pandey (2008, p.207) state that research that measures employee turnover indirectly uses turnover intention as the surrogate of the actual turnover.

Using the actual turnover data to examine the causes of employee turnover causes a number of problems. First, the research can only be conducted after the employees have left the organisation. Second, the research needs the data about who is leaving to be collected continuously. If the researcher wants to know the factors that can be used to predict the employees' decision to leave their employment, one way of doing it is by measuring the employees' intention to turnover and then compare this intention to the actual turnover (Auerbach et al., 2014, p.349). The measurement of turnover intention is

conducted while the employee is still working in their organisation, while the actual turnover is collected after the employee has left their job. The research will be easier to do if researchers could recruit employees to participate and have an organisation's permission to access their personnel records. Third, to rely on organisational records to determine the reasons an employee leaves can lead to bias. Some employers may formally classify a layoff as voluntary termination in order to protect a leaver's reputation, or classify a voluntary departure as a layoff so the leavers may qualify for unemployment compensation (Hom & Griffeth, 1995, p.5; Campion, 1991, p.200). Another way to minimise the bias is by using ex-employees' self-reported reasons; there is a risk, however, that leavers' self-reported reasons are no more truthful than the administrative reasons. The leavers may avoid reporting negative reasons that can jeopardise their chances of reemployment or employment elsewhere (Price, 1977, p.22) or they may develop a rationalisation to justify their leaving which might be completely different from their original reasons for leaving (Mobley, 1982, p.49).

Utilising a multiple assessment procedure to classify the reasons employees quit their jobs can increase the validity of the voluntary turnover measurement (Mobley et al., 1979; Lefkowitz & Katz, 1969). One method that can improve the voluntary turnover assessment is using employee self-reported reasons and comparing it with organisational records. Brewer (2008, pp.141-142) identifies that using employee self-reports alone may present "memory lapses, judgmental errors, socially desirable responses and common source bias". Analysing both administrative and self-reported reasons separately can minimise these problems; thus, it can help to produce consistent findings across administrative and self-reported classification of voluntary turnover.

Another group of research approaches employee turnover through intention to leave in the near future. Cohen et al. (2016, p.3) identify two reasons why some researchers continue using intention to turnover as the proxy of actual turnover. First, Attitude Theory generally supports the assumption that behaviour is best predicted by one's intention to execute the behaviour. Some empirical research and meta-analysis provides evidence for this assumption (Harrison et al., 2006, p.305; Lee & Whitford, 2008, p.665). The second is due to pragmatic reasons. Turnover intention is more manageable to research than the actual turnover because it can be scaled easily and is more economical to research, whereas actual turnover demands a longitudinal study, thus requiring more time to fully examine employee turnover.

Utilising turnover intention rather than the actual turnover to examine employee turnover is still debateable. Rouleau, Fournier, Philibert, Mbengue and Dumont (2012, p.10) point out that an employee's intention to leave is not equal to actual turnover. Workers might repeatedly indicate their intention to leave; however, many problems might intervene

between one's desire to leave and the final decision. After considering their current situations, such as their financial conditions, professional reasons and job opportunity, employees may be unable to exercise their intention (Hom et al., 2012, p.832). Assuming that an employee's intention to leave is equivalent to their actually leaving may be misleading, and examining the actual turnover may be the strongest indicator of any employee turnover problem. However, even though turnover intention is a process variable, before an employee is actually leaving, their situation might be changed by interventions made by the organisation (Cohen et al., 2016, p.17). Employees' intentions to leave are, to some extent, indications of dissatisfaction with the current employer (Bradbury et al., 2013, p.182), which is worth examining, especially for an organisation that wants to improve their retention strategy.

Employee Turnover and Employee Retention

This section focuses on research that seeks to understand the underlying factors of voluntary turnover. This stream of research treats turnover as a dependent variable. Research into voluntary turnover is usually concerned with how the findings can help organisations to retain employees and reduce the turnover of those employees who perform well (avoidable dysfunctional turnover). This is one of the reasons why much research in employee turnover is also related to employee retention.

Rehman (2012, p.78) states that research into employee retention usually focuses on the causes, effects and results of employee turnover, particularly with regards to regular or permanent employees. Phillips and Edwards (2009, p.27) maintain that employee retention and employee turnover are two sides of the same coin. Employee retention focusses on the employee who stays in an organisation, while employee turnover focusses on the employee who leaves the organisation. Mittal, Rosen and Leana (2009, p.623) indicate that factors predicted to encourage employee retention may be qualitatively different from the factors that prevent employee turnover. Therefore, treating employee retention and employee turnover as simply the opposite of the other can be misleading, especially if the purpose is to address the underlying problem.

Partial and Comprehensive Approach in Research of Employee Turnover

Different approaches are used to examine employee turnover. In addition to studying employee turnover through employee intentions or actual turnover, some researchers choose to focus on partial factors that they think important, or that they are interested in, and see the correlation of those factors with the actual turnover or turnover intention. Some recent examples of this type of research are by Caillier (2015), Kim and Barak (2015), Kim (2015), Tourani et al. (2016), Nazir et al. (2016), and Whitford and Lee (2016). Research by Caillier (2015, pp.1217-1218) found that the relationship between

job satisfaction and public service motivation (PSM) is fully mediated by mission valence (i.e. the attractiveness of an organisation's mission to individuals). Caillier (2015, p.1229) suggested that employees with a higher PSM are more likely to perceive their organisation's mission as important, and therefore are more likely to have a higher job satisfaction. However, mission valence did not mediate the relationship between PSM and turnover intentions (Caillier, 2015, p.1230). Research by Kim and Barak (2015, pp.136,141) exploring the relationship between changes in role stress and turnover intention, found a direct negative relationship between role stress and the quality of leader-member exchange and perceived organisational support; furthermore, it found that that lower quality of leader-member exchange and perceived organisational support was directly linked to higher turnover intention. Research by Kim (2015, p.496), examining the extent to which job motivation, social support, PSM and burnout are related to turnover intention, found that intrinsic motivation or the doing of an activity of its inherent satisfactions rather than for some separable consequence, was negatively related to turnover intention. Bright (2008, p.151) defined PSM as "altruistic intentions that motivate individuals to serve the public interest", and Kim (2015, p.496) found that self-sacrifice (one element of the PSM) was positively related to turnover intention. Kim also found that emotional exhaustion and depersonalisation (burnout) mediated intrinsic motivation, and self-sacrifice turnover intention. Tourani, Khosravizadeh, Omrani, Sokhanvar, Kakemam & Najafi (2016, pp.205,207-208) seek to find the correlation between organisational justice or fairness of behaviours in an organisation (together with its four dimensions) and turnover intention; they found a significant negative relationship between organisational justice, interactional (the quality of inter-personal treatment during the implementation of formal procedures of decisions) and procedural justice (organisational system fairness), and turnover intention, but no significant correlation between distributive (employees' perceptions about fairness of managerial decisions relative to the distribution of outcomes) and systemic justice (perceptions about fair behaviour with colleagues, supervisors and procedures throughout organisation and working environment) and turnover intention. When Nazir, Shafi, Qun, Nazir & Tran (2016, p.596) examined organisational rewards on organisational commitment and turnover intentions, they found a significant correlation between extrinsic, social, and intrinsic rewards and affective and normative commitment. Subsequently, they found a negative correlation between effective and normative commitment, and turnover intention. The research of Whitford and Lee (2016, pp.376-377) examined whether expressing 'voice' (bringing one's dissatisfaction with the organisation directly to management or through a process) and loyalty influences employee intention to turnover by giving several exit options (retirement, leaving agency, and leaving federal government); it found that employees' intention to leave for all exit options were reduced when they were satisfied with the

organisation. Furthermore they stated that the intention to leave decreased based on employees' perception of management's commitment to allowing employees to express dissatisfaction; this perception also enhanced employees' loyalty to the organisation.

These researchers, who only examine several factors of employee turnover, state that their study limitations include the inability to make a generalisation from their findings due to the small sample size and because the research was conducted in a specific occupation or culture, i.e. it needs to be tested in various occupations or different cultures. Their research is not perfect because it does not include a comprehensive set of factors that might be able to influence turnover; not direct because some are testing indirect factors that influencing turnover; others state that their research may include measurement errors and, furthermore, may be overstated because most of them are utilising a self-reported survey (Tourani et al., 2016, p.208; Kim, 2015, p.513; Kim & Barak, 2015, p.141; Pitts et al., 2011, p.758; Whitford & Lee, 2016, p.393; Caillier, 2015, p.1230; Campbell & Im, 2016, p.340). However, some researchers who only examine several factors of employee turnover claim that their approach contributes in broadening the focus of research, e.g. from leaving the organisation to leaving to a certain destination (Whitford & Lee, 2016, p.376); extending the literature by demonstrating several factors (such as public service motivation and mission valence, and leader-member exchange and perceived organisational support) work together to impact the attitudes and behaviours of employees (Caillier, 2015, p.1229; Kim & Barak, 2015, p.141); enriching the literature because the research is conducted in a different occupation, and country (Nazir et al., 2016, p.612).

Other research examines a comprehensive set of factors of employee turnover. This group of research identifies and categorises various factors that previous research had found to be important to the turnover process; they also developed their own model, a model that can be used to increase the understanding of the possible causes of employee turnover (Lee & Mowday, 1987, p.738). Recent examples of this type of research are by Lo (2015, p.387), which includes factors that directly and indirectly influence turnover intention, as well as the external and environmental factors; and Katsikea et al. (2015, p.367), who develop a comprehensive conceptual model of seventeen hypothesised relationships among key structural, supervisory-related, and psychological factors, and examine the relationship between these factors to explain export sales managers' intentions to leave. Other earlier comprehensive models of employee turnover include: research conducted by Mitchell and Lee (2001), which develops the unfolding model of employee turnover; the research of Price and Mueller (1986), which develops the causal model of employee turnover; and the work of Steers and Mowday (1981), which proposes a comprehensive model of the turnover process.

Researchers have different focuses when they develop their comprehensive model of employee turnover. Some researchers focus on the question of why people leave (Mobley et al., 1979, p.493; Steers & Mowday, 1981, p.241; Price & Mueller, 1986, pp.10-11; Lee & Mitchell, 1994, p.52; Hopkins et al., 2010, p.1380; Katsikea et al., 2015, p.369; Lo, 2015, p.387). Some build their comprehensive models to capture the factors influencing employee turnover through the question of why people stay (Mitchell et al., 2001, p.1102; Trevor, 2001, p.621). Others seek to study employee turnover through a comprehensive model that integrates the two previous approaches, thus the model examines the research problems by focussing on both questions of why people leave and why people stay (Hom et al., 2012, p.831; Li et al., 2016, p.1436). There are some similarities and differences in the factors used to explain employee turnover in these three approaches of the comprehensive model. Discussion on this issue is provided in the section about antecedents of employee turnover.

Some researchers build their comprehensive model of turnover by focussing on the process (Mobley, 1977; Hom et al., 1984; Steers & Mowday, 1981; Hom & Griffeth, 1991; Lee & Mitchell, 1994; Lee et al., 1996). Others emphasise their study on determinants of employee turnover, such as Mobley, Griffeth, Hand, and Meglino (1979), and Price and Mueller (1986). Hom and Griffeth (1995, p.60) state that employees could take a different path before they eventually leave their jobs. For example, for some employees, their dissatisfaction about the job may immediately lead to their leaving the job, but for others, dissatisfaction may only lead to lower organisational commitment or lower job performance. Dissatisfied employees may still continue working in the organisation.

Lee and Mowday (1987, p.738) and Hom and Griffeth (1995, p.62) state that some comprehensive models of employee turnover can explain only a small percentage of turnover variance; for example, the 1986 turnover model by Price and Mueller explains only 13 percent of turnover's variance, while the 1981 turnover model by Steers and Mowday explains only 5 percent of turnover's variance. Utilising a comprehensive model of turnover that considers various factors influencing employee turnover has its own strength. A comprehensive model provides a complete guide in understanding the turnover problem, and helps whoever is interested to redress the turnover problem and to think systematically about why employees leave. A comprehensive model provides direction for further research. With this direction, the next piece of research would not be entirely ad hoc, where each researcher focuses only on a partial set of variables that they found interesting, while neglecting the larger network of variables that could influence the phenomenon being studied (Lee & Mowday, 1987, p.738).

The methods employed in the research of employee turnover

In addition to employing turnover intention as the proxy of the actual turnover, many researchers use the quantitative method and self-reported questionnaire for their data collection. Osman, Noordin, Daud and Othman (2016, p.548) believe that more accurate and aligned research findings can be achieved by employing the qualitative method or mixed methods. The qualitative method and mixed methods enable researchers to gain insight from their research participants, which helps them to identify and understand important causal links in employee turnover problems (Pitts et al., 2011, p.758; Shipp et al., 2014, p.453; Renard & Snelgar, 2016, p.3). Using self-reported data, especially in evaluations of behaviour (i.e. employee performance) and attitudes (i.e. commitment and satisfaction) may contain bias, due to the use of one perspective, e.g. employees' perspective, and may not be completely accurate responses. Employing ratings from multiple sources, such as from a participant's superior, is not necessarily bias-free because not all phenomena being studied may be observable by those other sources. However, self-reported data is a reasonable compromise to capture employees' perceptions and is needed because research on employee turnover is interested in those employee perceptions that might shape their pre-departure mindsets (Campbell & Im, 2016, p.338).

Employee turnover in the private and public sector

Although much research in employee turnover is conducted in the private sector, research in the public sector is conducted as some scholars are uncertain about whether the results of the private sector also apply in the public sector. The public sector is considered to be different from the private sector as it often involves a politicised environment, stricter regulations, less autonomy in human resource management, accountability and legal issues, as well as ownership and financial differences (Schneider & Vaught, 1993, p.70; Choi, 2009, p.604; Taylor & Westover, 2011, p.732).

Ongori (2007, p.49) states that, even though there are many studies on employee turnover, in practice, there is no standard reason why an employee would leave their job. Hulin et al. (1985, pp.244-245) and Price and Mueller (1986, p.31) state that employees from different populations, or facing different organisational circumstances, may focus on different factors influencing their behaviour related to their employment. Mixed findings are found especially when comparing research in the private and public sectors. Schneider and Vaught (1993, p.80), for example, found no significant differences in job satisfaction between the two sectors except for pay satisfaction; research by Posner and Schmidt (1982, p.40) found that public employees are more satisfied with their jobs; a study by Rainey and Bozeman (2000, p.459) concluded that public employees are less satisfied with their jobs compared to private sector employees; while Wang et al. (2012, pp.565-566) found that public employees had higher intrinsic job satisfaction (satisfaction from the

work itself, e.g. interesting work activities and autonomy), but lower extrinsic job satisfaction (e.g. good salaries and comfortable working conditions) than the private sector employees. Mixed findings are also found when comparing the public service in several countries. Taylor and Westover (2011, p.740) state that public employees in Denmark and Norway contended that their relations with managers was the most important factor in determining their job satisfaction, while public employees in the UK, the USA, Canada, France, and Germany claimed it was their intrinsic workplace attributes that determined their job satisfaction the most. These mixed findings are among several reasons why, to some extent, it is difficult to make generalisations in the studies of employee turnover (Wang et al., 2012, p.559).

Small samples are another source that prevents the research of employee turnover from making generalisations; thus, researchers such as Schneider and Vaught (1993, p.81), Mittal et al. (2009, p.632), and Groeneveld (2011, p.609) highlight the urgency of having larger sample sizes for future research of turnover. Ellickson (2002, p.354) put forward the need for longitudinal studies to balance the drawbacks of having cross-sectional designs that are often used by researchers. Schneider and Vaught (1993, p.73) identify that there are differences in research findings between the lower-skilled and professional workers because these workers valued different things. Blue-collar workers in the public sectors are more satisfied with the intrinsic factors of their job, such as their work situation, while the white collar workers of the public sector are more satisfied with their extrinsic factors or the factors that are external to the work itself, such as pay and benefit; however, the opposite results are found in the private sector.

Models of Employee Turnover

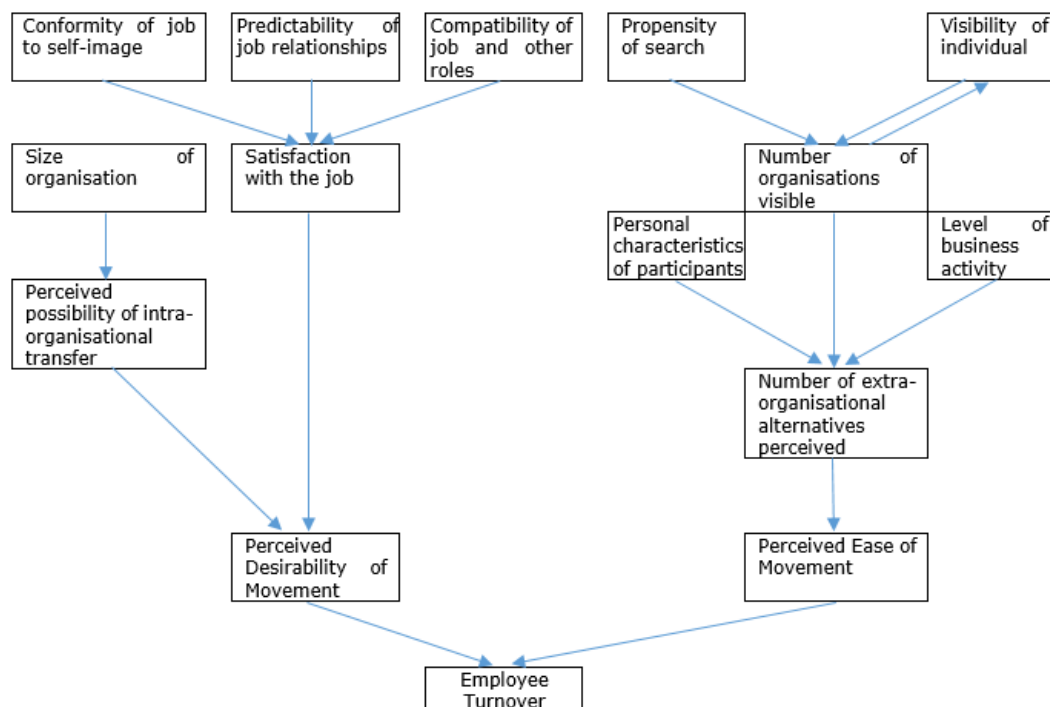
This section discusses key models of employee turnover that approach turnover from the comprehensive perspective and focus on the question of why people leave. At the end of this chapter, one model will be chosen and will be used as the framework for the study in the DGT where this research was conducted. This research chooses to focus the research of turnover that focuses on examining the factors influencing employee decision to leave, rather than the process itself and examining employee turnover in a comprehensive manner. Other criteria are the model is developed or can be applied in the public sector, and the operationalisation of variables used in the model. This research is the first research into employee turnover that has ever been conducted in the DGT. Thus, it is important to see the problems from a macro-perspective, in order to identify the main factors influencing employee turnover in the DGT; based on those important factors the direction for further research can be determined. Most of the models that meet these criteria are from earlier research that used the comprehensive model of turnover. Thus, the models developed by March and Simon (1958), Mobley (1977), (Mobley et al., 1979), Steers and

Mowday (1981), Price and Mueller (1986), Hopkins et al. (2010), and Katsikea et al. (2015) will be discussed in chronological order.

March and Simon's model of turnover

March and Simon's model of employee turnover was the first comprehensive model that attempted to explain an employee's decision to participate in an organisation. They propose the conceptual model based on the Barnard-Simon theory of organisational equilibrium, which states that organisational equilibrium can be achieved if an organisation offers adequate inducements to motivate its participants to continue their participation (March & Simon, 1958, p.83). March and Simon (1958, p.93) posit that "increases in the balance of inducements utilities over contribution utilities decrease the propensity of the individual participant to leave the organisation". In other words, employees will continue their employment if incentives match or exceed their contribution in the organisation. Their general model to the turnover problem is determined by two major elements: perceived desirability of movement and perceived ease of movement as shown in Figure 2.1.

Figure 2.1. March and Simon's model of employee turnover



source: March & Simon (1958, pp.99,106)

Figure 2.1 shows that perceived desirability of movement, or employees' motivation to withdraw from employment, is determined by their satisfaction with the job and their perceptions about the possibility of intra-organisational transfer. March and Simon propose that, when an employee is satisfied with their job, it is unlikely that they will leave the

organisation (March & Simon, 1958, p.94). The model suggests that there are three factors associated with job satisfaction; conformity of job to self image, predictability of job relationship, and compatibility of job and other roles. The size of the organisation is related to an employee's perception about the possibility of intra-organisational transfer. Perceived ease of movement, or an employee's perception of the ease of moving from a given organisation, is affected by the employee's perception of extra-organisational alternatives. The model suggests that the number of extra-organisational alternatives perceived is determined by an employee's personal characteristics, the number of organisations visible and the level of business activity. March and Simon provide little detail about the operationalisation of the factors affecting employee turnover and do not test their own conceptual model.

Many researchers have tried to use March and Simon's framework to examine turnover problems (Mobley, 1977; Steers & Mowday, 1981; Hulin et al., 1985; Lee & Mitchell, 1994). However, since March and Simon did not give a clear operationalisation of how to measure the factors identified in their model, researchers who use the model approach the model with their own operationalisation. Many of them interpret perceived desirability of movement as the level of employee job satisfaction, while the perceived ease of movement as the perceived number and type of job alternatives.

One piece of research that applies the March and Simon conceptual model is that of Trevor (2001). Trevor (2001, p.622) proposes to utilise both an individual's movement capital (education, cognitive ability and occupation-specific training) and their general job availability (unemployment rate) to determine one's actual ease of movement, and join these two determinants with individual's level of job satisfaction as the voluntary turnover predictors. Trevor suggests that there three interactions among actual ease of movement determinants and job satisfaction. The first interaction is that general job availability moderates the impact of job satisfaction on voluntary turnover (Trevor, 2001, p.624). In this interaction, the negative effect of job satisfaction on turnover is predicted to be greater in the economies of high opportunity; thus, turnover intention is less likely to be translated into turnover during high unemployment. The second interaction is that an individual's movement capital and general job availability simultaneously determine one's actual ease of movement (Trevor, 2001, p.624). The second interaction suggests that the level of negative effect of job satisfaction on voluntary turnover will be greater if an individual's movement capital (education, cognitive ability and occupation-specific training) is high. The third interaction suggests that an individual's movement capital is determined by how extensive the negative effect of general job availability is on voluntary turnover. Trevor (2001, p.626) states that, for the individual with low movement capital, the negative effect of general job availability (unemployment rate) on voluntary turnover is greater. To put it

differently, when the unemployment rate is high, employees with low movement capital are less likely to leave, compared to those with high movement capital.

The findings support all Trevor's propositions for interactions among job satisfaction, general job availability, and movement capital (Trevor, 2001, p.631). Trevor (2001, p.635) highlights that using only the unemployment rate to represent March and Simon's actual ease of movement is an oversimplification, because of the three interactions suggested. Trevor concludes that March and Simon's model still has more to offer to the present day. However, although the study utilised the National Longitudinal Survey, which includes both private and public sector employees, it has limited potential for generalisation. Participants in Trevor's research are limited to those who belong to the age group 18 - 34 years, and who work at least 20 hours per week.

Trevor's operationalisation of March and Simon's framework has shown that utilising this conceptual framework is still relevant. Trevor's research is possible because the National Longitudinal Survey of Youth has regularly collected the data needed for the research. However, it can be difficult in other countries as not all countries, especially developing countries, collected similar data needed to conduct the same research. Replicating Trevor's research requires a longitudinal study and nationally representative respondents. The study also uses an unemployment rate, which represents unemployment for the whole country and is based on occupations. Cognitive ability is measured using quantitative and verbal tests, i.e. mathematical knowledge, arithmetic reasoning, paragraph comprehension and word knowledge; occupation-specific training is measured using the duration of specific vocational preparation (Trevor, 2001, p.628). These measurements can be challenging if the respondents are from the labour market. Applying the same research method in an organisation may require a different operationalisation to measure the variables, and would require employers or researchers to collect these data regularly. In summary, to be able to use March and Simon's framework, researchers are required to develop the operationalisation for the factors used. Following Trevor's methods requires extensive effort, especially if the national labour survey or an employer's data has not been established.

Mobley's turnover process and process-oriented model of employee turnover

In its turnover process, Mobley (1977) identifies a possible intermediate path between satisfaction and employee turnover. Mobley's model emphasises the process of employee turnover through a decisional sequence. Possible intermediate linkages in the satisfaction-turnover relationship are expressed in the decisional sequence of turnover, as shown in Figure 2.2.

Figure 2.2. Mobley's turnover process



Source: Mobley (1977, p.238)

Mobley states that the withdrawal process starts after a negative evaluation of an employee's present job; negative evaluation or dissatisfaction will stimulate thoughts of leaving. The process continues in evaluation of job-seeking expected utility and turnover costs, followed by an intention to seek alternatives, search for alternatives, evaluation of alternatives and comparing alternatives to the present job. The withdrawal process continues with the intention to leave or to stay, and the process ends with the decision to stay or to leave. This sequence has advantages in helping to understand the process of how an employee decides to leave their job. However, in practice, not all employees take this path before they decide to leave their job; some of them may immediately leave their organisation, even without securing a new position of employment.

Hom, Griffeth, & Sellaro (1984) revise and test Mobley's model (1977). They suggest that dissatisfaction induces thoughts of quitting, which in turn stimulate decisions to quit, evaluation of expected costs and benefits of search and quitting. At this stage, employees follow one of two paths. Employees who perceive job alternatives are available, are able to begin searching for a job, then compare the alternatives with their present job and, if the alternatives are better, they choose to leave. Other employees, who expect to find another job easily or who may pursue alternatives other than work, simply resign after deciding to quit (Hom et al., 1984, p.156). The revised model is supported by Hom and Griffeth (1991) who tested the model on nurses and found that some leavers enter the labour market before quitting, whereas others quit without prior labour market entry (Hom & Griffeth, 1991, p.362).

Lee and Mitchell (1994) continue this stream of research and develop the unfolding model of voluntary employee turnover based on Beach's (1990) image theory. According to

image theory, a change in people's behaviour could be caused by receiving a barrage of information (Lee & Mitchell, 1994, p.58). Lee and Mitchell identify four distinctive decision paths and suggest that the path of turnover starts due to some sort of event that they called a 'shock to the system' (Lee & Mitchell, 1994, p.60). An event is considered to be a shock if it results in a job-related evaluation that leads to the possibility of leaving the job. It can be a job-related shock, e.g. being assigned a new sales territory; a personal shock, e.g. marriage or divorce; an unexpected event, e.g. a spouse receives a job offer in another city; or a random event, such as a colleague dies in a car accident (Lee & Mitchell, 1994, pp.60,64,71). This shock causes an employee to pause and think about the implication of this event in relation to their current job and the process may lead to the thought of leaving. If an employee considers leaving their current job as an alternative, they may consider other job alternatives before reaching the decision to stay or leave (Lee & Mitchell, 1994, p.60). Lee and Mitchell (1994, p.73) state that Mobley's turnover process was one among four distinctive routes to employee turnover. The test of this model shows support to the theory that different and distinct psychological processes apply to different people when they decide to leave an organisation (Lee et al., 1996, p.5).

Although these models help to understand the process of how an employee chooses to turnover, the sequences toward the decision to quit can vary between one person and another, even if the factors influencing their decision are the same. It may start with dissatisfaction about their payment; one may start to look for a job opportunity outside the organisation, while others may consider their commitment to the organisation and decide to stay a little longer. The stream of research that follows Mobley's turnover process can, to some extent, only capture some of the paths taken by an employee when they decide to leave their job. This stream of research does not fit with the objective of my research, because the focus of my research is on those factors that determine the decision, not the process itself.

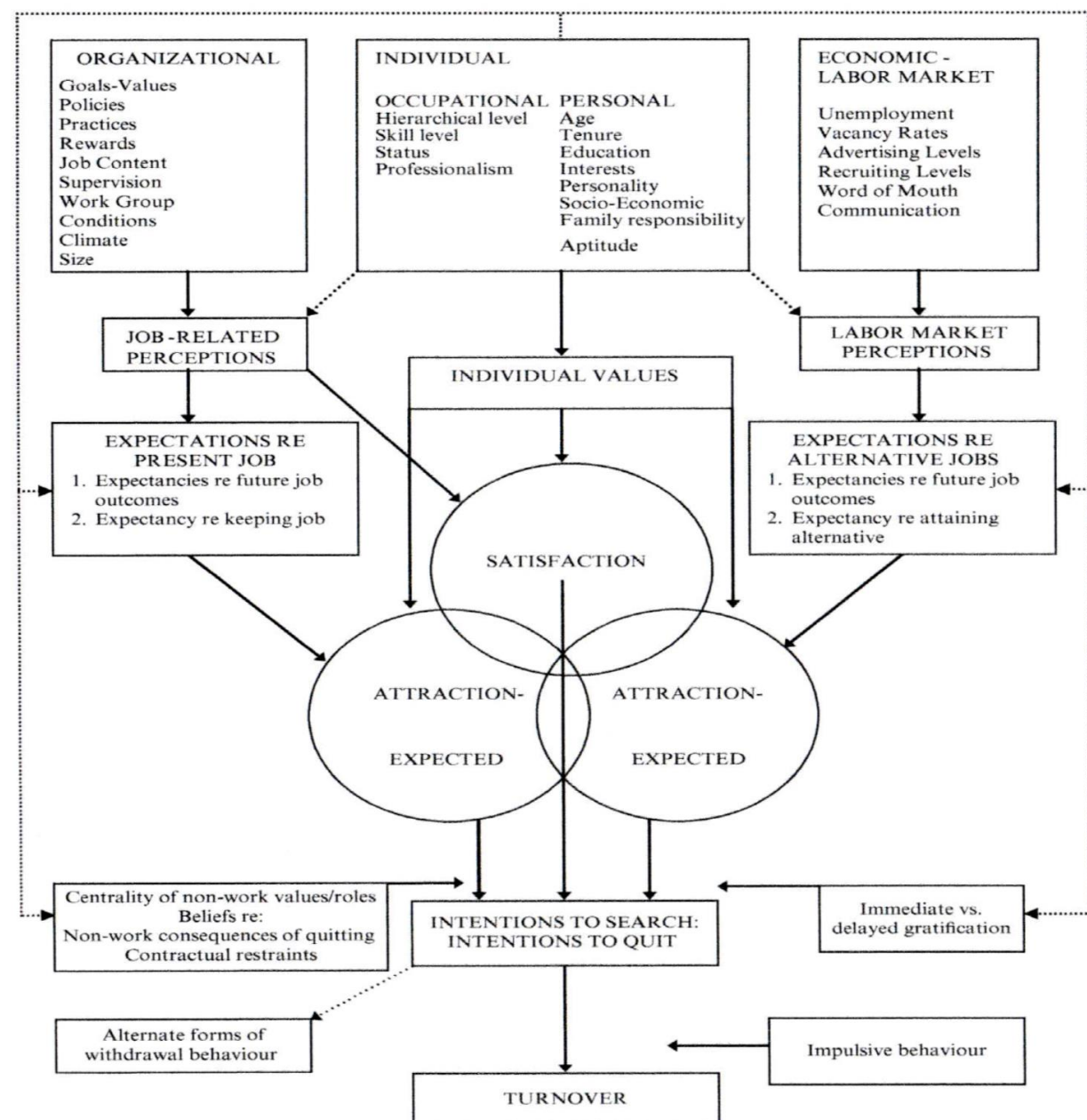
Mobley, Griffeth, Hand and Meglino's expanded model

Mobley, Griffeth, Hand and Meglino (1979) developed a conceptual model to identify turnover determinants by analysing the turnover process. The model, as shown in Figure 2.3, suggests that turnover intention, which is the immediate precursor to turnover, is the function of job satisfaction, attraction and expected utility of the present job, and the attraction and expected utility of alternative jobs.

Mobley, Griffeth, Hand, & Meglino (1979, p.518) define job satisfaction as "the affective response to evaluation of the job" and it is present-orientated. Attraction of the present job, and of alternative jobs, are future-orientated. Mobley, Griffeth, Hand, & Meglino (1979, p.518) suggest that when satisfaction is combined with expected utility of the present job and expectancy of staying in the present job, it can encourage the decision to

leave an organisation. Another factor of intention to leave is the expected utility of alternative jobs. The antecedents of satisfaction and attraction are considered to be organisational variables as perceived by the individual, economic variables that related to availability of alternatives as perceived by the individual, and individual-level occupational and personal variables as they influence individual values, perceptions and expectations. The model also identifies secondary determinants, which are impulsive behaviour, the importance of non-work value, and a need for immediate gratification. They are expected to moderate the effect of job satisfaction and expected utility on the turnover decision (Mobley et al., 1979, pp.519-520).

Figure 2.3. Mobley, Griffeth, Hand and Meglino's expanded model



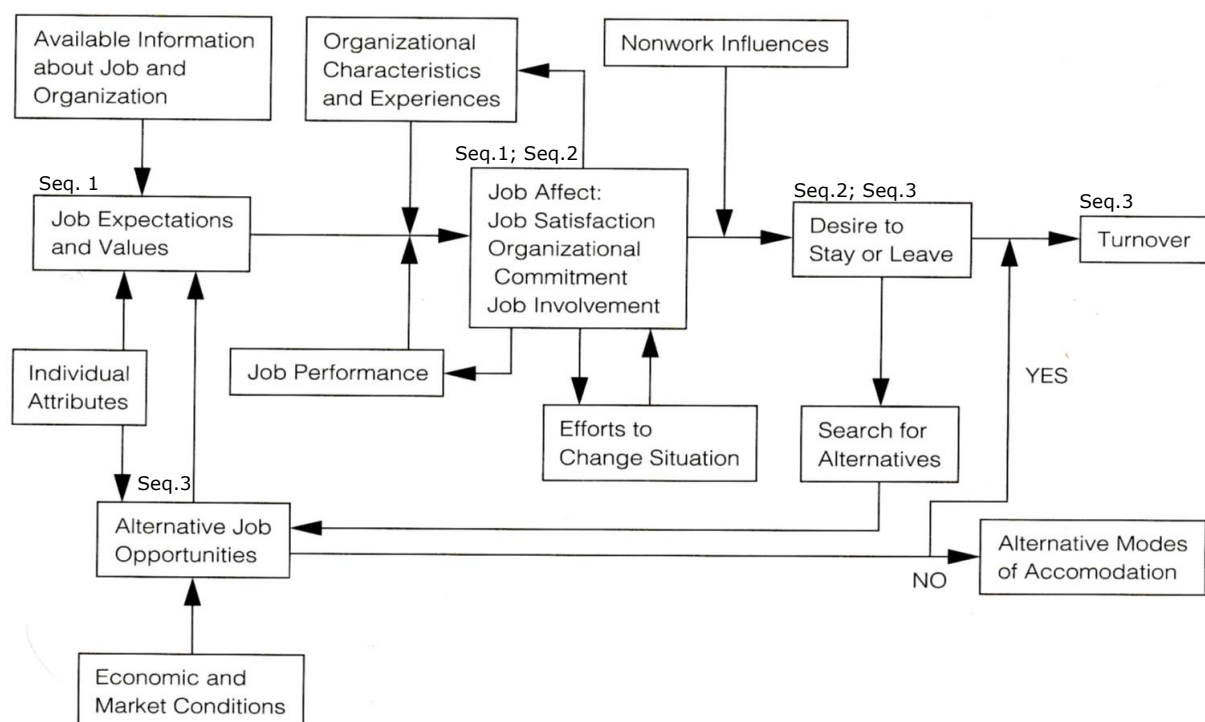
Source: Mobley et al. (1979, p.517)

Muchinsky and Morrow (1980, p.265) considered the expanded model to be the most comprehensive model of employee turnover, as the model was built based on individual variables as well as perceptions of organisational and economic factors (Muchinsky & Morrow, 1980, p.265). However, the model was never fully tested and the authors gave little attention to the operationalisation of the variables included in the model. The inclusion of expected utility of the present job and the alternative job has made the operationalisation of determinants more difficult, as it needs to focus on the future orientation rather than the present orientation (Morrell, 2016, p.49). Hom and Griffeth (1995, p.66) found in a partial test on the 1979 Mobley, Griffeth, Hand, & Meglino's model, that the prediction power of the turnover model is improved when employing the expected utility of a work role.

Steers, and Mowday's job expectations and job attitudes

Steers and Mowday's model (1981) is another process-oriented turnover model. The focus of their study is on employees' psychological and behavioural mechanisms to accommodate the decision to stay or to leave once the decision has been made, as shown in Figure 2.4.

Figure 2.4. Steers, and Mowday's model of voluntary employee turnover



Source: Steers & Mowday (1981, p.242)

Steers and Mowday (1981) propose a conceptual framework that includes job expectations and job attitudes as the factors influencing turnover intention. Their model can be divided into three sequential parts: job expectation and attitudes; job attitudes and intent to

leave; and intention to leave, available alternatives and actual turnover (Steers & Mowday, 1981, p.241). In the first sequence, Steers and Mowday suggest that an employee's value system influences their expectations about various aspects of their job, such as satisfaction with the rewards and the job itself. The expectation is suggested to be influenced by individual characteristics, such as age, education and tenure, information about the job and organisation, and alternative job opportunity (Steers & Mowday, 1981, p.243). The second sequence of the model links job expectation and values with job attitudes: job satisfaction, organisational commitment and job involvement. Job attitudes result from the interaction of job expectations, organisational characteristics and experiences, and job performance level (Steers & Mowday, 1981, p.244). Steers and Mowday suggest that intention to leave is influenced by job attitudes and nonwork influences, and argue that, the more an employee's expectations meet the work experience, the greater the employee's job satisfaction, thus the greater the likelihood the employee will remain in their job (Steers & Mowday, 1981, p.246). The third sequence links behavioural intention to leave with actual turnover. In this sequence, intention to leave may directly lead to turnover/leaving or cause an employee to search for preferable alternative jobs (Steers & Mowday, 1981, p.247).

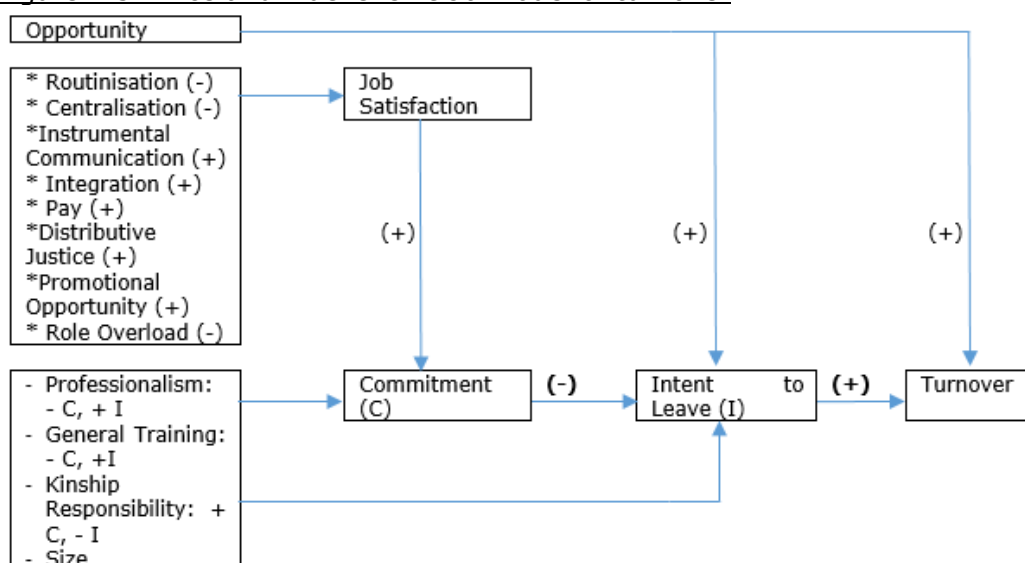
Steers and Mowday's model shows that dissatisfied employees may undertake different routes before they actually leave. Their model includes several new determinants - such as job performance, non-work factors and job expectation - but leaves these determinants unspecified. Steers and Mowday (1981) suggest some consequences of turnover for both individuals and organisations. For the individuals, the decision to remain or leave their jobs, combined with their level of job satisfaction, may result in four classifications of cases: satisfied leaver with dissonance present, dissatisfied stayer with dissonance present, satisfied leaver with dissonance absent, and dissatisfied stayer with dissonance absent (Steers & Mowday, 1981, pp.254-259). For co-workers, they may perceive that better job opportunities exist elsewhere; for the supervisor, turnover may reflect the effectiveness of the supervisor; and for the organisation, turnover may impact the organisations' overall effectiveness (Steers & Mowday, 1981, pp.259-261). The model was not tested by the authors. Lee and Mowday (1987, p.736) tested the model on the private sector (the financial employees), but not in the public sector, and found only 5% of the turnover variance can be explained by the model.

Price and Mueller's causal model of turnover

Initially Price and Mueller developed a model of turnover in 1981 and revised it in 1986; the 1986 version is discussed here. Figure 2.5 shows that Price and Mueller's propositions relate to turnover problems. Nineteen propositions are made, which are:

- higher chance of job opportunity, and higher intention to leave will likely result in a higher level of turnover,
- higher chance of job opportunity will likely result in greater intention to leave,
- higher organisational commitment will likely result in lower intention to leave,
- higher level of job satisfaction will likely result in higher organisational commitment,
- higher level of routinisation, centralisation, and role overload will likely result in lower level of job satisfaction,
- higher level of instrumental communication, integration, payment, distributive justice, and promotional opportunity will likely result in higher level of job satisfaction,
- higher level of professionalism, and general training, will likely result in lower organisational commitment,
- higher level of kinship responsibility will likely result in higher organisational commitment,
- higher level of professionalism, and general training will likely result in higher intention to leave,
- and higher level of kinship responsibility will likely result in lower intention to leave (Price & Mueller, 1986, p.19).

Figure 2.5. Price and Mueller's 1986 model of turnover



Source: Price & Mueller (1986, p.10)

All propositions are based on a review of existing research, and tested on nurses working in public hospitals. The model includes 14 exogenous variables (all variables on the left side in Figure 2.5) that directly and indirectly determine turnover, and three intervening variables, which are; job satisfaction, organisational commitment, and intention to leave. Among the factors used in the model, job opportunity and kinship responsibility represent the environment or non-work component. Also included in the model are: variables that

represent employees' affective responses to the job, which are job satisfaction, and organisational commitment, variables related to job characteristics, such as routinisation, instrumental communication, centralisation, pay and promotional opportunity, as well as intention to leave (Price & Mueller, 1986, pp.21,25).

Price and Mueller's model suggests excluding demographic variables as the determinants of voluntary turnover. They argue that demographic variables do not indicate the means that can create variations in turnover. For example, in several studies, age shows a negative relationship with employee turnover, in which younger employees tend to leave their jobs compared to older employees. Price and Mueller maintain that age does not indicate how younger age leads to higher rates of turnover. Turnover is determined by the salary received by an employee, which has a high correlation with age (Price & Mueller, 1981, p.548). Price and Mueller utilise demographic variables or 'correlates' (the term they used) to demonstrate the explanatory power of their model (Price & Mueller, 1986, p.27). In the analysis they compare the explanatory power of the model when the correlates are included and excluded. The result shows that the inclusion of these correlates added little to the explained variance of the model (Price & Mueller, 1986, p.145). Price and Mueller (1986, p.29) argue that, if adding the correlates does not substantially increase the explained variance of the model, it means that the critical concepts captured in demographic variables are already included in the model. Other purposes of using demographic variables in their analysis are to check the interaction between these variables and the variables in the model, and to make recommendations for the organisation (Price & Mueller, 1986, p.28). Fifteen correlates, or demographic variables (i.e. age, length of service, full-time or part-time, occupation, sex, day or non-day shift, education, travel time to work, new supervisor of work unit, promoted last two years, recent turnover experience, labour force continuity, migration, job stability, and father's turnover history), are used for those purposes (Price & Mueller, 1986, pp.28-29).

Price and Mueller (1986, p.48) use individuals and work units as their unit of analysis. The explained variance when individuals were the unit of analysis was 12%, and 15% when work units were the unit of analysis; this is roughly the average when compared to other models of turnover (Price & Mueller, 1986, p.203; Mitchell et al., 2001, p.1103). Their research found that intention to leave, pay, job satisfaction, kinship responsibility, organisational commitment and job opportunity are important determinants of turnover when individuals were the unit of analysis (Price & Mueller, 1986, pp.120-122). At the work units level, five determinants that significantly correlated with turnover are intention to leave, role overload, pay, kinship responsibility, and the size of the work unit (Price & Mueller, 1986, p.135). Five determinants with the highest total effect on the turnover model are kinship responsibility, role overload, intention to leave, centralisation, and

instrumental communication or formal transmission of job information within the organisation (Price & Mueller, 1986, p.140).

The model was tested again by Kim, Price, Mueller and Watson (1996) on salaried physicians who are males at a US Air Force hospital and resulted in a higher explained variance, 41% of the variance is explained by the model. Their research found that organisational commitment, job satisfaction, job opportunity and promotional chances are important determinants of turnover (Kim et al., 1996, p.947). Kiyak, Namazi and Kahana (1997) test the model on workers in organisations serving elderly people. They included demographic variables and attitudes on job satisfaction (affect toward clients and age), and found that the best predictors of employee turnover are intention to leave and job satisfaction, and that the model explained 26% of the variance in voluntary turnover (Kiyak et al., 1997, p.242).

Other research has partially tested the model. Agho (1993) tested the determinants of job satisfaction on employees in the medical centre by including a positive affectivity variable (represents an individual predisposition to be happy) and a negative affectivity variable (when an individual is predisposed to experience discomfort) (Agho, 1993, p.452). Gaertner (1999) conducted a meta-analysis to examine the relationship between determinants of job satisfaction and organisational commitment. Zhang, Wei and Li (2008) conducted research in five companies in China, examining whether the relationship between the structural determinants (e.g. pay, routinisation and distributive justice) and the moderating effects, such as job satisfaction and organisational commitment, should be additive (no conditions are specified for the operation of the model) or not. All of these partial tests of the model supported Price and Mueller's propositions. Job satisfaction determinants of the model can explain 45% of the variance in job satisfaction (Agho, 1993, p.451); job satisfaction completely mediated the impact of structural determinants of organisational commitment (Gaertner, 1999, p.489); and that researchers should not keep the relationship between the structural determinants and the intervening variables additive (Zhang et al., 2008, p.7184).

Despite its weaknesses in terms of average explained variance of the model, compared to other models of turnover, this model possesses some strong features, such as its ability to simplify the examination on turnover problems, and has a clear operationalisation to measure the factors used. The model includes various components e.g. environment component, job characteristics and affective responses to job, and has been tested in private companies in a non-Western country. Its comprehensive approach is useful for raising awareness for further specific examination, especially for those organisations conducting the examination of turnover problems for the first time.

Hopkins, Cohen-Callow, Kim, and Hwang's turnover model in child welfare workers

Hopkins, Cohen-Callow, Kim, and Hwang (2010) provide a comprehensive approach to assessing and predicting turnover in public child welfare agencies by utilising established measures that go beyond intention to leave, and capture a continuum of behaviours indicative of emotionally and physically withdrawing from work (job withdrawal, work withdrawal, job search behaviour, and exit). They develop a conceptual framework based on findings from the child welfare research. Hopkins et al (2010, p.1381) propose that employees' behavioural outcomes related to turnover are a function of employees' personal characteristics (age, education, and career commitment) and job/work factors (salary, and caseload), and their perceptions of the organisational environment (supervisor support, inclusion in decision making, and rewards). The function also includes psychological climate (stress, and engagement), and employees' attitudinal/affective responses (e.g., job satisfaction, and organisational commitment). Hopkins, Cohen-Callow, Kim, and Hwang (2010, p.1381) maintain that no one factor can predict turnover, and that their review of the literature indicates that it is the combination of these factors that drives employee behaviours.

The analyses for behaviours related to turnover are conducted in parts, in that they analyse job withdrawal, work withdrawal, job search behaviour and turnover separately. The results confirm that a combination of individual, job/work, and organisational factors relate differentially to the various types of employee behaviours related to turnover. With regards to job withdrawal, stress, being a person of colour, inclusion in decision making, and experiences with personal safety issues were the significant contributors. With regards to work withdrawal, stress, longer tenure, co-worker support, and experiences with personal safety issues were the significant influences. With regards to job search behaviour, stress, race, education, perceiving other job opportunities, and inclusion in decision making were the significant contributors (Hopkins et al., 2010, p.1385). Hopkins, Cohen-Callow, Kim, and Hwang's model focuses on one occupation and was not tested in other professions. The research findings show that factors relating to perceptions of the organisational climate significantly explained more variance in types of organisational withdrawal than personal or job characteristics (Hopkins et al., 2010, p.1380).

Katsikea, Theodosiou, and Morgan's model of export sales managers' turnover

Katsikea, Theodosiou, and Morgan (2015) develop a comprehensive model to explain employee turnover among export sales managers based on seventeen hypothesised relationships among key structural (organisational structure and management control systems), supervisory-related (interaction between export managers and their supervisors), and psychological factors (perceived psychological distance and export managers' experiences). Katsikea, Theodosiou, and Morgan (2015, p.370) suggest that

role stress consists of role ambiguity and role conflict. Role ambiguity is the extent to which an individual is uncertain about the expectations of role partners (e.g., supervisor, customers, policies), whereas role conflict refers to the perceived incompatibility among role expectations and demands. Organisational structure serves as an effective control mechanism and contributes significantly towards achieving the research objectives, and formalisation is the degree to which rules define roles, authority relations, communications, norms and sanctions, and procedures (Katsikea et al., 2015, p.370).

The findings reveal the favourable impact of formalisation and the unfavourable impact of centralisation upon both role ambiguity and role conflict; both formalisation and centralisation relate positively to the export sales management behaviour control system; role stressors affect export sales managers' job satisfaction, which negatively affects intentions to leave; and perceived psychological distance and export sales managers' experience moderate the effects of role ambiguity and role conflict (Katsikea et al., 2015, p.367). This research is conducted in the private sector, in a sales organisation, and similar to Hopkins, Cohen-Callow, Kim & Hwang (2010) the focus is on one occupation, the export sales manager. Although the HR practices regarding sales organisations involve geographical relocation of export managers, which is similar to HR practices in the DGT, the implementation of the relocation of export managers is different. The literature reviewed in the research only included the mainstream sales management literature for insights regarding the key antecedents of sales people's propensity to leave a sales organisation, thus the factors included are unique to this particular occupation (Katsikea et al., 2015, p.369).

Antecedents of Employee Turnover

The literature shows that different scholars opt for a different set of factors to be included in their comprehensive model. Kim and Kao (2014, p.214), in their meta-analysis on turnover intention predictors among the child welfare workers, classify the factors influencing employee turnover into four categories:

1. demographic, which consists of individual characteristics, such as age, gender, tenure, and education;
2. work-related factors, including factors related to decision making (autonomy and inclusion), stress (safety concerns, role conflict, role ambiguity and job demand), burnout (coping, caseloads, emotional exhaustion and depersonalisation);
3. work environment factors that consist of: organisational culture; support from the organisation, supervisor, co-worker and spouse and/or others; compensation (salary, financial reward, and perception of fairness in pay, benefits and promotions); and workers' perceptions about organisational policy;

4. categories of attitudes/perceptions, which include satisfaction, commitment, and organisational climate.

A meta-analysis by Barak, Nissly and Levin (2001, p.629) identifies three broad categories of factors influencing human service workers turnover, which are: personal and work-related demographic factors; professional perceptions that include burnout, value conflict, job satisfaction, organisational commitment, and professional commitment; and organisational conditions that consist of stress, social support, fairness-management practices, and physical comfort. Another meta-analysis by Griffeth, Hom and Gaertner (2000, p.465-470) classifies the factors into five categories. The first category is demographic predictors, such as cognitive ability, education, sex, age. The second category is job satisfaction, organisation factors, and work environment factors. This category includes overall job satisfaction, compensation, leadership, co-workers, stress and other related factors, such as promotional opportunity and participation. The third category is job content and external environmental factors, in which they consider factors such as job scope, routinisation, and alternative job opportunities. The fourth category is other behavioural predictors, which are lateness, absenteeism and performance. The final category is cognitions and behaviours about the withdrawal process, such as job search, withdrawal cognitions.

Bradbury, Sowa, and Kellough (2013, p.183) state that the factors that could influence an employee's intention to leave their job can be categorised into three categories: environmental, organisational and individual factors. Environmental factors are those that are external to the organisation, such as alternative job opportunity, and the unemployment rate in a geographical region. Organisational factors cover the characteristics of the organisation as a whole. These factors show the structural characteristic of the employer which may be difficult to change, but are still felt by the employees, and may affect their intention to voluntarily leave the organisation. Examples in this category include the size of the organisation, human resources policies, and salaries. Organisational factors are often measured as job satisfaction, organisational commitment, job stress and job characteristics. The final category is individual factors or the characteristic of the employees themselves. Variables in this category are age, gender, tenure, marital status and education.

Researchers have different focuses when they develop their comprehensive model. Some focus on the question of why people leave, others on the question of why people stay; others seek to integrate both questions. These three approaches of the comprehensive model have usually employed job satisfaction, organisational commitment, perceived job opportunity, intent to leave, and demographic variables to predict turnover. Although in some comprehensive models the researchers include the overall job satisfaction, others utilise the facets of job satisfaction (pay, promotion, supervision, benefits, contingent

rewards, operating conditions, co-workers, nature of work, communication). Some comprehensive models use overall commitment, while others include all three dimensions of commitment (affective, calculative and normative commitment) (Li et al., 2016, p.1442; Mitchell et al., 2001, p.1110; Price & Mueller, 1986, p.16). The main difference between the three approaches of the comprehensive models is in the utilisation of job embeddedness in those models that examine turnover through the question of why people stay.

Mitchell, Holtom, Lee, Sablinski and Erez (2001, p.1104) use "a net or web" that can make an employee become stuck to describe job embeddedness. They introduce three dimensions of job embeddedness (or the web mentioned earlier): links, which represent the degree to which one has links to other people or activities; fit, which represents the degree to which one's job and communities fit with the different aspects in their life; and sacrifice, which represents what an employee would give up when a link is broken. These three dimensions of job embeddedness cover both elements inside and outside of the job; thus, for measuring job embeddedness, they include demographic variables, and attitudinal measures, such as job fit and job-related sacrifice (Mitchell et al., 2001, p.1110). Both job satisfaction and organisational commitment are concerned with on-the-job and organisational issues, while job embeddedness covers non-organisational commitment, such as marital status and number of children, and off-the-job concerns, such as affective reactions to the work itself, supervisors, or co-workers.

Considering the initial interest of this research is the phenomenon of employees leaving the DGT and the possibility of currently employees leaving, the antecedents of employee turnover further discussed in this section are those that are commonly used in the comprehensive model, and focus on the question of why people leave.

Environmental factors

Many models on employee turnover include alternative job opportunity as the possible determinants of employee turnover in the environmental category (March & Simon, 1958; Mobley, 1977; Mobley et al., 1979; Steers & Mowday, 1981; Price & Mueller, 1986; Lee & Mowday, 1987; Lee & Mitchell, 1994; Hopkins et al., 2010). However, some inconsistencies arise when conducting the research, especially due to the operationalisation of alternative job opportunity. Research on employee turnover in the labour market (macro level) usually uses the number of vacancies available or unemployment rate as the representation of alternative job opportunity, when explaining factors that can determine the rate of employee turnover. Park, Oforidankwa and Bishop (1994, p.360) found a significant negative relationship between functional turnover (see p.23 for the definition) and unemployment rate. Hulin, Roznowski, and Hachiya (1985,

p.237) summarise that there is a consistency and strength of the relation between labour market conditions (unemployment rate) and voluntary job turnover in labour market-turnover literature. They point to Eagly's (1965) study for voluntary termination rates in the USA between 1931 and 1962 as an example, and highlight that in this study, the unemployment rate accounted for over 70% of the year-to year variance in voluntary turnover rates (Hulin et al., 1985, p.236).

In addition to using the unemployment rates, many traditional and contemporary theorists rely on perceived numbers and types of job alternatives to represent March and Simon's perceived ease of movement, along with job satisfaction to represent perceived desirability of movement in order to predict turnover (Lee et al., 1999, p.450). Research on employee turnover at the individual level uses employees' perception of job opportunities since the studies focus on the process by which employees decide to leave their employment. The findings at the individual level show that the relation between alternative job opportunity and voluntary turnover, both using unemployment rate and an individual's perception of job opportunities, result in a modest relationship (Hulin et al., 1985, p.237). Some researchers concluded that job satisfaction dominates the perceived job alternatives and that job satisfaction reliably predicts turnover, thus job satisfaction outperforms job alternatives in predicting turnover (Li et al., 2016, p.1436).

Hulin, Roznowski, and Hachiya (1985, p.237) state that the relation between unemployment and turnover rates may offer little information about relations between individuals' perceptions of employment opportunities or labour markets, and their decisions to leave their jobs. They summarise three mechanisms in explaining the mixed findings on the relation of alternative job opportunity and employee turnover (Hulin et al., 1985, pp.240-244). First, different economies produce different workforces; economic expansion attracts casual or marginal workers, who usually do not work regularly, into the labour force. Much research of employee turnover at individual level excludes this type of worker in their research for explaining the factors that influence the voluntary turnover, e.g., Price and Mueller (1986), and Hopkins, Cohen-Callow, Kim & Hwang (2010) conducted their research only on nurses and export sales managers. Second, job opportunities directly influence job satisfaction. Hulin, Roznowski, and Hachiya (1985, p.242) state that, by staying in their current jobs, employees are bearing the opportunity cost of sacrificing the alternative positions available in the labour market. Under good economic conditions when job opportunities are abundant, the expected utility of job alternatives increase, thereby reducing satisfaction with the present job, and vice versa. Third, job opportunities directly affect turnover. Hulin, Roznowski, and Hachiya (1985, p.244) posit that turnover is influenced by job opportunity directly, and not through intentions to leave. They state that employees do not leave their present job just because they happen to have found an alternative, but after they secure job offers. With the third

mechanism, they explain why perceptions of alternative work do not always end in departures (Hulin et al., 1985, p.244).

Trevor (2001, p.625) states that, even though evidence at the macro level of analysis, such as in Eagly's study, shows a strong relationship between unemployment rates and turnover rates, assuming that the same relationship will remain at the individual level would be a misconception, i.e. an ecological fallacy. Furthermore, Trevor (2001) states that research findings on job opportunity at the individual-level evidence are mixed, as several studies have supported a negative unemployment rate effect on voluntary turnover.

Utilising an economic approach, the mechanisms proposed by Hulin et al. (1985) offer a new perspective on investigating the role of work alternatives in explaining the process of employee turnover. They point out that the mixed findings on the relation of alternative job opportunity and employee turnover are possible due to the different types of leavers. These leavers are influenced by different factors, such as economic conditions (abundant or scarce job opportunity) and job satisfaction; thus, they may take different paths of the withdrawal process. Hulin, Roznowski, and Hachiya's (1985) proposed mechanisms have inspired Lee and Mitchell (1994, p.57) to develop the unfolding model of turnover that suggests different paths of turnover.

Job satisfaction

The most important determinant of turnover and turnover intention, and the most studied among attitudes in the organisational behaviour, is job satisfaction (Kim & Kao, 2014, p.219), which belongs to the organisational category. Job satisfaction, as well as organisational commitment, are significant predictors of turnover in a study that measured actual turnover (Lo, 2015, p.390). An employee's intention to leave indicates some type of dissatisfaction with the current employer, and the measurement of job satisfaction is considered to be an important indicator of this dissatisfaction; however, whether or not this dissatisfaction results in turnover is another thing.

Job satisfaction, according to Locke (1976, p.1300), is "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience". Thus, job satisfaction signifies the interaction between employees and their work environment. Spector (1997, p.2) defines job satisfaction as the way people feel about their jobs and about different aspects of their jobs. It is the extent to which an employee likes (satisfaction) or dislikes (dissatisfaction) their job.

Job satisfaction is repeatedly included in the models of turnover. Lee, Mitchell, Holtom, McDaniel, and Hill (1999, p.450) state that job satisfaction is included in the first model of employee turnover by March and Simon as the perceived desirability of movement. March

and Simon (1958, p.99) state that job holders carry the idea of perceived desirability of movement and perceived ease of movement; within these ideas, members of an organisation will continue their participation when the incentives they get are matched to or exceed their contributions. Hellman (1997, p.684) states that dissatisfied employees tend to consider other job opportunities more often than those who are satisfied with their jobs. Hwang and Hopkins (2015, p.49) found that workers minority status or who have less in common with most of their colleagues in an organisation tend to be less satisfied and less committed, thus are more like to leave.

March and Simon (1958, pp.95-96) describe job satisfaction as a multidimensional function of several different factors, such as the amount of rewards received, the level of consistency of supervision and the level of employee participation in job assignment. Two approaches have been developed to examine job satisfaction (Vandenabeele, 2013, p.233). The first approach focuses on the overall satisfaction. By assessing overall job satisfaction, researchers are usually interested in trying to determine the consequences of employees being satisfied or dissatisfied with their job. Therefore, after assessing the overall job satisfaction, research usually discusses the result in relation to other variables of interest, such as turnover rate and organisational commitment (Spector, 1997, p.3). The second approach is concerned with identifying different elements of the job that produce job satisfaction such as pay, communication, co-workers, and supervision. This approach provides a more complete picture of an employee's job satisfaction, and it is useful in identifying which parts of the job contribute to dissatisfaction, so that organisations can make improvements, as part of their retention strategy (Spector, 1997, p.3).

Vandenabeele (2013, pp.223-224) maintains that examining the various aspects of job satisfaction makes it very hard to distinguish between the precursors of job satisfaction and the concept itself. Thus, job satisfaction should be understood in terms of an overall concept. However, there are still many researchers who conduct the research on job satisfaction by assessing one or two aspects of job satisfaction because measuring job satisfaction in this way can help the researcher to understand a certain aspect of the job that cannot be done by measuring the overall job satisfaction.

Linz and Semykina (2012, p.812) examine the correlation between workers' desire and expectations of receiving extrinsic (e.g. job pays well and promotion opportunities) and intrinsic rewards (e.g. chance to learn new things and friendly co-workers), and job satisfaction. They find that both extrinsic and intrinsic rewards are positively related to job satisfaction, except for promotional opportunities, which has a negative relation to job satisfaction (Linz & Semykina, 2012, p.840). There is no evidence for their prediction of a positive relation between promotion opportunity and job satisfaction. They conclude that,

even though promotion may lead to personal development and higher social prestige (thus, it is expected to increase job satisfaction), workers may perceive that promotion is associated with greater job stress, which will lead to lower job satisfaction.

Steijn (2004, p.291) finds that HRM practices have a positive effect on job satisfaction. HRM practices, such as the use of appraisal interviews, personal development plans, career plans, functional flexibility, task rotation, individual coaching, competence management, age-conscious personnel management policies, mobility policies, and career support can be used by organisations to improve their employee job satisfaction. Linz and Semykina (2012) as well as Steijn (2004) show that examining the various aspects of job satisfaction provide a better understanding of some aspects of the job, and this cannot be attained if the researchers focus only on overall job satisfaction.

Job satisfaction, either in its entirety (overall/global satisfaction) or in its particular aspects (facet satisfaction) such as supervision, is widely accepted as one's affective attachment to the job viewed (Tett & Meyer, 1993, p.261), and operates as an important psychological predictor in most turnover studies (Dickter et al., 1996, p.706). Abundant reviews have concluded that job satisfaction is negatively related to turnover and turnover intention (Hwang & Hopkins, 2015, p.46; Tett & Meyer, 1993, p.259; Mobley et al., 1979, p.497; March & Simon, 1958, p.94; Price, 1977, p.80). Several working conditions are predicted to influence job satisfaction. Bright (2008, p.156) found that public employees' job satisfaction is significantly influenced by their opportunities for achievement, recognition, responsibility, meaningfulness, and advancement. Mobley et al. (1979, pp.516,518) maintain that job satisfaction is present-oriented, and a response to an evaluation of the current job. Due to this reason, they suggest that the determinants of satisfaction should be the variables that relate to the organisation as perceived by employees (Mobley et al., 1979, p.520).

Vandenabeele (2013, p.223) points out that, although job satisfaction is not a final outcome in itself, it has been identified as related to various outcomes, such as job performance, motivation, organisational citizenship behaviour, withdrawal behaviour, and burnout. Spector (1997, p.30) identifies two general categories of antecedent variables associated with job satisfaction: environmental factors and personal characteristics. Environmental factors refer to the work environment and factors associated with the job. This factor includes the nature of the job, how people are treated, communication in the workplace and rewards. The other factor is personal characteristics, which refers to the demographic characteristics of the employees, such as age and gender. Price (1977, p.80) maintains that job satisfaction is an intervening variable between the structural and individual determinants, and turnover. Price and Mueller (1981, p.547) suggest that there are seven determinants that influence job satisfaction, such as routinisation (repetitive

work) and centralisation (the degree to which an employee is involved in job-related decisions). They emphasise that job satisfaction does not directly influence employee turnover; however it has an important role in mediating the other determinant, intention to stay.

Causal relationship between job satisfaction and organisational commitment

In their structural model of turnover, Price and Mueller (1986, p.10) introduced the causal relationship between job satisfaction and organisational commitment. Following the turnover model, research has been dedicated to establishing the order of the causal relationship between job satisfaction and organisational commitment. Results from these studies are shown as four possible models of causal relationship between job satisfaction and organisational commitment. The first model establishes that job satisfaction is a determinant of organisational commitment (Price & Mueller, 1986, p.20; Mueller et al., 1994, p.176; Wallace, 1995, p.811). The assumption used in this model is that job satisfaction represents an affective response to specific work-related aspects, while organisational commitment represents an affective response to a whole organisation. Thus, as employees' needs are satisfied, it will influence employee satisfaction for the whole organisation. The research findings that support this model are shown in the positive correlation between the two variables. Organisational commitment was found to have a higher correlation with turnover than the correlation between job satisfaction and turnover; furthermore job satisfaction was highly correlated with the work environment and specific outcomes (Martin & Bennett, 1996, p.85). The second model proposes organisational commitment as an antecedent to job satisfaction (Bateman & Strasser, 1984, p.95; Vandenberg & Lance, 1992, p.153). In this model, the researchers maintain that employees adjust their satisfaction levels so it can be consistent with their current commitment levels; the researchers assume that an individual develops attitudes consistent with the situation to which they are committed (Currivan, 1999, p.499). The third model suggests organisational commitment and job satisfaction are reciprocally related (Lincoln & Kalleberg, 1985, p.747; Farkas & Tetrick, 1989, p.855; Mathieu, 1991, p.67). The research findings of this model identify the reciprocal relationships, although they observe an asymmetric relationship where job satisfaction has a stronger effect on commitment than the other way around. The final model proposes that organisational commitment and job satisfaction are independent. Mueller and Lawler (1999, p.340) argue in their research that they did not find local work conditions, e.g., finance department, had stronger effects on more distant units, e.g., the company. This means that the variables had no effect on commitment to any of the different foci (i.e., the individuals and groups to whom an employee can be attached), or the effects of variables on commitment were essentially the same for the different foci.

Organisational commitment

Organisational commitment is the most common predictor after job satisfaction included in the research of employee turnover. Mowday, Porter and Steers (1982, p.19) conclude that organisational commitment should be a fairly reliable predictor of turnover, in which committed people tend to stay in their job and work to achieve organisational goals. Commitment is perceived as a desirable behaviour to be exhibited by an employee, thus both researchers and managers are interested in enhancing employee commitment; and it means organisational commitment receives a greater focus in recent turnover research (Mowday et al., 1982, p.19; Newman et al., 2011, p.1765).

Organisational commitment is defined as the influence of an employee's identification and engagement with a certain organisation (Steers, 1977, p.46; Mowday et al., 1979, p.226; Newman et al., 2012, p.56). Mowday, Porter & Steers (1982, p.20) conclude that the definition of organisational commitment includes something of the notion of membership, reflects the current position of the individual and provides predictions concerning a certain aspect of performance, motivation to work, contribution to the organisation and other related outcomes.

Many researchers found that organisational commitment is negatively related to turnover intentions (Newman et al., 2012, p.56; Lambert et al., 2012, p.67; Lee & Liu, 2007, p.122; Meyer et al., 2002, p.20; Price & Mueller, 1986, p.19). As with job satisfaction, many researchers conclude that organisational commitment is a multidimensional construct (Nazir et al., 2016, p.599; Mowday et al., 1982, p.30; Allen & Meyer, 1990, p.1). Researchers found that, to some extent, organisational commitment is significantly related to job satisfaction (Nazir et al., 2016, p.596), which lead to the examination of the causal relationship between these two variables discussed in the previous section. In some ways, determinants of organisational commitment are also the determinants of job satisfaction (Currivan, 1999, p.513).

Price and Mueller (1986, p.20) suggest that job satisfaction is an intervening variable through which the seven exogenous variables (routinisation, centralisation, instrumental communication, integration, pay, distributive justice and promotional opportunity) have an impact on organisational commitment. On the other hand, organisational commitment is also an intervening variable for intention to leave. With regards to organisational commitment, in addition to exogenous variables in job satisfaction that indirectly influence an employee's organisational commitment, Price and Mueller (1986, p.10) suggest another three factors that directly influence an employee's organisational commitment. These factors are professionalism, general training and kinship responsibility.

Allen and Meyer (1990, p.2) suggest that there are three components of organisational commitment: affective, continuance and normative commitment. Affective commitment is the most common approach to organisational commitment, which considers commitment as an affective or emotional attachment to the organisation. It suggests that strongly committed individuals identify with, involve themselves in and enjoys their membership in the organisation. Continuance commitment suggests that an individual is committed to the organisation after considering the costs associated with discontinuing the activity (Allen & Meyer, 1990, p.3). Allen and Meyer (1990, p.4) state that employees tend to stay if they have invested a considerable amount of time and energy mastering a job skill that cannot be transferred easily to other organisations. They suggest education, pension and alternative job opportunity are the antecedents of continuance commitment. Normative commitment is influenced by the individual's experiences both prior to (familial or cultural socialisation) and following (organisational socialisation) entry into the organisation (Allen & Meyer, 1990, p.4); thus, the determinant of this commitment may set in goal clarity, role clarity, relocate and community (Allen & Meyer, 1990, p.11). Allen and Meyer's research findings show that affective commitment correlates with normative commitment, which means that, to a certain extent, there is an overlapping variance between the two components of commitment. However, Meyer, Stanley, Herscovitch, & Topolnytsky (2002, p.20) found that the three forms of commitment are related yet distinguishable from one another, as well as from job satisfaction, job involvement, and occupational commitment. Significant correlation between job satisfaction and organisational commitment, and between the three components of commitment, shows that the determinants in both variables (job satisfaction and organisational commitment), and in three components of commitment, are most likely to be intertwined.

Demographic variables

Compared with job satisfaction and organisational commitment, demographic variables, such as age, tenure, gender and race have had relatively little or negligible effect on turnover intention. Kim and Kao (2014, p.217) found that education had a small positive effect in regard to turnover intention, which indicates that higher educated employees were more likely to have intentions to leave. Women and Caucasians tend to have less turnover intention, although the effects of these variables are very small (Kim & Kao, 2014).

Much research shows that demographic variables are also correlated with job satisfaction and organisational commitment. Hwang and Hopkins (2015, p.49) found that those who are a minority in terms of gender and race in an organisation tend to be less satisfied or committed, and were more likely to have intentions to leave. Length of service is often related to the types of supervision required. Boyas, Wind and Ruiz (2013, p.1667) state

that less experienced workers require more supervisory support, while more experienced workers may require less, or a different type of supervisory support. Furthermore, unmatched supervisory support may lead to job stress and emotional exhaustion, which may, eventually, lead to turnover. Age is also related to job stress, burnout and intent to leave among child protection workers, in which younger workers were more likely to leave, because employment-based social capital dimensions are more influential in safeguarding against job stress for older workers compared to younger workers (Boyas et al., 2012, p.50). Regardless of their form, demographic variables are found to play a relatively minor role in the development of organisational commitment (Meyer et al., 2002, p.38). Price and Mueller (1986, p.27) maintain that demographic variables should be excluded from their causal model of turnover. Demographic variables, such as age, are related to most of the exogenous variables; for example, older employees have less job opportunity, a greater say in their work and higher pay than younger employees; thus it is better to refer directly to the variables. Price and Mueller use demographic variables to check the explanatory power of the model, in which they estimated their model with and without the demographic variables, and found that its explanatory power does not increase significantly after the demographic variables are included (Price & Mueller, 1986, p.77).

Examination of the Models

This section examines the models discussed in the earlier section, as well as the selection criteria for the model to be used for this research. The summary of the models and the criteria for selecting a model to be used is presented in Table 2.1. This research seeks the model that is applicable in the public sector, focuses on determinants of why people leave, and has clear operationalisations on the variables used. Table 2.1 shows Price and Mueller's model fits all the criteria selections of this research (the criteria highlighted in yellow). Mobley's turnover process and process-oriented model, and Steers and Mowday's model were not selected because the focus is on the process of turnover. Steers and Mowday's model, and Katsikea, Theodosiou and Morgan's model were not chosen because they were potentially not applicable in the public sector. Hopkins, Cohen-Callow, Kim, and Hwang's model was not selected because non-work related factors were excluded in their model and they only focused on one occupation. Mobley, Griffeth, Hand and Meglino's model was not chosen because it was never fully tested and they had not operationalised the variables used in their model.

Table 2.1. Summary of the models and selection criteria

Model of Turnover	Has been Tested			Tested in the Public Sector		Focus		Factors Included						Operationalisation of Variables Used		
	Yes	No	Partially	Yes	No	The Process	Determinants	Demographic	Job Opportunity	Work Related	Non-work Related	Work Environment	Attitudes	Yes	No	
March and Simon's Model, including Trevor's Model	√			√		√	√	√	√				√		√	The model was tested by Trevor (2001), but focuses on the process of turnover
Mobley's Turnover Process and Process-Orientated Model of Employee Turnover	√			√		√		√	√	√	√	√	√	√		
Mobley, Griffeth, Hand and Meglino's Expanded Model			√	√			√	√	√	√	√	√	√		√	
Steers and Mowday's Job Expectations and Job Attitudes	√				√	√		√	√	√	√	√	√	√		
Price and Mueller's model	√			√			√		√	√	√	√	√	√		The model was also tested in private companies in non-Western setting
Hopkins, Cohen-Callow, Kim, and Hwang's Turnover Model in Child Welfare	√			√			√	√	√	√		√	√	√		Focus only on child welfare workers
Katsikea, Theodosiou, and Morgan's Model of Export Sales Managers Turnover	√				√		√		√	√		√	√	√		Focus only on export managers

As discussed in previous sections, even though Price and Mueller's study focuses on the factors of why people leave, their model includes the psychological variables (individual level) in job satisfaction and organisational commitment as the representation of desirability to leave an organisation. Other turnover models that focus on the factors for why people stay see job embeddedness as part of the variable in perception regarding desirability of movement along with perception on job opportunity (Lo, 2015, p.391). Price and Mueller's model was tested in the public sector and private sector, in Western and non-Western settings, as well as in different professions (nurses, physicians and employees in private companies).

Factors mentioned by other researchers are, to some extent included in Price and Mueller's model; for example, Price and Mueller include kinship responsibility as the non-work related factor as suggested by many researchers, such as Lee and Mowday (1987). The relationship between the factors in the Price and Mueller model is not the same as in other models; for example, Katsikea et al. (2015) include formalisation and centralisation as part of role ambiguity and role conflict, while Price and Mueller include formalisation and centralisation as the determinants of job satisfaction.

Price and Mueller (1986, p.31) state that employees from different populations, or from varying personal or organisational circumstances, may focus on different factors. Several researchers have attempted to propose conceptual models of turnover, although the details of the models differ; turnover is generally thought to be the result of negative job attitudes, combined with an ability to secure employment elsewhere. In their model, Steers and Mowday (1981, p.263) include people's perceptions of causal agents (characteristics of the person, job and external environment, or circumstances) as the cause for them leaving the organisation. Other researchers include the role of job performance level as a factor influencing desire or intention to leave. To some extent, job performance level should be reflected in one's perception of distributive justice and promotional opportunity. Thus, many of these factors are already included in the Price and Mueller model.

Kim and Kao (2014, p.220) state that there may be disagreements on how certain variables were classified and that different classifications may produce different results. They conclude, however, that the strongest predictors were found in such variables as organisational commitment, stress, job satisfaction, professional commitment, and organisational climate. There were also some variables with high influence, such as perceptions of fairness, safety concern, and policy, but had relatively less attention compared to other highly influential variables. Many of these factors are also included in Price and Muller's model.

Price and Mueller's model was not trying to show the path an employee will choose before they ended their employment, as with the process-oriented turnover model. Employees may claim they are dissatisfied with their job and not leave, or they may stay while preparing their departure. Price and Mueller's model was intended to show which factors may influence employees in deciding whether to continue with or end their employment, reflecting employees' dissatisfaction. Their research objectives were similar to the objectives of this research. Many determinants used in Price and Mueller's model are related to the job, and thus related to the organisation. Even if the research findings result in the factors unavoidable by an organisation, there are still a few actions that can be taken by organisations, which is either to minimise the disruption and inconvenience caused by the unavoidable departures, or make a prevention strategy by changing their employment policies (Morrell, 2016, p.29).

With regard to the average explained variance of the model compared to other models of turnover, Li, Lee, Mitchell, Hom and Griffeth (2016) state that an employee's level of job satisfaction changes from time to time, as does their intention to stay in or leave their jobs. Thus, the strongest predictors for the actual turnover will be the factors that influence the decision closer to the time the decision was made (Mobley et al., 1979, p.517). Since the incumbent is the only one who knows the exact time they wanted to quit, it is no surprise that the available model of employee turnover can only explain a low percentage of variance in employee turnover. The purpose to employ one of employee turnover models in this research is not in order to predict employee turnover, but to understand the determinants of why DGT employees choose to leave or have intentions to leave their jobs. A comprehensive model of employee turnover is chosen as the analytical framework to examine employee turnover problems in a macro-perspective because this research is the first employee turnover research conducted in the DGT. Consequently, the findings can be used to determine the direction for further research.

CHAPTER 3: INDONESIA'S TAX ADMINISTRATION

This chapter provides information about Indonesia's tax administration. It describes Indonesia's geography, population, history, government and politics, and explains the MOF's functions and organisational structure, as well as its organisational units responsible for collecting state revenues. The chapter then outlines common arrangements for tax administrations, provides further explanation of DGT functions, responsibilities, organisational structure and HR practices, and examines the differences between the DGT's and other countries' tax administrations. After discussing Indonesia's Civil Service Law, the final section summarises the context of this study.

Brief Overview of Indonesia

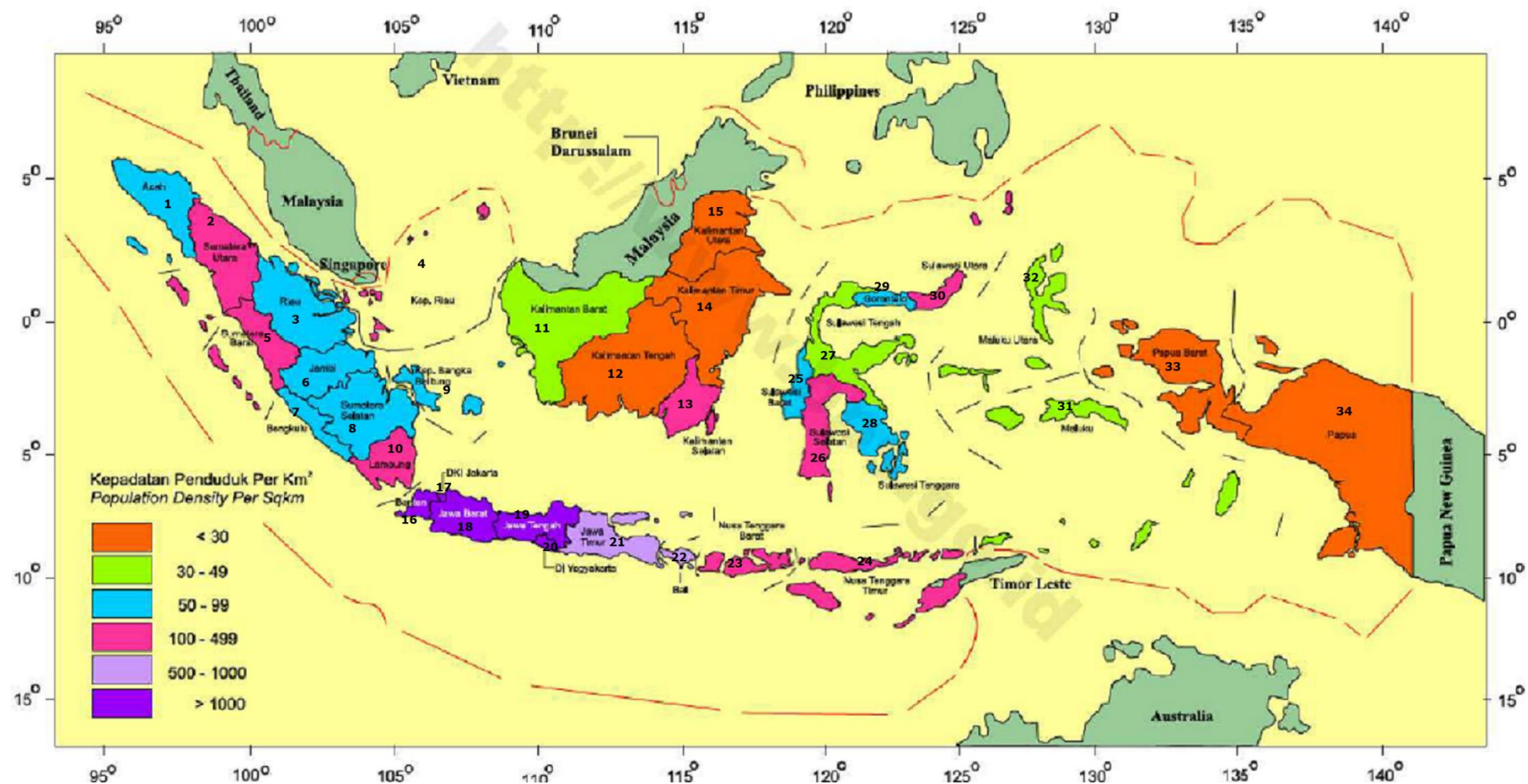
This section provides an overview of geographical context, population, history, government and politics, and civil service in order to explain the setting in which this research was conducted.

Geographical context

The archipelago of Indonesia is the largest country in Southeast Asia. It consists of 17,504 islands stretching between the Indian and Pacific oceans, covering more than 4,800 kilometres from east to west, and more than 1,600 kilometres from north to south (Kuipers, 2011, , pp.98-99). Indonesia's total land area is 1.9 million square kilometres (Statistics Indonesia, 2016, p.3). Around 6,000 of its islands are inhabited, among which there are five main islands where most Indonesians live: Java, Kalimantan (Indonesian part of Borneo island), Sulawesi, Sumatera and Papua (shared with Papua New Guinea). There are four archipelagos: Riau, Bangka Belitung, Nusa Tenggara and Maluku Archipelago (Statistics Indonesia, 2016, pp.5-6; Kuipers, 2011, p.99).

Between 1999 and 2012, Indonesia lost one province, Timor Timur, which became an independent country in 2002 (Timor Leste), but established eight new provinces which are Riau Archipelago, Bangka Belitung, Banten, North Kalimantan, West Sulawesi, Gorontalo, North Maluku and West Papua (Kuipers, 2011, p.106; Statistics Indonesia, 2016, p.39). Its administrative divisions consist of 34 provinces, each of which consists of regencies and cities, which are further subdivided into sub-districts and villages, the lowest administrative units. In 2015, the country had 416 regencies, 98 cities, 7,071 sub-districts and 81,936 villages (Statistics Indonesia, 2016, p.39). See Figure 3.1 for a map of Indonesia's administrative divisions.

Figure 3.1. Geographical situation, population density and administrative divisions of Indonesia in 2015



Source: Statistics Indonesia (2016, p.iv). Note: Numbers 1 to 34 indicate Indonesia's provinces.

Population

Indonesia is the world's fourth most populous country, with an estimated 255 million people (Riyadi. et al., 2015, p.63). In 2015, around 57 per cent of its population lived in Java, 22 per cent in Sumatera, and another 13 per cent in Kalimantan and Sulawesi, while the remaining eight per cent lived in Bali, Nusa Tenggara, Maluku and Papua. Figure 3.1 illustrates Indonesia's population density (Statistics Indonesia, 2015). Most of Indonesia's remotest areas are thinly populated, shown in green and orange in Figure 3.1, including all provinces in Kalimantan Island (nos. 11-15 in the map), one province in Sulawesi Island (no. 27), and all provinces in Maluku Archipelago (nos. 31-32) and Papua Island (nos. 33-34).

Indonesia's society is characterised by significant diversity in ethnicity, religion and language. Indonesia has around 1,331 local ethnicities (Kuipers, 2011, p.130; Ananta et al., 2013, p.2), with Javanese (41%) being the largest ethnic group, followed by Sundanese (15%), Malay (3.4%), Madurese (3.3%) and other ethnic groups (18%). The country acknowledges six religions: Islam, Protestantism, Roman Catholicism, Hinduism, Buddhism and Confucianism (Kuipers, 2011, p.118), and has around 731 local languages (Kuipers, 2011, p.128). Jakarta is the centre of Indonesian administrative government, located on Java island, the most populous island. All ministries and government bodies have their main offices in Jakarta and, where necessary, some ministries and government institutions have operational offices outside Jakarta.

History

Before Indonesia gained independence in 1945, it was colonised by the Dutch for more than 350 years and occupied by the Japanese for three and a half years (Frederick, 2011, pp.48-49). There have been four important periods since Indonesia became an independent nation. The first was from 1945 to 1949, when Indonesia experienced a national revolution phase, starting when the nation proclaimed independence on 17 August 1945 and ending with Dutch recognition of Indonesian sovereignty on 27 December 1949 (Frederick, 2011, p.54). During its first 15 years of independence, Indonesia experienced economic pressures as a result of its colonial economy, i.e., people's expectation of independence was that it would bring dramatic economic improvement. Its political development was based on a democracy leaning heavily on presidential authority, and the country condition was worsened by a rebellion of armed forces from both communist and Muslim movements that opposed the central government (Frederick, 2011, pp.60-63).

The Old Order Era was the period between 1959 and 1965, when the nation adopted the Guided Democracy policies introduced by Soekarno, Indonesia's first president (Frederick, 2011, p.71). The Guided Democracy was suggested after the Constituent Assembly,

Indonesia's parliament at that time, failed to reach agreement on whether Indonesia should be a federal or unitary state, and whether it should be based on Islam or '*Pancasila*', a national ideology acknowledging the other four religions besides Islam (Frederick, 2011, p.65). In his Guided Democracy policies, Soekarno formulated the new state ideology '*Nasakom – nasionalisme, agama dan komunisme*', which sought to synthesise nationalism (*nasionalisme*), religion (*agama*) and communism (*komunisme*). To increase people's acceptance of the new ideology, the *Nasakom* ideology formed part of the obligatory indoctrination sessions for civil servants and students (Frederick, 2011, p.66). The Old Order era ended following an unsuccessful military coup by the Indonesian Communist Party (*Partai Komunis Indonesia – PKI*) in 1965.

The third period was the Soeharto presidency, known as the New Order Era. Soeharto became Indonesia's second president after he succeeded in defeating the PKI's coup attempt. In the New Order era, Indonesia became an anti-communist, pro-Western and pro-capitalist country. The government was dominated by the military and focused on economic development in order to create stability. Soeharto adopted '*Pancasila*' (the 'Five Principles' in English) as the state ideology. *Pancasila* was first announced in a speech by Soekarno on 2 June 1945. The Five Principles are; belief in one supreme God, humanitarianism, nationalism expressed in the unity of Indonesia, representative democracy, and social justice (King, 2011, p.260). Similarly to Soekarno, Soeharto gradually became an authoritarian ruler, and believed in a highly centralised and religiously neutral state (Frederick, 2011, pp.72-73). He employed the same indoctrination method as Soekarno to disseminate the regime's interpretation of *Pancasila* to all citizens, especially students and civil servants. *Pancasila* became a form of social and political control: opposing the government meant opposing *Pancasila*, and vice versa (King, 2011, p.261).

During the New Order era, the civil service was used both as Soeharto's political instrument and as an administrative apparatus (Kristiansen et al., 2009, p.66). Corruption was sustained in the public sector in the 1980s and 1990s because civil servant salaries were low and Soeharto sought to prolong his leadership by enabling his supporters in the bureaucracy and the military to take economic advantage of their loyalty (Robertson-Snape, 1999, p.590). Widespread corruption in the public sector meant that many job seekers were willing to pay to obtain jobs in government institutions (Kristiansen & Ramli, 2006, p.208), and some civil service positions, such as tax officer and customs officer, were considered to be attractive. The former Minister of Finance, Prawiro wrote: 'it was well known that a job as a tax collector was one of the surest roads to riches in the government bureaucracy' (cited by Robertson-Snape, 1999, p.595).

The fourth period was the Reformation Era, which started after the decline of the New Order regime following the Asian financial crisis of 1997-98. The effects of the crisis weakened Indonesia's macroeconomic fundamentals (e.g. inflation rate and economic growth), which forced the government to seek financial support from the IMF (Minister of Finance, 1997, attachment no.3). Another effect of the financial crisis was a rapid increase in the People's Movement, which demanded a democratic government free from collusion, corruption and nepotism (Kristiansen & Ramli, 2006, p.207). Indonesia experienced a major change in its democracy during the Reformation era, as the country shifted from a military-dominated authoritarian state to a democracy (Frederick & Worden, 2011, p.xl). As a result of this shift, Indonesia has become the world's third largest civilian democracy (after India and the United States), is the largest Muslim-majority democracy, and holds the world's largest direct presidential elections (Frederick & Worden, 2011, p.xl).

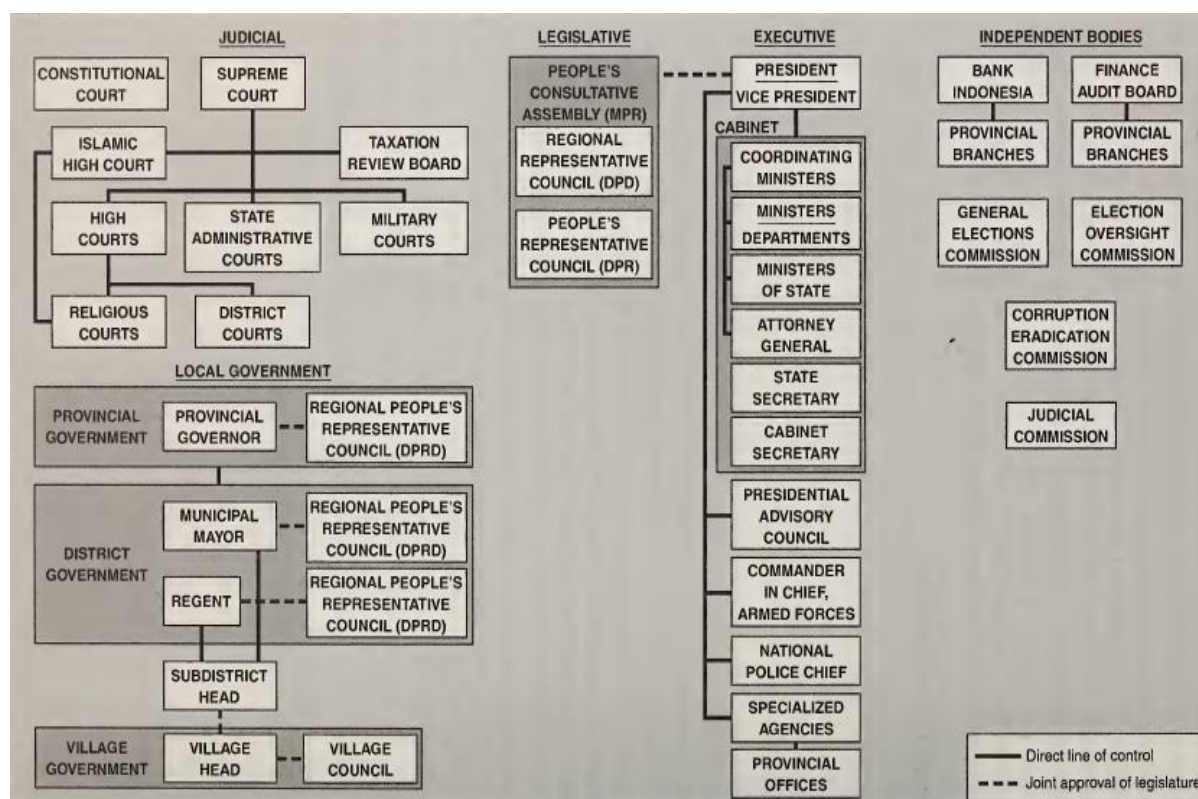
Government and politics

During the Reformation era, Indonesia's constitution was first amended in 1997. The 1945 constitution has been amended four times, most recently in 2002 (King, 2011, p.231; Fourth Amendment of the 1945 Constitution, 2002). The original 1945 constitution established a presidential system with major parliamentary characteristics, in which the president and vice president were elected by the '*Majelis Permusyawaratan Rakyat*' (MPR), translated into English as the '*People's Consultative Assembly*' (King, 2011, p.234). The amended constitution emphasises a strengthening of the presidential system, with extensive separation of powers and checks and balances. In the executive branch, the amended constitution limits the period of presidency to two five-year terms (First Amendment of the 1945 Constitution, 1999, Article 7). The president and vice president as a team are chosen through direct popular elections (Third Amendment of the 1945 Constitution, 2001, Article 6A). The president appoints cabinet members without requiring approval by the legislative branch (First Amendment of the 1945 Constitution, 1999, Article 17). The cabinet members consist of the lead ministers of a number of ministries, the coordinating ministers of legal, political and security affairs, economic affairs and people's welfare, the state secretary, the attorney general and the cabinet secretary (King, 2011, p.241).

The amended constitution gives legislative power to the Indonesian parliament, consisting of the '*Dewan Perwakilan Rakyat*' (DPR or, in English, the '*People's Representative Council*') and the less powerful upper house, the '*Dewan Perwakilan Daerah*' (DPD, in English, '*Regional Representative Council*') (First Amendment of the 1945 Constitution, 1999, Article 20-21; Second Amendment of the 1945 Constitution, 2000, Article 20A). Together, the DPR and DPD form the MPR (Fourth Amendment of the 1945 Constitution,

2002, Article 2). Prior to the amendments, the MPR elected the president and vice president (The 1945 Constitution, 1945, Article 6).

Figure 3.2. Structure of the Indonesian government



Source: King (2011, p.236)

Following the amendments, the MPR has restricted power to swear in the elected president and vice-president, and makes final decisions in impeachment processes (Third Amendment of the 1945 Constitution, 2001, Article 3). With regard to the judicial branch, the Supreme Court and Constitutional Court are at the top of the judicial system, with four equal court systems below the Supreme Court. These are: the courts of general civil and criminal jurisdiction, religious courts, state administrative courts, and military courts (Third Amendment of the 1945 Constitution, 2001, Article 24). Figure 3.2 shows the structure of the Indonesian Government.

During the reform period, a significant change was made to Indonesia's administrative division. Under the Soeharto era, Indonesia had a centralised government. In terms of public finance, local government relied on funds transferred from the central government, in addition to taxes collected locally (Lindbald, 2011, p.183). The People's Movement following the Asian financial crisis led to a decentralisation of government and through the second amendment of the 1945 Constitution in 2000, the MPR announced greater autonomy for local government (Second Amendment of the 1945 Constitution, 2000, Article 18; King, 2011, p.227). With this change, central government retained

responsibility for six policy areas; foreign relations, national defence, internal security, justice, monetary policy, and religion (Law on Local Government, 2004, Article 10) – while local governments (provincial and district governments) gained the power to manage all other policy areas. The role of central government in these areas is limited to interregional coordination, setting service-delivery standards and providing block grants (King, 2011, p.248). Although local governments have the right to raise revenues on their own (through local taxes and other contributions), taxation in Indonesia remains the prerogative of central government, which then distributes these tax revenues as block grants to local governments. Each local government receives grants determined by a complex formula that considers the geographical size, population and natural resource base of each unit (King, 2011, p.248).

The Indonesian political system is characterised by a powerful presidency and multiparty politics, with roughly equal democratic legitimacy for the president and the national legislature, since both are elected through popular elections. The drawbacks of this system are the possibility that the presidency and legislature may be controlled by different political parties, which may lead to a divided government, and the possibility of having a political outsider as president, with no experience of political compromise with the legislature (King, 2011, p.253).

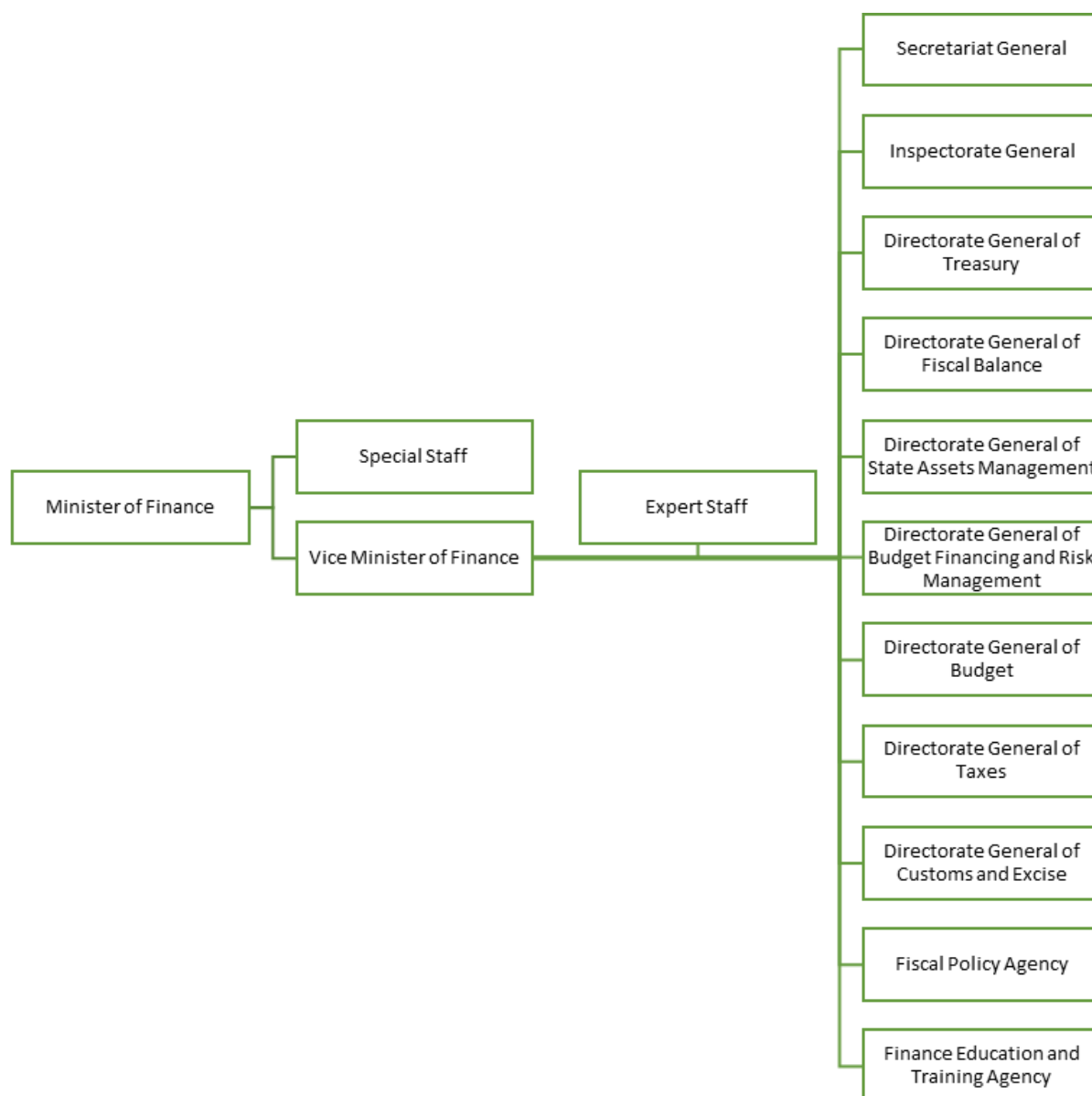
The Civil Service

One consequence of decentralisation was the reassignment of Indonesia's civil servants from central to local government. Many civil servants transferred to local government were teachers and healthcare workers (Lindbald, 2011, p.184). In 2015, the total number of Indonesian civil servants was 4,558,425, of whom 994,893 worked in central government and 3,613,532 worked in local government (Statistics Indonesia, 2016, p.55).

The Ministry of Finance

Indonesia's MOF has a mission statement consisting of five points: to achieve high compliance in tax and customs and excise, to implement prudent fiscal policy, to manage the central financial position with minimum risks, to ensure that revenues are distributed efficiently and effectively, and to recruit and retain the best talent by offering employees competitive value propositions (MOF, 2015, p.53). Indonesia's MOF is among the largest ministries in the country in terms of its span of control and number of employees, with 69,590 employees in 2015 (MOF, 2015, p.95). In fulfilling its mission, the MOF coordinates seven directorates, two agencies, one inspectorate general and one secretariat general, led by an echelon I, the highest echelon below the Minister of Finance (MOF, 2015, pp.61-62). Figure 3.3 presents the MOF's organisational structure.

Figure 3.3. MOF's organisational structure



Source: MOF (2015, pp.61-62)

Among the seven directorates in the MOF, two have responsibility for collecting state revenues: The DGT is responsible for collecting tax revenues, and the DGCE is responsible for collecting state revenues in the form of import duties and other international trade-related revenues. Indonesia is one of the countries that places their state revenue administration under multiple directorates of the MOF.

Two of MOF's units have a function relating to tax. The Fiscal Policy Agency, or *Badan Kebijakan Fiskal* (BKF) in Indonesian, is responsible for formulating and providing recommendations on fiscal policy, as well as other financial issues, and acting as a research and development unit for the MOF (Fiscal Policy Agency, 2015, p.2). The second organisation is the DGT, with the main responsibilities of implementing tax policies,

providing technical guidance and supervision, monitoring and evaluating tax compliance, and preparing the state's taxation report (DGT, 2015, p.38). Based on these arrangements, the DGT has only limited authority to influence Indonesia's tax policy, since tax policy formulation is handled by the BKF. Although the DGT has the authority to make tax rulings, in the form of both public and private rulings, this authority is limited to providing interpretations of tax law, which may be reviewed by the judicial bodies (OECD, 2015, p.33).

Tax Administration

A survey by the Organisation for Economic Co-operation and Development (OECD, 2015) shows that in some OECD countries (e.g. Estonia, Ireland, Sweden and the United Kingdom), revenue administration means the same as tax administration; thus, in these countries, the tax administrations are also responsible for collecting social contributions and excise (OECD, 2015, p.29). However, Indonesia's tax administration refers only to the DGT; even though the arrangement of Indonesia's revenue administration is categorised as a single directorate under the MOF, in practice it falls under multiple directorates. A recent development in Indonesia's tax administration arrangements is that the government has an agenda to separate the DGT from its current position under the MOF and give it greater autonomy; however, this process has been delayed, and may not be approved by the Indonesian parliament for a few more years (Pribadi, 2017).

According to the 2015 OECD survey, the common arrangement for tax administration is either under an MOF or through semi-autonomous agencies. The survey (OECD, 2015, pp.27,29) indicates four broad categories of institutional arrangements for tax administrations:

1. a single directorate within the MOF
2. multiple directorates within the MOF
3. a unified semi-autonomous body carrying out tax administration functions, the head of which reports to a government minister
4. a unified semi-autonomous body carrying out tax administration functions, the head of which reports to a government minister, with a management/oversight board comprising external officials.

Although the literature does not suggest that one type of institutional arrangement is superior to others, the OECD survey shows that tax administrations with a unified semi-autonomous body, with or without a management/oversight board, enjoy greater autonomy than those in single or multiple directorates of the MOF (OECD, 2015, pp.31-33).

In addition to collecting taxes, tax administrations have three major tasks: facilitating compliance, enforcing compliance and reducing tax evasion, and improving governance (Bird, 2010, pp.2-3). These three tasks are difficult to balance because they may be

contradictory. For instance, in facilitating compliance, the tax administration must interact closely with taxpayers in order to encourage voluntary compliance. However, this interaction may be abused by corrupt officials, potentially hampering the tax administration's task of improving governance.

Problems may also arise in the tax administration's enforcement of compliance and reduction of tax evasion. There is a common view among tax officials that taxpayers should be treated as potential criminals (Bird, 2010, p.4). This may make it difficult for them to perform their task of facilitating compliance. In handling these tasks, the literature suggests that it is important to keep the tax administration as simple as possible (Sandford, 2000, p.37; Casanegra de Jantscher & Bird, 1992, p.3; Silvani & Baer, 1997, 10; James, 2009, p.66), to treat taxpayers as clients or customers (Bird, 2010, p.4), to reform the organisation to make it an independent revenue authority or grant it an adequate level of autonomy (Jenkins, 1994, pp.76-77; Bird, 2010, p.4; OECD, 2015, p.23), and to use modern information technology (Das-Gupta & Mookherjee, 1998, p.269; OECD, 2015, p.243). Some of these recommendations have drawbacks; for example, simplicity may lead to inequity, and establishing an independent revenue authority requires strong political commitment, which is not possible in every country (Sandford, 2000, p.42).

All tax administrations are given a mandate to implement and enforce the tax legislation of their governments. In implementing tax laws, tax administrations are required to be efficient and effective, and at the same time fair and impartial (Crandall, 2010, p.3). The literature suggests that greater autonomy will lead to greater efficiency and effectiveness (OECD, 2015, p.31). Crandall (2010, p.5) suggests that the level of autonomy of tax administrations is reflected in each country's 'provision in the Revenue Law (including Tax Procedures, Codes and references to institutional or governance issues), its reporting relationship to the Minister of Finance, to the financial secretary, or other institutions, its ability to design and implement operational policy, and its organisational structure and operational responsibilities'.

The power given by tax law to the tax administration varies from country to country. Das-Gupta and Mookherjee (1998, p.269) state that these powers are also reflected in the obligations of taxpayers and third parties to provide tax-related information, such as salary details of their employees). Other forms of power include sanctions for non-compliance, ranging from fines and penalties to several years in jail, and the power of search and entry in order to obtain tax-related information. On the other hand, tax law usually has formal legislation or a declaration of taxpayer rights, and an ombudsman to examine complaints made by taxpayers.

Tax administrations operate in a very complex environment of external actors, forces and circumstances. Bird (2004, pp.138-139) classifies six important factors for tax administrations: economic environment, legal environment, fiscal policy, political factors, public institutions, and cultural factors. These factors determine the effectiveness of the tax administration in performing its functions. Bird (2004, pp.138-139) and Gill (2000, p.12-16) summarise why they are important. First, the tax administration's task of collecting tax revenues depends on many factors in the economic environment; for example, changes in gross domestic product (GDP), interest rates, consumer behaviour and business cycles impact on the tax collected. Increasing levels of inflation may lead to delays in tax payments. Increasing economic openness may bring new problems to the tax administration. For example, multinational companies may have transfer pricing issues regarding how profits are shared between companies in different tax jurisdictions, tax arbitration problems and a need for tax treaties with foreign tax jurisdictions (Gill, 2000, p.12). The informal sector and cash transactions may create a hard-to-tax sector requiring legal intervention to bring it back into the tax system (Bird, 2004, p.139). These factors in the economic environment may affect the performance of tax administrations, which may be reflected in the amount of tax collected and influence the resources required and the strategies adopted by tax administrations in pursuing their objectives.

Second, the legal environment comprises the constitution through tax laws that give taxation powers to the tax administration and differentiate the types of tax to be administered by central or local government. Tax law is crucial for tax administrations, as it grants them the power to enforce tax policy. Thus, a tax policy with too many objectives to support social and economic policy may lead to complicated tax laws that are difficult to implement (Bird, 2004, p.139). Complicated tax laws may mean that a large number of taxpayers are unable to understand them, creating problems especially for tax administrations with self-assessment systems. Complicated tax laws increase the possibility that taxpayers will make mistakes in their tax returns, requiring the tax administration to make corrections to revise these mistakes, for example in the form of tax refunds, at the expense of considerable cost and time (Gill, 2000, p.13). Adjusting tax laws to catch up with business trends may create problems. Frequent amendments to tax laws require tax administrations to educate taxpayers about the new regulations, establish new computer systems, and create new tax forms and procedures in line with the new legislation.

Third, fiscal policy, in terms of the level of government expenditure, debt financing and fiscal deficit, determines the amount of tax that can be collected by the tax administration. The higher the level of national debt or fiscal crisis, the stronger the pressure for the tax administration to collect more tax (Gill, 2000, p.12). Fourth, political factors affect tax

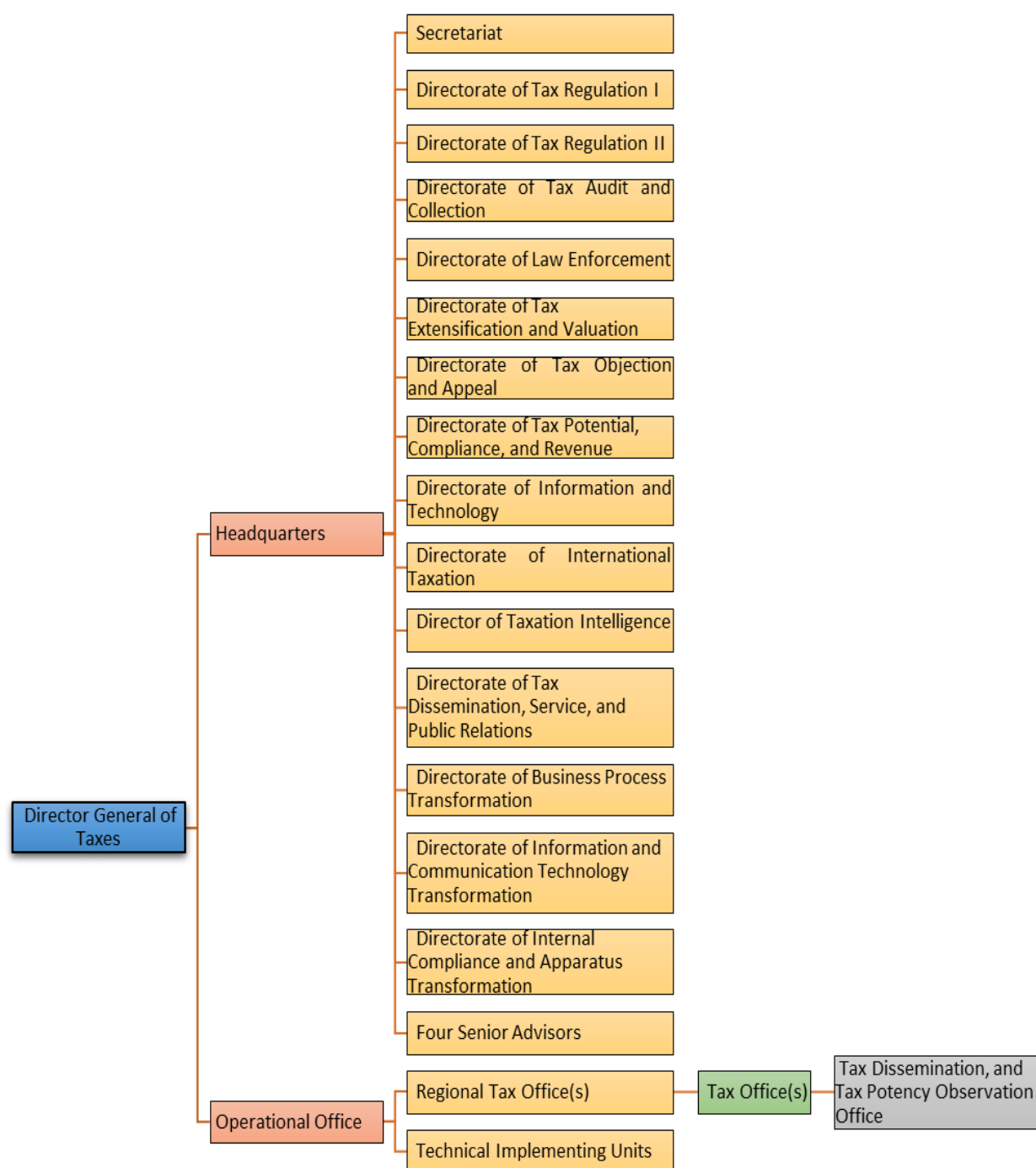
administrations in terms of public acceptance of the government in general. A strong government will tend to support the tax administration's actions to reduce tax evasion, while politicisation of a tax administration will lead to uncertainty in its operation (Bird, 2004, p.138). Fifth, as part of a larger public sector, the tax administration adopts all features that characterise other public-sector institutions, including systems, procedures, norms and attitudes. The tax administration is part of the public civil service, and is therefore subject to the regulations and pay schemes applicable to other areas of the civil service. Common pay schemes bring problems of retaining high-performing tax officials because they will tend to move to private-sector companies offering them higher pay. On the other hand, similarity with other public sector areas, such as internal control, presents the tax administration with the problem of minimising corruption among its officials, as these officials are presented with greater opportunities to become corrupt (Gill, 2000, p.15). Lastly, cultural factors, such as levels of institutionalised corruption, public morality standards and taxpayers' behaviour, affect the tax administration through the behaviours of all parties in their tax-related interactions (Bird, 2004, p.138).

Directorate General of Taxes

As one of the directorates under the MOF responsible for collecting state revenues, Indonesia's DGT is assigned to perform seven functions: preparing taxation policy; implementing tax policies; preparing taxation norms, standards, procedures and criteria; providing technical guidance and supervision of taxation; monitoring, evaluating and reporting on taxation; administering the DGT; and performing other functions assigned by the Minister of Finance (DGT, 2015, p.38).

In 2015, 37,038 (53%) of the MOF's 69,590 employees were working in the DGT (MOF, 2015, p.95), making it the largest directorate under the MOF. This is also reflected in its organisational structure and the variety of functions it performs. DGT's organisation has two main parts: the headquarters and the operational office (DGT, 2015, p.39). Its headquarters consists of 14 directorates with the main responsibilities of formulating policies in order to implement and interpret tax laws, and facilitating technical and administrative support relating to HR, organisational finance and other utilities (DGT, 2015, p.39). The operational office consists of four types of operations: technical implementing units located in five cities in Indonesia, regional tax offices, (local) tax offices, and tax service, dissemination and consultation offices (TSDCOs) located across Indonesia (DGT, 2015, p.40). Figure 3.4 shows DGT's organisational structure.

Figure 3.4. Organisational structure of the DGT



Source: DGT (2015, pp.38-41)

DGT's organisational structure indicates the human resources required to achieve its aims and objectives. The headquarters is designed as a centre for policy making and analysis, and is responsible mainly for designing regulations to implement tax policy, conducting certain types of tax investigation and representing the organisation in tax courts for tax appeals (DGT, 2007, p.16; 2015, pp.39-40). To carry out these responsibilities, the headquarters needs employees who are familiar with policy design (DGT, 2009b, p.30). These employees are required to work with the DGT's stakeholders during policy

discussions. Employees involved in tax investigations and representing the DGT in the tax courts need to be capable of dealing with large taxpayers, because most tax investigations and tax appeals involving such taxpayers are handled by the headquarters (DGT, 2007, p.20).

Technical implementation units perform the functions of handling tax documents received from taxpayers and tax-related data received from other government and private institutions, as well as from other tax authorities. Their functions also include distributing the documents and data to appropriate offices where the taxpayers are registered, to enable them to monitor that the right amount of tax is being paid. Since many tax documents and data are in electronic form, those working in technical implementation units must have knowledge of information technology (DGT, 2007, p.20; DGT, 2015, p.40).

Regional tax offices (RTOs) perform the functions of coordinating, controlling, analysing and evaluating tax office operations. RTOs need employees with good interpersonal skills who are familiar with the organisational culture, because they have to deal largely with other people in the headquarters and offices within their region. Tax auditors and tax objection reviewers in the RTOs usually deal with investigations and disputes involving large taxpayers within their jurisdiction; thus, they need a good taxation and accounting background (DGT, 2007, p.20; DGT, 2015, p.40).

Tax offices perform the functions of delivering tax services, disseminating tax information, supervising taxpayers and achieving tax revenue targets. For these functions, tax offices need employees with good communication skills to be able to interact with taxpayers, and excellent tax knowledge, enabling them to achieve tax revenue targets, deliver tax consultation and services, and carry out tax audits. Those assigned to tax offices within the Large Taxpayers RTO and Jakarta Special RTO are also required to have knowledge of international taxation and taxation for specific taxpayers, such as state-owned enterprises and oil and gas companies (DGT, 2007, p.20; DGT, 2015, p.40).

Tax dissemination, and tax potency observation offices serve taxpayers in remote areas unreached by tax offices (DGT, 2015, p.40). They actively assess tax potential and disseminate tax policy to taxpayers in remote areas. Employees in these offices must be willing to be placed in remote areas and must have excellent communication skills and tax knowledge to be able to assist new taxpayers in complying with their tax obligations (DGT, 2007, p.20; DGT, 2015, p.40).

Although the DGT as an organisation is accountable for achieving its tax revenue targets, the operational office is the unit that interacts directly with taxpayers, and is thus responsible for meeting tax revenue targets proportional to national targets (DGT, 2015,

pp.49-50). The amount of tax revenues to be collected by the DGT for each fiscal year is determined in the state budget following approval by the DPR (State Budget for the Fiscal Year 2017, p.3). DGT tax revenue target increases each fiscal year, influenced mainly by the amount of revenue needed to finance state expenditure, and by various indicators such as economic growth, inflation rates and currency exchange rates (Explanation of State Budget for the Fiscal Year 2017, p.1). For the fiscal year 2017, the DGT was responsible for collecting more than 85 per cent of the state budget (State Budget for the Fiscal Year 2017, Appendix II), reflecting the importance of the organisation in providing financing for government programmes.

More than 50 per cent of DGT operational offices and employees are located in Java (249 offices with 24,429 employees), followed by Sumatera (155 offices with 6,560 employees), Kalimantan (57 offices with 2,185 employees), Sulawesi and North Maluku (66 offices and 2,434 employees), Bali and Nusa Tenggara (36 offices with 1,698 employees), and Papua and Maluku (23 offices with 681 employees) (DGT, 2015, p.11). The distribution of the DGT operational offices and employees reflects the distribution of Indonesia's population (see Figure 3.1 for the distribution of Indonesia's population), as such there are DGT units in Kalimantan Island, Maluku Archipelago and Papua Island, which are less densely populated areas.

Compared with other countries' tax administrations, the DGT has relatively limited autonomy in revenue administration. Other than making tax rulings, Indonesia's tax administration also has authority to remit penalties/interest and set service standards without requiring external approval (OECD, 2015, p.32). Costa Rica's tax administration has the same level of autonomy as Indonesia. Other tax administrations with a slightly greater level of autonomy include Brazil and Portugal, which also have autonomy over staff recruitment criteria, and Cyprus, which has autonomy to design its internal structures (OECD, 2015, p.31). Based on the 2015 OECD survey, tax administrations with a greater level of autonomy have authority to design their internal structures, re-allocate their budgets, fix the levels and mix of staff, influence staff recruitment criteria, hire and dismiss staff and negotiate staff pay levels, in addition to the authority held by Indonesia's DGT. The tax administrations of Australia, Canada, the United Kingdom and the USA have greater levels of autonomy (OECD, 2015, p.32).

In term of the types of tax it collects, Indonesia's tax administration is responsible for collecting personal and corporate income tax, value added tax, and land and building tax for the plantation, forestry and mining sector (MOF, 2015, pp.150-151). No tax administration in OECD countries has responsibility for a similar number of taxes. Compared with non-OECD countries, in addition to the types of tax collected by the DGT, Cyprus's tax administration also has responsibility for collecting excise duties; Singapore's

tax administration is also responsible for collecting estate tax, and Morocco's tax administration is responsible for collecting motor vehicle tax. Some OECD tax administrations, such as Estonia, Ireland, Slovenia and the United Kingdom, are also responsible for collecting social security contributions, excise and other taxes, such as estate, wealth and motor vehicle tax (OECD, 2015, p.29).

With regard to its HRM, the DGT does not have authority to fix the levels or mix of staff, influence staff recruitment criteria, hire and dismiss staff, or negotiate staff pay levels (OECD, 2015, p.32). Authority for these HR practices lies with the MOF. As an employer, the DGT competes with the private sector to retain its employees, since both the DGT and private companies have a high demand for employees with a good knowledge of taxation (Suryowati, 2014). Having many operational offices located in small cities and remote areas leads to other problems, especially in retaining employees and guaranteeing equal treatment in job rotation (OECD, 2015, p.94).

With regard to its organisational arrangements, Austria, the Netherlands, Portugal and Hong Kong have similar arrangements to the DGT, placing their tax administrations under a single directorate of the MOF. Other countries assign their tax administrations to multiple directorates of the MOF (e.g. Belgium, Luxembourg and Thailand), to a unified semi-autonomous body (e.g. Australia, Japan, Brazil and South Africa) or to a unified semi-autonomous body with a formal board or advisory group comprising external officials (e.g. Canada, the United Kingdom, the USA and Singapore; OECD, 2015, p.29).

Indonesia's Civil Service Law

The Indonesian Civil Service Law applies to civil servants working in central and local government. The law sets out the principles of HRM for government institutions. These principles include the types of civil service position, civil service ranks, recruitment processes, pay, performance evaluation, employee placement, job rotation and termination of employment. The Ministry of State Apparatus regulates and supervises the implementation of Civil Service Law to guarantee that HR practices in all government institutions follow the same standards. Each ministry has its own characteristics. For example, the Ministry of Foreign Affairs has employees working abroad and must therefore regulate pay in foreign currencies, and several ministries have many units across the country, requiring more comprehensive regulation of job rotation. For these reasons, the government allows its ministries to create some regulations to suit their characteristics, and assigns the Ministry of State Apparatus to perform a monitoring function. Similarly, at Ministry or provincial level, some HR regulations are delegated to directorates or regencies/cities. This is because directorates under the same ministry may perform different functions that require specific HR arrangements. For example, in the MOF, the

DGT has tax auditors, account representatives and tax bailiffs whose job requirements and performance appraisal need specific regulations.

Compared to reform of government organisations, reforms to Indonesia's civil service laws are progressing much more slowly. Many civil service regulations from the New Order era (between 1965 and 1997) are still being implemented. In 2014, the Indonesian parliament and the President passed a new law to regulate the State Civil Apparatus (*Aparatur Sipil Negara*). The new law, Law no. 5, replaced Law No. 8 of 1974, and came into effect in January 2016, once the government had prepared all related regulations for implementation (Law on the State Civil Apparatus, 2014, Article 134). The main difference between the new law and previous laws is that the new law emphasises a merit system and more transparent, competitive HRM based on competency. When the fieldwork for this study was completed in September 2015, the government had not yet finished setting up all regulations relating to the implementation of the new law, so many of the HR regulations discussed in this thesis refer to the old law. However, the MOF and the DGT had started to apply some of the new law to their HRM. The implementation of the new law can be seen in DGT's new promotional system implemented in 2015 and its employee performance evaluation implemented for the first time in 2011.

Types of civil servant positions

There are three types of position in Indonesia's civil service. The first are structural positions, which indicate employees' responsibility, authority and right to lead a government unit. The second are functional positions, which indicate people's responsibility, authority and right to carry out their main duties and their expertise to achieve the organisation's goal. The third are specific functional positions, which indicate employees' responsibility, authority and right to use their specific skills and expertise independently. Promotion is determined by the number of credits required for each position (DGT, 2013, p.68).

For each job position, a job title and a range of grades are assigned. The authority to assign employee job titles rests with the Ministry of State Apparatus, while grading decisions are delegated to ministry level (Minister of State Apparatus Decree, 2003; President Decree, 2014, Article 6). The grade determines the amount of performance-related pay (additional payments to civil servants) for employees, in particular job positions and with certain job titles.

Civil service rank

When civil service candidates pass the selection process and enter their probation period, they are given a rank and rank group that determine their salary. The rank and rank group

are established according to a regulation for civil service salaries through a Presidential decree. This regulation classifies Indonesian civil servants into 17 ranks, with four rank groups having four to five sub-rank groups, as shown in Table 3.1.

Table 3.1. Indonesia's civil servant ranks and rank groups

No.	Rank			Description
	Name	Group	Sub-Group	
1	Juru Muda	I	a	For applicants who have graduated from Elementary School
2	Juru Muda Tingkat 1		b	
3	Juru		c	For applicants who have graduated from Junior High School
4	Juru Tingkat 1		d	
5	Pengatur Muda	II	a	For applicants who have graduated from High School or Diploma I
6	Pengatur Muda Tingkat 1		b	For applicants who have graduated from Diploma II
7	Pengatur		c	For applicants who have graduated from Diploma III
8	Pengatur Tingkat 1		d	
9	Penata Muda	III	a	For applicants who have graduated from Diploma IV or hold an undergraduate degree
10	Penata Muda Tingkat 1		b	For applicants with a Master's degree
11	Penata		c	For applicants with a PhD degree
12	Penata Tingkat 1		d	
13	Pembina	IV	a	
14	Pembina Tingkat 1		b	
15	Pembina Utama Muda		c	
16	Pembina Utama Madya		d	
17	Pembina Utama		e	

Note: Indonesian terms are retained for civil servant ranks because they do not translate meaningfully. People in the HR Division use employees' rank group and sub-rank group for salary payments and promotions. Source: President Decree (1977, Attachment I).

In addition to their ranks and rank groups, civil servants' salaries are also determined by their years of service, so a civil servant who has worked for longer will receive a higher salary. Employees may climb to a higher rank, but promotion is limited by their educational background. A high-school graduate can only be promoted to rank IIIb, while those with a Master's degree can be promoted to rank IVa. Table 3.2 shows the maximum promotion levels in rank and rank group for an employee who held certain educational background.

Table 3.2. Maximum promotion in civil servant ranks and rank groups

No.	Educational Background	Rank		
		Name	Group	Sub-Group
1	Graduated from Elementary School	Pengatur Muda	II	a
2	Graduated from Junior High School	Pengatur		c
3	Graduated from the first level of Vocational School	Pengatur Tingkat 1		d
4	Graduated from High School, Diploma I or Diploma II	Penata Muda Tingkat 1	III	b
5	Graduated from Diploma III	Penata		c
6	Graduated from Diploma IV or holding an undergraduate degree	Penata Tingkat 1		d
7	Holding a Master's degree	Pembina	IV	a
8	Holding a PhD degree	Pembina Tingkat 1		b

Source: (DGT, 2013, pp.69-70).

Recruitment process

Until 2015, regulations for recruitment still referred to Law number 8/1974 and its latest amendment in 1999, which stated that for all state ministries, authority for recruiting new employees lay in the hands of the minister of that ministry (DGT, 2013, p.3). Thus, for a directorate such as the DGT, employee recruitment was handled by the MOF. The government sets general (administrative) requirements for entering the selection process to become a civil servant. Among various administrative requirements is a statement that one is not involved with a political party, whether as a member or on a committee, and a statement of willingness to be placed throughout Indonesia or another country appointed by the government (DGT, 2013, p.4).

Three parties are involved in the recruitment of a directorate's employees (DGT, 2013, pp.3-4). The first is the ministry, which decides on the number of employees and the educational criteria for acceptance into the organisation. The number of new employees is decided once the ministry's HR bureau has received information from its directorates about the number of staff they require in order to carry out their functions. All selection processes are led by the ministry's HR bureau with the involvement of officials from several directorates, especially during the interview process. The second party is the National Civil Service Agency (*Badan Kepegawaian Negara/BKN*), an organisation that issues an identification number to civil servants who pass their probation period. The last party is the ministry's directorate as the end user of new employees, which then assigns the new employee to work in any unit within the directorate's organisation.

Pay

The main components of pay for DGT employees are salary and performance-related pay. Salaries follow the regulations applying to all Indonesia's civil servants, so the salary of MOF employees is the same as for other Indonesian civil servants. This is decided by the government with the approval of the DPR, and is regularly adjusted in light of inflation rates. No government organisation has the power to influence the level of employee salaries.

It is a common belief in Indonesia that civil servants are poorly paid and that their low salaries cause corruption. However, Filmer and Lindauer (2001, p.189) compare the salaries of civil servants and their counterparts in the private sector and find that civil servants who have graduated from high school or lower have higher salaries than those working in the private sector. Only for those with educational levels higher than high school are salaries considered to be lower. Furthermore, Filmer and Lindauer state that corrupt behaviour is opportunistic, rather than a response to low pay. When the risk of being

caught is low and the punishment is minimal, civil servants are more likely to become corrupt (Filmer & Lindauer, 2001, p.201).

Performance-related pay is based on the job title and grade assigned to each employee. Since authority to assign an employee's grade is delegated to ministry level (Minister of State Apparatus Decree, 2003; President Decree, 2014, Article 6), the performance-related pay of Indonesia's civil servants differs across ministries. Performance-related pay and other payments applied to DGT employees are discussed in Chapter 5.

Performance evaluation

Three types of performance evaluation apply to Indonesia's civil service. The first is used for promotion within the employee's rank and rank group for civil servants in a particular structural position, which then also determines their salary (President Decree, 1979). Employees' performance is measured by assessing a list of work achievements (*Daftar Penilaian Pelaksanaan Pekerjaan/DP3* in Indonesian), consisting of eight elements (President Decree, 1979, Article 4):

- loyalty to the state and nation
- work performance
- responsibility
- obedience
- honesty
- teamwork
- initiative
- leadership.

This emphasises assessment of employees' behaviour, which is carried out by the employee's line manager and does not involve peers or subordinates. A weakness of this regulation is that it is very subjective and lacks transparency, since the only evaluator is the line manager, so it may fail to differentiate employees with good job performance from those who are not performing in their job as it only emphasises behaviour.

The second form of performance evaluation applies to those in functional positions. This is determined by the Ministry of State Apparatus, based on the type of job title in the functional position (e.g. tax auditors in the MOF, doctors in the Ministry of Health). Thus, Indonesia has many performance evaluations for functional positions. These mainly regulate the formulae used to calculate the number of credits required for promotion of those in functional positions to higher ranks and rank groups (Minister of State Apparatus Decree, 2003).

The third form of performance evaluation is used to determine promotion in employees' grades, so different ministries have different regulations. Table 3.3 summarises the performance evaluation of Indonesia's civil servants.

Table 3.3. Summary of performance evaluation of Indonesia's civil servants

Regulations	Applicable to	Purposes	Affect
President Decree, No. 10/1979	Those in a structural position	Rank and rank group promotion	Salary
Minister of State Apparatus	Those in a functional position	Rank and rank group promotion	Salary
Regulation at ministerial level	Structural and functional positions	Grade promotion	Performance-related pay

Source: President Decree (Nos. 10/1979; 156/2014); Minister of State Apparatus Decree (2003).

Employee placement, job rotation and termination of employment

Authority to place, rotate and terminate a civil servant's employment is delegated by the President to ministry level for central government, and to provincial level for local government (Amendment of Law on Civil Service No. 8/1974, 1999, Article 25). Such regulations differ from one ministry to another, and from one province to another, usually reflecting the characteristics of each ministry or local government unit. Chapter 5 discusses implementation of the Civil Service Law in the DGT.

Conclusion

This chapter has briefly presented Indonesia's tax administration. Several HR practices relating to the research questions have been identified. First, the DGT has limited autonomy to fix its levels and mix of staff, influence staff recruitment criteria, hire and dismiss staff, or negotiate staff pay levels. However, the organisation competes with private companies that have greater flexibility to determine their HR policies. The DGT has to follow the HR regulations applying to all of Indonesia's civil servants and specific HR regulations determined by the MOF, such as performance evaluation and performance-related pay. Many of these HR regulations have been inherited from the New Order era, and do not fit with current developments.

Second, DGT operational offices, such as tax offices and TSDCOs, are spread across Indonesia, and the job rotation regulation applying to some job positions means that employees have to relocate unwillingly from their home cities to other cities. All these conditions make employee retention more challenging.

Third, the DGT is responsible for administering and collecting tax revenues for central government. However, it has limited authority to determine tax revenue targets or design its internal structure. DGT tax revenue targets are determined by the government in the state budget approved by parliament, and these targets increase every year. Changing the design of its internal structure requires MOF approval. These conditions affect employees since they are directly involved in tax collection, while the DGT as an organisation is inflexible to change.

Lastly, the DGT has autonomy to make regulations only if the MOF delegates authority, and most of this authority relates to the implementation and interpretation of tax laws,

with little autonomy with regard to tax policy. Most tax regulations are designed by the MOF, through the Fiscal Policy Agency, prior to parliamentary approval. The Indonesian political system, in which the President and the legislature are controlled by different political parties, makes it difficult to amend tax laws and affects DGT's responsiveness to changes in its environment.

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

Introduction

The purposes of this chapter are fourfold. Firstly, it provides a detailed discussion about case study design and case study site selection, which are two of the Jakarta's Regional Tax Offices (RTOs). Secondly, it highlights methodological lessons learnt from the employee turnover literature. Thirdly, it explains the methods used in this research, as well as exploring and clarifies some of the methodological issues emerging from the research. The last section summarises research design and methods chosen for this research.

Research Objectives

This research seeks to understand the underlying causes of employee turnover in Indonesia's DGT. The findings will be used to analyse DGT retention strategy. To achieve this end, the following research questions were adopted to follow the primary purposes, as they are illustrated in Table 4.1.

Table 4.1. Research questions and purposes

	Research Questions	Purposes
1.	What are the factors that influence the stayers' intention to stay or leave the DGT, and motivate the leavers' decision to quit their job?	<ul style="list-style-type: none">- To explore the factors that influence the stayers' intention to stay or leave the DGT.- To explore the factors that influence the leaver's decision to leave the DGT.
2.	To what extent do these factors determine the stayers' intention to continue or to end their employment with the DGT, and the leavers' decision to quit?	<ul style="list-style-type: none">- To understand how these factors are encouraging or preventing the stayers' intention to stay or leave the DGT.- To understand how the factors are encouraging the leavers' past decision to leave the DGT.
3.	To what extent have DGT retention strategies affected employees' intention to stay or to leave their job, especially for the professional staff (middle managers, tax auditors and tax specialists)?	<ul style="list-style-type: none">- To explore employees' perception of DGT retention strategies.- To examine DGT retention strategies by comparing the similarities and differences of factors that influence the stayers' and the leavers' decision/intention to leave.- To examine whether human resource (HR) practices influence turnover intention and actual turnover.
4.	To what extent does the Price and Mueller's model of turnover explain the problem of employee turnover in Jakarta and in the DGT in general?	<ul style="list-style-type: none">- To examine Price and Mueller's model of turnover in explaining the employee turnover problem in the DGT.

Case Study Design

The research focuses on professional staff. In this research, professional staff are those who are managers (who hold echelon III and IV positions), tax auditors (including tax appraisers) and tax specialists, consisting of account representatives and tax objection reviewers. The focus on professional staff was due to the DGT statement that, during its bureaucratic reform, many of its tax specialists and managers had left their jobs (Suryowati, 2014). Although voluntary turnover also occurred in other job positions, such as administrators or lower skilled employees, much of the associated literature states that professional and non-professional workers identify different factors that influence their job satisfaction and motivation (Smith & Nock, 1980, p.59; Schneider & Vaught, 1993, p.73). Non-professional workers identify different factors that influence their decision to stay or leave their jobs, which is not the interest of this research.

Case study sites selection: Jakarta Special RTO and South Jakarta RTO

The regional tax office is chosen as the case study site. As mentioned in Chapter 3, one regional office consists of the RTO itself, several tax offices, and tax services, dissemination and consultation offices if the regional office also serves taxpayers in some remote areas (see DGT's organisational structure for RTO in Figure 3.4, Chapter 3). Usually offices within the same RTO shares some similarities; for example, offices under Large-taxpayer RTOs serve nationally large taxpayers, while offices under the Jakarta Special RTO serve foreign investment companies, permanent establishment and expatriates, oil and gas companies and publicly listed companies. Choosing RTOs as the research location is expected to enrich the analysis and enable the identification of any differences in turnover problem, due to the different characteristics of the RTOs and HR practice discretion.

The RTOs chosen as the case study sites are selected based on the rate of voluntary turnover of the professional staff between 2009 and March 2015. Two RTOs were chosen: the RTO that represents the highest rate of professional staff turnover and the RTO that represents the lowest rate of professional staff turnover. These characteristics, facilitate examination of similarities and differences between the two RTOs due to their characteristics and HR practices, which also have an influence on employee decisions to leave.

Since the DGT did not publicise information about the number of employees voluntarily leaving each RTO in its annual report, this information needed to be requested in order to choose the research locations. Based on the information obtained from the DGT, the following table is presented to show the number of voluntary turnover between 2009 and

2015 and highlights the number of professional staff who voluntarily left in Jakarta, the case study of this research:

Table 4.2. Voluntary leaving in the DGT between January 2009 and March 2015

No.	Units Organisation or Regional Tax Offices	The Number of Voluntary Leaving in 2009 - 2015					Total
		Admin. Staff + Computer Technicians	Professional Staffs			Subtotal	
			Managers	Tax Auditors	Tax Specialists		
(1)	(2)	(3)	(4)	(5)	(6)	(7) = (4)+(5)+(6)	(8) = (3)+(7)
1	Headquarters	12	4	0	4	8	20
2	West Jakarta	5	1	1	4	6	11
3	Special Jakarta	2	4	6	11	21	23
4	Central Jakarta	2	6	3	4	13	15
5	South Jakarta	3	3	3	4	10	13
6	East Jakarta	5	0	1	5	6	11
7	North Jakarta	2	0	1	4	5	7
8	Large Taxpayer	2	0	2	9	11	13
9	Aceh Regional Tax Office	1	1	0	0	1	2
10	Bali	2	1	0	2	3	5
11	Banten	1	2	3	3	8	9
12	Bengkulu dan Lampung	0	1	0	0	1	1
13	DIY	2	1	0	2	3	5
14	West Java I	4	5	2	4	11	15
15	West Java II	6	2	3	2	7	13
16	Central Java I	3	3	0	1	4	7
17	Central Java II	5	0	2	1	3	8
18	East Java I	4	0	1	0	1	5
19	East Java II	4	3	1	1	5	9
20	East Java III	3	2	0	0	2	5
21	West Kalimantan	1	1	1	1	3	4
22	South and Central Kalimantan	6	3	3	0	6	12
23	East Kalimantan	3	3	4	0	7	10
24	Nusa Tenggara	2	2	0	0	2	4
25	Papua and Maluku	2	0	0	1	1	3
26	Riau and Riau Islands	1	3	2	1	6	7
27	South, West and South East Sulawesi	0	2	0	2	4	4
28	North Sulawesi, Central Gorontalo and North Maluku	0	0	4	0	4	4
29	West Sumatera and Jambi	1	3	2	2	7	8
30	South Sumatera and Bangka and Belitung Islands	0	6	2	2	10	10
31	North Sumatera I	2	4	4	0	8	10
32	North Sumatera II	1	4	0	0	4	5
33	Kupang	0	0	1	0	1	1
34	Purwokerto	0	0	1	0	1	1
	Total	87	70	53	70	193	280

Source: Data Provided by DGT's HR Division

Table 4.2 shows that not all RTOs have voluntary turnover in all targeted job positions of the research. For example, Bengkulu and Lampung RTO (line no. 12) did not have leavers who were tax auditors or tax specialists, while Papua and Maluku RTO (line no. 25) did not have leavers who were managers or tax auditors. Thus, it is not possible to conduct the research in these RTOs.

The headquarters (in Table 4.2) and RTOs that are located in Jakarta (line nos. 2-8, highlighted in yellow) count for 80 leavers, which is around 41% of professional staff leavers between the year 2009 and 2015; thus, Jakarta is selected to be the case study. Another reason for this selection is that 73 out of 341 or around 21.4% of DGT tax offices are located in Jakarta (see Table 5.1 in Chapter 5). Based on these considerations, and since this research cannot cover the whole DGT, the objectives of the research can still be achieved by choosing Jakarta as the focus of the research.

Based on the rate of professional staff turnover, as illustrated in Table 4.3, two RTOs (the highlighted RTOs in Table 4.3) were selected as the embedded case study.

Table 4.3. Rate of professional staff turnover in Jakarta

No.	Units Organisation/ Regional Tax Offices in Jakarta	Number of Professional Staff				Number of Voluntary Leaving 2009-2015				Voluntary Leaving per Year	Rate of Professional Staff Turnover
		Managers	Tax Auditors	Tax Specialists	Total	Managers	Tax Auditors	Tax Specialists	Total		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
					= (3) + (4) + (5)				= (7) + (8) + (9)	= (10) / 6 years	= (10) / (6)
1	Headquarters	218	89	102	409	4	0	4	8	1.33	0.33%
2	Central Jakarta	201	295	407	903	6	3	4	13	2.17	0.24%
3	West Jakarta	147	205	315	667	1	1	4	6	1	0.15%
4	South Jakarta	169	275	417	861	3	3	4	10	1.67	0.19%
5	East Jakarta	125	178	288	591	0	1	5	6	1	0.17%
6	North Jakarta	115	175	247	537	0	1	4	5	0.83	0.16%
7	Jakarta Special	110	496	372	978	4	6	11	21	3.5	0.36%
8	Large Taxpayer	59	214	194	467	0	2	9	11	1.83	0.39%
	Grand Total				5,413				80	13.33	

Note : The number of professional staff is based on DGT HR database in March 2015. The number is assumed as the average number of professional staff per year because it is the only data provided by the DGT when selecting the case study sites.

Source : DGT HR Division

Table 4.3 shows that four offices, which are the Headquarters (line no. 1), East Jakarta RTO (no. 5), North Jakarta RTO (no. 6), and Large Taxpayer RTO (no. 8), did not have all of the targeted job positions among their leavers. Even though Large Taxpayer RTO had the highest rate of professional staff voluntary turnover (0.39%), this office did not have a leaver who held manager position and was, therefore, not selected for the research. Three other offices (i.e. the Headquarters, East Jakarta and North Jakarta RTO) were not selected for the research based on the same consideration. Jakarta Special RTO (highlighted in green), which recorded the second highest rate of professional staff turnover (0.36%), was chosen to represent the RTO with the highest rate of professional staff turnover, whilst including all positions amongst its leavers. 21 professional staff left Jakarta Special RTO between 2009 and March 2015. This number consists of 4 managers, 6 tax auditors and 11 tax specialists.

Table 4.3 shows that the lowest rate of professional staff turnover is held by the West Jakarta RTO (line no. 3) with 0.15% of its professional staff leaving during the research period. West Jakarta RTO was not selected for the research even though it had all targeted job positions, West Jakarta RTO only had 1 leaver who held manager position and 1 leaver who held tax auditor position. Thus, there is a risk associated with choosing this RTO as the research location; if the targeted participants (in this case the manager and tax auditor) decline to participate, then it means this RTO will not have all targeted job positions. The second lowest rate of professional staff turnover was held by the North Jakarta RTO (line no. 6), with 0.16% of its professional staff leaving during the research period. North Jakarta RTO was not selected because it did not have all the targeted job positions among their leavers. Thus, South Jakarta RTO (highlighted in blue), which is in third place (0.19%) of RTOs with the lowest rate of professional staff turnover, was selected. South Jakarta had 10 employees who left during the research period, it also had all targeted job positions, and each targeted job position had more than one leaver, which minimises the possibility of not having participants in a certain job position. South Jakarta RTO, which recorded the third lowest rate of professional staff turnover, was selected to represent the RTO with the lowest rate of professional staff turnover.

Jakarta Special RTO and South Jakarta RTO have different characteristics. Jakarta Special RTO serves taxpayers in the form of foreign investment companies, permanent establishment and expatriates, oil and gas companies and publicly listed companies, while South Jakarta RTO serves regionally large corporate taxpayers, and local individual and corporate taxpayers. Differences in the type of taxpayers they serve indicate different skills needed by the employees to do their jobs. Employees who work in Jakarta Special RTO are required to have better tax knowledge than those who are working in South Jakarta RTO; they have to deal with taxpayers who have more complex business transactions, Jakarta Special RTO had more professional staff compared to South Jakarta. Table 4.3 shows that, in March 2015, Jakarta Special RTO had 978 professional staff while South Jakarta had 861 professional staff. In 2011, Jakarta Special RTO was responsible for collecting 13.14% of the total tax revenue target (DGT, 2011b, pp.25-26), while South Jakarta RTO was responsible for collecting 4.64% of the total tax revenue target. Even though tax revenue is not the only aim of the DGT, achieving its tax revenue target is DGT's first key performance indicator (DGT, 2015, p.49). Thus, based on their tax revenue target Jakarta Special RTO has a heavier responsibility for collecting tax compared to South Jakarta RTO.

With these two focuses, the professional staff, and the RTOs with the highest and lowest rate of professional staff turnover, a case study design is used to examine the current phenomenon. Yin (2014, p.4) suggests using a case study for understanding a real-life

phenomenon in-depth. An embedded case study design is used, and Price and Mueller's causal model of employee turnover is applied. Yin (2014, p.40) states that a case study is an excellent tool for testing the theoretical concepts or principles. In case study design a theory is used to clarify theoretical principles or as analytic generalisation, which is different from statistical generalisation, where the findings apply to the larger population (Yin, 2014, p.40). With regard to this, the present case study design is used to test and clarify theoretical principles of Price and Mueller's theory. Stake defines that an intrinsic case study is not trying to make a generalisation beyond the single case, or even to build theories (Stake, 1995, p.7); therefore, this research can be categorised as an intrinsic case study.

Methodological Lessons from Employee Turnover Literature

The review of employee turnover literature in Chapter 2 provides some methodological lessons that inform this research. The literature shows that researchers develop or utilise a model of employee turnover that helps them to identify the factors that influence employees to quit from their jobs. Bradbury, Sowa, and Kellough (2013, p.181) state that many researchers treat employee turnover as a dependent variable, and examine turnover indirectly by using turnover intention as the proxy of the actual employee turnover (Moynihan & Pandey, 2008, p.207). An employee's intention to leave or to stay and an employee's perception on the factors predicted to have influence them of having those intentions are measured while the employees are still working in the organisation (Cho & Lewis, 2012, pp.9-10).

Some researchers, such as Cho and Lewis (2012) and Selden and Moynihan (2000) conduct their research by examining employee turnover directly, thus examining employee turnover after the employees have left their jobs. The possible ways to be able to examine the employee turnover, one should do a longitudinal research or have access to those who left their job to participate in the research. Whichever path chosen by the researchers, both the longitudinal study and access to the leavers depend heavily on the employer to provide information about the leavers and/or to give permission to let their employees participate in a longitudinal study. To rely on organisational records to determine if a turnover is voluntary or not can lead to bias, as some employers may formally classify a layoff as voluntary termination in order to protect a leaver's reputation or classify a voluntary departure as a layoff so that leavers may qualify for unemployment compensation (Hom & Griffeth, 1995, p.5). To minimise the bias, researchers can use ex-employees' self-reported reasons in addition to the administrative reasons. Some scholars (e.g. Hom & Griffeth, 1995; Price, 1977; Mobley, 1982), however, caution that relying on the leavers' self-reported reasons may not necessarily be more truthful than the

administrative reasons. The leavers may avoid reporting negative reasons that can jeopardise their chances of reemployment or employment elsewhere (Price, 1977, p.22); or, the leavers may develop a rationalisation to justify their leaving which might be different to their original reasons for leaving (Mobley, 1982, p.49).

Conducting a longitudinal study, or asking those who already left to participate in the research is not easy, because obtaining leaver contact details relies upon the employer's willingness to share this information. As such, many researchers continue to examine voluntary turnover using its proxy, employee intention to leave, which also means examining employee turnover through those who are still working, instead of directly asking those who are actually leaving. Despite this drawback (i.e. that an employee's intention to quit is not equal with the actual turnover), examining intention to leave has its own advantages. Behaviour is best predicted by the intention to execute the behaviour (Cohen et al., 2016, p.3; Harrison et al., 2006, p.305; Lee & Whitford, 2008, p.665), thus examining intention to leave may be the strongest indicator of any employee turnover problem. However, turnover intention may be a process variable before someone actually left their jobs, which could change as a result of any intervention made by the organisation (Cohen et al., 2016, p.17) and it better predicts the actual turnover when the intention is closer to the time an employee is due to leave (Mobley et al., 1979, p.517).

To some extent, employees' intention to leave are indications of dissatisfaction with their employer (Bradbury et al., 2013, p.182) that need to be examined. This means that measuring intention to leave is still a prominent tool for identifying factors in retention problems that need to be addressed (Bradbury et al., 2013, p.182; Vandenabeele, 2013, p.223). Cho and Lewis (2012, p.10) suggest comparing the factors that determine turnover intention with the factors that determine actual turnover if researchers are interested in exploring employee behaviours.

Employee turnover research is dominated by the quantitative research that employs the questionnaire as their method of data collection (Dugoni & Ilgen, 1981, p.581; Hom et al., 1984, p.144; Price & Mueller, 1986, pp.38-40; Hom & Griffeth, 1991, p.350; Hom et al., 1999, p.97; Russell & Van Sell, 2012, p.128; Liu et al., 2012, p.2; Heponiemi et al., 2013, p.22; Wang et al., 2016, p.81; Tourani et al., 2016, p.205). Possible research limitations include: a lack of generalisability of findings due to the small sample size or a focus on a specific occupation or culture; or, the research may include measurement errors because of the use of self-reported surveys (Pitts et al., 2011, p.758; Caillier, 2015, p.1230; Kim & Barak, 2015, p.141; Tourani et al., 2016, p.208; Campbell & Im, 2016, p.340). Many scholars, such as Osman, Noordin, Daud, and Othman (2016, p.548), Caillier (2015, p.1230), and Campbell and Im (2016, p.338), believe that employing the qualitative method, or a combination of both, may be able to strengthen the findings so that they are

more accurate and aligned. Pitts, Marvel, and Fernandez (2011, p.758) suggest that qualitative research can overcome measurement weaknesses and variables bias, and that interviews may help to identify important causal links that are often missed in large sample quantitative research. Although examining employee turnover through a comprehensive model, such as by Steers and Mowday (1981), Price and Mueller (1986), Mitchell and Lee (2001), Hopkins et al. (2010), and Katsikea et al. (2015), is still meaningful, employees from different populations or varying personal or organisational circumstances may focus on different factors (Price & Mueller, 1986, p.31). This is another reason for using a qualitative method of data collection as it is better at capturing those differences.

Research Design

This section discusses the rationale for the research design as well as the procedures chosen for collecting, analysing, interpreting and reporting data. This research applied the 1986 Price and Mueller's model of turnover. The model was one of the comprehensive models of employee turnover available in the literature, with good explanatory power and a clear operationalisation in measuring the underlying factors they had identified. The model was tested in the public sector, and since this research is the first research in employee turnover conducted in the DGT, using Price and Mueller's comprehensive model provides a guide to understanding and redressing the turnover problem systematically, as well as directions for future research.

Mixed methods design

Initially, this research wanted to fully utilise the questionnaire used in the Price and Mueller model, which would make it quantitative research. However, from the beginning, this research cannot fully replicate Price and Mueller's longitudinal research for several reasons. Price and Mueller collected their data by sending two sets of questionnaire at the beginning and the end of their research (Price & Mueller, 1986, pp.38-40). The first questionnaire measured all variables in the model, the second questionnaire was designed to assess whether or not the leavers had left their previous jobs, as well as their current employment status, and their reasons for leaving. Price and Mueller started to collect the data about the actual turnover five months after the first questionnaire was sent, and continued to collect data of the actual turnover for further eighteen months. All leavers, regardless of whether they filled in the first questionnaire or not, were asked to fill in the second questionnaire, the questionnaire for leavers (Price & Mueller, 1986, p.40). This means Price and Mueller's design is not exactly using the same group of employees, since there is a possibility that the leavers who left and filled in the second questionnaire were the new employees who started work after the data collection period for the first questionnaire had ended.

Price and Mueller state that the response rate for the leavers questionnaire was low because they cannot obtain up-to-date addresses of the leavers (Price & Mueller, 1986, p.41). Price and Mueller's research provided evidence that giving enough time (a period of eighteen-months) to collect the data about the actual turnover would lead to difficulty in recruiting leavers to participate in the research, because leavers' addresses provided by employers were not up-to-date.

It was difficult to decide whether the 18-month period would be enough for a piece of longitudinal research on employee turnover in the DGT. No information was available about the turnover rate among tax professionals, or the average time needed by employees before they actually leave their jobs in a tax professional job market, that could be used as the guidance in deciding the time period for longitudinal research. For this reason, I changed my initial plan and decided not to do the longitudinal study as done by Price and Mueller. However, in order to address the need for a longitudinal study, I decided to use different groups of people, the leavers (professional staff who left between 2009 and March 2015) and the stayers (professional staff who still work in the DGT based on the HR database in 2015). In addition to stayers and leavers, this research also included officials who held positions in DGT HR division and other HR stakeholders, such as HR officials from the MOF and the Ministry of State Apparatus (as one of the research objectives is to examine DGT retention strategies).

To replicate the Price and Mueller model also means to utilise the questionnaire as the means of data collection. However, during the process of designing the research, my interest changed; I was also interested in understanding the meaning that participants hold about turnover problems, as well as the underlying dynamic behind the leavers decision when they decided to leave and the dynamic of why the current employees intend to stay or to leave. I also wanted to expand the perspective in conducting research in employee turnover. As mentioned previously in the section about the methodological lessons from the literature, many researchers approached employee turnover with quantitative research; there were not many that utilised qualitative or mixed methods. Some researchers stated that a questionnaire could not fully capture the research problems due to measurement weaknesses and variables bias. Even though conducting quantitative research, thus utilising a questionnaire for data collection to some extent is easier to do, relying solely on the questionnaire does not match my research objective anymore.

Due to these changes, the method used in data collection also needed to be adjusted. Creswell (2014, p.186) states that, to learn about participants' meaning with regards to the research problem, a qualitative method of data collection is more suitable. At the same time, the quantitative approach also has its own strengths; for example, it provides

interesting data about 'how much or how many' questions (Silverman, 2013, p.9). Realising these features and my research objectives, I concluded that a mixed methods design would be suitable to achieve my research objectives. Creswell and Plano Clark (2011, p.9) state that the mixed method design is able to provide both understanding and a further explanation of the research problem. The quantitative strand can be used to address the factors that predicted relationship, while the qualitative strand to assess the processes involved in the relationship.

My research uses both the quantitative and qualitative method of data collection; it places greater emphasis on the qualitative phase because I am more interested in exploring participants' views on turnover problems and the dynamic behind their intention to leave or to stay at the DGT. The reason for combining the quantitative and qualitative research is that the two approaches compliment one another, where the qualitative strands are used to elaborate and clarify the results from the quantitative strand (Bryman, 2006, p.105). The type of mixed methods design used in this research is the explanatory sequential design (Creswell & Plano Clark, 2011, pp.69,71), in which the research starts with the collection and analysis of quantitative data and followed by the collection and analysis of qualitative data.

Methods of data collection

The data collection is divided into two phases; the first phase is the quantitative data collection, utilising the questionnaire, as well as information about the leavers and current employees, and HR regulations provided by DGT HR division. It is followed by the qualitative data collection phase, by conducting interviews with leavers, stayers and the HR officials.

Questionnaire

This research used two sets of questionnaire, one questionnaire for the stayers (see Appendix 4) and one for the leavers (see Appendix 5). The questionnaire is a short questionnaire that was used to collect the demographic data as well as the stayers' intentions to stay or leave the DGT in the near future, and to invite potential participants for an interview. Three main variables from the Price and Mueller were included: level of job satisfaction and organisational commitment, intention about employment in the DGT (for the stayers) and reason for why they left the DGT (for the leavers). However, the questions used to assess Price and Mueller's three main variables, i.e. job satisfaction, organisational commitment and intention to leave, were different. Price and Mueller use an eight-item job satisfaction questionnaire, such as "I find the real enjoyment in my job" and "If I had the chance to choose again, I would probably change and get into some other type of work" (Price & Mueller, 1986, pp.239-240). They use a nine-item of organisational

commitment questionnaire, such as "I am willing to put in a great deal of effort beyond that normally expected in order to help this hospital be successful" and "I talk up this hospital to my friend as a great hospital to work for" (Price & Mueller, 1986, pp.243-244), and a single-item questionnaire to measure intention to leave, "Do you expect to leave the hospital voluntarily in the near future?" (Price & Mueller, 1986, p.243). This research uses a single-item questionnaire to assess the three main variables in the Price and Muller model, the interview will then explore participants responses. For job satisfaction, participants were asked to indicate their level of job satisfaction using the question, "How satisfied are you with your job?"; for organisational commitment, the question used is, "How committed are you in staying at the DGT?"; and "Which of the following statements is the best indicator of your plan in the near future?" to assess an employee's intention to stay or to leave. Since it was only a short questionnaire collecting simple demographic data and three of Price and Mueller's variables, the questionnaire were not analysed using an advanced statistical tool and were not been piloted. The questionnaire was used to see similarities and differences in participants' perception on the three of Price and Muellers's variables based on their demographics and RTOs. The questionnaire was drafted first in English and was discussed with my supervisors. A revision was made to include one question to ask the leavers to choose one of the listed reasons for why they left the DGT, e.g. personal/family circumstances, including working far from home; financial reasons, including that the pay was poor. When the questionnaire was ready, it was then translated into Indonesian.

Interviews

All variables in Price and Mueller's model of turnover that were not included in the questionnaire were included in the interviews. The interviews asked participants' views on DGT reforms and retention strategies, as well as their views about corruption - which DGT reforms tried to eradicate.

The interview approach chosen for this research was a semi-structured interview. This approach was chosen because it allows the research to ask the same list of questions of all participants to be able to compare their responses; furthermore, this approach allows the researcher to change the order of the questions. It also gives space to ask supplementary questions, or to ask an open-ended question, to different participants, and to explore issues and views in considerable detail outside of the pre-defined topic guide (Gray, 2014, pp.385-386).

Three topic guides (see Appendices 6, 7 and 8) were prepared for stayers, leavers and the HR officials. The topic guide for the stayers consisted of seven questions; for the leavers and HR officials consisted of six questions. The first question for the stayers focused on

general information about participant's job, aspects of the job and how they deal with their jobs. The second to fifth questions explored participants' views on factors in Price and Mueller's model; job satisfaction, organisational commitment, job alternative and their intention to stay with or leave the DGT. The sixth and seventh questions explored participants' views on HR changes during DGT reform, and DGT strategies to retain its employees.

The first question for the leavers explored their decision to leave the DGT. The second to third questions explored participants' views on factors in Price and Mueller's model; job satisfaction, and organisational commitment. The fourth question focused on the process for when participants submit their resignation. The fifth and sixth questions explored participants' views on HR changes during DGT reform, as well as DGT strategies to retain its employees.

The first question for the HR officials focused on their general information, especially their position in HRM. The second to fourth questions explored participants' views on HR changes during DGT reform, as well as the factors influencing employee turnover in the DGT, and DGT strategies to retain its employees. The fifth question focused on information about the administrative process of resignation for DGT employees or for civil servants in general. The sixth question explored participants' views on employee turnover problems.

Three pilot interviews were conducted by interviewing two Indonesian civil servants who were students at the University of Nottingham and one DGT employee who studied in the UK. All pilot interviews used the topic guide for the stayers since none of the participants had experience of leaving their jobs. The pilot interview was used to see whether participants were able to understand the questions clearly, and measure the approximate time needed for the actual interview. All three participants stated they did not experience any difficulty in answering all questions, which meant that there was no need to change the questions from its initial design. Data collected from the pilot interview were not included in data analysis. In summary, the data collected through the questionnaire and interviews are as follows:

Table 4.4. Data collected from the questionnaire and interviews

Participants Method	Stayers	Leavers	HR Managers / Stakeholder
Questionnaire	Demographic variables: job position, age, gender, tenure, and current office location.	Demographic variables: job position, age, gender, tenure, and office location before they left the DGT.	N / A
	Level of job satisfaction.	Level of job satisfaction.	
	Level of organisational commitment.	Level of organisational commitment.	
	Intention to stay or leave in the near future.	Current employment status, and reasons for leaving.	
	Willingness to be interviewed.	Willingness to be interviewed.	
Interview	All variables in Price and Mueller's causal model of turnover; for example, participants' perceptions about job opportunity outside the DGT, their satisfaction with the payment system, promotional opportunity, etc.	All variables in Price and Mueller's causal model of turnover; for example, how easy or hard it was to find a job outside the DGT, participant satisfaction with the payment system, promotional opportunity, etc., during their time worked in the DGT.	HR Policy and its changes, especially related to employee retention strategy.
	Stayers' views on what the DGT could do to prevent them from leaving their current job.	Leavers' views on what the DGT could have done to prevent them from leaving their previous job.	Discretion they do to prevent employees from leaving the DGT.
	Stayers' views on DGT reform and retention strategies, on corruption and issues relating to dismissal.	Leavers' views on DGT reform and retention strategies, on corruption and the firing issues.	Participants' opinions and experience of DGT's reform process and issues relating to dismissal.

Sampling Design

The sampling method used for this research is based on theoretical sampling, where the groups or categories selected for the research are based on their relevance to the research questions and the explanation a researcher tries to develop (Mason, 2002, p.121). There were two sets of sampling criteria, one for the questionnaire, and one for the interviews.

Sampling Criteria for the Questionnaire

1. Stayers

Sampling criteria for the stayers are based on their job positions, which are categorised as managers (echelon III and IV), tax auditors (include tax appraisers), and tax specialists (account representatives, and tax objection reviewers).

A different HR database was used for selecting stayers who participated in the questionnaire. The HR database of June 2015 was used instead of the database of March 2015 (the database used for selecting the case study sites) because the data collection had been pushed back while waiting for confirmation from all offices under the selected RTOs. The new HR database was needed because, between March and June 2015, the DGT rotated its employees, which include employees in the selected RTOs. Selecting participants using the database in March 2015 might have resulted in the selection of

employees who were no longer working in the selected case study sites. One tax office under Jakarta Special RTO declined to give access to their employees. This tax office stated that they already gave too many research permits to other researchers to conduct research in their office, and issuing another research permit might interrupt their employees' work. With these considerations, the sample frame for the questionnaire was revised using the latest HR database. Table 4.5 shows the summary of the stayers selected for the research.

Table 4.5. Sample for the stayers

Job Position	The Number of Employees		The Number of Sample (30%)	
	Jakarta Special RTO	South Jakarta RTO	Jakarta Special RTO	South Jakarta RTO
Managers (Echelon 3 and 4)	118	170	35	51
Tax Auditor (including Tax Appraiser)	496	274	149	82
Tax Specialist (Account Representative and Tax Objection Reviewer)	351	454	105	136
Subtotal	965	898	289	269
Total Number of Professional Staff or Sample		1863		558
Expected Questionnaire Returned (40%)			116	108
				224

Based on the June 2015 HR database, Jakarta Special RTO and South Jakarta RTO had 965 and 898 professional staffs respectively. The questionnaire was sent to 30% of professional staff who were randomly selected from the HR database. This resulted in sending 289 questionnaires for Jakarta Special RTO and 269 questionnaires for South Jakarta RTO. Since the quantitative data analysis in this research will not attempt to make statistical inferences or predictions based the data obtained from the questionnaire, the criteria used to decide the sample size to achieve a certain level of power for statistical inferences is not necessary (Agresti & Finlay, 2009, p.3; Field, 2013, p.70). The strategy to include 30% of relevant participants is considered to be sufficient to represent the population of professional staff. The total number of questionnaires sent is 558, with a target return rate of 40%. Of the 558 questionnaires sent, 241 questionnaires - or 43% - were returned and eligible for further analysis.

2. Leavers

Initially, all professional staff who voluntarily left the DGT between 2009 and 2015 in the two selected RTOs were planned to be surveyed. Thus, 21 questionnaires were planned for Jakarta Special RTO and 10 for South Jakarta RTO (see Table 4.3). For this purpose, obtaining the contact details of leavers was important; however, the DGT declined to give data because this action may violate the leavers' privacy. Since the DGT refused to provide leavers' contact details, leavers were recruited through a snowball sampling technique.

At the beginning of recruiting the leavers, the snowball sampling was aiming to find leavers from Jakarta Special RTO and South Jakarta RTO, the case study sites for this research.

However, after two weeks utilising the snowball sampling technique, only 7 leavers from these two RTOs were found, two from South Jakarta RTO and five from Jakarta Special RTO. Since the number of the leavers was far below the initial plan, it was decided to include leavers from outside the case study sites. This resulted in recruiting 25 leavers (12 managers and 12 tax specialists, but no tax auditor was willing to participate) to fill in the questionnaire; however, one had to be excluded from the study because the job position did not match the targeted job positions, which meant that 24 questionnaires were eligible for further analysis. Since leavers were recruited through a snowball sampling method, the statistical analysis would not be applied to their questionnaire. Leavers' questionnaires were treated as qualitative data.

Sampling criteria for the interviews

Participants selected for the interview were chosen based on respondents' willingness to be interviewed, as stated in the questionnaire.

Sampling criteria of interviews for the stayers were based on job positions and their answer to the question about their intention to stay with or leave the DGT. No stayer who held an echelon III position participated in the research, even though several reminder emails had been sent asking recipients to fill in the questionnaire. Thus, from this point onward, the manager position for the stayers will be called echelon IV. Of the 241 qualified respondents, 94 were willing to be interviewed. 46 out of 94 were from Jakarta Special RTO, which consisted of 11 echelon IV, 8 tax auditors, and 27 tax specialists. 47 were from South Jakarta RTO, that consisted of 14 echelon IV, 7 tax auditors, and 27 tax specialists.

77 out of 94 participants were planning to stay in the DGT, 14 of them were unsure about their plans for the near future, and 3 people were planning to leave. The sampling criteria of the interviews for the stayers are based on job positions and their answer to the question about their intention to stay or to leave the DGT. The responses showed there were only 14 participants who were willing to be interviewed who were not sure about their plans for the near future, and only 3 participants who were willing to be interviewed who were intending to leave; the decision was to interview all of these participants. 42 stayers (highlighted in yellow in Table 4.6) were interviewed, 26 of them intended to stay (line 4 column 11 in Table 4.6), 13 of them (line 4 column 12) were neither to stay nor to leave (one interview of the 14 who were not sure about their plans was cancelled because the participant decided she did not want to be interviewed), and three intended to leave (line 4 column 13). 24 stayers were from Jakarta Special RTO (highlighted in green) and 18 were from South Jakarta RTO (highlighted in blue). The summary of interviews conducted for the stayers in each RTO is presented in Table 4.6.

Table 4.6. Interviews for the stayers

No.	Interview Participants Job Position	Jakarta Special RTO				South Jakarta RTO				Jakarta Special and South Jakarta RTO			
		Plan in the Near Future			Subtotal	Plan in the Near Future			Subtotal	Plan in the Near Future			Total
		Intend to Stay	Neither	Intend to Leave		Intend to Stay	Neither	Intend to Leave		Intend to Stay	Neither	Intend to Leave	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
					= (3)+(4)+(5)				= (7)+(8)+(9)	= (3)+(7)	= (4)+(8)	= (5)+(9)	= (6)+(10)
1	Echelon IV	3	1	0	4	4	0	1	5	7	1	1	9
2	Tax Auditor	5	1	0	6	3	1	0	4	8	2	0	10
3	Tax Specialist	5	7	2	14	6	3	0	9	11	10	2	23
4	Total	13	9	2	24	13	4	1	18	26	13	3	42

Table 4.7. Interviews for the leavers

<div>Number of Participants</div> <div>Participant</div>	RTO												Total
	Jakarta Special RTO				South Jakarta RTO				Outside the Case Study Sites				
	Manager	Tax Auditor	Tax Specialist	Subtotal	Manager	Tax Auditor	Tax Specialist	Subtotal	Manager	Tax Auditor	Tax Specialist	Subtotal	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
				= (2)+(3)+(4)				= (6)+(7)+(8)				= (10)+(11)+(12)	= (5)+(9)+(13)
Leavers	1	0	4	5	2	0	0	2	8	0	5	13	20

Table 4.7 shows the summary of interviews for the leavers. Interviews for the leavers tried to include participants of all job positions and to interview as many leavers as possible, with the target of 20 interviews. Of the 24 leavers who filled in the questionnaire, 21 leavers were willing to be interviewed. However, one interview could not be completed because the participant did not reply to all emails sent in order to arrange the interview. Of the 20 interviewees, 11 were managers and nine were tax specialists. Five leavers used to work in Jakarta Special RTO (highlighted in green in Table 4.7), two used to work in South Jakarta RTO (highlighted in blue), and 13 leavers were from outside the case study sites (highlighted in grey). The 20 interviews that were conducted with the leavers are shown in Table 4.7.

Twelve HR managers and other HR stakeholders were interviewed. These HR-related participants were: one from the Ministry of State Apparatus and Bureaucratic Reform, two from the MOF, one from the State Employment Agency, and eight from the DGT. In total, 74 interviews were conducted; 42 for the stayers, 20 for the leavers and 12 for HR officials.

Ethical considerations

The research involved the participation of DGT employees and ex-employees as well as the HR senior manager and other stakeholders. To address any ethical issues, the university ethics procedure was completed and ethical approval granted (see Appendix 1 for the ethical approval letter). Before the data collection, a participant information sheet and consent form were prepared for each participant, detailing the nature of the research and participants' potential involvement. Both the participant information sheet and consent form were drafted in English, but all participants were offered the translated forms in Indonesian. To make sure that all participants fully understood the participant information sheet and consent form both forms were explained again in Indonesian at the beginning of the interviews.

There are three ethical issues of this research: accessing personal information about identifiable individuals without their knowledge or consent, and lack of anonymity for the HR senior managers.. The first ethical issue is accessing employee's personal information. With the approval of the DGT, accessing personal information (for the stayers) is unavoidable in order to establish a sample for the survey and interview. However, the data collected complied with the requirement of the DGT, and only data that related to this research, e.g. to distribute the questionnaire and conducting the interview, was used. This data consisted of employee's current office, job position, and office email address.

The second issue is regarding anonymity. Not all participants can be guaranteed anonymity, especially DGT's and MOF's HR senior managers, since their position is known to the public. The DGT had approximately 31,000 employees in 2015, the senior HR

position is well known at least by all DGT employees. The participants, especially those who cannot be guaranteed the anonymity, were provided with a full explanation of the consequence of participating in this research. However, the HR senior manager positions in both the DGT and the MOF change regularly; as such, by naming their position without mentioning the year they held the position meant that it would not be possible to know for sure who that participant was. To avoid the possibility of the senior HR managers withdrawing their participation, the participants were guaranteed that their permission would be asked before quoting their statements or using their materials. Until the thesis was submitted, there were no HR participants who requested any amendments of their statements.

All research material collected from participants and from the DGT was kept confidential. All participants are anonymised in this thesis; however, the name of the case study sites was kept original. Mentioning the participants' case study site does not violate the anonymity promise. It would be difficult to identify participants from their case study site owing to the fact that one case study site can consist between nine and 14 tax offices. A code number (e.g. Stayer_1, Leaver_1, HR_1) was assigned to each participant and the code was also used in the transcripts. Research materials were stored in boxes with safety locks and were stored as password-protected files on my computer. These materials will be destroyed after seven years have passed since the completion of the study, as per the provision of the UK Data Protection Act (1998).

Other Methodological Issues

The process of obtaining access

Prior to the research, research approval from the DGT had been obtained. However, before the data collection for the stayers began, a confirmation process was needed. The confirmation process is to ask permission from tax offices under each case study site selected for the research. Without this permission, I would not be allowed to send the questionnaire to their employees. There were 24 confirmation letters needed from all tax offices under the two case study sites. The confirmation process took a long time because it was conducted near the Idul Fitri holiday, a religious holiday which is celebrated by the majority (more than 80%) of Indonesia's citizens. Thus, many of the officers involved in processing and authorising the confirmation letters were on leave. There are 10 offices under Jakarta Special RTO and 14 offices under South Jakarta RTO; all offices gave their approval except for one tax office at Jakarta Special RTO. This tax office was responsible for dealing with taxpayers of foreign direct investment companies, so employees in this office were excluded from the research. However, Jakarta Special RTO had another three tax offices that are responsible for dealing with taxpayers of foreign direct investment

companies; employees from these three tax offices were considered to adequately represent those who were working in this type of tax office.

Issues of power

The research is conducted in the place where I work, and the selection of participants for this research consists of employees that have a higher, the same and lower position than my job position, in accordance with DGT organisational structure. This condition has both advantages and disadvantages. The advantages are: there will be no major problem in gaining access and my experience will be useful in exploring those internal issues that may be unknown to those who do not work in the DGT. The disadvantage is that this can lead to power issues and a potential bias, especially during the interviews. However, I was never assigned to work in the headquarters, the place where some of the HR regulations were made. My previous assignments were always in one of the tax offices in Jakarta; thus, I have knowledge and experiences regarding the HR practices and regulations implemented in tax offices, the key topic of this research. I have never held a job position in the HR division, therefore the possibility of being suspected as the 'HR Division spy' was small. The possibility of being dictated by the higher rank HR officer is low because there is no power relationship with them in the previous offices.

Data collection issues

Data for this research were gathered through questionnaires and interviews, and through DGT documents related to HR regulations and other reports. The questionnaires were distributed via the internet, utilising DGT IT facility, such as participants' and my office email address. Permission to access the facility was gained together with the initial research approval from DGT's Headquarters. Cover letters were prepared to reassure participants that it is the researcher and not the DGT who is interested in their opinion and experience.

Risk issues

The risks of conducting this project were low. The interviews mainly took place in the participant's office during office hours or office break; however, interviewing participants, especially for the leavers, in other quiet public facility or their house was anticipated. For these matters, the University's guidelines for fieldwork and safety policy were adhered to. Until the end of the data collection, all interviews with the leavers were conducted in their offices or a cafe.

Data analysis

After the data collection, a database was prepared to gather the data from the questionnaires and interviews. The questionnaire design used in this research was not aimed to know the correlation between the factors influencing employee turnover and the actual turnover. The analysis covers a descriptive analysis and nonparametric tests of the questionnaire data. The descriptive analysis comprises the mean, standard deviation and variance of responses for every instrument that can be useful in assessing the data trends (Creswell & Plano Clark, 2007, p.130). Nonparametric tests were conducted to compare factors used in Price and Mueller's model, i.e. participants' perceptions of job satisfaction, organisational commitment, job opportunity, and plans for the near future in the context of their demographics and original RTOs. The Mann-Whitney test was used to compare two independent groups, i.e. stayers' perceived job satisfaction based on their office location and RTO, while the Kruskal-Wallis test was used to compare more than two independent groups, i.e. stayers' perceived job satisfaction based on their job position (Field, 2013, pp.217,236).

All interviews were transcribed before being analysed with the transcripts completed in the Indonesian language, the language used during the interviews. 43 interviews were transcribed by three professional transcribers, while 31 interviews were transcribed by the researcher; to protect the data, transcriber confidentiality agreements were made using a template agreement provided by the University's Legal Department (see Appendix 9 for transcriber confidentiality agreement).

The transcripts were coded also using Indonesian language. I applied a thematic analysis for the qualitative findings from interviews. At the beginning, the coding process was done manually using Excel and not using a qualitative data analysis software (NVIVO), as I was not familiar with it. However, after learning how to use NVIVO I found the software to be helpful, especially when I needed to group and classify the codes, and when I needed to run queries.

The steps taken in analysing interview included; data familiarisation, generating codes, themes searching, themes reevaluation and defining the themes (Braun & Clarke, 2006, p.87). Data familiarisation was done during and after transcribing interviews. For interviews that were transcribed by professional transcribers, data familiarisation was done while checking the transcripts made by the transcribers. The process of data familiarisation helped me to develop a general understanding of the data.

The codes were developed using a thorough search of the data sets to find repeated patterns to be used in the development of codes. The process to develop codes included reading through all the transcripts and then reducing the key data sets into the codes. The codes were identified utilising both a deductive, top-down and theory-driven approach,

and an inductive, bottom-up and evidence-based approach (Braun & Clarke, 2006, p.83). The codes were first identified using Price and Mueller's model as guidance. Examples for these codes are; job opportunity, routinisation, intention to stay or to leave, and other variables in the model. Other codes were developed from additional pieces of information that emerged (an inductive way), that were not part of Price and Mueller's model. Examples of these codes include; corruption, DGT ongoing reforms and job rotation.

After all interviews had been coded, the next stage was to search for themes. All codes were then grouped and classified by considering the meaning behind the words. A reevaluation of themes was conducted to develop the themes, sub-themes and categories that represented the relationship between codes across the data sets.

For the case study sites, within-case analysis and cross-case analysis (Yin, 2014, p.164) were applied. Within-case analysis was applied by using the descriptive analysis and nonparametric tests of the questionnaire data, and interviews in each case study site for the case familiarisation, as well as the questionnaire and interviews from the leaver. Cross-case analysis was used to examine key findings, similarities and differences between the case study sites, and between the stayers and the leavers. Interviews of the HR officials were used to enlighten some key findings found from the stayers' and the leavers' interviews.

Conclusion

This chapter has discussed the rationale for employing the current research design and methods to achieve the research aims and objectives. This research utilised embedded case study design, and two of Jakarta RTO's were chosen as the embedded case study. Jakarta Special RTO was chosen to represent a RTO with a high rate of employee turnover and South Jakarta RTO was chosen to represent a RTO with a low rate of employee turnover. Although no major difficulty was found in recruiting stayers, some difficulties in recruiting leaver participants were found. The DGT could not provide leavers' contact details, because it may violate the leavers' privacy. The snowball sampling employed to overcome this difficulty had found only 7 leavers who belonged to the two selected RTOs. The decision to include leavers from outside the two RTOs was able to recruit 24 leavers, although no tax auditor was willing to participate.

Mixed methods research was chosen to overcome weaknesses of employing quantitative research, which are commonly used in the research of employee turnover. It was expected that utilising qualitative research, in addition to quantitative research, would strengthen findings, improve accuracy and be better at capturing differences due to organisational circumstances in the two chosen RTOs. Price and Mueller's causal model of employee turnover was used as a framework to understand and assess turnover problems in the

DGT, as well as directions for future research. Three groups of participants were included in this research: stayers, leavers and HR officials. HR officials were included in order to achieve one research objective of examining DGT retention strategy.

Data collected for this research was obtained by sending a questionnaire to both stayers and leavers, and by conducting interviews with stayers, leavers, as well as HR officials. The main purposes of using the questionnaire were to recruit participants, and to obtain participants' demographic and main variables used in Price and Mueller's model, such as participants' level of job satisfaction and organisational commitment, thus, a basic statistical analysis was applied to analyse the quantitative data. A descriptive analysis of the questionnaire data was conducted, which involves calculating the mean of Price and Mueller's main variables, as well as including demographic data, such as gender, job position, and tenure. For qualitative data obtained from conducting interviews, a thematic analysis was utilised to search for repeated patterns within the data sets. The coding process was done using a qualitative data analysis software, NVIVO. Both a deductive and inductive way of identifying codes were utilised; Price and Mueller's model for the deductive analysis and additional information that came from the interviews for the inductive analysis.

CHAPTER 5: DGT REFORMS AND HUMAN RESOURCE MANAGEMENT

This chapter examines reforms and HRM in Indonesia's DGT. Some discussions in this chapter refer to information presented in Chapter 3, including DGT current organisational arrangements. This chapter also examines participants' perceptions of DGT reforms and HRM. The discussion has identified that DGT's gradual reforms and potential problems in its HRM may have contributed to the decisions of former employees to leave their jobs, and to its current employees' intentions to stay in or leave the DGT. A more detail discussion about the factors influencing stayers and leavers intentions to leave or to stay will be presented in the next two chapters.

The Reforms

Since its establishment, the DGT has experienced several changes to its functions and responsibilities, as well as changes in name. It used to be known as '*Djawatan Pajak*', or Tax Division, before it was given the title of '*Direktorat Jenderal Pajak*', or Directorate General of Taxes, a directorate under the MOF. This section discusses only the last two major reforms of the DGT conducted in 1983 and 2002. The reasons for focusing on these two reforms are that some participants in this research had experienced these two reforms but not previous ones, and many compared these two reforms when asked for their views on the 2002 reform.

The major change in the 1983 reform was to the Indonesian tax system. Before 1983, Indonesia embraced an official assessment system, but the 1983 reform introduced a self-assessment system. The 2002 reform was conducted as a condition for securing financial support from the IMF after the country had been affected by the Asian financial crisis in 1997-98. It was and is being introduced gradually.

DGT's 1983 reform

The DGT carried out its 1983 reform programme when the country decided that tax regulations from the colonial era were unsuited to its current conditions. During the colonial era, tax was determined by officials for colonial purposes, with no fairness in collection procedures or types of tax. Continuing to use the colonial tax system would have increased the people's tax burden. The government claimed that before the 1983 reform some changes and adjustments had been made, especially with regards to collection procedures and types of tax, in order to adapt to the needs of an independent nation (Law on General Provision and Tax Procedure, 1983, general explanation no.1). During the Soeharto era, the government relied heavily on foreign aid, and there was increasing awareness that state revenues from oil would decline (Heij, 2001, p.234). Thus, the

government decided it was necessary to carry out a tax reform to protect state revenues and its development programmes (State Budget for Fiscal Year 1982/83, 1982, p.155).

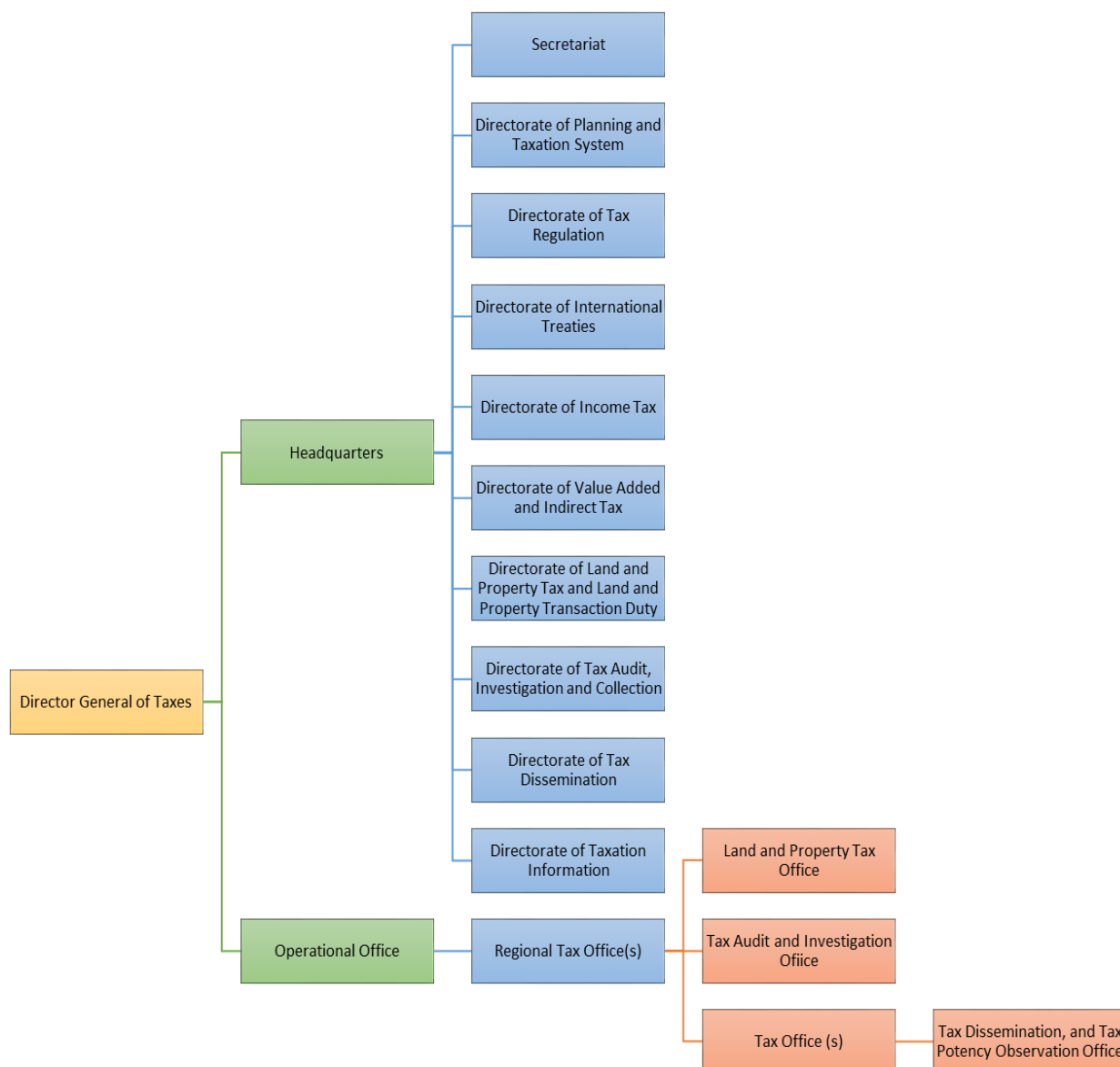
The reform was initiated by Ali Wardhana, the then Minister of Finance, and was supported by the President. However, since there were insufficient civil servants with the skills required to assist in the reform, the Minister of Finance recruited a group of foreign advisors to draft the new laws. The process did not include domestic consultants, academics or business representatives because the Minister of Finance wanted to avoid leaks and long discussions during the drafting stage (Heij, 2001, pp.234-235). The reform was started in 1983 and came into effect in 1984. The main changes of this reform were aligned with common practice elsewhere, shifting from an official assessment system to a self-assessment system (DGT, 2009b, p.1).

With the 1983 reform, the DGT merged several tax laws to simplify their implementation, and changed its structural arrangements. Its organisation was based on its responsibility for collecting various taxes classified as state taxes. These were: corporate and personal income tax, and other income tax collected through third parties (withholding tax); value added tax and other indirect taxes; and tax and transaction duties relating to land and property. Figure 5.1 shows DGT organisational arrangements based on its 1983 reform.

There are similarities with and differences from its current organisational structure presented in Figure 3.4. The organisational arrangement in the 1983 reform divided the organisation into the headquarters and the operational unit. In addition to the secretariat general, in 1983 the DGT consisted of nine directorates representing the types of tax administered and the functions performed. The directorates representing types of tax were for income tax, value added tax, and land and property tax, while those representing functions were in charge of tax regulations, the planning and taxation system, international treaties, tax audit and investigation, tax dissemination, and taxation information (Minister of Finance Decree, 1994, Article 3). The current arrangement for the headquarters is based entirely on the functions.

As a result of the 1983 reform, the operational unit consisted of RTOs, tax offices, the land and property tax office, the tax audit and investigation office, and tax dissemination and tax potency observation offices, which were established in tax offices with wide geographical jurisdictions to reach taxpayers in remote areas (President Decree, 2001, Article 22). The operational office represented the DGT across Indonesia. At the top of the operational office were the RTOs (President Decree, 2001, Articles 23,29).

Figure 5.1. DGT organisational structure based on the 1983 reform



Source: (President Decree, 2000, Article 10; 2001, Article 22; Minister of Finance Decree, 1994, Article 3)

In 1983, the DGT had two types of RTO; one was based on geographical region, and the other was the Jakarta Special RTO, designated to serve specific taxpayers, such as foreign corporate and individual taxpayers, state-owned enterprises and foreign direct investment companies (Minister of Finance Decree, 1994, Articles 233,268,295). The RTOs coordinated several offices, conducting tax investigations and processing tax disputes for taxpayers within their jurisdiction. RTOs were led by officials of echelon II status. Each year, every RTO was given a tax revenue target which was then distributed to the tax offices and the land and property tax offices under its coordination. Four types of office fell under the RTOs based on geographical region: tax offices, land and property tax offices, tax audit and investigation offices, and tax dissemination and tax potency

observation offices. Jakarta Special RTO had only two types of office: tax offices, and tax audit and investigation offices (Minister of Finance Decree, 1994, Articles 233,268,295).

Tax offices reported directly to the RTO and were responsible for collecting and administering income tax and value added tax, delivering tax services and conducting tax audits. Each tax office was led by an official of echelon III status (a job position included in the current research). Organisational arrangements for tax offices were based on the taxes they administered. Therefore, tax offices had core sections for corporate income tax, personal income tax, value added tax and withholding tax, along with supporting sections for functions such as general administration, tax administration, tax objections, and data processing and information. In this organisational structure, there were tax auditors in all of its core sections; thus, taxpayers had to deal with a different tax auditor for each of their tax obligations. Tax service offices also processed disputes between taxpayers and tax decisions arising from the audit process (DGT, 2007, p.14).

The land and property tax offices were responsible for determining the amount of land and property tax due, as well as collecting, administering and conducting audits of land and property tax. These offices were led by officials of echelon III position.

Each RTO had one or two tax audit and investigation offices. These were responsible for performing tax audits and tax investigations on taxpayers under the same RTO, and were led by an official of echelon III position. The differences between tax audits conducted by these offices and those by the tax offices was the size of the taxpayers' businesses and the amount of tax involved. Tax audits of large taxpayers under the same RTO were conducted by tax audit and investigation offices (President Decree, 2001, Article 43).

Tax dissemination and tax potency observation offices were units under the tax office. These were established to reach and observe new taxpayers in remote areas, and were not responsible for tax revenue targets. They were led by an official of echelon IV position, another job level selected for this research (President Decree, 2001, Articles 47-49).

The self-assessment system adopted in the 1983 reform was intended to begin to reduce the power concentrated in the hands of tax officials by allowing taxpayers to calculate the amount of tax they owed and report their tax calculations in their tax returns (Law on General Provision and Tax Procedure, 1983, general explanation no.2). Robertson-Snape (1999, p.594) suggests that the self-assessment system adopted in the 1983 tax reform had anti-corruption effects, since the pre-1983 tax system (the official assessment system) was both difficult to understand and confusing, and in order to settle their tax obligations, taxpayers were likely to have to negotiate tax rates with tax officers. Under the new tax system, tax officials were responsible for ensuring that taxpayers were paying the amount of tax they owed, and tax audits were carried out only when necessary (Law

on General Provision and Tax Procedure, 1983, Article 29); for example, if taxpayers were claiming a tax refund or to assess taxpayer compliance.

However, despite intentions, the 1983 tax reform was ineffective in minimising corruption in the DGT. In practice, taxpayers and tax officers still engaged in their old habit of negotiating the amount of tax that should be paid. Interviews with some leavers confirmed the existence of corruption in tax offices after the 1983 tax reform was imposed. Leaver_7 said that his office conditions were so poor that, as a head of section, he needed to find a way to make some money so that his section could perform its functions, usually by using anything under the scope of his authority, whether relating to tax audits or processing taxpayers' applications for other tax services. Some stayers (Stayer_1, 4, 7, 8, 9, 11, 12, 13, 18, 19, 20, 23, 24, 26, 30, 33, 37, 38, 40, 41, 42) also acknowledged that there was systematic corruption after the 1983 tax reform. Stayer_7 said that, prior to the 2002 reform, it was common practice that whenever their work required them to interact with other sections in the same office, they needed to establish good relationships. This sometimes meant that it was necessary to give money to other employees from different sections so that they would perform their jobs. The money required to maintain these good relationships usually came from negotiations with taxpayers.

The organisational structure based on the 1983 reform was expected to improve the effectiveness of the tax administration in delivering tax services; however, this was not fully realised (DGT, 2007, p.14). The compliance cost for taxpayers was high, as they had to deal with different offices in order to comply with the new law (DGT, 2007, p.14). For example, taxpayers who owned a property had to deal with a tax office for income tax and value added tax, while for their property they would have to deal with a land and property tax office. Taxpayers classified as large taxpayers might have to deal with a tax audit and investigation office with regards to audits. Since tax audits were based on their tax obligations, taxpayers had to deal with different audit teams. Thus, they might have to prepare more than one copy of their business transactions to support their calculations, and explain the same transaction to different audit teams.

The 1983 organisational structure gave considerable power to most DGT units. Tax offices had a right to perform tax audits and to review disputes over tax decisions they had made (DGT, 2007, p.14). Reviewing tax decisions that had been technically made by themselves was not a good sign of transparency in these office operations (DGT, 2009b, p.20). This practice opened up the possibility of negotiation after the tax audit was over, and since the tax decision was made by the same office, they had the freedom to determine the amount of tax (Leaver_1). Some taxpayers and tax officers were still able to negotiate the amount of tax during the audit process and, under the organisational structure of the 1983

reform, these taxpayers had to negotiate with different audit teams, depending on the type of tax being audited (Leaver_1 and Stayer_23).

There was no standard operating procedure to guarantee that all taxpayers would receive the same treatment. When taxpayers applied for tax services, those who were willing to pay could usually get it done faster than taxpayers who were not (Leaver_15). Stayer_7 stated that corruption flourished in the DGT during the 1983 reform because, with no standard operating procedure and too many unclear tax regulations, tax officials were able to make interpretations that benefited them financially.

Some employees (Stayer_11, 20, 23) stated that corruption was so common after the 1983 reform that they felt they were betraying their colleagues if they did not join them. Stayer_23 said that she knew that negotiating tax audits was wrong, but she felt bad for her team if she was the only one who did not want to negotiate with the taxpayer. Thus, she admitted that she calculated the tax as a result of negotiation, but did not keep the money given by the taxpayer. Other stayers and leavers stated that, after the 1983 reform, most DGT employees were 'players' (or '*pemain*' in Indonesian), meaning that most of them actively negotiated the amount of tax with taxpayers or accepted bribes, and only a small number of employees were 'clean'. The latter were usually marginalised in their offices (Leaver_11 and Leaver_20, Stayer_19 and Stayer_36).

DGT's 2002 reform

The DGT conducted a further reform in 2002, as part of a deal to secure financial support from the IMF (Minister of Finance, 1997, attachment nos.3-5). According to the *Wall Street Journal*, through this reform programme, the IMF was seeking to use the financial crisis to break the rules protecting oligarchic control over the Indonesian economy (Borsuk, 1997, p.A, 14:3). The IMF maintained that strengthening Indonesian governance was necessary to restore public confidence in the Indonesian currency and financial markets; thus, it was believed to be 'a polite way of saying that Indonesia must reduce corruption and step away from crony capitalism, the lucrative control of certain industries given to relatives and friends of Suharto' (Borsuk, 1997, p.A, 14:3). The 2002 reform was conducted gradually, and covered both policy and organisation (DGT, 2009b, p.4).

1. First phase, 2002–2008

In a letter of intent in December 2001, the Indonesian government and the IMF agreed that the short-term objective of DGT reform was to raise tax revenues from domestic sources through the realisation of available tax potential. The focus was on tax revenues and minimising loopholes in tax regulations (DGT, 2009b, p.9). The strategies chosen were to deliver service excellence to taxpayers while intensifying the monitoring of taxpayers' compliance (DGT, 2009b, p.8).

In its implementation, the tax administration reform covered four areas. First, there was a restructuring of the organisation based on DGT functions, introducing segmentation of its taxpayers, as well as greater certainty in service delivery to achieve customer satisfaction. Taxpayers were classified into three categories – small, medium and large. Second, business processes were improved and the latest technology employed; third, HRM was improved based on competency and performance; and fourth, an employee code of conduct was imposed (DGT, 2009b, p.8).

In view of the limited funds available and HR's lack of readiness, the reform was carried out gradually (DGT, 2009b, p.19). The initial step was marked with the launch of two tax offices serving large taxpayers. In preparing staff for these two offices, the DGT carried out a fit-and-proper test and competency mapping to assess candidates' competencies and attitudes to corruption, and increased candidates' performance-related pay if they passed a placement test (DGT, 2009b, p.72). Tax revenues from the reformed offices and taxpayers' satisfaction with these offices' operations showed that their new operations were promising, so the government decided to extend the reform process to several other tax offices, especially those in Indonesia's big cities, such as Batam, Tangerang and Denpasar (Minister of Finance, 2003; DGT, 2007, p.15; Pandiangan, 2008, p.59; DGT, 2008, p.22). The same process as for the establishment of the large taxpayers offices was applied in the second project, including a fit-and-proper test for employees who wanted to work in the reformed tax offices. However, when the government eventually reformed the remaining tax offices, the fit-and-proper test for staff was waived (DGT, 2009b, p.72).

The decision to take the rest of the employees into the reformed tax offices without a fit-and-proper test was made because the DGT did not have the authority to fire employees who did not pass this test. Eventually, those who did not take the fit-and-proper test were able to work in the reformed tax offices and enjoyed the new facilities only available in these reformed offices. For example, they received performance-related pay increases, and were consequently obliged to follow the code of conduct and the rules and regulations that applied in the reformed tax offices (DGT, 2007, p.15; 2009b, p.72).

At the beginning of the 2002 reform, the funding needed to raise DGT employees' salaries came from the MOF's budget. The reform in the DGT was successful, as reflected in the amount of tax revenues collected and in taxpayers' satisfaction with the reformed offices, and it was aligned with an MPR Decree that urged the government to implement a democratic government free from collusion, corruption and nepotism. Therefore, in 2006, the central government decided to reform the whole of the MOF. Gradually the MOF reform was followed by several ministries; most underwent a similar reform process to the DGT, using the DGT as a benchmark for reforming central government organisations, and the

funding needed for remuneration for the reformed offices was deducted from the state budget (DGT, 2009b, p.25).

Following its organisational reform, DGT's policy reform took place towards the end of the first phase of the 2002 reform through the amendment of tax laws (DGT, 2009b, p.33). However, unlike the 1983 reform that amended all tax laws at once, the amendment of tax laws in the 2002 reform was carried out gradually (Heij, 2001, p.233; DGT, 2007, p.10). The Law on General Provision and Tax Procedure was amended in 2007 and came into effect in 2008; the Law on Income Tax was amended in 2008 and took effect in 2009; and the Law on Value Added Tax was amended in 2009 and took effect in 2010 (DGT, 2009b, p.33).

The first phase of DGT reform ended in 2008, when the organisation had completed its restructuring, had adopted the new business process with a standard operating procedure for all tax offices, had started to use an HRM system based on competency and performance, and had amended two out of three tax laws (DGT, 2012, p.153). This phase was followed by the next reform phase, starting in 2009 and ending in 2014.

2. Second phase, 2009–2014

The second phase of DGT reform started in 2009 and ended in 2014. The main focus of this phase was on four areas:

1. establishment of a blueprint for information and communication technology to support its business processes;
2. establishment of a blueprint for HRM;
3. establishment of a strategic plan and improvement of DGT vision and mission; and
4. implementation of programmes to improve employee motivation and morale (DGT, 2012, p.155).

During the second phase, in addition to continuously reviewing its employee code of conduct, the DGT aimed to enhance control of its employees through an internal audit unit and the involvement of external organisations such as the Corruption Eradication Commission. Other regulations were introduced, including the rotation of employees who had served a tax office in a particular region for more than five years. For example, an employee who had worked for more than five years in one of the tax offices under the Jakarta Special RTO might be relocated to a tax office under the RTO outside Java. Employees getting their first promotion might be assigned to small cities or cities outside Java, so employees in non-echelon positions being promoted to an echelon IV position might be sent outside Java. These two regulations were implemented due to a lack of staff in cities outside Java, to acquire new work experience and to establish good governance (DGT, 2007, p.21). These HR regulations are discussed in a later section (see page 116).

3. Third phase, 2015-2019

In the third phase, the DGT aims to improve taxpayers' compliance, ensure the quality and consistency of law enforcement, and improve synergies with other government

institutions, as well as business associations and other third parties (DGT, 2015, pp.46-47). In this phase, the government decided to increase employees' performance-related pay for the first time through a Presidential Decree.

- *Headquarters*

DGT's headquarters is located in Jakarta. Unlike its previous organisational arrangement, which was based on the taxes administered by the DGT, the current headquarters is arranged based on the functions performed by its directorates. Compared with its organisational structure in the 1983 reform (see Figure 5.1, p.104), the new headquarters arrangement was classified into two categories: units involved in day-to-day operations and units responsible for the organisation's development and transformation. The secretariat general and eleven directorates belonged to the first category (DGT, 2009b, p.30; DGT, 2015, pp.39-40). The three directorates that handled the organisation's transformation are; the Directorate of Business Process Transformation, the Directorate of Information and Communication Technology Transformation, and the Directorate of Internal Compliance and Apparatus Transformation. Four senior advisors assisted the directors of both categories (DGT, 2009b, p.30; DGT, 2015, pp.39-40).

- *Operational units*

Another major change in the new DGT organisation is the arrangement of its operational unit. The new tax offices merged the previous three offices – the old tax office, the land and property tax office, and the tax audit and investigation office – and changed the name from the Tax Dissemination and Tax Potency Observation Office to the Tax Services, Dissemination and Consultation Office (TSDCO, see Figures 5.1, p.104 and Figure 3.4, p.70). The new tax office performs tax audits, but does not review disputes on decisions resulting from tax audits. All tax disputes are reviewed either by the RTO or by the Tax Objection and Appeal Directorate at headquarters. Other than tax objections, taxpayers deal with the RTO and headquarters when being investigated for tax crimes (DGT, 2007, pp.14-15).

Table 5.1. Summary of DGT's operational units based on taxpayer segmentation and office location

Regional Tax Offices (RTOs)	Type of Taxpayers	Large-Taxpayers Tax Offices			Medium-Sized-Taxpayers Tax Offices			Small-Taxpayers Tax Offices					
								Small-Taxpayers Tax Offices			TSDCOs		
		Java		Outside Java	Java		Outside Java	Java		Outside Java	Java		Outside Java
		Jakarta	Outside Jakarta		Jakarta	Outside Jakarta		Jakarta	Outside Jakarta		Jakarta	Outside Jakarta	
Large Taxpayers RTO	Nationally Large Corporate Taxpayers	2											
	State-Owned Enterprises	1											
	High Wealth Individuals	1											
Jakarta Special RTO	Foreign Investment Companies				6								
	Permanent Establishments and Expatriates				1								
	Oil and Gas Companies				1								
	Publicly-Listed Companies				1								
Regular RTO	Regionally Large Corporate Taxpayers				5	7	7						
	Local Individual and Corporate Taxpayers							55	120	134	1	30	176
Sub-total by Types of Tax Office and Location Sub-total by Types of Tax Office Total		4	0	0	14	7	7	55	120	134	1	30	176
		4			28			309			207		
		341											

Note: Jakarta has eight RTOs consisting of 73 tax offices, the rest of Java has 10 RTOs consisting of 127 tax offices, and the remainder of the country has 15 RTOs consisting of 141 tax offices. All RTOs are located in big cities, within and outside Java. All medium-sized-taxpayers' tax offices are located in big cities, within and outside Java. All TSDCOs are located in remote areas under the small-taxpayers tax offices (DGT, 2010, p.20; 2015, pp.11,41). Most DGT employees prefer to work in Java, which has 197 tax offices, because most live in Java (based on stayers and leavers interviews). Source: DGT (2015, pp.11,41).

The RTOs are arranged according to the function they performed, and their main duties are; to coordinate and provide technical support for offices under their jurisdiction, review taxpayers' objections to decisions made by tax offices, undertake investigations of any indications of tax crime, and conduct peer reviews of audits conducted by tax offices (DGT, 2007, pp.14-15). The DGT has three types of RTO – the Large Taxpayers RTO, the Jakarta Special RTO, and the regular RTOs – which were established based on their geographical region, as well as three types of tax office for large, medium-sized and small taxpayers (DGT, 2015, p.40).

The RTOs each have a number of tax offices under their jurisdiction. The Large Taxpayers RTO coordinated four large-taxpayers tax offices, Jakarta Special RTO coordinated nine medium-sized-taxpayers tax offices, and some regular RTOs coordinated both medium-sized- and small-taxpayers tax offices, while others only coordinated small-taxpayers tax offices (DGT, 2015, p.41). Regular RTOs that only coordinated small-taxpayers tax offices usually had jurisdiction over remote areas (DGT, 2010, p.20).

Based on its 2015 annual report, the DGT had 33 RTOs, with 18 located in Java and 15 outside Java. It had four large-taxpayers tax offices, all under the Large Taxpayers RTO; 28 medium-sized-taxpayers tax offices, nine under the Jakarta Special RTO, and nineteen under the regular RTO; 309 small-taxpayers offices, all belonging to regular RTOs; and 207 TSDCOs, all located in remote areas. In total, the DGT had 341 tax offices throughout Indonesia, with 114 located outside Java and 197 in Java. Among the latter, 73 were located in Jakarta (DGT, 2015, pp.11,41). Table 5.1 summarises DGT's operational unit based on these classifications and their locations.

The DGT chose this tax office arrangement because different types of taxpayer require different approaches to help them comply with tax regulations. Placing similar taxpayers in the same tax office would make it easier for the DGT to monitor and deliver tax services to them (DGT, 2007, p.14). The new organisational structure, especially for the operational unit, was expected to overcome some ineffectiveness in the previous operational unit by merging several offices to make it easier for taxpayers to comply with the regulations, and by creating standard operating procedures in its tax offices to guarantee standardised service delivery to all taxpayers (DGT, 2007, pp.14,16).

Because many of its employees wanted to be placed in Java, the DGT introduced a new office classification for HR purposes. This arrangement is discussed in a later section (see page 117).

4. Gradual implementation of DGT's 2002 reform

DGT's gradual reform raised issues of trust and fairness among participants. Although carrying out government institutional reforms is complex and requires HR readiness and

significant funds, some participants (Leaver_1, 6, 8, 9, 10, 14, 15, 16, 17 18, Stayer_1, 2, 3, 10, 11, 12, 15, 16, 22, 24, 25, 28, 34, 37) believed that the decision to carry out the reform gradually (starting with several offices and gradually expanding the reform process until it covered all tax offices) showed that DGT reform lacked support from both internal and external stakeholders. Leaver_5 and Stayer_24 stated that, before all DGT's organisational units had been reformed, only the reformed offices observed good governance practice, while for the rest it was 'business as usual', with taxpayers and tax officers negotiating the amount of tax to be paid. The gradual reform allowed those who did not want to change to continue their activities. With regards to tax policy reform, Leaver_6, 14, Stayer_22 and 24 believed that the 2002 reform lacked political support, as amendments to the existing tax laws required long discussions before receiving parliamentary approval. Indonesia's tax laws consist of laws for income tax, value added tax, land and property tax, and general provisions and tax procedures. Between the 1983 and 2002 reforms, the government had amended the tax laws in 1994 and 2000. These amendments were generally made to adjust tax rates and levels of tax exemption, and to regulate new taxable businesses and other administrative arrangements (First Amendment on Law on General Provision and Tax Procedure No. 6/1983, 1994, general explanation no.1; Second Amendment on Law on General Provision and Tax Procedure No. 6/1983, 2000, general explanation nos.2-3). Tax law amendments before the 2002 reform were usually enacted all at once, because these laws were interconnected. The last tax law amendment prior to the 2002 reform was in 2000, and it amended all tax laws at once, so implementation of these laws started at the same time. However, after the 2002 reform, amendments to tax laws were carried out gradually (DGT, 2009a, pp.44-46).

Some participants (Leaver_1, 4, 5, 6, 10, 12, 15, Stayer_1, 2, 8, 9, 10, 11, 13, 14, 15, 16, 17, 18, 19, 20, 22, 23, 25, 26, 27, 28, 32, 42) stated that executing the reform gradually had led to an unclear direction of reform, and had increased uncertainty and resistance among employees. The interviews reveal that both stayers and leavers became dissatisfied as they faced too many changes that did not meet their expectations (Leaver_3, 5, 6, 9, 11, 13, 15, 16, 17, 18, 19, Stayer_1, 2, 3, 10, 15, 16, 18, 22, 27, 34). Some leavers (Leaver_1, 2, 4, 6, 7, 12, 15, 17, 18, 19) pointed out changes to the recruitment process for those who wanted to work in a reformed tax office. Leaver_12 stated that she had followed a series of recruitment processes before she was able to work in the reformed tax office and receive a higher salary. However, the DGT then terminated the recruitment process (the fit-and-proper test) and let everyone in and awarded higher salaries. Leaver_12 stated that her job satisfaction and motivation plunged after the DGT waived the recruitment process, and felt that there was nothing special about the reform or working in a reformed tax office.

Some leavers (Leaver_1, 2, 3, 4, 5, 6, 9, 11, 13, 14, 16, 17, 18, 19) stated that their expectations of DGT reform were too high; they had expected those in headquarters and in higher ranks to speed up the reform process. Those who worked in tax offices stated that many policies made by headquarters did not fit their current office conditions, even when they had made suggestions in advance (Stayer_1, 16, 19, 22, 23, 24, 25, 38, 42). For Leaver_1, 14, and 16, this had made them realise that the reform only applied to lower-rank employees, but did not really touch those in high ranks. Leaver_14 stated that the DGT emphasised good governance practice only in its operational unit, but not in headquarters where policies for implementing tax laws were made. Leaver_14 stated that, by the time he left the DGT, there was no standard operating procedure for headquarters to guarantee that the policy process would be transparent and free from corruption.

Gradual reforms require continuous, effective communication to help employees understand the reform strategies and their benefits and potential drawbacks. Some leavers (Leaver_3, 5, 6, 14, 17, 19) claimed that the reform direction had changed from what they had first understood when joining the modernised tax office. They stated that they had believed that the DGT would reward them based on their performance and competency, with those who did well in their job being placed in better offices that were matched with their competencies. However, the DGT often sent its employees to small-taxpayers tax offices, where their expertise and competencies did not match their new positions. For some stayers (Stayer_1, 8, 13, 19, 20, 22, 23, 26, 27, 28, 32, 42), too many changes, such as in job rotation regulations, had made them reluctant to support the new HR and other regulations. Many stayers (Stayer_1, 2, 8, 11, 18, 19, 22, 23, 25, 27, 31, 32, 37, 40, 41, 42) had decided to display average job performance every time the DGT introduced a new regulation because they were uncertain about the benefits for them. On the other hand, HR_8, a participant who held an HR position, stated that job rotation was a tool not only to reassign employees to give them more work experience, but also to distribute skills more evenly. As the economy of many parts of Indonesia grew, many tax offices outside Jakarta had become responsible for higher tax targets than they were used to. Thus, to support these tax offices in reaching their tax targets, they needed able employees.

All participants in this research agreed that all public organisations need to undertake reforms similar to DGT's 2002 reform, as the world becomes ever more transparent. Many were proud to be DGT employees (Leaver_3, 5, 8, 13, 15, 16, 17, 19, Stayer_1, 3, 4, 6, 21, 25, 28, 33, 34, 35, 38, 39). However, towards the end of the first phase of reform, several cases of tax fraud and money laundering involving DGT employees were revealed to the public (Wijaya, 2012; Fighting Tax Mafia, 2012; Subkhan, 2013). The investigations showed that these employees' misbehaviour resulted from how they carried out their duties as DGT employees. High coverage of tax fraud and money laundering cases by the

media decreased public trust in the DGT. Both stayers and leavers (Leaver_1, 5, 9, 15, 17, 19, Stayer_3, 6, 13, 16, 17, 18, 19, 21, 22, 27, 36, 37, 41) stated that they were being tarred with the same brush, making it more difficult for them to do their jobs.

Some leavers (Leaver_1, 5, 9, 15, 17, 19) said that DGT's leaders did nothing to correct the fact that not all employees were corrupt. Rather than protecting employees who were demoralised by the corruption cases and localising the problems, their leaders seem to have led the media to target them as the only ones with corrupt behaviours (Leaver_17). Leaver_8, 14 and 19 said that they had had to deal with the police by themselves, with no support from the DGT, simply because they had previously handled taxpayers involved in corruption cases. Stayer_3 and 41 said the DGT should use the media coverage on corruption cases as a chance to fire employees who were still corrupt. HR_10 said that, in response to public demand for transparency and organisational responsiveness, including in corruption cases, in the second phase of the 2002 reform, the DGT applied several strategies. These included: maximising the use of information and communication technology to reduce direct contact between tax officials and taxpayers; establishing a whistle-blower system; cooperating actively with the anti-corruption agency and facilitating public complaints through a call centre; and establishing a single directorate (the Directorate of Transformation and Business Process) to continuously review DGT's business processes, rules and regulations.

During the interviews, some leavers and stayers (Leaver_5, 10, 13, 16, 17, 19, Stayer_1, 6, 12, 22, 28, 38) said that they believed that there were still corrupt employees in the DGT, and that these employees could be identified by their expensive lifestyles. Stayer_22 said that, with the cost of living in Jakarta, their current salaries could only support a decent lifestyle. Stayer_24 said that he did not really care if others were still corrupt, as long as those employees' corrupt behaviour did not interfere with his job.

DGT's Human Resource Management

This section reviews DGT's HRM by examining its HR regulations and highlighting some problems around them. As the DGT reformed its organisation, its HRM also went through several changes. The main driver for HRM reform was public demand for a conducive tax system with simple, business-friendly tax regulations, and a demand for transparency in the tax administration, with 'clean' tax officials (DGT, 2009b, p.11). Prior to the 2002 reform, tax officials were known for their authoritarian manner. Therefore, the objective of DGT's HRM reform was to ensure good governance through employees' integrity, competency and professionalism (DGT, 2009b, p.11).

At the beginning of the 2002 reform, the government decided to raise incentives for DGT employees, in the hope that higher take-home pay would boost their productivity and

eradicate corrupt behaviour. In addition to salary changes, the DGT developed 'a code of conduct, enhanced oversight by an internal audit unit, a "hotline" for taxpayers to report illicit behaviour by tax officers, and streamlined procedures for sanctioning tax officers found to violate code of conduct' (Minister of Finance, 2001, Annex A). Other HR regulations were introduced, such as rotating employees who had served in one office in a specific region for more than a given length of time, and assigning newly-promoted employees to small cities or cities outside Java.

HR regulations

There are no regulations, regulated by the Ministry of State Apparatus, the MOF or the DGT, that explicitly state they were made for dealing with employee turnover or for retaining employees (HR_1, 2, 3). HR_1, from the Ministry of State Apparatus, said that an example of Civil Service regulation expected to prevent employees from leaving will be the remuneration system. The new formulation for civil servant salaries will consist of three components: the basic salary, performance related pay, and high cost area allowance, and is intended to keep the civil service salary competitive with its counterpart, the private sector. HR_2 said that an example of an MOF programme that seeks to retain employees was through individual development training. The MOF established a regulation to open the opportunity to employees to participate in training to address the gaps in their competency. Furthermore, she said that it would not be like the old days where only those who were close to people in higher positions were given the opportunity to develop their skills and competency.

The Indonesian civil service laws apply to MOF's employees and, as a consequence of being a directorate under the MOF, these laws also apply to DGT's employees. The MOF delegates its right to regulate some HR regulations to fit specific conditions, and allows some flexibility for this directorate to make adjustments.

For HR purposes, for example for promotion and job rotation, the DGT classifies its units of organisation as shown in Table 5.2. This classification indicates units' importance to the organisation and the amount of tax revenue collected (Director General of Taxes Decree, 2012b, Attachment IV). Thus, those working in more strategic units are responsible for achieving higher tax revenue targets. Both stayers and leavers (Leaver_3, 5, 6, 14, 17, 19, Stayer_3, 8, 9, 18, 22, 23, 24, 17, 28, 31) believed that those who performed well in their job should be placed in the more strategic units because their knowledge and skills were greatly needed by these units.

Table 5.2. Classification of DGT's units determining job title and job rotation

Classification		Unit Organisation
Strategic Unit	More Strategic Unit	Headquarters
		Large Taxpayers RTO
		Jakarta Special RTO
		All tax offices under the Large Taxpayers RTO
		All tax offices under the Jakarta Special RTO
		Tax Objections and Appeals Division in all RTOs*
	Less Strategic Unit	All medium-sized-taxpayers tax offices in Indonesia
General Unit	General Units	All RTOs that supervise medium-sized-taxpayers tax offices; however, these RTOs' Tax Objections and Appeals Divisions are classified as more strategic units (see * above).
		Small-taxpayers tax offices with significant tax revenues
	Other General Units	Taxation Data and Document Processing Centre Other RTOs and small-taxpayers tax offices not included in the previous classifications

Source: Director General of Taxes Decree (2012b, Attachment IV)

The next sections describe seven important HR regulations that currently apply to the DGT.

Recruitment process

The MOF recruits its employees through two main streams. The first is the College of State Accountancy (*Sekolah Tinggi Akuntansi Negara*/STAN; DGT, 2009b, p.76; MOF, 2015, p.115). STAN was established by the MOF to educate and recruit high-school graduates. The college falls under the Finance Education and Training Agency, an MOF agency responsible for providing training and education for employees (MOF, 2015, p.98). High-school graduates who pass STAN's selection process are then trained for one to three years in the subject they choose prior to the selection process. Among the subjects that can be chosen are; accounting, taxation, land and building tax appraisal, customs and state budgeting. Students who graduate from STAN become MOF employees once they have been through a period of probation, which usually takes one to two years, as long as all of their job performance criteria during the probation period are classified as 'good'. STAN graduates may be placed in any MOF units, but they are usually placed based on the subject they have studied. Thus, those who have studied taxation will be placed in the DGT, those who have studied customs will be placed in the Directorate of Customs and Excise, and those who have studied accounting may be placed in any directorate that needs their skills. STAN's graduates were bound to work in the MOF for a number of years in exchange for their free education. They were allowed to leave the MOF before this obligation ended if they pay back their education expenses to the MOF.

The second stream is the general recruitment of university graduates (DGT, 2009b, p.76). Applicants who choose to enter the MOF through the second stream must pass five stages of the selection process: administrative requirements, aptitude test, psychological test, health check and interview (DGT, 2009b, p.77). As with STAN graduates, those who come through this selection process must serve between one and two years' probation before

they can officially become civil servants in the MOF. Applicants choose their preferred directorates prior to the selection process, but the ministry has the right to place them in other units of its organisation.

HR_3 said that work bond regulation and employees' statement of willingness to be placed throughout Indonesia (mentioned in Chapter 3) were not enough to keep employees from leaving. Some employees chose to pay back the education expenses because their new employers were willing to pay it on their behalf.

Rank and rank group applied to DGT employees

As the MOF has two streams for employee recruitment, employees' ranks and rank groups mainly follow these streams. STAN is classified as diploma level in the Indonesian educational system and provides education at Diploma I and Diploma III levels for high-school graduates; thus, based on Indonesia's civil service law, employees accepted through STAN will be given Pengatur Muda/II-a as their first rank and rank group if they graduate from Diploma I, and Pengatur/II-c if they graduate from Diploma III (see Table 3.1, p.75). Recently most STAN graduates accepted into the DGT have graduated at Diploma III level, so most have been ranked initially as Pengatur/II-c (President Decree, 1977, Attachment I; DGT, 2009b, p.76). University graduates are given Penata Muda/III-a as their first rank and rank group. The MOF rarely opens job vacancies to Master's and PhD graduates, so university graduates who are accepted are most likely to be given Penata Muda/III-a as their first rank and rank group.

Rank and rank group promotion are interrelated with employee job title/position and performance evaluation. Rank and rank group promotion for functional positions are discussed in later sections (see page 120-122).

Pay

In addition to the civil service salary, which applies to all of Indonesia's civil servants, the second main component of remuneration is performance-related pay. Most Indonesian ministries have an additional allowance scheme for their employees. In the MOF, this is called the 'special allowance for state finance administrators', or '*tunjangan khusus pembinaan keuangan negara*' (TKPKN) in Indonesian. This performance-related pay applies to all directorates under the MOF. In the MOF, the amount of this allowance is higher than the salary element of pay.

Since the 2002 reform, DGT employees have also been entitled to another additional allowance as part of their performance-related pay. The initial purpose of this additional allowance was mainly to compensate those working in the reformed units of DGT's organisation (President Decree, 2014, Article 8), and is equivalent to compensation paid

to DGT employees for not being corrupt (DGT, 2009b, p.11). The amount of this additional allowance is higher than their performance-related pay (TKPKN) and thus higher than the basic pay too. Performance pay used to be determined by the MOF, but since 2015 it has been determined by the President (President Decree, 2015). Neither performance-related pay nor the additional performance pay are adjusted regularly. The latest adjustment for both allowances was in 2015, when most leavers who participated in this study had already left the DGT.

In addition to salary and performance-related pay, employees of the DGT and the MOF are entitled to receive a meal allowance and other allowances. Meal allowances are based on employees' attendance in their offices, while other allowances, such as fieldwork allowances, are based on employees' activities.

According to the pay regulations, the role of DGT's HR division is to execute payments and apply disciplinary regulations that affect the amount of salary paid (DGT, 2009b, p.67). It was expected that this lack of autonomy in regulating employee pay would lead participants in this research, especially leavers, to mention pay as an issue. All leavers participating in this research left before performance-related pay in the DGT was increased. Leavers (Leaver_2, 4, 5, 6, 9) said that, when they first joined the reformed tax office, they were satisfied with their performance-related pay because their take-home pay was higher than what they had previously received. However, the amount of this performance pay was never adjusted, and the DGT had no freedom to adjust it, so the leavers felt that their real income was decreasing due to rising inflation.

Leaver_6 and Leaver_9 said that pay became a source of dissatisfaction because they could not maintain the lifestyles they had when they first started working in the reformed tax office. Leaver_9, a former tax specialist, stated that if he had wanted to continue working in the DGT, the easiest way to earn additional money to maintain the same lifestyle would have been to return the old practice of negotiating tax with the taxpayers; however, as he did not want to do that, he chose to find another job with better pay. HR_3, 8, and 12 said that, for the DGT, payment is an important tool to keep employees from leaving their job; the new performance pay had proved that problems in job rotation (employee resistance to being sent outside Jakarta) reduced after the performance pay had been risen.

Types of civil servant positions applied to DGT employees

The DGT currently has two out of three types of position in its organisation: structural positions and specific functional positions. Structural positions are those in echelon positions or who lead organisational units and non-echelon employees who do not lead organisational units. The DGT calls its non-echelon employees 'staff', or '*pelaksana*' in Indonesian. Some non-echelon positions, such as tax objection reviewers and account

representatives, require staff to have a minimum rank and competency in taxation, while other job titles do not (DGT, 2015, p.156). For functional positions, the DGT currently has four types of job position: tax auditor, tax appraiser, computer administrator and medical personnel.

A job title and a range of grades are assigned to each job position. The grade determines the amount of performance-related pay for those in job positions holding specific job titles (President Decree, 2015, Article 2). Each job in a functional position, with the exception of medical personnel, is divided into six job titles, while for those in non-echelon structural positions, six job titles are assigned to tax objection reviewers and account representatives, as shown in Table 5.3. Prior to 2015, the Minister of Finance set the grades for each job title for DGT employees; since 2015, however, these grades have been determined by the government through Presidential Decree (Minister of Finance Decree, 2011). Table 5.3 summarises the types of job position, job title and grades for DGT employees.

Table 5.3. Types of civil servant position, job titles and grades applying to DGT employees

Types of Position		Level	Job Title	Grades
Structural	Echelon	Echelon 1 (highest)	Director General	24 - 27
		Echelon 2	Secretary of the DGT	20 - 23
			Director	
			Senior Advisor	
			Head of Regional Tax Office	
			Head of Taxation Data and Document Processing Centre	
		Echelon 3	Head of Sub-Directorate	17 - 19
			Head of Division	
			Head of Tax Office	
		Echelon 4 (lowest)	Head of Section	14 - 16
			Head of Sub-Division	
	Non-echelon	Tax Objection Reviewer I (highest) – V (lowest)		8 - 12
		Employee on Study Leave		7 - 12
		Account Representative I (highest) – V (lowest)		7 - 11
		Tax Bailiff		8 - 10
		Secretary		8 - 10
		Treasurer		7 - 10
		Computer Console		6 - 8
		General Staff		4 - 6
		Employee on Probation		4 - 6
Functional	Tax Auditor	Tax Auditor: Expert Level III (highest) – Skilled Level I (lowest)		9 - 18
	Tax Appraiser	(Land and Building) Tax Appraiser: Expert Level III (highest) – Skilled Level I (lowest)		9 - 18
	Computer Administrator	Computer Administrator: Expert Level III (highest) – Skilled Level I (lowest)		7 - 17
	Medical Personnel	Medical Personnel		N/A

Source: DGT (2011a, p.10; 2015, p.156); President Decree (2015, No.37).

With regard to functional positions, this research focuses on tax auditors because the participants in functional positions were all tax auditors. Tax auditors may be promoted if they achieve the number of credits required for a higher rank and rank group. There are six job titles for tax auditors, and those who want to be promoted to higher job titles are required to have a certain rank and rank group, and educational background (Minister of

State Apparatus Decree, 2003). Tax auditors' job titles and grades are stipulated when they are assigned to a functional position for the first time. The grades of those in functional positions are adjusted to align with their rank promotion.

Table 5.4. Job titles and ranks for tax auditors

Job Title	Minimum				Educational Requirement	Maximum				Educational Requirement
	Rank Name	Rank Group	Rank Sub-Group	Number of Credits Required		Rank Name	Rank Group	Rank Sub-Group	Number of Credits Required	
Tax Auditor at Skilled Level I (lowest)	Pengatur	II	c	60	Diploma III	Pengatur Tingkat 1	II	d	80	Diploma III
Tax Auditor at Skilled Level II	Penata Muda	III	a	100	Diploma III	Penata Muda Tingkat 1	III	b	150	Diploma III
Tax Auditor at Skilled Level III (highest)	Penata	III	c	200	Diploma III	Penata Tingkat 1	III	d	300	Under-graduate
Tax Auditor at Expert Level I (lowest)	Penata Muda	III	a	100	Under-graduate	Penata Muda Tingkat 1	III	b	150	Under-graduate
Tax Auditor at Expert Level II	Penata	III	c	200	Under-graduate	Penata Tingkat 1	III	d	300	Under-graduate
Tax Auditor at Expert Level III (highest)	Pembina	IV	a	400	Master's Degree	Pembina	IV	b	500	PhD

Source: Summary of Minister of State Apparatus Decree (2003).

Details of job titles for tax auditors and their ranks and rank groups, and the number of credits required for promotion are presented in Table 5.4. This shows that the job title of tax auditor at skilled level I requires employees to be in rank group II and sub-rank group c, with education to Diploma III level. They can rise to a higher rank (II d) if they are able to accumulate 80 credits by undertaking certain tasks. Tax auditors can gain credits by carrying out work determined by the Minister of State Apparatus Decree (2003). They can climb to a higher rank (III a) with a higher job title (tax auditor at skilled level II) if they can accumulate 100 credits, without upgrading their educational attainment. If they upgrade their education to undergraduate level, they can achieve the job title of tax auditor at expert level I, and so on (DGT, 2013, pp.72-73).

However, all tax auditors said that, although they submitted calculations of the number of credits they had accumulated every year, the DGT never fully accepted their calculations. The DGT arbitrarily set the limit at 25% of the number of credits required for them to climb to the next highest rank each year. Thus, tax auditors may rise to a higher rank in four years, the same as or even longer than required by those in structural positions (the other type of civil servant position in the DGT, see below). Although tax auditors may accumulate more credits to allow them to climb to a higher rank in less than four years, this never actually happens because of the practice of acknowledging only 25 per cent of the credits. Since tax auditors' rank determines their grade, the calculations of the number of credits ultimately influence the amount of performance-related pay they receive.

For structural positions, the job titles and grades for those in echelon positions are stipulated when they are first promoted from a non-echelon to an echelon level. Grades for echelon levels are adjusted when employees are rotated to another job title at the

same echelon level or are promoted to a higher echelon level. Although there is no written regulation, the grading of echelon levels is based on the classification of DGT's organisational units (see Table 5.2). Thus, those assigned to more strategic units are given higher grades than others with the same job title.

The grading of non-echelon employees in structural positions is based on the technical competencies required for their job title, such as knowledge of taxation for a tax objection reviewer, or their educational level and rank (Minister of Finance Decree, 2011). Employees in non-echelon structural positions may be promoted or demoted in their grades. Factors influencing such promotion or demotion include their performance evaluations (see next sub-section) and their years of service. Those who obtain 'good' (*baik*) for their performance mark in two grading evaluation periods (see Table 5.5) may be promoted to a higher grade, while those who obtain 'poor' (*kurang baik*) may be demoted to a lower grade.

Performance evaluation

In its 2014 Annual Report, the DGT stated that it followed two methods of performance management, based on government regulations for employee performance evaluation and on a Minister of Finance Decree for determining organisations' annual work plans (*Rencana Kerja Tahunan/RKT* in Indonesian). According to this decree, the MOF's RKT is determined by using a balanced scorecard system that seeks to explain the organisation's strategic targets from several perspectives, including stakeholders, customers and processes (Minister of Finance Decree, 2014). This annual work plan is then sub-divided to all organisational units and employees.

Employees' performance evaluations are based on their achievement of work targets (*sasaran kinerja pegawai*), behavioural assessments, fulfilment of additional assignments and creativity. These performance aspects are weighted: achievement of work targets counts for 60 per cent, and behavioural assessment counts for 40 per cent. Additional assignments are given a mark ranging from 1 to 3, and creativity is given a mark ranging from 3 to 12 (DGT, 2013, pp.272-275).

DGT's employee work targets are set annually at the beginning of the calendar year. These consist of a work plan and target, derived from the RKT of the highest level (echelon I) and distributed to the lowest level in both structural and functional positions. Employees' work plans and targets are treated as performance contracts (DGT, 2013, p.272). Achievement of employee work targets is assessed by comparing realised and target performance.

Behavioural assessment consists of superiors', peers' and subordinates' assessments of employees' service orientation, integrity, commitment, discipline, teamwork and

leadership (DGT, 2014, p.85). Employee performance evaluation is summarised in Table 5.5.

Table 5.5. Summary of employee performance evaluation based on Government Regulation PP No. 46/2011

Performance Aspects	Marks for Performance Aspects		Weight	Performance Mark	Descriptions
	Mark	Descriptions			
Achievement of Employee Work Target derived from RKT	91 and above	Very Good (<i>Sangat baik</i>)	60%		
	76 – 90	Good (<i>Baik</i>)			
	61 – 75	Average (<i>Cukup</i>)			
	51 – 60	Poor (<i>Kurang</i>)			
	50 and below	Unsatisfactory (<i>Buruk</i>)			
Behavioural Assessment	91 – 100	Very Good (<i>Sangat baik</i>)	40%	91 – 100	Very Good (<i>Sangat baik</i>)
	76 – 90	Good (<i>Baik</i>)		76 – 90	Good (<i>Baik</i>)
	61 – 75	Average (<i>Cukup</i>)		61 – 75	Average (<i>Cukup</i>)
	51 – 60	Poor (<i>Kurang</i>)		51 – 60	Poor (<i>Kurang</i>)
	50 and below	Unsatisfactory (<i>Buruk</i>)		50 and below	Unsatisfactory (<i>Buruk</i>)
Additional Assignments	1	1 – 3 assignments	100%		
	2	4 – 6 assignments			
	3	More than 7 assignments			
Creativity	3	Approved by Echelon II	100%		
	6	Approved by Echelon I			
	12	Approved by the President			

Source: DGT (2013, pp.272-275)

Before Government Regulation No. 46/2011 came into effect in 2014, employee performance evaluations for those in structural positions were based only on Government Regulation No. 10/1979. Under the old regulation, most DGT managers were reluctant to give bad marks to their subordinates, so almost all employees in structural positions were given a 'good' (*baik*) performance mark and were promoted every four years (HR_8). The DGT used Government Regulation No. 10/1979 for promotion in its employees' ranks and rank groups until 2015, but since 2016, it has used the new regulation, Government Regulation No. 46/2011 (DGT, 2013, p.269).

Both stayers and leavers stated that the DGT had still not found the right formula for performance appraisal, and having more than one performance evaluation formula had created additional trouble for them as employees because they had to submit several calculations to assess their performance. Many stayers and leavers (Leaver_5, 12, 14, 16, 17, 19, 20, Stayer_1, 2, 3, 8, 9, 18, 24, 25, 27, 28, 29, 31, 33) stated that, although the DGT had more than one formula to assess their performance, it was not very effective, because even with these formulae, it was still unable to identify employees who were doing their jobs well. On the other hand, HR officials (HR_5, 8, 11, 12) blamed those in echelon positions for ineffective performance evaluations. HR_8 said that many of those in echelon positions were reluctant to give poor marks to their subordinates because they wanted to look good to their subordinates. Thus, almost all DGT employees were classified as 'good performers' and therefore deserved to be promoted or rotated to a better office. Because the current performance appraisal system fails to capture really good performers, HR_8

admitted that some of their decisions in promoting and rotating employees may have been inaccurate.

HR_11 said it was not easy to ensure that managers made an objective performance evaluation of their subordinates. He said that in the DGT 90% of employees were classified as high performance employees; it was common although some units organisation could not achieve their tax revenue targets, most of their employees were classified as high achievers. Furthermore, HR_11 stated that the HR Division tried to establish a system where all employees recorded their achievements and their superiors validated those achievements for HR purposes (job and grade promotion). However, employees (Stayer_1, 2, 19, 23, 32, 38, 40, 42) said that they already had several applications or systems to record their work performance, especially performance relating to tax revenue target achievement; the HR Division should use those applications rather than make a new one as mentioned by HR_11. While HR_11 said that approval from those in the echelon II positions to integrate the existing applications had not been obtained, while the need for a performance application for HR purposes was urgent. HR_11 said that he hoped that employees' resistance of several performance applications would make the Board of Directors realise the urgency of integrated performance applications.

Job rotation

DGT's promotional system operates according to the same regulation as for job rotation, which is in the Director General of Taxes Decree (2012a; 2012b; 2015). This regulation applies only to those in functional positions and in echelon IV structural positions. Job rotation under this regulation includes horizontal rotation between jobs at the same level, vertical rotation to jobs at a higher level, and diagonal rotation between functional and structural positions. Job rotation and its requirements are summarised in Table 5.6. Classification of DGT's regional organisational units for determining periods of job rotation is presented in Table 5.7.

Table 5.6. Summary of job rotation regulations and requirements

Position	Requirement	Job Rotation					
		Vertical		Horizontal		Diagonal	
Echelon IV	Administrative Requirement	Educational background: Undergraduate				Educational background	
		Minimum rank group : III/c (those with higher rank and rank group are prioritised)				Minimum rank group, those who have/are of a higher rank and rank group are prioritised.	
		A 'good' (<i>baik</i>) performance mark for two consecutive years				A 'good' (<i>baik</i>) performance mark for two consecutive years	
	Technical Requirement	Job Performance	based on performance evaluation, or	Period of holding same the job title and/or staying in the same region		Job Performance	based on performance evaluation, or
			recommendation/assessment by their line manager	Job Performance	based on performance evaluation, or		recommendation/assessment by their line manager
		Competency	based on technical competency requirement, or		Competency	based on technical competency requirement, or	Competency
			educational background and their rank and rank group	educational background and their rank and rank group		educational background and their rank and rank group	
			Grade				
		Functional	Same requirement as for those first assigned to a functional position or promoted to a higher job title (see Table 5.4).	Minimum rank and rank group required for the job title			
Educational background required for the job title				Educational background required for the job title			
Number of credits required				Number of credits required			
Technical Requirement			Period of holding same the job title and/or staying in the same region				
			Job Performance	based on performance evaluation, or			
				recommendation/assessment by their line manager			
			Competency	based on technical competency requirement, or			
educational background and their rank and rank group							

Source: Director General of Taxes Decree (2012a; 2012b; 2015)

Table 5.7. Classification of DGT's regional organisational units for determining periods of job rotation

Region	Unit Organisation	Region	Unit Organisation
Region I	Headquarters	Region III C	3 Tax Offices Under Bengkulu and Lampung RTO
	All Regional Tax Offices in Jakarta		4 Tax Offices Under West Sumatera Barat and Jambi RTO
	All Tax Offices in Jakarta		2 Tax Offices Under East and North Kalimantan RTO
	Taxation Data and Document Processing Center		6 Tax Offices Under South, West, and South East Sulawesi RTO
Region II A	Banten RTO	Region IV A	Taxation Data and Document Processing Office in Jambi
	All Tax Offices Under Banten RTO		North Sumatera II RTO
	West Java I RTO		5 Tax Offices Under the North Sumatera II RTO
	All Tax Offices Under the West Java I RTO		South and Central Kalimantan RTO
	West Java II RTO		4 Tax Offices Under the South and Central Kalimantan RTO
	All Tax Offices Under the West Java II RTO		North and Central Sulawesi, Gorontalo, and North Maluku RTO
	West Java III RTO	Region IV B	5 Tax Offices Under the North and Central Sulawesi, Gorontalo, and North Maluku RTO
	All Tax Offices Under the West Java III RTO		Nusa Tenggara RTO
	Central Java I RTO		6 Tax Offices Under Nusa Tenggara RTO
	All Tax Offices Under the Central Java I RTO		2 Tax Offices Under the North Sumatera II RTO
	East Java I RTO	Region IV C	2 Tax Offices Under South and Central Kalimantan RTO
	All Tax Offices Under the East Java I RTO		4 Tax Offices Under North and Central Sulawesi, Gorontalo, and North Maluku RTO
Region II B	Bali RTO		4 Tax Offices Under Nusa Tenggara RTO
	All Tax Offices Under Bali RTO		2 Tax Offices Under North Sumatera II RTO
	North Sumatera I RTO		4 Tax Offices Under South and Central Kalimantan RTO
	All Tax Offices Under the North Sumatera I RTO	Region V A	3 Tax Offices Under North and Central Sulawesi, Gorontalo, and North Maluku RTO
	South Sumatera and Bangka Belitung Islands RTO		2 Tax Offices Under Nusa Tenggara RTO
	All Tax Offices Under the South Sumatera and Bangka Belitung Islands RTO		Aceh RTO
	Riau and Riau Islands RTO		2 Tax Offices Under Aceh RTO
Region III A	All Tax Offices Under Riau and Riau Islands RTO	Region V B	West Kalimantan RTO
	Central Java II RTO		3 Tax Offices Under West Kalimantan RTO
	All Tax Offices Under the Central Java II RTO		Papua and Maluku RTO
	Special Region of Yogyakarta RTO		2 Tax Offices Under Papua and Maluku RTO
	All Tax Offices Under the Special Region of Yogyakarta RTO	Region V C	3 Tax Offices Under Aceh RTO
	East Java I RTO		2 Tax Offices Under West Kalimantan RTO
	All Tax Offices Under the East Java II RTO		3 Tax Offices Under Papua and Maluku RTO
	East Java III RTO		2 Tax Offices Under Aceh RTO
Region III B	All Tax Offices Under the East Java III RTO		1 Tax Office Under West Kalimantan RTO
	Bengkulu and Lampung RTO		2 Tax Offices Under Papua and Maluku RTO
	7 Tax Offices Under Bengkulu and Lampung RTO		
	West Sumatera Barat and Jambi RTO		
	6 Tax Offices Under West Sumatera Barat and Jambi RTO		
	East and North Kalimantan RTO		
	7 Tax Offices Under East and North Kalimantan RTO		
	South, West, and South East Sulawesi RTO		
	10 Tax Offices Under South, West, and South East Sulawesi RTO		
	Taxation Data and Document Processing Office in Makasar		

Source: Director General of Taxes Decree (2015, Attachment IV)

The order of regions in Table 5.7 indicates their distance from Indonesia's capital city, Jakarta. Thus, regions in the lower order are usually in cities that are smaller than Jakarta. The DGT sets a minimum period of between one and three years and a maximum of eight

years during which an employee can stay in one region (Director General of Taxes Decree, 2015).

When people are promoted (vertical job rotation), they are usually transferred to a less strategic unit of the DGT (see Table 5.2) in a region far from Jakarta (see Table 5.7). Although the regulation for job rotation affects only those in functional positions and at echelon IV, most of those in non-echelon positions, such as senior tax objection reviewers who are the highest graded non-echelon employees, are concerned about this regulation. Once they are promoted to an echelon IV position, the DGT may send them to regions far from their homes.

Having many units in various parts of the country has made job rotation unavoidable for the DGT. HR_8 and 12 said that the DGT sets regulations for job rotation in order to make the process as transparent as possible and to guarantee its fairness. However, as the regulations are new to all employees and are likely to have a significant effect on their lives, the DGT has pre-empted strong resistance from them by communicating the benefits of job rotation.

Termination of employment and disciplinary regulations

Other than natural termination of employment (such as retirement or death in service), employees may voluntarily resign or be dismissed for violation of disciplinary regulations. In addition to corruption and abuse of authority, employees may be fired if they have been sentenced to more than four years' imprisonment by a court, or if they have not come to work for more than 46 days without a valid reason.

The regulations for submitting a resignation are as follows (Minister of Finance, 2013):

1. Resignation letter should be submitted six months prior to the date on which employees want to quit their jobs.
2. Employees must continue working until the DGT approves their resignation; if they do not, they may be punished for violation of disciplinary regulations.
3. The DGT may suspend employees' resignation for no longer than one year to prepare for their replacement.
4. The DGT may refuse employees' resignation if they are still bound to work due to receipt of a scholarship, or if they have not paid a fine to remove a work obligation.

Employees who voluntarily resign receive a pension if they resign at the age of 50 years or more and have worked for at least 20 years. The amount of pension given to those who retire or voluntarily leave their job is between 40 and 75 per cent of their latest basic salary, not including performance pay (DGT, 2007, p.21). This means that DGT pensioners receive less than 30 per cent of their pre-retirement take-home pay. Many employees are concerned about retirement pension levels. Leaver_7 and Leaver_19 said that some employees who are close to their retirement age take advantage of their position, whether

in the form of corruption or by abusing their authority to earn money on the side in order to prepare for retirement.

Other disciplinary regulations applicable to DGT employees are:

1. *Working hours regulation*

Working hours for the MOF are from 7.30 am to 5.00 pm. Those who work in Jakarta are allowed to be 30 minutes late, as long as they compensate by working until 5.30 pm. Employees who do not comply with the working hours regulation have their performance pay cut by 0.5 per cent if they are 30 minutes late and by five per cent for a full day's absence.

The most recent regulation relating to employee working hours was an instruction from the Director General of Taxes in 2015 that all employees must work until 7.00 pm in order to achieve the tax revenue targets, which were 40 per cent higher than the 2014 tax revenue targets. Many employees disapproved of this instruction because they did not see any correlation between increasing their working hours and achieving tax revenue targets (Stayer_1, 4, 9, 10, 15, 19, 22, 23, 24, 26, 30, 38, 40, 42).

2. *Obligation to report bank account details and any changes in wealth to the Corruption Eradication Commission (Komisi Pemberantasan Korupsi/KPK in Indonesian)*

This obligation applies to employees in functional and echelon positions; for those in non-echelon positions, it only applies to tax objection reviewers, account representatives and treasurers. HR_10 said that the decision to require those in non-echelon positions to report their wealth to the KPK was taken because these employees are at risk of abusing their authority through interaction with taxpayers. On the other hand, Leaver_1 and 3 argued that this should be done internally by the DGT.

3. *Annual leave regulation*

Employees are entitled to 12 days' annual leave, and public holidays are counted toward this entitlement. Since most DGT employees are Muslim, many take their annual leave during the *Idul Fitri* holiday. The Director General of Taxes regulates that during this holiday, only 30 per cent of personnel in each organisational unit may take their entitlement, and 70 per cent must be in the office. This regulation has received many objections because employees feel that the DGT is violating their employee rights (Stayer_4, 15, 21).

Conclusions

This chapter has examined DGT's reforms and HRM. Although the government did not openly state that the reforms were intended to eradicate corruption, the types of change

suggest that fighting corruption was a key consideration. The DGT uses its organisational structure and HR regulations to stimulate good governance practice.

The new organisational structure has reduced the concentration of power in tax officers' hands, although some participants believe that corruption persists in the DGT (Leaver_5, 10, 13, 16, 17, 19, Stayer_1, 6, 12, 22, 28, 38). Making pay sufficiently attractive to reduce the temptation for corruption is important, as some leavers (Leaver_2, 4, 5, 6, 9) claimed that when their performance pay had not been adjusted for many years, the easiest way to earn more money was to negotiate tax with taxpayers (Leaver_9).

The decision to arrange its organisational units based on the functions they perform and the taxpayers they serve has had consequences for the allocation of human resources. For organisational units based on function, the DGT requires employees to have specialist functional skills, while for tax offices based on the taxpayers they serve, employees are required to possess a range of skills and competencies. On the other hand, the job rotation regulations require the DGT to rotate employees regularly. Combined with the reality that employees have their own interests in the jobs they wish to perform, this has made employee relocation in the DGT a continuous challenge to keep employees satisfied and remain motivated in their jobs.

The job rotation regulations, which apply only to those in functional and structural echelon positions, regulate job rotation nationally, while those in non-echelon positions are usually rotated regionally; thus, non-echelon employees get used to working near their homes. Enforcing job rotation on those who are accustomed to working near their homes has made some former DGT employees decide to leave their jobs, while those who remain in the DGT have become reluctant to be promoted. Having many tax offices spread across the country, while seeking to minimise collusion between tax officers and taxpayers through job rotation, has resulted in the DGT sending some employees to work in their least preferred offices.

Although the DGT has made significant operational improvements, especially in relation to its external stakeholders (taxpayers), these improvements do not seem to have affected its internal stakeholders (employees). Many participants (Leaver_3, 5, 6, 14, 17, 19, Stayer_1, 8, 13, 19, 20, 22, 23, 26, 27, 28, 32, 42) expressed disappointment about the reforms, mentioning the uncertainty they had had to face because the reform had been carried out gradually. The DGT seems to be continuing to conduct reforms in a low-profile way in order to avoid long discussions with its stakeholders, neglecting the importance of effective communication. Many employees do not understand its reform strategies and their benefits and potential drawbacks.

Gradual reform has brought some changes to performance evaluation and the formulae used for job promotion. Although the HR division claims that these changes were necessary to increase transparency and fairness, too many changes have made employees reluctant to give their full support to the HR regulations.

This chapter has identified some potential HRM problems, relating to pay and job rotation, that may have contributed to the decisions of former DGT employees to leave their jobs and to current employees' intentions to stay or leave the DGT. The next chapter examines factors influencing decisions to stay or to leave by considering the reforms and HRM problems.

CHAPTER 6: FACTORS INFLUENCING DGT'S EMPLOYEES INTENTION TO LEAVE OR TO STAY

This chapter focuses on DGT's employees, the stayers, in two regional tax offices (RTOs), Jakarta Special RTO and South Jakarta RTO. It examines the factors that determine stayers' intentions on their future employment in the DGT. To achieve this objective, this chapter is arranged in the following order: the first section discusses the quantitative findings from the questionnaire. This section covers the stayers' demographic and their perceptions in relation to job satisfaction and organisational commitment, as well as their plans for the near future. The second section explores the qualitative findings from interviews, and covers the factors that determine job satisfaction, organisational commitment and employees' intention for their employment in the DGT. The factors related to DGT's HRM discussed in the previous chapter are included in this section and discussed in more detail. This section discusses recurring themes from the interviews when participants were asked about these three issues. The third section presents the conclusion of this chapter. This section demonstrates the following: stayers' commitment to their family comes before their commitment to the DGT; that DGT's job rotation has made them think about leaving; stayers' high hopes for DGT's ongoing reform have made them willing to stay in the organisation.

Quantitative Findings

Stayers' demographics

The discussion on stayers' demographics is divided in two sections. The first section is the discussion of demographics of all stayers who filled in the questionnaire. The second section is demographics of those who were willing to be interviewed. This arrangement is made to be able to make comparisons between the two RTOs. Not all questionnaire responses can be classified based on its RTOs because the questionnaire did not ask this information. Some participants who were willing to be interviewed provided information about their office information (for arranging interview appointment), thus in which RTO these participants belonged to were known, but some did not. Information about stayers' RTOs was available during interviews, when they were asked to talk about themselves and their jobs. Based on these considerations, comparisons between the two RTOs were made from the data of those who participated in both the questionnaire and interview. Comparisons based on RTOs covered stayers' perceived level of job satisfaction and organisational commitment, and their plans for the near future.

1. Questionnaire participants' demographics

Employees from Jakarta Special and South Jakarta RTO participated in filling in the questionnaire. The questionnaire was set online and participants were invited to participate in the research via their office email address. Those who responded to the questionnaire and were willing to be interviewed were asked to leave their contact details to arrange the interview.

The questionnaires were sent to 550 employees, 30% of the target participant population. The number of questionnaires returned was 245; of those, 241 questionnaires (43.8%) were eligible for further analysis. The following table shows the demographics of those 241 respondents:

Table 6.1. Demographics of questionnaire participants

Demographics	#Participants	%
Job Position		
Manager	41	17%
Tax Auditor	62	26%
Tax Specialist	138	57%
	241	100%
Tenure		
Less than 1 year	0	0%
1 - 5 years	6	2%
6 - 10 years	40	17%
11 - 15 years	70	29%
16 - 20 years	89	37%
More than 20 years	36	15%
	241	100%
Office Location		
Same Location with Their Home	136	56%
Different Location with Their Home	105	44%
	241	100%
Age Group		
Under 25 years old	0	0%
25 - 30 years old	23	10%
31 - 40 years old	135	56%
41 - 50 years old	79	33%
More than 50 years old	4	2%
	241	100%
Gender		
Male	174	72%
Female	67	28%
	241	100%

More than half of the 241 participants who participated in the questionnaire were tax specialists, followed by tax auditors with 62 participants and 41 in manager or echelon positions. There were no managers in echelon III position willing to participate, only managers in the echelon IV position participated in the research. Most participants (98%)

had been working in the DGT for more than 5 years, thus they had enough information and experience that was valuable to the research objectives, and quite a few had been around long enough to have experienced both reforms. Most stayers (89%) were between 31 to 50 years old and 72% of them are men.

2. Interviewees' demographics

42 participants were interviewed, and Table 6.2 shows their demographics.

Table 6.2. Interviewees' demographics

Demographic	Interview					
	Jakarta Special RTO		South Jakarta RTO		Total	
	#Participants	%	#Participants	%	#Participants	%
Job Position						
Manager	4	17%	5	28%	9	21%
Tax Auditor	6	25%	4	22%	10	24%
Tax Specialist	14	58%	9	50%	23	55%
Total	24	100%	18	100%	42	100%
Tenure						
Less than 1 year	0	0%	0	0%	0	0%
1 - 5 years	0	0%	0	0%	0	0%
6 - 10 years	1	4%	5	28%	6	14%
11 - 15 years	5	21%	3	17%	8	19%
16 - 20 years	13	54%	6	33%	19	45%
More than 20 years	5	21%	4	22%	9	21%
Total	24	100%	18	100%	42	100%
Office Location						
Same Location with Their Home	14	58%	13	72%	27	64%
Different Location with Their Home	10	42%	5	28%	15	36%
Total	24	100%	18	100%	42	100%
Age Group						
Under 25 years old	0	0%	0	0%	0	0%
25 - 30 years old	0	0%	3	17%	3	7%
31 - 40 years old	10	42%	9	50%	19	45%
41 - 50 years old	14	58%	6	33%	20	48%
More than 50 years old	0	0%	0	0%	0	0%
Total	24	100%	18	100%	42	100%
Gender						
Male	20	83%	12	67%	32	76%
Female	4	17%	6	33%	10	24%
Total	24	100%	18	100%	42	100%

Interviewees' demographics can be divided based on their original RTO. Table 6.2 shows that 24 interviewees were from Jakarta Special RTO and 18 were from South Jakarta RTO. 23 interviewees were tax specialists (tax objection reviewers and account representatives), ten were tax auditors and nine were managers.

No interviewees from either RTO had worked less than six years; this was due to the HR regulation in which, to become a tax specialist or a tax auditor and a manager, an employee needed to spend several years in a general staff position. Interviewees from Jakarta Special RTO had mostly worked longer in the DGT compared to those from the South Jakarta RTO, with 18 people (four echelon IV, six tax auditors and eight tax specialists) who had worked for more than 16 years. In South Jakarta RTO, ten interviewees (four echelon IV, one tax auditor and five tax specialists) had worked for

more than 16 years. Based on the 2012 Job Rotation Regulation, those in echelon and tax auditor positions who worked in a strategic unit (e.g. Jakarta Special RTO) were upgraded from DGT's general units or less strategic units (e.g. South Jakarta RTO), if they were considered to have had good job performance (for full classification of DGT's units for job rotation purpose, see Table 5.2 in Chapter 5). These figures, i.e. interviewees from Jakarta Special RTO had mostly worked longer in the DGT compared to those from the South Jakarta RTO, show that even though the 2012 Job Rotation Regulation, discussed in Chapter 5, was supposed to be applied only for those in echelon positions and tax auditors, it was also applied to tax specialists.

Regarding their gender, 32 interviewees are men and ten are women. 27 out of 42 interviewees worked and lived in the same region (e.g. their office and home were located in Jakarta), while 15 interviewees stated that their office and home were located in separate regions. Compared to those in Jakarta Special RTO (58%), more employees in South Jakarta RTO (72%) were living in the same region as their office.

Table 6.2 shows 19 of the interviewees are between 31–40 years old, while 20 interviewees are between 41–50 years old. Only three interviewees are between 25 and 30 years old, all of whom belongs to South Jakarta RTO. Table 6.2 also shows that Jakarta Special RTO had more people who are between 41–50 years old; thus, on average, older than those in South Jakarta RTO. This figure was possibly related to their tenure and reflected DGT's job rotation regulation, which stated that those who worked in a more strategic unit were upgraded from a less strategic unit. Thus, it is more likely that those from Jakarta Special RTO are more senior in their job position than those from South Jakarta RTO.

Stayers' job satisfaction, organisational commitment and intention to leave

In addition to their demographic, participants were asked about their degree of their job satisfaction, organisational commitment and their employment plan for the near future. The analysis of stayers' level of job satisfaction, organisational commitment and intention to leave is presented in two parts; the first part explores stayers' job satisfaction, organisational commitment and intention to leave or to stay in terms of their demographic. The second part compares the three variables between the two RTOs.

The questionnaire used one question to measure each stayers' job satisfaction, organisational commitment and their plan for the near future. The questions are: 'How satisfied are you with your job?'; 'How committed are you to staying at the DGT?'; 'Which of the following statements is the best indicator of your plan in the near future? (intend to stay/neither/intend to leave)'. Table 6.3 shows participants' responses to these questions.

Table 6.3. Stayers' job satisfaction, organisational commitment and plan in near future

Level of Job Satisfaction	#Participants	%
Very dissatisfied	2	1%
Dissatisfied	5	2%
Neither	77	32%
Satisfied	134	56%
Very satisfied	23	10%
Total	241	100%
Mean = 3.71; Median = 4; Std. Deviation = .700		
Level of Organisational Commitment	#Participants	%
Very uncommitted	0	0%
Uncommitted	8	3%
Neither	42	17%
Committed	100	41%
Very committed	91	38%
Total	241	100%
Mean = 4.14; Median = 4; Std. Deviation = .818		

Plan in the Near Future	#Participants	%
Plan to stay	193	80%
Neither	43	18%
Plan to leave	5	2%
Total	241	100%
Mean = 1.22; Median = 1; Std. Deviation = .463		

Table 6.3 shows that, on average, stayers were satisfied with their job (mean = 3.71). The middle score or median of the data distribution is 4 or satisfied. Standard deviation for job satisfaction is small (.700); this means that the dispersion of stayers' level of job satisfaction is close to the mean. Only seven participants stated that they were very dissatisfied or dissatisfied. More than 30% of participants stated that they were neither dissatisfied nor satisfied with their job.

On average, stayers were committed to the DGT, as reflected in the mean of 4.14 and its median of 4. Standard deviation for stayers' perception on organisational commitment is also small, which indicates that the stayers' level of organisational commitment is close to its mean. However, the questionnaire showed that eight participants were uncommitted, and 42, or around 17%, were neither uncommitted nor committed to the DGT. Most stayers (80%) planned to continue working in the DGT (mean = 1.22). Five participants stated that they had the intention to leave their jobs, while another 43 participants (18%) were neither planning to stay nor to leave the DGT in the near future. The responses show that those who chose neither satisfied nor dissatisfied/committed nor uncommitted/plan to stay nor to leave were in the position of wait-and-see of changes in the DGT. Thus, it is possible that, if DGT's HR regulations do not meet their expectations, these employees might eventually become dissatisfied, uncommitted or intend to leave.

1. Stayers' job satisfaction, organisational commitment and intention to leave or to stay by demographics

The data of stayers' job satisfaction, organisational commitment and intention to stay or to leave are classified as an ordinal scale. Thus, nonparametric tests (Mann-Whitney test for two independent groups and Kruskal-Wallis test for more than two independent groups) were used to show comparisons of those three factors based on their demographics: job position, tenure, office location, age group and gender. Tables 6.4. to 6.6 present the results of the statistical test.

Table 6.4. Stayers' job satisfaction by demographics

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of job satisfaction is the same across categories of job position.	Independent-Samples Kruskal-Wallis Test	0.002	Reject the null hypothesis.
2	The distribution of job satisfaction is the same across categories of tenure.	Independent-Samples Kruskal-Wallis Test	0.322	Retain the null hypothesis.
3	The distribution of job satisfaction is the same across categories of office location.	Independent-Samples Mann-Whitney U Test	0.127	Retain the null hypothesis.
4	The distribution of job satisfaction is the same across categories of age group.	Independent-Samples Kruskal-Wallis Test	0.770	Retain the null hypothesis.
5	The distribution of job satisfaction is the same across categories of gender.	Independent-Samples Mann-Whitney U Test	0.751	Retain the null hypothesis.
Asymptotic significances are displayed. The significance level is .05.				

Table 6.4 shows that there were significant differences in job satisfaction between stayers' job position, with test statistic $H(2)=12.083$, and $p=.0002$. A further analysis (pairwise comparisons) of job satisfaction in the context of job position shows that, only the comparison between tax specialist and manager contributes to significant differences, with adjusted $p\text{-value}=0.001$, $r=-0.217$. Tax specialists were the least satisfied, as shown in their job satisfaction mean rank that equalled 110.50, while the mean rank for managers was 147.80. There were no significant differences in job satisfaction between tax specialists and tax auditors, and between tax auditors and managers. In terms of tenure, office location, age group and gender, the statistical tests show that there were no significant differences in job satisfaction, the distribution of job satisfaction is the same across these categories.

Table 6.5. Stayers' organisational commitment by demographics

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of organisational commitment is the same across categories of job position.	Independent-Samples Kruskal-Wallis Test	0.007	Reject the null hypothesis.
2	The distribution of organisational commitment is the same across categories of tenure.	Independent-Samples Kruskal-Wallis Test	0.173	Retain the null hypothesis.
3	The distribution of organisational commitment is the same across categories of office location.	Independent-Samples Mann-Whitney U Test	0.557	Retain the null hypothesis.
4	The distribution of organisational commitment is the same across categories of age group.	Independent-Samples Kruskal-Wallis Test	0.175	Retain the null hypothesis.
5	The distribution of organisational commitment is the same across categories of gender.	Independent-Samples Mann-Whitney U Test	0.781	Retain the null hypothesis.
Asymptotic significances are displayed. The significance level is .05.				

Similar to job satisfaction, organisational commitment was significantly different between stayers' job position, with test statistic $H(2)=9.983$, and $p=.0007$, but not with other demographic categories. The pairwise comparison shows how, in the context of stayers' job position, the significant differences were from the comparison between tax specialists and managers, with adjusted $p\text{-value}=0.005$ and $r=-0.191$. Tax specialists were the least committed, as shown in their organisational commitment mean rank that equalled 110.47, while the mean rank for managers was 144.80.

Table 6.6. Stayers's intention to leave or to stay by demographics

	Null Hypothesis	Test	Sig.	Decision
1	The distribution of plan in the near future is the same across categories of job position.	Independent-Samples Kruskal-Wallis Test	0.266	Retain the null hypothesis.
2	The distribution of plan in the near future is the same across categories of tenure.	Independent-Samples Kruskal-Wallis Test	0.119	Retain the null hypothesis.
3	The distribution of plan in the near future is the same across categories of office location.	Independent-Samples Mann-Whitney U Test	0.515	Retain the null hypothesis.
4	The distribution of plan in the near future is the same across categories of age group.	Independent-Samples Kruskal-Wallis Test	0.181	Retain the null hypothesis.
5	The distribution of plan in the near future is the same across categories of gender.	Independent-Samples Mann-Whitney U Test	0.229	Retain the null hypothesis.
Asymptotic significances are displayed. The significance level is .05.				

Table 6.6 shows that stayers' intentions to leave or to stay were not significantly affected by any of the selected demographic categories.

2. Interviewees' job satisfaction, organisational commitment and intention to leave or to stay based on RTOs

Regarding interviewees' responses on questions about job satisfaction, organisational commitment and plan in the near future in the questionnaire, Table 6.7 summarises the responses.

Table 6.7. Interviewees' job satisfaction, organisational commitment and plan in near future by RTO

	RTO				Total	
	Jakarta Special RTO		South Jakarta RTO			
Job Satisfaction	Count	%	Count	%	Count	%
Very dissatisfied	1	4%	0	0%	1	2%
Dissatisfied	0	0%	2	11%	2	5%
Neither	10	42%	5	28%	15	36%
Satisfied	9	38%	10	56%	19	45%
Very satisfied	4	17%	1	6%	5	12%
Total	24	100%	18	100%	42	100%
Mean = 3.60; Median = 4; Standard deviation = 0.857						
Organisational Commitment						
Very uncommitted	0	0%	0	0%	0	0%
Uncommitted	2	8%	2	11%	4	10%
Neither	6	25%	5	28%	11	26%
Committed	6	25%	2	11%	8	19%
Very committed	10	42%	9	50%	19	45%
Total	24	100%	18	100%	42	100%
Mean = 4; Median = 4; Standard deviation = 1.059						
Plan in the Near Future						
Intend to stay	13	54%	13	72%	26	62%
Neither	9	38%	4	22%	13	31%
Intend to leave	2	8%	1	6%	3	7%
Total	24	100%	18	100%	42	100%
Mean = 1.45; Median = 1; Standard deviation = 0.633						

Overall, interviewees were satisfied, committed and planning to stay in the DGT. However, since the focus of this research is on the factors that influence the decision to leave the DGT, all stayers who stated that they plan to leave or neither to leave nor to stay were

recruited for interviews. This is why the mean of intention to stay or to leave (1.45) is higher compared to the mean of overall stayers (1.22).

A nonparametric test, the Mann-Whitney test, was used to compare job satisfaction, organisational commitment and plan in the near future between the two RTOs. Table 6.8. presents the results of the statistical test.

Table 6.8. Differences in job satisfaction, organisational commitment and intention to leave or to stay between the two RTOs

	Null Hypothesis	Sig.	Decision
1	The distribution of job satisfaction is the same across categories of RTO.	0.848	Retain the null hypothesis.
2	The distribution of organisational commitment is the same across categories of RTO.	0.914	Retain the null hypothesis.
3	The distribution of intention to stay or to leave is the same across categories of RTO.	0.253	Retain the null hypothesis.
Asymptotic significances are displayed. The significance level is .05.			

Table 6.8 shows that there were no significant differences in job satisfaction, organisational commitment, and intention to stay or to leave between those from Jakarta Special RTO and from South Jakarta RTO.

Qualitative Findings: Factors Influencing Stayers' Job Satisfaction, Organisational Commitment and Intention to Stay or to Leave the DGT

This section explores the factors influencing stayers' job satisfaction, organisational commitment and intention towards their employment in the DGT. To achieve this objective, a thematic analysis was utilised to give an in-depth examination of the recurring themes emerging during interviews. 24 interviewees are from Jakarta Special RTO and 18 from South Jakarta RTO. Interviewees consisted of managers (echelon IV), tax auditors and tax specialists from Jakarta Special RTO and South Jakarta RTO. Table 6.9 shows the background information of interviewees, including the code assigned for them.

Table 6.9. Stayers' interviewees backgrounds

Code Number	Background		Code Number	Background	
	RTO	Job Position		RTO	Job Position
Stayer_1	Jakarta Special	Tax Specialist	Stayer_22	Jakarta Special	Tax Auditor
Stayer_2	Jakarta Special	Tax Specialist	Stayer_23	Jakarta Special	Manager
Stayer_3	Jakarta Special	Tax Specialist	Stayer_24	Jakarta Special	Tax Specialist
Stayer_4	Jakarta Special	Tax Specialist	Stayer_25	South Jakarta	Tax Specialist
Stayer_5	Jakarta Special	Tax Auditor	Stayer_26	South Jakarta	Manager
Stayer_6	Jakarta Special	Tax Auditor	Stayer_27	South Jakarta	Tax Specialist
Stayer_7	Jakarta Special	Tax Auditor	Stayer_28	South Jakarta	Manager
Stayer_8	Jakarta Special	Manager	Stayer_29	South Jakarta	Tax Specialist
Stayer_9	Jakarta Special	Tax Specialist	Stayer_30	South Jakarta	Tax Auditor
Stayer_10	Jakarta Special	Tax Specialist	Stayer_31	South Jakarta	Tax Specialist
Stayer_11	Jakarta Special	Tax Specialist	Stayer_32	South Jakarta	Tax Specialist
Stayer_12	Jakarta Special	Tax Auditor	Stayer_33	South Jakarta	Manager
Stayer_13	Jakarta Special	Tax Specialist	Stayer_34	South Jakarta	Tax Specialist
Stayer_14	Jakarta Special	Tax Specialist	Stayer_35	South Jakarta	Manager
Stayer_15	Jakarta Special	Tax Specialist	Stayer_36	South Jakarta	Manager
Stayer_16	Jakarta Special	Tax Auditor	Stayer_37	South Jakarta	Tax Auditor
Stayer_17	Jakarta Special	Tax Specialist	Stayer_38	South Jakarta	Tax Specialist
Stayer_18	Jakarta Special	Tax Specialist	Stayer_39	South Jakarta	Tax Auditor
Stayer_19	Jakarta Special	Manager	Stayer_40	South Jakarta	Tax Specialist
Stayer_20	Jakarta Special	Tax Specialist	Stayer_41	South Jakarta	Tax Auditor
Stayer_21	Jakarta Special	Manager	Stayer_42	South Jakarta	Tax Specialist

Discussion on the themes are arranged in three parts. The first part discusses themes related to job satisfaction, the second part discusses themes related to organisational commitment, and the last part discusses themes related to the factors influencing employees' intention to stay or to leave the DGT. Some participants talked about the same theme in the different topic discussions, thus, several themes appear in more than one topic discussion. For example, job rotation was mentioned when participants discussed job satisfaction and their intention on staying or leaving the DGT; family responsibility appeared in the discussion on organisational commitment and intention to stay or to leave.

Job satisfaction

There are 10 themes that repeatedly emerged when stayers were asked what three aspects of their job they found satisfying or dissatisfying. These factors are as follows: communication, pay, integration, promotional opportunity, job rotation, fairness, workload and work pressure, routinisation, centralisation, and person-job fit. Job rotation was identified inductively, person-job fit was a theory-driven theme outside the Price and Mueller's model. Some stayers found these themes the satisfying factors in their job, but to others these factors were rather dissatisfying.

1. Communication

Even though communication was never the first answer given by the stayers when they were asked what factors they found satisfying or dissatisfying in their jobs, all stayers mentioned communication in their interviews. Unlike instrumental communication, which in Price and Mueller's model represents how information about a job was formally transmitted in the organisation, communication mentioned by stayers covers both formal

and informal ways that information relating to their job was passed on to them. Some stayers also included how information about how the HR regulations were transmitted in the organisation. Stayer_1, 4 and 31 mentioned communication during the process of their recent performance pay raise; Stayer_7, 8, 29, and 32 mentioned communication regarding the new promotional system that had recently been implemented.

Most stayers mentioned DGT's tax revenue target in 2015 in regard to communication related to their job. Many stayers were concerned about DGT's tax revenue target because tax revenue collection was one of DGT's main functions; consequently it was also their main responsibility (Stayer_9, 19, 21, 22, 24, 30, 38 and 42). Among the three job positions, tax specialists, particularly account representatives, were showing greater disappointment with the way the DGT transmitted the information regarding the tax revenue target when compared to the other two job positions (manager and tax auditor). In 2015, tax revenue that needed to be collected was increased by 40 percent compared to the target in 2014. On the other hand, Indonesian economic growth was estimated not as high as the increasing of tax revenue target and the DGT did not have a new policy to help employees to achieve the target. Stayer_19 and 36 remarked that the tax revenue target was impossible to achieve. Stayer_19 said:

"The condition was similar as telling employees to run, but the DGT was tying up our legs or asking for an extraordinary result from regular action".

Stayer_36 stated:

"My superior expected me to meet my tax revenue target, but kept changing the taxpayers assigned to me. It makes it more difficult and they already know that, from analysing taxpayer's data, to eventually make taxpayers pay the tax can be a very long process. What we analyse today may not be received as this year's tax revenue but next year's, or even the year after, especially if taxpayers do not agree with my analysis".

Tax specialists, especially account representatives, were showing more concern with achieving the tax revenue target compared to other job positions. Stayer_18 said that, compared to other job positions, the DGT put too much pressure on them [account representatives]. Even though account representatives had the head of section (echelon IV) as their line manager, their head of office, the regional tax office and the headquarters will directly look to account representatives to explain why they could not achieve the tax revenue target.

Another communication issue that was repeatedly mentioned by the stayers was part of DGT's ongoing reform, particularly in regard to the separation of account representatives based on the function they perform. Before the separation of account representative functions, all account representatives had to perform both functions of achieving the tax revenue target and giving tax consultation and tax services. These account

representatives' functions were, to some extent, contradictory. To achieve tax revenue targets, account representatives needed to be strict in supervising taxpayers' compliance and analysing their tax potential; however, to deliver tax consultation and tax services, account representatives are required to be friendly in order to increase taxpayers' voluntary compliance. Many account representatives said that they had high expectations of the function separation (Stayer_1, 3, 4, 9, 10, 15, 18, 24, 25, 32, 34, 38, 40 and 42). These account representatives believed that if this change was implemented as intended, it would help them focus more on doing their job; thus, they would feel more satisfied with their job. However, some also said that, in practice, different tax offices implemented the function separation differently by considering different types of taxpayers that they were dealing with. For tax offices that had a significant number of taxpayers, or received a significant number of applications for tax services in their daily operation, the function separation could not be implemented as it should be (Stayer_1, 9, 25, 32 and 42). In these tax offices, many account representatives still performed both functions because the number of account representatives assigned to a tax consultation was below the average number of taxpayers who needed tax consulting; as such they had been instructed by their head of office to deliver both functions. Stayer_42 said:

"I wanted to refuse to deliver the tax consultation function, however, the number of account representatives who should do the job was not enough, so I ended up helping them and giving tax consultation, which made no differences with the situation before the function separation".

Stayer_32 remarked:

"In my office, the policy is to perform both functions because there are only eight people assigned to deliver tax consultation and services for one thousand registered taxpayers, they are not enough".

Stayer_8, 9, and 25 were concerned about the transition process for separating account representative functions, they said that those who initiated the changes seemed not fully aware about the work load of tax consultations in tax offices and allocated only a few employees to handle the job. Stayer_1 said account representatives who are responsible for tax revenue target were ordered to utilise tax related data (e.g. information from taxpayers' customers) provided by headquarters to generate tax revenue. In practice, the tax due were already paid or already reported by taxpayers in their tax return; thus, no more taxes will be generated from it. However, account representatives were required to make a report for each of these data in order to close the case in the system. Furthermore, Stayer_9 stated:

"I was hoping those who were responsible in providing the data would do some 'cleansing process' first so we do not need to waste our time dealing with the already paid/reported data".

These circumstances had made account representatives think that there were no differences before and after the function separation, and had made them feel less satisfied with their jobs.

Stayers often mentioned how the DGT handled the communication related to its HRM, in particular when the DGT asked the House of Representatives for approval to increase its employees' performance pay. Some tax specialists, especially account representatives, said that, during the discussion to increase the performance pay with the House of Representatives, DGT's General Director always used account representative position to emphasise the importance of DGT's role in collecting tax revenue. However, when the House of Representatives gave the approval for raising performance-related pay, account representatives were among those employees who received the lowest raise, while echelon I to echelon IV were among those who received the highest raise. Many account representatives felt that the communication during this process had made them dissatisfied with their jobs because their functions were being used only to get the House of Representatives' approval to increase the performance pay, even though they were not the ones who got the higher pay-rise (Stayer_1, 13, 24, 31).

Another communication issue that influenced the stayers' job satisfaction was related to the communication used/adopted when DGT's General Directors instructed employees to work overtime in order to achieve the tax revenue target for the year 2015. Stayers were upset with this instruction, because what they need is not extra time to do their jobs. They maintained that the DGT should provide them with the data that can be useful in collecting more tax revenue. Stayer_24, a tax specialist from Jakarta Special RTO, stated:

"We are not factory workers who will produce a certain amount of products in a certain period of time. We deal with taxpayers with a different level of tax compliances and different ability in paying their taxes. Some taxpayers are easy to approach and willing to pay more taxes, while others are not; thus additional working hours is not useful if the goal is to collect more tax revenue".

Stayers said that they had been expecting the DGT would become more transparent in communicating the changes in the reform process that will affect employees (Stayer_1, 13, 18, 19, 22, 35). Furthermore, interviews showed that the existing practice of how the DGT transmitted information within organisation had contributed to reducing employees' job satisfaction. Communication becomes an important factor that influenced DGT's employee satisfaction because the DGT is still in the process of reforming its organisation; therefore, changes in the organisation would, most likely, continue to affect job satisfaction in the future.

2. Payment

Payment was a topic that prompted the longest discussion from most stayers. Although many stayers repeatedly said that the process of increasing their performance-related pay was very disappointing, most of them stated that the amount the performance-related pay was one of the satisfying aspects of their jobs. Their answers were expected because, before this research was started, by the Government Regulation, the President of Indonesia decided to raise performance pay for DGT employees. With this regulation, the new performance pay would be valid until the end of December 2015; for the year 2016 the performance pay will be adjusted based on DGT's achievement in reaching the 2015 tax revenue target, and so on (see Chapter 5, pp.118-119 for the discussion on payment regulation). The increment of performance pay in 2015 was significant in terms of its amount and percentage. By this regulation, on average all employees received more than a 50 percent raise in their new performance pay.

Those who felt satisfied with the payment said that, compared to those who work in the private sector who are exposed to a higher work pressure, with the new performance pay their take-home pay was better (Stayer_3, 5, 7, 24, 35, 41). On the other hand, those who did not see their payment as the satisfying factors of their job believed that the government should raise their performance pay, because in the last 10 years there had been no adjustment to it. They did not see it as a form of appreciation for their role in collecting tax revenue, but as an obligation from the DGT (government), considering the rate of inflation and salary offered outside the DGT (Stayer_2, 17, 38, 40).

Another source of dissatisfaction in their payment was the possibility of a cut in their performance pay if the tax revenue target for the year 2015 could not be achieved. Many stayers stated it was impossible to achieve the 2015 target because the expected economic growth in 2015 was not as high as the growth of tax revenue target. The expected economic growth was only 5.8 percent, while the tax target had increased by 40 percent. Furthermore, there was no new tax policy that could help the DGT to generate new tax revenue. Stayers expressed that it was almost certain that in 2016 they will have a cut in their performance pay. Stayer_3 and 24 stated that the possibility of the cut in performance pay if the tax revenue target could not be achieved, had showed that the policy related to their payment was emphasising too much punishment and disregarding reward. Stayers said there was no article in the current performance pay regulation that stated employees could have a raise in their performance pay if they exceeded the tax revenue target (Stayer_20 and 24).

3. Integration

Stayers felt that their integration with their immediate work group in relation to their jobs was a satisfying factor in their jobs. Compared to other job positions, tax specialists were

among those who felt it was more difficult to become close to others in different job positions (Stayer_2, 4, 9, 38, 40, 42). Tax specialists said it was easier to get along with the members of their work group when they were in the same job position (Stayer_1, 10, 40). Thus, they felt closer to other tax specialists, rather than with their head of the section (echelon IV) or with their head of the office (echelon III). Even though in practice, when tax specialists were dealing with tax cases, they were required to work as a team with the head of their section, not with other tax specialists.

For some tax specialists, the integration with their line managers (echelon IV position) was one of the dissatisfying factors in their jobs. Stayer_38 and 40, tax specialists from South Jakarta RTO, stated that they did not see any contribution from their line managers (echelon IV position) in supporting them to complete their jobs. Similarly, Stayer_10, a tax specialist in Jakarta Special RTO, commented that it was better to discuss his job with other tax specialists rather than with his line manager because his line manager did not have the capability to handle complicated tax cases.

With regard to integration at the office level, stayers stated that the head of office had an important role in creating a good working environment among employees. Stayer_9 and 21 stated that additional policies or restrictions, such as prohibiting employees from visiting taxpayers' locations on Monday and Friday, or placing CCTVs in the workspace, were examples of those head of the office policies that they considered as not creating a good working environment and not fully supporting their jobs.

4. Promotion opportunities

It was mostly those who were in an echelon IV position and the senior tax specialists who cared about promotional opportunity. Echelon IV and tax specialists were classified as the structural employees in the DGT. The structural employees who held echelon positions have a managerial position in the organisation. On the other hand, tax auditors were classified as the functional employee who carried out their jobs based on their skill and expertise, and do not have a managerial position in the organisation.

The lowest position for the structural employee in the DGT is called staff, which includes administrative staff, and tax specialists (account representative and tax objection reviewer) - see Table 5.3 in Chapter 5 for the types of civil servant position in the DGT. Although tax specialist was not held to be a managerial responsibility (non-echelon position), most stayers saw the mobility of administrative staff to become a tax specialist as a 'promotion' because they could be employed at a higher grade and, thus, receive a higher performance pay. Structural employees start to have a managerial responsibility when they get promoted as echelon IV (Table 5.3 Chapter 5). In the DGT, echelon I is the highest managerial position and the position is held by the general director. Echelon II

positions are held by the directors, the head of regional tax offices and senior advisors. Echelon III positions are held by the head of tax offices, head of sub-directorates, and head of divisions, while echelon IV positions are held by the head of sections and head of subdivisions. Even though tax auditors were allowed to change their employment status from being a functional employee without a managerial position in the organisation, to being a structural employee (diagonal job rotation), it did not happen very often.

There was a common belief that being transferred from the less strategic tax office to the more strategic tax office was a promotion, because only those who were considered to have had a good performance can be placed in the strategic tax offices or in the headquarters (see Table 5.2 for the full classification of DGT's units of organisation). However, the interviews showed that, nowadays, stayers did not see being transferred to the strategic tax offices as a promotion because it was not reflected in their salary, and because the pressure of working in the strategic tax office was higher than their previous office (Stayer_1, 8, 10, 16, 20, 26, 35).

When stayers discussed the promotional opportunity, they also showed their concern about the promotional system. The DGT had tried various promotional systems for its echelon position. The latest method was through the '*Seleksi Pengemban Amanah*' or the Selection Process for Manager Candidates in English, also known as the 'open bidding system' by DGT employees. The method is similar to the open bidding system where those who are interested to take a certain position voluntary apply and go through the selection process. However, in DGT's version of an open bidding system job positions and office locations available for the bid that should be announced in advance, were not announced. HR_8 stated:

"... the pure open bidding system cannot be applied in the DGT, because it meant the DGT already had open positions. It cannot be applied like that because the decision to promote and to re-locate employees was usually put in one General Director's decree. It was also the reason we called this system '*Seleksi Pengemban Amanah*' or the selection process for manager candidates. Employees who passed the selection process were eligible to be promoted in the next job rotation decree, but the position and office location would remain confidential and decided later by the HR division".

Stayers showed enthusiasm toward the open bidding system and stated they were satisfied with the new system because they had the control of whether they wanted to be promoted or not. Stayer_13 said:

"With the open bidding system, the selection process becomes transparent and it motivates those who really wanted to be promoted to participate. Participants are aware of the consequences of being sent far from home if they passed the process".

Stayer_32 noted:

"... with the new system at least we knew that we were qualified to get the promotion and, if we really wanted to be promoted, we could participate in the selection process. In the previous systems nobody knew when they could get a promotion until the DGT announce the decision".

Some stayers were sceptical about whether or not the DGT will continue using the same system, because they had seen the DGT change its promotional system so many times, prior to the open bidding system (Stayer_10, 14, 24, 36). Some stayers stated they were in a position of wait and see for the next changes because they found unclear requirement to be able to pass the selection process in the current system; thus, they were reluctant to participate in the first open bidding process (Stayer_14, 17, 32, 40). Stayer_24 believed that the DGT still heavily relied on a seniority system and that the open bidding system will not last. He felt that there was no need to take part in the open bidding selection process, because eventually those who had higher rank will get promoted. Stayer_23 questioned the proportion of taxation materials during the interview for echelon III's selection process. She argued that not all echelon III positions would deal with taxation and she did not see the urgency of memorising tax law to be able to handle tax cases.

Stayers stated that their perception of promotional opportunity increased their job satisfaction to some extent. Despite some uncertainty in regard to which office they will be assigned to, they considered the new system to be better than the system before the reforms. Stayer_4, 6 and 8 said that, before the reform, people needed to pay some money to those in the HR division if they wanted to be promoted to a certain job position, but now those practices were almost gone. However, Stayer 5 stated:

"... these days if someone wants to be promoted or to be placed in the office near to their home, they still needed a 'recommendation' from their superior. If not, even if they are doing very well in their job, their chance of being promoted is small. Superior recommendations still played an important role in the DGT".

The interviews showed that stayers were satisfied with promotional opportunity; however, they were still reluctant to take part in the new promotional system because they were unsure whether the DGT will keep the new system.

5. Job rotation

Job rotation was one of topics discussed for the longest time by the majority of stayers. Even though not all job positions were affected by the existing job rotation regulation (i.e. not all job positions were experiencing being transferred to any tax offices in Indonesia), the possibility of being assigned to work far from their home was high for an employee in the structural position who gets a promotion. Stayers, especially the senior tax specialists who are eligible to be promoted to the echelon IV position, realised that if they continue their employment in the DGT, they will be affected by these regulations. For those who

said that they were satisfied with their job, job rotation was one of the factors that had a negative effect on their job satisfaction.

There are three areas related to job rotation regulation discussed by the stayers: the inconsistency in implementation, the promotional system, and the facility if the DGT placed its employees in an office far from their home.

a. Inconsistency in the implementation of job rotation regulation

Stayers, whether affected directly or not by the job rotation regulations, stated that they saw many inconsistencies in the implementation of job rotation regulation. Under the current regulations, the DGT regulates horizontal, vertical and diagonal job rotation for those in echelon IV and functional positions (see Chapter 5 p.124 for definitions of each type of job rotation). According to these regulations (see Table 5.6 in Chapter 5 for the full requirement for each type job rotation), the main consideration for horizontal rotation was the period that an employee holds the same job title and/or stays in the same region. Other considerations for horizontal rotation were job performance, employee's competency and grade. The considerations for vertical and diagonal rotation are administrative requirements that cover educational background, minimum rank group, previous job performance and technical requirement, which covered job performance and competency.

Even though the regulations clearly state how long someone could stay in the same tax office or tax region, in practice, some employees returned to their preferred office location before reaching the minimum number of years they had to spend in their latest office, while others stayed longer in tax offices far from their home base. Stayers believed that those who were allowed to return to their preferred office locations were close to someone who could influence the HR decision in job rotation (Stayer_1 & 3). Stayer_1 and 32 remarked the DGT should also regulate the requirement to be able to work in certain tax offices so that all employees had an equal opportunity if they wanted to work in those offices. By regulating the requirement for working in certain offices the chance of their being rotated to their less preferred office would be lower. Others questioned the unclear term of competency used in determining job rotation. They said if the DGT considered one's competency in arranging job rotation then there should not be a case where an employee who had expertise in international taxation was being transferred to the small taxpayers' office where their expertise cannot be utilised (Stayer_9, 12, 25, 27).

b. Promotional system

In regard to the latest promotional system, the open bidding system, stayers stated they were satisfied with the new promotional system; however, many were reluctant to take part in the open bidding system because they were still waiting for some improvement in

its implementation (Stayer_14, 17, 32, 40). Stayers who take part in the open bidding selection said they just wanted to see how the new system was implemented. When they knew that the chance of being promoted in Jakarta was very low, they voluntarily failed the selection process by telling the selection committee that they did not want to work outside Jakarta when they were interviewed (Stayer_18 & 24). Those who did not take part in the open bidding selection said the new system had given them a freedom to choose not to be promoted because they are concerned about being sent to work outside Jakarta (Stayer_9).

c. Facility if employees were transferred to the office far from their home

Stayers also talked about the facility provided by the DGT if they were sent to work far from their home. This concern was particularly expressed by those in a non-echelon position, in this case tax specialists. These tax specialists said if they were promoted to take echelon position, it will be their first time to work far from their home. The DGT did not provide enough housing facilities, and in some cities employees who were sent outside Jakarta could not find a good school for their children. Based on this condition, these tax specialists most likely will not bring their family when they eventually get a promotion. This potential condition had led to the common belief among tax specialists that a promotion meant they needed to incur more costs of living, which made them feel less satisfied about their current job (Stayer_5, 21, 25, 29, 31, 32, 37).

6. *Fairness*

Fairness was another aspect of job satisfaction that was repeatedly mentioned by the stayers. Stayer used this term instead of distributive justice, the term used in Price and Mueller's model of employee turnover (Price & Mueller, 1986, p.11), to represent the relation of reward and punishment to the performance inputs into the organisation.

Regarding the reward and punishment system in the DGT, stayers believed that, after the reform, the DGT put too much focus on punishment, and only gave slight attention to reward (Stayer_2, 17, 28, 32, 40). Stayer_40 said that, when it comes to punishing its employees, the DGT responded promptly. Even a groundless complaint letter from the taxpayer the DGT took very seriously, but remained indifferent when it came to rewarding its employees. Furthermore, Stayer_28, stated:

"After the reform if one was found to have made a mistake, the DGT would never consider all achievements you had made. The way the DGT punished its employees was crueller than a judge in the court, because a judge still considered your past positive behaviour, while the DGT did not".

When stayers talked about fairness, most of the time it related to the fairness in their payment, promotional opportunity and job rotation. Stayers maintained that the DGT should give more reward to those who worked in a more strategic unit organisation, such

as tax offices under Jakarta Special RTO. They considered more reward to be; a higher salary, better office location when they were promoted, or a higher grade (Stayer_1, 2, 8, 10, 13, 28, 32, 35, 40).

Some stayers stated that they were not treated fairly because the DGT did not differentiate the payment based on the types of tax offices. These stayers said that each type of tax office is responsible for achieving different amounts of the tax revenue target; thus, they would feel satisfied if those who were responsible for achieving higher tax revenue targets received a higher payment than those who were responsible for achieving smaller tax revenue targets (Stayer_13, 17, 20, 37). Stayers said that, because there were no differences based on type of tax offices in their payment (i.e. as long as one had the same grade and rank, they will receive the same amount of take-home pay), they were not attracted to work in a more strategic unit. Such employees did not put in their best performance in order to avoid being transferred to a more strategic unit (Stayer_17, 20, 22, 33, 39). Others believed their payment to be unfair because the DGT did not consider the cost of living in the areas its employees were assigned too. Stayer_10, 33 and 40 commented that, for those who worked in a city with a low cost of living, satisfaction with their salary was more likely to be higher compared to those who worked in Jakarta, where the cost of living was very high.

Stayers in tax specialist position also pointed out the differences of their performance pay compared to other job positions and many of them thought the differences were fair as long as those who received higher performance pay were competent in doing their jobs. However, Stayer_11 and 14, tax specialists, believed that tax auditors and echelon IV did not deserve the current high performance pay because many of them did not do well in their job. On the other hand, Stayer_41, a tax auditor said:

“Tax auditors were given a higher performance pay because they were facing a higher risk of being bribed by taxpayers, so it was not all about their competency”.

Stayer_35 (echelon IV) stated that there was a wide gap between their performance pay and the pay of a senior tax specialist in order to make the echelon IV position more appealing, so that an increasing number of senior tax specialists are willing to be promoted.

With regard to promotional opportunity, different types of job positions were concerned about different aspects in promotional opportunity. Tax auditors were concerned about their credits calculation. As mentioned in Chapter 5 (pp.120-121), tax auditors need to accumulate a certain number of credits by doing a number of tasks in order to be promoted to a higher rank. Unlike those in structural positions, who very likely can climb to a higher rank every four years, those in functional positions can get to a higher rank less than every

four years if they do more tasks, or more than four years if they do the opposite. The interviews showed that, even though many tax auditors were disappointed with the 25% limit practice, since all tax auditors were facing the same experience, this practice had little effect on their job satisfaction (Stayer_6, 16, 39, 41).

Those in echelon IV and tax specialist positions were more concerned with the fairness in the placement process, if the DGT eventually promoted them. Even though the DGT already set a regulation for this purpose, stayers said inconsistency in the implementation of the regulations was eroding their satisfaction towards their job. Stayers said the inconsistency was ranging from the unclear requirements for being appointed to work in a better office location, to the unfairness of being placed in the office far from their home. Stayer_20, 28, 31 and 32 remarked it was difficult to understand when someone they know who used to work in a more strategic unit and who already achieved more tax revenue target was promoted to tax offices, in less preferred locations such as in Papua or Ruteng, while those who work in a less strategic unit were assigned to a better location. This showed that the DGT did not reward its employees based on their performance. While Stayer_41 said he can accept if the DGT send him to work outside Jakarta, however, when he saw someone else was never placed to work outside Jakarta, he felt that he was treated unfairly.

Being treated equally was very important for most stayers. Thus, knowing that someone who had a similar performance had a better chance of promotion, or was assigned to a better office location, had made the stayers less satisfied about their job. The stayers seemed to prefer the idea of having a not-so-good regulation that was implemented consistently, than having a good regulation, but inconsistently implemented.

7. Workload and Work Pressure

Stayers used the terms 'workload' and 'work pressure' for role overload, the term used in the Price and Mueller model of turnover. Stayers stated that workload and work pressure had made them less satisfied about their jobs. Among the three job positions, tax specialists from both RTOs were those who repeatedly expressed concern about the workload and work pressure in achieving tax revenue targets. They were overwhelmed by the revenue target for the year 2015, which increased by 40 percent compared to tax revenue target in 2014, and stated that they felt highly pressured because of it. Stayer_15, who had already submitted his resignation when the interview was conducted, stated:

"... the pressure is coming from everywhere, your office (from the head of the section and head of the office), the regional tax office and the headquarters. I felt like a victim because of the revenue target cascading from the headquarters".

Stayer_2 said:

"I handled the same taxpayers and they expected me to collect tax revenue 40 percent higher than last year, and kept asking why I could not reach the target".

Apart from the tax revenue target, other stayers felt overloaded with additional work outside of their job description. Stayer_35, echelon IV in South Jakarta RTO, noted:

"...this year we have too much additional work because of headquarter's policy, from re-registration of the VAT enterprises to the socialisation of e-tax invoice. All of this additional work should be handled by the Supervision and Consultation Section and should be finished this year. While they also expected us to achieve tax revenue target".

Some tax auditors were also concerned about additional work they needed to do because of their head of office discretion. Stayer_22 stated:

"... before we can submit an audit report, the head of office required us to do a presentation to explain tax findings in our audit process in front of other tax auditors, tax specialists and managers. It did not stop there, we also needed to deal with external auditors, such as auditors from the Inspectorate General of the Ministry of Finance and the Supreme Audit Board, and not to mention if the taxpayers filed a tax objection or tax appeal, sometimes we also had to go to tax court".

8. Routinisation

Different job positions perceived routinisation in a different way. For tax specialists who were assigned to delivering tax consultation and services, doing the same job repetitively was more satisfying than doing tasks that were varied and/or unpredictable. These tax specialists stated that repetitive jobs were better than having to deal with achieving the tax revenue target (Stayer_4, 24, 25), although, Stayer_24 said that he felt his role was less important to the organisation because he did not deal with tax revenue targets.

Tax specialists who were assigned to performing tax supervision and analysing tax potential, and tax objection reviewers said that their jobs required them to be creative in finding and analysing data related to the taxpayers, and in communicating their analysis. Thus, they seldom felt bored doing their jobs (Stayer_9, 10, 14, 27, 31, 32, 38, 42). Although some of these tax specialists said after dealing with the same taxpayers and similar problems for several years, their enthusiasm decreased and, as such, they felt less satisfied about their jobs (Stayer_14, 15, 27). Some tax specialists said even though they preferred doing tax analysis and finding tax potential in order to achieve the tax revenue target, too much pressure around their jobs and dealing with overly difficult tax cases were making them feel demotivated and less satisfied about their job (Stayer_2, 10, 15).

Tax auditors under Jakarta Special RTO usually dealt with taxpayers who had the same business, while tax auditors under South Jakarta RTO could deal with taxpayers with any

type of industries. Some tax auditors (Stayer_7, 12, 22) in Jakarta Special RTO noted the first time they conducted tax audits for several taxpayers who had similar businesses they really struggled to understand the taxpayers' business process and tried to master it since their jobs depended on it. However, after they understood taxpayers' business process their work became repetitive and could make them bored with their jobs. The only activity that could help them overcome the same repetitive work was the possibility to go on fieldwork when they needed to check taxpayers' locations (Stayer_12, 22).

In general, the interviews show stayers were less satisfied when they do repetitive jobs. Stayers felt more dissatisfied when repetitive jobs were combined with high job pressure, such as high tax revenue targets and overly difficult tax cases.

9. Centralisation

Stayers talked about centralisation when talking about the process they were assigned to in their current job position. Stayers_41 (tax auditor) said that the DGT never asked whether he wanted to become a tax auditor or tax specialist. Stayer_25 said that, even though she wanted to become a tax auditor, the DGT assigned her as an account representative who is responsible for giving tax consultation and services. Stayer_18 and 40 gave accounts of similar experiences, where their head of office placed them in their current position without asking whether they wanted to be in the position or not.

When stayers talked about how much autonomy they had in their jobs, they said the head of the office or the head of divisions for those who worked in the regional tax offices were the ones who had the most power (Stayer_4, 9, 12, 20, 21, 26, 29, 30, 34, 38, 42). Although it depended on their superiors' managerial style, some tax specialists said that, even though the regulations were allowing them to fully accept a taxpayer's objections, their superior sometimes instructed them to refuse it (Stayer_13, 14, 29). Stayer_13 stated:

"I had seen some head of the divisions who were confident in accepting a taxpayer's objection and some who were not. They refused the taxpayer's objection, mostly because they did not want to be told that they made a mistake when the Inspectorate General perform an audit in our office".

Similarly, Stayer_7, a tax auditor, commented that sometimes their head of office instructed them not to issue a notice of tax overpayment for taxpayers who made a claim for a tax refund, because it would reduce tax revenue in their tax office. However, other tax auditors said that sometimes their head of office instructed them to issue a notice of tax underpayment in a moderate amount if the taxpayers were demonstrating an inability to pay their tax debt, because an unpaid tax debt would affect their office performance (Stayer_7, 12, 30). Stayers noted that not having autonomy whilst performing their jobs and being able to choose a job they wanted reduced their job satisfaction.

10. Person-job fit

Person job-fit is a theory-driven theme, it represents the degree to which one's goals and values match the qualities of the job (Maynard, Joseph & Maynard, 2006, p.510). Many stayers stated that the job itself was one of the satisfiers; furthermore, fitting the job to some extent made them stay in their job, and vice versa (Stayer_1, 2, 4, 6, 9, 10, 11, 13, 14, 18, 21, 23, 25, 29, 30, 32, 34, 37, 38, 41, 42). Even though some of them said they did not choose their current job positions, as time passed they found their jobs were interesting (Stayer_10, 21, 38). Some stayers (Stayer_1, 2, 10, 28, 31, 38) who were satisfied with their jobs stated that their educational background matched their jobs. Being able to use their knowledge and learn something new while doing their jobs was, to some extent, making them feel more satisfied in their jobs. In addition to being able to use their knowledge, some tax specialists, in this case account representatives, said the recent separation of account representatives' functions increased their job satisfaction because it allowed them to focus on one function, despite some problems that still exist in its implementation (Stayer_10, 38). Other stayers said they were satisfied because, compared to other employees, their jobs were easier and they felt less pressure (Stayer_30, 33).

The interviews showed that no one in the echelon IV position was dissatisfied with their jobs, with the exception of tax specialists and tax auditors who openly stated they did not feel satisfied with their jobs. Some tax specialists and tax auditors said they held a job position that was not really suitable for them. Stayer_25, a tax specialist from South Jakarta RTO, remarked she did not feel fit to do her job because she never chose to work in the DGT. She was accepted to work in the Ministry of Finance as a university graduate and, in her application, she indicated another directorate as her preferred destination. However, when she got accepted, the ministry placed her in the DGT. Stayer 5 stated:

"I am an accountant, so I thought when they placed me in the DGT, the DGT would appoint me as tax auditor, but it did not happen. The DGT assigned me as an account representative with the main duty to give tax consultancy and to process taxpayers' applications for tax services which totally not my interest".

Stayer_41, a tax auditor in South Jakarta RTO who had a degree in law experienced the same situation as Stayer_25. Stayer_41 said that, before the reform, he was a staff coordinator (*koordinator pelaksana*) in the value added tax section, an echelon V position that no longer exists in the DGT. Stayer_41's head of office stated that all staff coordinators in technical sections must join the training for functional positions. Although Stayer_41 knew that participating in the training would raise the possibility of being appointed as tax auditor, he did not have a choice but to participate since his head of office said that those who did not follow the order should leave the DGT. Stayer_41 noted:

"I had this feeling that if I deserted the training the DGT might put me on a blacklist that will affect my career. Even though there was not any written regulation about the consequences of not participating in the training, I did not want to take the risk. So, I participated and passed the training and, not long after that, I was appointed as a tax auditor. Even today I still feel that this job position is not suitable for me. I can only survive doing the tax auditor job because, so far, I only dealt with simple tax cases".

Other stayers said they suited their jobs because they like the regularity of it and because they were familiar with the jobs. They stated that working in the DGT to some extent was putting them in a comfort zone (Stayer_1, 8, 12, 14, 18, 20, 25, 26, 30, 37).

Organisational Commitment

Four themes emerged with regards to stayers' organisational commitment: job satisfaction, family responsibility, work commitment, and training. These themes were all theory driven factors.

1. Job satisfaction

Job satisfaction was one of the themes mentioned when stayers talked about their commitment to the DGT. Many stayers who said they were satisfied or very satisfied with their job claimed that they were also committed to the DGT. Stayer_23, a tax specialist in South Jakarta RTO, said that, because her role as account representative suited her, she could accept the responsibility of meeting the tax revenue target. Thus, she is willing to give her best effort to support the DGT in achieving the target. Stayer_30, a tax auditor in South Jakarta RTO said that, so far, he felt satisfied with his job, and thus he remained loyal to the DGT.

However, Stayer_29 stated that his job satisfaction had no effect on his commitment to the organisation. Stayer_29 stated:

"Even though I feel satisfied with almost all aspects of my job, I do not feel committed to the DGT. One of the things that makes me engage less are the ongoing reforms. In the future, if these reforms did not meet my expectations, I think I may consider the other option, to leave the DGT".

Stayers who said they were neither satisfied nor dissatisfied with their jobs also stated that they were neither committed nor uncommitted to the DGT. These stayers stated that, because they were still working in the DGT, they will do their job as the DGT required them to do (Stayer_2, 38). Furthermore, these stayers said they wanted to see the direction of the ongoing reforms before deciding whether to fully commit to the organisation or not. If the reforms met their expectations, they were ready to give their best effort to support DGT's objectives. Stayer_3, who claimed to be very dissatisfied with his job, stated that as long as he is still working in the DGT, he will be very loyal and will continue to support the DGT in achieving its organisational objectives.

Overall, the interviews show that stayers' perception of job satisfaction had caused a mixed effect on their organisational commitment. There were dissatisfied employees who stayed committed or loyal to the DGT.

2. Family responsibilities

Some stayers' commitment to the DGT was also determined by their responsibility to their family. Although Price and Mueller's model used the term 'kinship responsibility' to represent this form of obligation, due to the close relationship outside the organisation (e.g. the spouse, parent, child) (Price & Mueller, 1986, p.16), stayers used the term 'obligation to their family' to represent the same meaning. Most stayers, whether they were committed to the DGT or not, stated that their obligation to their family comes before their commitment to the DGT (Stayer_4, 7, 9, 10, 15, 21, 25, 27, 29, 33, 35, 38, 42). These stayers remarked they would reconsider their employment in the DGT if their family condition required them to do so.

Some stayers stated that, being committed to the DGT meant they would accept the possibility of being sent to work far from home (Stayer_6, 16, 20, 21, 24, 25, 31, 33, 35). These stayers stated the choice between working far from their family or bringing their families to live with them in the location of their new office would depend on the condition of the city in which their new office was located. If, in the new city, their children could have a good education and health facilities, they would bring their family and would continue being committed to the DGT. Stayer_8, 37, and 41 stated that their decisions to work in the DGT when they passed the selection process to become a civil servant were influenced by their parents, who were proud of them being a civil servant. Stayer_41, who claimed he wanted to leave the DGT, stated he would stay longer in the DGT because he did not want to disappoint his parents.

3. Work commitment

When stayers talked about their loyalty to the DGT, most of them mentioned work commitment to emphasise that they were more committed to their work, e.g. collecting taxes, delivering tax consultation, rather than the organisation. Work commitment is different from professionalism as defined in Price and Mueller's model. Mueller, Wallace and Price (1992, pp.214-215) state that professionalism or career commitment represents commitment to one's career and occupation rather than to the organisation that employed them. While work commitment does not refer to one's career or organisation, employees who are committed to their work hold a strong sense of duty toward their work.

This research found that stayers were committed to do their best and fulfil the required performance standards because they believed that their contribution in collecting tax revenue could bring good to their country (Stayer_1, 6, 7, 10, 21, 26, 28, 31, 32, 40, 42).

It is because of the impact of their work that these stayers felt that it was not too bad to continue their employment with the DGT.

Other stayers stated that they had a strong sense of duty to do their jobs as a consequence of accepting their payment from the DGT (Stayer_8, 25), as a consequence of their choice to work in the DGT (Stayer_11, 21), and as a consequence of their decision to continue working in the DGT (Stayer_10, 35).

4. Training

Having an opportunity to take part in training and to continue their education to some extent increased stayers' commitment to the DGT. However, unlike the factor used in Price and Mueller's model, which referred to general training, stayers emphasised training as their opportunity to learn both general and specific skills as well as knowledge needed for their job. Price and Mueller (1986, p.14) linked general training to the occupational standards of performance, and on-the-job training as an example of specific training. Stayers mentioned scholarships that they received to continue their education as an example of general training, and training in advanced income tax and analysis of transfer pricing as examples of specific training.

Many stayers indicated that the opportunity to take part in general and specific training increased their loyalty to the DGT (Stayer_6, 7, 8, 10, 11, 18, 25, 28, 34, 39, 42). However, these stayers stated that it was not easy to get access to such training, because they have to compete with thousands of DGT employees who also wanted to take part in the same training. Stayer_32 stated:

"The opportunity to get a scholarship from the organisation is open for all employees; however, the chance to win the scholarship is small because other employees also want to get the scholarship".

Stayer_19 said that pursuing higher education funded by the MOF did not affect his organisational commitment. He argued that the obligation to work in the DGT after finishing the education was equivalent to paying the tuition fee themselves.

Intention to Leave or to Stay

Most stayers planned to continue working in the DGT. Six themes were identified in the discussion on factors influencing stayers' plans for the near future. The themes are: family responsibility, job rotation, job satisfaction, organisational commitment, DGT's ongoing reform, and job opportunity. Job rotation and DGT's ongoing reform were the themes identified inductively, while the rest were theory-driven themes. Job rotation was also mentioned in the discussion on job satisfaction, and family responsibility was also discussed in the section on organisational commitment.

1. Family responsibility

Stayers stated that their responsibility to their family (spouse, children or parents) affected their employment plans for the near future. Most of those who planned to stay said that, despite the possibility of being separated from their family due to job rotation, their families were fully supporting them to continue working in the DGT, thus it encouraged them to stay (Stayer_5, 6, 7, 8, 11, 12, 13, 16, 17, 18, 21, 23, 24, 26, 27, 33, 36, 37, 38, 39, 40, 42). Stayer_36 commented:

"Even though I was sent to work outside Jakarta for several times my family encourages me to stay. If they did not support me, I might start looking for other jobs".

Some stayers stayed to support their family financially (Stayer_12, 18, 24, 27, 33). Stayer_18, a tax specialist in Special Jakarta RTO, said that, even though she was not too comfortable with the latest working condition in which employees were instructed to work overtime, she decided to stay because her family still needed the money she earned by working in the DGT.

Most stayers who stated they neither wanted to stay or leave the DGT were tax specialists (Stayer_1, 2, 3, 9, 10, 14, 19, 20, 22, 25, 29, 32). These stayers stated that, because their position had not been affected by the job rotation regulation, they were able to work and live in the same city as their family; as such, they did not see any reason to leave the DGT at the moment. However, all of them said that they will review their plan if the DGT sends them to work far from their family. Stayer_9 remarked

"As long as my employment in the DGT does not collide with my family well-being, I will stay".

Stayer_32, a tax specialist in South Jakarta RTO, stated:

"My decision will depend on where the DGT will send me if I get a promotion. If the location of the new office means that it is possible for me to return home once a week... or if my family still need the money I earn from the DGT ... or if I could not find another job that pays me as well as the payment from the DGT, I might stay".

Those who had planned to leave stated that they decided not to leave immediately because they were still preparing their leaving, especially to secure their new income so that their family would not suffer after they leave the DGT (Stayer_4, 15, 28). Stayer_15 said that the new business he had been trying to develop was ready, and it can replace his salary from the DGT, which is why he decided to submit his resignation letter a few weeks before the interview.

Some stayers said that they were staying because their parents were proud of the fact that they were working as a civil servant (Stayer_8, 37, 41). Stayer_8, echelon IV in Jakarta Special RTO, stated:

"... my parents were very proud when I got accepted as a civil servant in the Ministry of Finance. It was one of the reasons I stayed in the DGT, not only to continue working in the DGT, but also to work with integrity because I do not want to disappoint them".

2. Job rotation

For stayers, continuing working in the DGT meant that they had to accept DGT's job rotation regulation and, to some extent, it affected their plan for the near future. Stayers whether they are currently affected by the job rotation regulation or not, stated they were thinking about finding another job or starting a business to prepare their departure if, in the future, the DGT should send them to tax offices they least desired (Stayer_2, 3, 8, 18, 21, 25, 41).

All stayers stated that they really hope that the DGT would revise the job rotation regulation, e.g. by setting a transparent requirement whereby employees would be able to work in tax offices in Jakarta or their preferred cities (Stayer_4, 9, 17, 25, 26, 32, 34), and by regulating a fixed period for working outside Jakarta or their home city (Stayer_1, 13, 16, 20, 21). Other stayers were concerned about the inconsistency in the implementation of job rotation regulation. Stayer_3 and 22 pointed out that their friends' expertise was being wasted when the DGT placed them in tax offices in remote areas. Stayer_1, 24 and 41 stated that, some employees could return faster to Jakarta, while others had to stay longer in cities far from Jakarta or their home city. Stayer_8 and 41 commented that, even though there were many weaknesses in the existing job rotation regulation, if the implementation could be consistent, it could minimise the resistance of being sent to work outside Jakarta.

However, even though job rotation had encouraged many stayers to have intentions to leave, Stayer_36 was confident that DGT's job rotation had been implemented consistently. Stayer_36 saw regularity in his job rotation, in which he pointed out that, after three or four years of working outside Jakarta, the DGT always placed him back in the tax office near Jakarta for his subsequent job rotation. Stayer_36 stated:

"the DGT sent me to work outside Jakarta on my first placement when I got a promotion. I could not always bring my family, because my wife also worked in the DGT, in a different tax office. It was not a very pleasant experience, but the DGT always sent me back to tax office close to Jakarta after I spent three or four years, at most, outside Jakarta".

3. Job satisfaction

Interviews indicated that, among the three job positions, tax specialists were the least satisfied with their jobs. Some of these tax specialists had a plan to leave the DGT (Stayer_4, 15), while others were undecided about whether they want to stay or leave the DGT in the near future (Stayer_1, 2, 3, 9, 10, 14, 19, 20, 22, 25, 29, 32).

Stayer_15, a tax specialist who had already submitted his resignation letter, noted that the combination of feeling bored because he had to deal with the same taxpayers and tax cases for several years, and the pressure to meet tax revenue targets had prompted him to regularly think about leaving the DGT. Needing to secure a new source of income was the only reason he did not leave the DGT as soon as he made the decision to resign from his job. Stayer_4 supported Stayer_15's opinion, saying:

“Even though I have firmly decided to leave the DGT, I have to wait a little longer because losing my salary without having a new-stable income could bring instability in my family”.

Stayer_2, who was undecided about whether or not to leave or to stay, stated that he did not regularly think about leaving the DGT, because some challenges in his job could distract him from wanting to leave. Stayer_29 said that, despite the risk of working outside Jakarta should he get promoted, he felt more frustrated because he had not been promoted to echelon IV position. Stayer_29 stated that, if in five years he still did not get a promotion, he would decide to actively look for another job. Stayer_25 stated that, even though her current income was not as high as the payment offered by the private sector, she felt that the working conditions in the DGT were better compared to those who worked in private companies. Other stayers remarked that they still had a strong intention to leave the DGT by the time they reach the age of 50, when they had the right to take early retirement and to receive their pension, and were not too old to find another job (Stayer_19, 41).

Stayer_21 and 30 stated they still saw their work as challenging, thus they seldom felt bored, and because of this they planned to stay. Stayer_24 believed the pressure of working in a private company was high when compared with the pressure of working in the DGT, therefore continuing his employment with the DGT was not a bad decision. Satisfaction about their salary and being suited to the job were also mentioned as factors that influenced some stayers to plan to continue their employment in the DGT (Stayer_5, 6, 35).

4. Organisational commitment

Some stayers stated that they planned to stay because they felt responsible to support the DGT in meeting its tax revenue target. They claimed that they had the skills and knowledge required for the job, hence they needed to continue working in the DGT (Stayer_1, 7, 10, 21, 35, 40). Stayer_42 commented that accepting DGT's goals had made him willing to put in his best performance for the organisation. Some stayers said that they had decided to stay because they realised that their contributions in collecting tax revenue would bring a greater impact to the country, unlike if they were working in private companies where the main goal is to make a profit (Stayer_1, 6, 7, 10, 21, 26, 28, 31,

32, 37, 40, 42). Some scholarship recipients stated that having the opportunity to continue their education had lowered the possibility of their leaving and they were willing to demonstrate their best performance (Stayer_6, 28, 42). However, Stayer_4 and 15 stated that they felt disengaged with DGT goals, particularly in relation to achieving tax revenue targets; consequently, they looked for another job opportunity outside the DGT.

5. Job opportunity

Although stayers perceived that there were many job opportunities outside the DGT, many of them decided not to pursue them. Some of these stayers stated that they had been offered a job by taxpayers or tax consultants several times, but only a few of them had actually followed up any of the offers (Stayer_2, 3, 6, 12, 16, 17, 20, 24, 39). These stayers did not take further action about the job offer because they realised that they would face two risks if they decided to leave the DGT; the possibility that the company would stop operating in the foreseeable future and the possibility of being fired. Stayer_2, 5, 9, and 12 doubted that the company offering them a job would continue to operate because the offer usually came from a medium-sized company. Stayer_3 believed the chance of being fired in a private company was higher than in the DGT.

Some stayers stated that they were unsure if they could survive working in a private company, because they had got used to DGT's culture, which was less competitive with slightly better working hours; as such, they preferred to stay in the DGT (Stayer_7, 8, 12, 26, 30, 39, 42). Others preferred to stay because they were not confident that they have the expertise needed by the private companies (Stayer_18, 19, 22, 23, 30, 36). Some stayers were concerned that the available job opportunities outside the DGT were all related to tax, e.g. as a tax consultant or tax manager, consequently it related to the DGT (Stayer_4, 18, 29, 31, 38). These stayers remarked that they did not want to have a new job where they have to deal with their DGT friends on the 'opposite side'. They were concerned that this could destroy their friendship (Stayer_18, 31, 38). Others stated that they were too old to change their jobs (Stayer_2, 28). Female participants said that, because they were not the main breadwinner in the family, they did not have ambitions to have a higher salary; thus, they preferred to stay and not actively look for a new job (Stayer_14, 36, 38).

6. DGT's ongoing reform

Stayers pointed to DGT's ongoing reform as one of the factors that influenced their wanting to stay and wait before making a decision about whether to leave or not (Stayer_7, 9, 11, 13, 19, 21, 34, 36, 40). These stayers were curious about the agenda to make the DGT become an independent body separated from the Ministry of Finance. Stayer_9 and 29 wanted to see whether this agenda would positively affect their position as a DGT employee or not.

Some stayers saw that many improvements had been made through the reforms and they believed that the DGT would continue to improve, which encouraged them to stay (Stayer_6, 8, 17, 19, 34, 40). These stayers pointed to the positive changes in DGT HR practices, such as the job rotation regulation and the new open bidding system as part of its promotional system, despite the weaknesses in its implementation. Stayer_13 and 17 highlighted the leadership in the DGT. They stated that, even though the DGT did not have many choices that could accelerate the improvement in its HR practices (i.e. because its position is still under the MOF), their higher echelon had shown their continuous effort in protecting employees' right, especially with the latest performance pay rise.

Conclusion

This chapter has discussed factors influencing stayers' decisions with regards to their employment with the DGT. Stayers mostly felt satisfied and committed, and planned to stay in the DGT, and there were no substantial differences between stayers from Jakarta Special RTO and South Jakarta RTO. Stayers' responsibility to support their family financially, as well as wanting to work close to where they live, had encouraged them to stay for the time being. Stayers indicated that their commitment to their family comes before their commitment to the DGT, consequently they were willing to leave the DGT if their family's well-being was at risk or to stay if this was the best interest of their family (i.e. related to payment). DGT's current job rotation has prompted stayers to think about leaving. Many of them stated that they had already prepared their departure plan in case they were placed in the office far from their families. Stayers put high hopes on DGT ongoing reform and it made them more willing to stay in the organisation. Even though all stayers claimed that the opportunity to find a job outside the DGT was high, they still perceived working in the DGT to be a better option because they were familiar with the job and the organisational culture, and did not want to take the risk of working in a private company.

Discussion on job satisfaction has suggested that communication is one of the most important factors that can boost stayers' job satisfaction. Stayers were concerned about the way the DGT handles communication related to the tax revenue target and changes in its organisation. Stayers indicated that salary was a satisfying factor in their job and the factor that prevented them from leaving the DGT. However, being treated fairly based on their contributions to the DGT was more important, especially for those in the tax specialist position.

Discussion on organisational commitment has indicated that stayers' job satisfaction, work commitment and training they received from the organisation increased their commitment to the DGT. This research also found that stayers, whether they claimed to be committed

to the DGT or not, were committed to delivering the required standard of job performance as required by the DGT.

The qualitative findings show there were no differences in terms of stayers' job satisfaction, organisational commitment, and intention to leave or stay between stayers from Jakarta Special RTO and South Jakarta RTO. Stayers from both RTOs (Stayer_1 to Stayer_24 for Jakarta Special RTO, and Stayer_25 to Stayer_42) mentioned all the themes discussed in the previous sections, although they expressed the themes in a different manner. For example, many stayers in Jakarta Special RTO said that they were satisfied with their salaries because they believed that they were better paid when compared to those who worked in private companies, considering the workload and pressure. In contrast, those in South Jakarta RTO said that they were satisfied with their salaries because their work pressure was lighter when compared to those who worked in a more strategic unit, such as Jakarta Special RTO. Stayers from both RTOs have displayed similar concerns, with some differences between the three-job position, e.g. all stayers were concerned about their payment, but those in tax specialist positions were the least satisfied compared to other job positions. All stayers claimed that their workload and work pressure decreased their level of job satisfaction; however compared to tax auditors, tax specialists and managers felt more dissatisfied because of their workload and work pressure.

Overall, this chapter has explored the factors influencing stayers' job satisfaction, organisational commitment, and their intention of staying or leaving the DGT. It found that stayers' high hopes with regards to DGT's ongoing reforms (reflected in its HR practices) had encouraged them to stay. The next chapter will explore the same research questions from the leavers' perspectives.

CHAPTER 7: FACTORS INFLUENCING DGT'S EMPLOYEE TURNOVER

This chapter focuses on DGT's former employees (the leavers) who resigned from their position between 2009 and March 2015. Although participants who still work for the DGT (stayers) come from two regional tax offices, Jakarta Special RTO and South Jakarta RTO, leavers came from any regional tax offices in Indonesia. This research could not recruit all leavers from the same regional tax offices as the stayers because the DGT could not disclose the leavers' contact details, for confidentiality reasons. This chapter examines the factors that determined leavers' decisions to leave the DGT. The chapter is arranged in three sections; the first of these discusses the data obtained through the questionnaire. It discusses the leavers' demographics and their answers on level of job satisfaction, organisational commitment, and job opportunity, as well as their reasons for leaving. The second section discusses the qualitative findings on the factors that determine the leavers' job satisfaction, organisational commitment, and the reason behind their decisions to leave the DGT. The third section presents the conclusion of this chapter. This section shows that payment, job opportunity and organisational commitment, which are the theory-driven factors, as well as job rotation and DGT's ongoing reforms, which are identified inductively, were important determinants of leavers' decisions for leaving.

The Questionnaire Data

Leavers' demographics

Similar to the stayers, the leavers participated in the questionnaire and interview. However, unlike the stayers, who were selected from the two RTOs, the leavers were recruited using the snowball sampling method. With this method, 24 leavers agreed to participate and filled in the questionnaire; 20 of them were interviewed. Considering that leaver participants were not selected randomly, leavers' questionnaire responses were treated as qualitative data.

The snowball sampling method recruited 12 managers and 12 tax specialists. Even though tax auditor was one of the target job positions for this research, there were no tax auditors who could be approached and who were willing to participate. Most leaver participants are men and were between the ages of 31-40 when they left the DGT. Leavers can be considered to be experienced workers, as 21 of them had worked in the DGT for more than ten years. Majority of leavers were living in the same region where their office was located.

All leavers were employed when they participated in the research. No leaver left the DGT because of health problem. Most leavers stated that the reasons they left the DGT were

personal/family and financial. Others claimed that their reasons included: they had finished work-bound obligations due to the scholarship funded by the DGT; their reward did not match the workload; they wanted to get a higher salary and a job position offered outside the DGT; they felt insecure working in the DGT; a combination of the three factors given in the questionnaire.

Leavers' job satisfaction, organisational commitment, and job opportunity

Leavers were asked about their job satisfaction, organisational commitment, and perception of job opportunity. The responses showed that most leavers were satisfied with their jobs, claimed to be committed and believed that job opportunities outside the DGT were easy to find.

Qualitative Findings: Factors Influencing the Leavers' Decision to Leave the DGT

In this section, factors influencing the leavers' decision to leave the DGT are discussed. The snowball sampling method helped to recruit 20 leavers for interviews. Table 7.6 summarises the list of interviews conducted.

Table 7.1. Leavers' interviewees

Code Number	Background	
	RTO	Job Position
Leaver_1	Jakarta Special	Manager
Leaver_2	Jakarta Special	Tax Specialist
Leaver_3	Jakarta Special	Tax Specialist
Leaver_4	Jakarta Special	Tax Specialist
Leaver_5	Jakarta Special	Tax Specialist
Leaver_6	Jakarta Special	Tax Specialist
Leaver_7	South Jakarta	Manager
Leaver_8	South Jakarta	Manager
Leaver_9	Others in Jakarta	Tax Specialist
Leaver_10	Others in Jakarta	Tax Specialist
Leaver_11	Others in Jakarta	Manager
Leaver_12	Others in Jakarta	Tax Specialist
Leaver_13	Others in Jakarta	Tax Specialist
Leaver_14	Others in Jakarta	Manager
Leaver_15	Others Outside Jakarta	Manager
Leaver_16	Others Outside Jakarta	Manager
Leaver_17	Others Outside Jakarta	Manager
Leaver_18	Others Outside Jakarta	Manager
Leaver_19	Others Outside Jakarta	Manager
Leaver_20	Others Outside Jakarta	Manager

Interviews were utilised to elaborate on leavers' responses in the questionnaire. Thematic analysis was used to examine the recurring themes that emerged from interviews. As with the stayers, in this section the discussion covers factors that influence leavers' job satisfaction, organisational commitment, and their decision to leave the DGT. The findings are presented in three sections based on these discussions. There are themes that appear in more than one section, e.g. payment appears when leavers talked about the factors influencing their job satisfaction as well as influencing their decision to leave; family

responsibility appears in the discussion about organisational commitment and decision to leave the DGT.

Job satisfaction

In the interviews most leavers said that, in general, they liked their job and had no difficulties to deliver the standard performance set by the organisation. Although many expressed their concern about some aspects of the job that made them less satisfied, in general they claimed that they could endure job-related difficulties when they were still working in the DGT. Seven themes were identified in the discussion about factors influencing leavers' perceived levels of job satisfaction, which were: payment, job rotation, fairness, leadership, employees' mastery goals, communication, and DGT's ongoing reforms. Payment, fairness, leadership, employees' mastery goals, and communication were theory-driven themes both from the Price and Mueller model and not, while job rotation and DGT's ongoing reforms were identified inductively from the interviews.

1. Payment

Leavers used the term 'payment' to represent their income; thus it covered salary, performance pay and other payments received from the DGT. Many leavers stated that their payment was one of the dissatisfying aspect of their jobs. Although they claimed that it was not their main concern, most of them said that they were not well-paid compared to those who worked in private companies, and it increased their dissatisfaction because they knew their chances to get a job in the private company were high (Leaver_2, 3, 4, 5, 7, 9, 10, 11, 13, 14, 20).

It was anticipated that payment would be mentioned by leavers, because all leavers who participated in this research left before the performance pay in the DGT was raised. Most leavers said that the first time they joined the reformed tax office, they were satisfied with their performance pay because their take-home pay had increased compared to what they received prior to joining the reformed tax office (Leaver_2, 4, 5, 6, 9). However, no adjustment was made for their performance pay, which decreased the real value of their income owing to the rising inflation rate.

Leavers believed the organisation seemed not to care about adjusting the performance pay. Leaver_4 and 11 noted the DGT told them to be grateful because, compared with other civil servants, they received the highest performance pay. Furthermore Leaver_11 stated:

"It was not all about who gets the highest income among the civil servants, but our salaries represented how much the organisation valued its employees. And the fact is the private companies appreciate my skills and knowledge better than the DGT".

Some leavers (Leaver_2, 3, 5, 7, 10, 13, 14) stated that, as they had a family and children, their living expenses increased accordingly. As such, no raise in their performance pay meant they could not cover their living expenses; to get by, they needed to make sacrifices to fit their salary. Leaver_5, a former tax specialist in Jakarta Special RTO commented:

"My salary is enough if it was only for me, it cannot cover the expenses for those who have a family".

Leaver_2, another tax specialist from Jakarta Special RTO stated:

"The payment was not enough if I wanted to put my children in a good school".

Leaver_3 and 14 stated their payment was not enough if they or one of their family members fell ill.

Leaver_15, 16 and 20 linked their payment with being placed to work far from home. These leavers said that being sent to work far from home and unable to bring their family with them - considering that their new office was located in the less developed areas - had increased their expenses. There were additional costs to cover their flights back home and rent expenses incurred because they had to live separately from their family. Leaver_4, 6 and 11 were worried that, if the DGT placed them to work outside Jakarta, they would have the same financial problems as those who worked far from their family.

2. Job rotation

Before 2012, the DGT did not have regulations on how the organisation would rotate employees who held functional and echelon positions. In 2009, the MOF provided a regulation for this, to be used in all its directorates; the DGT implemented this in 2012. The regulation mainly ordered all MOF's directorates to consider several factors, such as the standard competency needed for a job, employees' job performance, and the period of staying in one job position before they made a decision to rotate their employees. As part of this regulation MOF also delegated the authority to determine the standard competency needed for the job, and the zoning decision for directorates that have many units organisation all over Indonesia.

Many leavers participated in this research left the DGT before 2012, before the DGT regulated the standard competency and zoning decision of job rotation for its functional and echelon IV positions. However, some leavers stated that, in practice, between 2009 and 2012 the DGT had implemented the guideline for the MOF's job rotation regulation. Thus, although the implementation was far from consistent, to some extent job rotation decisions had considered employees' job performance and the length of time one had served in an organisation unit (Leaver_2, 3, 5, 8, 17, 20). Starting from 2012, the DGT regulated the zoning decision and the period one can stay in a certain office, which is

between two and five years, and the longest period one can stay in a certain tax region is eight years (see Chapter 5, p.124 for full discussion on job rotation regulation).

Job rotation became a key source of dissatisfaction for leavers. Leavers believed that, with DGT's job rotation regulation, the chance of being sent to work outside Jakarta was high, especially if they wanted to stay and progress in their career (Leaver_2, 4, 6, 10, 12, 13). One of the leavers' concerns was the criteria used for placing them outside Jakarta (Leaver_1, 3, 4, 7, 8, 17). Leaver_14 and 17 stated the DGT focused too much on the period they had to stay in one office or one region and not on the competency needed for a job. Leaver_1, 16, 17 and 19 felt that their qualifications were too high to be placed in a tax office in small cities. Leaver_1, echelon IV in Jakarta Special RTO stated:

"For those who had special expertise, such as international tax and transfer pricing, the DGT should acknowledge this skill, and not send these employees outside Jakarta or Java where their skills would be wasted".

Leaver_17 commented:

"Since the DGT classified its strategic unit organisation into a less strategic unit and a more strategic unit [see Table 5. 2 for the full classification], the concept of job rotation was to relocate and to promote employees who performed in their job relevant to these types of unit organisations. However, with the current regulation, the concept changed; whoever had spent eight years in Jakarta must be transferred outside Jakarta without considering their competency".

All leavers had the same experiences, in which they and their family had lived in Jakarta for years. They stated that many DGT employees were from or lived in Jakarta or Java, and, since Indonesian tax offices were spread all over Indonesia, they were aware that many employees wanted to be placed near their home. Leavers who had experience working outside Jakarta and living far from their families wanted to be relocated to Jakarta and did not want to be sent outside Jakarta again (Leaver_5 and 11). Those who did not have any problem with being sent to tax offices outside Jakarta emphasised that the DGT should consider their competency before sending them out to the tax office outside Jakarta (Leaver_1, 2, 17, 19). Leaver_17 and 19 commented that, if their competency fitted the new position, it was unlikely that they would have thought about leaving their jobs, even if they had been placed outside Jakarta.

All leavers who were placed in Jakarta before they left the DGT wanted to remain in Jakarta. These leavers believed that, with their experiences in dealing with larger taxpayers, it would be more beneficial for the DGT if they were assigned to continue working in Jakarta or tax offices in big cities. Sending them out to the tax office in small cities, or to a less strategic tax office, would slow down DGT's performance and harm the tax revenue target (Leaver_4). Leavers wanted their job performance and competency to be the main consideration when the DGT relocated them (Leaver_3, 5, 8, 10, 12, 15, 16,

17). Thus, employees with the best performance should be relocated to a more strategic tax office, which is usually located in big cities, while those with poor performance should be downgraded to a less strategic tax office.

The uncertainty about the job rotation period also had caused leavers to be dissatisfied about their jobs. Even though the regulation stated that one can only stay in the same office for two to five years, or stay in the same region for a maximum of eight years, not knowing the exact time they had to spend in one city had made it difficult to make life plans (Leaver_1, 2, 4, 8, 10, 12, 13, 15, 16, 17, 19, 20). Another concern related to job rotation was the inconsistency of its implementation. Leaver_15, echelon IV in RTO outside Jakarta noted:

"We had seen that, every time we had a new head of HR Division, the implementation of job rotation regulations also changed. ... sometimes they sent employees who got a promotion outside Java, but on the next job rotation there were people who got promoted in Java".

Some leavers pointed out that, when they were still working in the DGT, the DGT still struggled to find the right formula to regulate job rotation for its employees (Leaver_2, 3, 5, 8, 12). Before the latest employee job rotation regulations, the DGT had tried several ways to regulate job rotation. At first, these leavers saw that the changes seemed to go as per their expectations, in which those who had a good job performance were sent to a more strategic tax office. However, in the following job rotation they believed that more and more senior managers were interfering in employee relocation. Even though, after the reform cronyism was decreasing, many leavers believed that the inconsistency in job rotation was proof that cronyism still existed in the DGT (Leaver_1, 3, 4, 5, 6, 10). Leaver_3, a tax specialist from Jakarta Special RTO stated:

"I do not think I could get a promotion really fast if I do not know anybody in higher positions... and those people who got a promotion, most of them know someone in high echelons".

Job rotation was not intended to affect tax specialists, but leavers who were senior tax specialists mentioned job rotation as one of the reasons they were not satisfied with their job (Leaver_2, 4, 6, 9, 10, 12, 13). They believed that, with this regulation, it was only a matter of time before the DGT would send them outside Jakarta. Leaver_9, a tax specialist said, "everybody knows that when you got promoted then they will send you outside Jakarta".

3. Fairness

Another factor influencing leavers' job satisfaction was fairness or equal treatment based on one's contribution. In general, leavers believed that the DGT did not pay enough attention to fairness when it implemented regulations that would affect employees, and

their perceptions of fairness had decreased job satisfaction (Leaver_2, 5, 6, 8, 11, 13, 16, 17).

The biggest concern about fairness in the DGT was with the reward system, where fairness in their payment was one of the concerns. Most tax specialists felt that they carried heavier responsibilities than tax auditors and those in echelon IV, but got a lower payment (Leaver_2, 5, 9, 13). Leaver_5 and 9, tax specialists, questioned the function of their line manager. They stated that, even though they had a line manager who was in a echelon IV position, whenever the taxpayers under their administration had any problems, their head of office and other officials of the higher echelon would directly look to them to take the responsibility. Furthermore, they said that this continued to happen because their line manager could not confidently answer or explain the case that belonged to the tax specialist under their coordination. Leaver_9 and 5 felt that their line manager was nothing more than a messenger who connected the head of office, or officials in the higher echelons, to them.

Still related to the reward system, leavers were concerned about the fairness in getting a promotion. Some leavers stated they did not have any difficulty in getting a promotion, because they were offered to take higher positions by some officials in a higher echelon (Leaver_1, 10, 11). However, seeing incompetent people get promoted had led them to be dissatisfied with their job (Leaver_1 and 11). Leavers pointed out that the DGT still equated tax office performance in achieving the tax revenue target to employee performance (Leaver_4, 6, 13). These leavers stated, with this method, 'free riders' were enjoying their hard work and even got a promotion just because they worked in the tax office that achieved its tax revenue target. On the other hand, Leaver_13 felt that employees were being punished, i.e. could not get a promotion or got promoted in a small city, just because their office did not achieve its tax revenue target, even though they achieved their individual tax target. Leaver_1, 4, 9, 13, 16, and 20 noted that many of those who got a promotion were not the best employees. Leaver_6 remarked that the DGT should maintain internal competition among its employees in order to find the best performing employees.

With regards to fairness in job rotation, most leavers stated that the DGT should reward employees from the more strategic tax office by placing them in another strategic tax office when they got rotated (Leaver_8, 13, 16, 17). These leavers maintained that those who worked in more strategic tax offices were responsible for collecting higher tax revenue targets and were dealing with more difficult taxpayers compared to those in the less strategic tax offices. Therefore, it was unfair if employees from the more strategic tax office were treated the same as those who worked in less strategic tax offices when they got rotated (Leaver_8, 13, 16). Leaver_11 remarked:

“DGT’s job rotation acted as if employees did not have any choice but to follow the regulation. The fact was employees had great opportunities to work in the private companies”.

4. Leadership

Interviews about the jobs led to discussions about leavers’ interaction with their colleagues and with other employees in the wider working environment. Although leavers stated that they had no difficulties in working with their immediate colleagues, all of them expressed their dissatisfaction when they were talking about their line managers and other officials in the higher echelons. Leaver_1, 3, 5, 9 and 10 stated that they could not fully respect their superior, especially when they thought that their superior did not really have the competence to deal with tax cases, or did not function very well as a manager. Even though leavers preferred to have a competence-based leader, e.g. knowledgeable about taxation, having superiors who can support and manage their subordinates was more important because it can create a conducive working environment, thus increasing their motivation (Leaver_1, 2, 3, 5, 6, 10, 14).

With regards to people in the higher echelon, leavers stated that they did not trust many of DGT’s senior managers because they believed that many senior managers were incompetent in their field (Leaver_2, 5, 6, 7, 8, 11, 14), and that some of them were in their positions because of cronyism (Leaver 11, 14). Leaver_14 stated:

“I did some analysis about people who, in the future, might lead the DGT and I concluded that they were very much similar to the current leaders, thus I do not think the DGT will change too much in the future”.

5. Competence Goals

Leavers talked about their competence goals, which referred to their mindset when it came to being able to develop their competence or mastering a task. This theme is similar to the mastery-approach goals used in the research by Elliot (2005, p.61). Many leavers stated that they liked those jobs that were directly related to taxation, which is why they were concerned about continuously developing their competency. Being unable to perform and to improve the skills they were good at decreased their job satisfaction (Leaver_1, 2, 3, 6, 8, 9, 14, 16, 17, 19).

Leavers wanted to be able to continuously challenge their skills; they were confident that, with their improved skills, they would be able to make more contributions to the DGT, which would make them more satisfied with their jobs (Leaver_2, 3, 5, 10, 14, 19). However, to be able to work on the subject they were interested in was highly influenced by their line manager or their head of office. Leaver_14 noted:

“My previous line manager supported my idea of establishing a training programme to educate employees whose jobs were exposed to international taxation. However, when my boss got rotated and the new boss arrived, he did not approve of continuing the previous training programme. I never knew the reason, maybe

because my line manager thought I was trying to draw some attention of those in a higher echelon to try to get promoted”.

Leavers said that they were bored if they had to stay in the same place where there were no challenges (Leaver_1, 10, 18). Leaver_2, 3, 8, 14 and 17 said that, in their latest office, they felt that their line managers did not support them in doing what they wanted. Leaver_1, 14 and 17 felt there were no more challenges that could motivate them in to stay in their jobs. Other leavers pointed out the inconsistencies in the implementation of the job rotation regulation; they stated the new job rotation regulation was the signs that the DGT was expecting them to be able to take any job positions, even when their competency did not match the jobs (Leaver_14, 17, 19). Leaver_19 stated “the new [job rotation] regulation forced you to be able to do anything or to become anything even though it was not your passion”.

6. Communication

This theme was mentioned many times by the leavers when they talked about DGT's conditions before they left. All leavers highlighted changes due to the reforms and the way the DGT communicated the changes to its employees. All leavers stated that they supported the reform and that it was needed since the world had become more and more transparent, thus the DGT was also required to become transparent. However, the process of reforming the organisation had made some of them dissatisfied with their job. Many leavers said that, because the reform was made gradually, the DGT applied many changes during its reform process. These leavers stated that facing too many changes that sometimes contradicted one another had affected their job satisfaction (Leaver_4, 5, 6, 8, 10, 13, 14, 16, 17, 18, 19).

For those in a tax specialist position these changes had made them overloaded with work (Leaver_4, 6, 10, 12). Leaver_6, 12, 18 and 20 stated that many new tax policies implemented by the headquarters were not accompanied by a sufficient standard operating procedure, thus many unclear tasks were delegated to them. Other leavers stated that there were always gaps between the policy made by the headquarters and the conditions of the tax offices. Even though tax offices had communicated the condition they were facing in dealing with taxpayers, the new policy showed that the headquarters had barely considered tax offices' suggestions, thus making those who worked in tax offices often feel frustrated when implementing the new policies (Leaver_6, 12, 16, 17).

Leavers mentioned that several tax corruption cases involving DGT employees appeared in the media after the DGT reformed its organisation. Even though the cases occurred before the reform took place, high coverage of the case by the media meant that other employees were being generalised of having the same behaviour, which hindered them in doing their jobs, e.g. some taxpayers did not want to pay their taxes because they did not

want a corrupt tax officer taking their money (Leaver_1, 6, 8, 14, 15). Leavers stated that their leader did not do anything to address the fact that only some employees exhibited corrupt behaviour (Leaver_1, 6, 8, 14, 15). Leaver_1, 6, 8, 9, 14, 15, and 17 commented that, instead of protecting employees who became demoralised because of the corruption cases, and instead of locating the problems, their leaders seemed to let the media use them as the news target, as if the only ones with corrupt behaviours were the low-level employees. Leaver_14, and 19 said, because of these corruption cases, they had to deal with the police themselves, without any protection from the DGT, just because previously they handled the same taxpayers who were involved in the corruption case.

7. DGT's Ongoing Reform

Leavers were dissatisfied because they felt that the reform was progressing very slowly. Leaver_1 stated that DGT's reform was not fully supported by the government and the DGT did not have enough power to control the process. Furthermore, Leaver_1 said that the government did not seem very serious in supporting DGT reforms and, because of this, other government institutions did not want to cooperate with the DGT in providing the data needed for collecting tax revenue. Leaver_10, 16 and 19 believed that other government institutions still had issues with corruption in their organisation; as such it was impossible for them to release the data they had in order to support the DGT in collecting tax revenue.

Leaver_10, 14 and 18 stated that the headquarters sometimes did not distribute the data they had received from other tax authorities (through the exchange of information with other countries). These leavers stated that the headquarters would only release the data if tax offices sent a formal request, because they did not want tax offices misusing the data. Leaver_10 and 14 stated that the headquarters' distrust towards tax offices was just an excuse, because people in the headquarters might have their own personal agenda when it comes to using the data.

Many leavers stated that, other than their payment, nothing had really changed in HRM (Leaver_1, 3, 5, 6, 7, 11, 14, 15, 16, 17, 18, 19). Leaver_1 pointed out that cronyism still existed in the DGT:

“Although it was not as obvious as before the reform, employees can still feel the cronyism when the DGT dealt with its employees. The only change was the player; after the reform a new player appeared in DGT's HR division, however, their behaviour was more or less the same as before the reform”.

Leaver_1, 3, 6, 7, 9, 16 and 18 claimed that the DGT became more repressive to its employees, which was shown in its HR regulation that emphasised disciplinary processes more than improving its reward system. Leaver_1, 11, 14 and 16 believed the DGT did

not have a specific strategy to retain its employees and was too confident that employees would stay in their jobs, even though there was no improvement in its HRM.

Organisational commitment

Similar to their answers in the questionnaire, leavers stated they were committed to the DGT; however, their interviews showed that some of them felt disengaged with the organisation before they left (Leaver_1, 2, 8, 14, 18, 19). Leaver_9, 10, 14, and 16 stated that, even though they were not working in the DGT anymore, they still wanted to continue supporting the organisation in achieving its objectives. Many of them were now working as tax consultants or tax managers in private companies. These leavers claimed that, because of their commitment to supporting the DGT to meet the tax revenue target, they suggested their clients to minimise the tax risks by complying with the law and not through aggressive tax planning (Leaver_5, 8, 9, 10, 19). Leaver_8, 14, 17 and 19 said that, if it is possible, they would like to be involved in the DGT again in the future, either as an expert or as professionals.

The leavers mentioned five themes that had led them adjusting their commitment to the DGT. These themes were: family responsibility, job satisfaction, professionalism, DGT's ongoing reform, and corruption. The first three themes were theory-driven themes, while the last two themes were inductively identified from the interviews

1. Family responsibility

Leavers stated that their level of organisational commitment had changed because of their family responsibilities. Many of them stated that low payment, and the existing job rotation regulation when they worked in the DGT, had affected their ability to protect their family's well-being (Leaver_3, 4, 5, 6, 7, 9, 10, 13, 15, 16, 17, 18, 19, 20). Regarding their payment, Leaver_2, 4, 5, 6, 7, 9, 10, 13, and 16 believed that the DGT would raise it eventually; however, they were uncertain about when it would be raised. On the other hand, the DGT was highly criticised due to its employee corruption cases. As such, these leavers were convinced that their payment would not be raised in the near future; thus, they needed to take serious action to be able to maintain their responsibility to their family.

Some leavers stated they could not maintain their loyalty to the DGT after they got rotated outside Jakarta (Leaver_15, 16, 17, 18, 19, 20). These leavers stated that their conditions, e.g. their children's education and their family's health, were not allowing them to bring their family to the new office location; thus, they had to make a choice between their job and their family. Leavers who still lived in the same region as their office worried that, in the next job rotation, it would be their turn to be placed outside Jakarta (Leaver_3, 4, 6,

8, 9, 10, 11, 13). Being placed outside Jakarta, or facing the possibility to be placed outside Jakarta, had led these leavers to actively look for job opportunities outside the DGT.

2. Job satisfaction

Leavers claimed that dissatisfaction with some aspects of their jobs had caused them to feel disengaged from the DGT (Leaver_1, 2, 7, 8, 9, 12, 13, 14, 15, 17, 19, 20). Payment, job rotation and fairness were among the factors decreasing the leavers' job satisfaction. Leavers believed that the DGT did not consider its employees as assets of the organisation that deserved to be treated well. Leaver_5, 8, 13, 14 and 19 stated that they felt insecure carrying out their job because of the corruption cases involving other employees, and the DGT did not take action to protect them seriously. Leaver_2, 17, 19 and 20 remarked being placed in the office or a position that did not match their competency, i.e. that wasted their skills and knowledge, was the sign of DGT's carelessness towards its employees. Leaver_2, 14, 17 and 19 stated that they were frustrated because they were unable to develop their competence, which they believed would help the DGT in achieving its tax revenue target.

3. Professionalism

Being knowledgeable about taxation had made the leavers want to do their job professionally. However, Leaver_14, and 17 said that it would be difficult to maintain their professionalism if they continued working in the DGT. Leavers believed that having managers who were supporting their subordinates was important to keep employees loyal to the organisation. Leaver_1, 4 and 17 stated that previous managers had supported their ideas to increase their office performance; however, their most recent line managers had not; thus the programmes they had initiated were terminated. Leaver_14 stated:

"My new line manager and I had different perspectives about taxation and tax treaty; thus, he did not want to continue with the programme I had initiated".

Leaver_8, 13, 17 and 20 commented that sometimes their line manager, and/or people in the higher echelon or at the headquarters, interfered when they were tasked with analysing the tax compliance of high profile taxpayers. Leaver_8 said he was ordered to stop a tax case because it involved a high profile taxpayer, even though he had strong evidence and the possibility of winning the tax case was high. Leaver_5, 6, 8, 16 and 17 felt that people in the higher echelon were not fully supporting them to achieve their tax revenue target.

Leaver_5, 7, 13 and 18 stated sometimes they were ordered to implement tax laws inconsistently because they needed to look after their office performance. For example, they taxed some taxpayers, but not others who they thought did not have ability to pay. Leaver_13 said that inconsistent implementation of the tax laws was still common in one

of the tax offices because they did not want their office to have too much bad tax debt to be collected in the future.

4. DGT's ongoing reform

DGT's ongoing reform was mentioned as one of the factors that affected leavers' loyalty. Some leavers said that DGT's ongoing reforms had changed their level of commitment to the organisation. Leaver_2, 4, 5, 8, 9, 12, 13, 16, 17 and 19 stated that they were very proud to be DGT employees when they first joined the reformed tax office. However, after a while the reforms became one of the factors that had caused the leavers to feel less committed to the DGT. Leaver_12 and 19 mentioned the selection process which they had to take before joining the modernised tax office. These leavers said that being able to pass the selection process had increased their loyalty to the DGT. However, their loyalty had plunged because, eventually, the DGT took everybody in without going through the same selection process as they did.

Changes in tax policies and HR practices, such as in relation to job performance evaluation and job rotation, had also contributed to making employees less committed. Leaver_2, 4, 5, 7, 9, 11, 12, 13, 16, 18, 19 and 20 noted that inconsistent changes in tax policy had made it difficult to deal with taxpayers and achieve their tax revenue target, while changes in HR practices had made it difficult to make career and life plans.

Even though leavers accepted and supported DGT's new goals and objectives, and realised that by staying in the DGT their jobs would bring wider impact to others, Leaver_5, 7, 9 and 18 stated that they felt less connected with the DGT because the reforms had made the DGT become too bureaucratic. Simply, they felt they did not fit the organisation anymore. Leaver_2, 5, 11, 13, 14, 16 and 19 said DGT's reforms were progressing too slowly; this was proving difficult because the leavers had to deal with taxpayers' businesses that changed very fast, requiring them to react accordingly. These conditions led to them feeling frustrated and less connected with the DGT.

Leaver_5, 12, 14 and 16 pointed to the organisation's culture, in which employees' careers were highly determined by their line managers. These leavers said that they could only progress in their career if they had a supportive line manager, or a leader who was willing to coach them so that they could improve their skills and do better in their jobs. Leaver_14 stated, "When your objectives and your style of working were different with your superior, then your career would be stuck until your superior or you got rotated to a different office".

Leavers felt disengaged with the DGT because the organisation did not have a good system to recognise its best employees and to develop their skills and knowledge. Leaver_3 said that training was a rare opportunity for him; employees sometimes had to ask others who had a connection with those who organised the training in order to be included in a training.

Leaver_14 stated that he was unable to participate in a training because the DGT had many administrative requirements for an employee who wanted to join, rather than to see what training was needed for its employees to perform their jobs.

Leaver_2 noted that the DGT did not have a well-defined roadmap for its reforms; thus, every time the leader changed, the reform direction was also changed, and it had caused employees to work in an uncertain environment. Leaver_4, 6, 12, 14 and 16 stated, because of the unclear reform direction, they did not trust their leader and were pessimistic about whether the reform would meet their expectations.

5. Corruption

Corruption was mentioned as one of the factors that made the leavers less committed to the DGT. Leavers talked about corruption cases that had involved DGT employees and stated that the way the organisation had handled the cases had decreased their loyalty to the organisation. Leaver_1, 5, 8, 14 and 19 said that seeing the organisation handling its employee corruption cases had brought them discomfort when performing their tasks, and made them want to leave the organisation. Leaver_5 and 19 stated they could not stay loyal to the DGT because they were being generalised of having corrupt behaviour with those who were caught in corruption cases, and their leader did not put any effort in to emphasise that not all employees were corrupt. Many leavers believed that corruption still existed in the DGT, and so it was likely that, in the future, another new corruption case would appear in the media, and employees would have to go through the same experience again (Leaver_2, 5, 6, 8, 10, 13, 14, 15, 16, 17, 19).

Reasons for leaving

This section discusses those themes related to leavers' decisions for leaving the DGT. Even though, in the questionnaire, more than 60% of leavers stated that they left the DGT for family and financial reasons, in the interview, six themes were identified; payment, job rotation, job opportunity, family responsibility, organisational commitment and DGT's ongoing reform. Payment and job rotation were mentioned in a discussion about job satisfaction, family responsibility was discussed in organisational commitment, while DGT's ongoing reforms were mentioned in discussions about job satisfaction and organisational commitment. Two themes, job rotation and DGT's ongoing reforms, were inductively identified, and the rest were theory-driven themes.

1. Payment

All leavers said that they used payment as their reason for leaving the DGT in their exit interview with the HR Bureau of the MOF. Leaver_3 and 9 noted that using payment as the reason of their leaving was the easiest reason. They claimed that all DGT employees

felt the same way and the HR Bureau of the MOF knew that their performance pay had never been adjusted for the last ten years; thus, they believed that their resignation would be processed by the HR Bureau faster. As mentioned in a discussion about resignation procedure in Chapter 5, employees can be made to work for another year after handling their notice. These leavers said that the HR Bureau usually did not ask further questions when the leavers gave payment as their reason for leaving; as such, they did not need to provide a full explanation of their real reasons.

During the interviews all leavers stated their payment played an important part in their decisions. Considering the workload, responsibilities and the expertise they had, most tax specialists involved in the research believed that they were not fairly paid (Leaver_2, 3, 4, 5, 9, 13). For Leaver_3, 4, 9, 13 and 15, their dissatisfaction with payment had encouraged them to look for other job opportunities with better pay and benefits. Leaver_3, 10 and 13 stated that their financial situation was the factor that had forced them to find a new job. Leaver_3, 4, 6, 13, 15, 16 and 20 stated the difference between the salary offered by the DGT and the private sector was increasing at the time they decided to leave; furthermore, the private sector offered a better benefit scheme, such as health insurance. Even after the DGT increased the performance pay in 2015, these leavers said that they still received better pay and benefits compared to what the DGT could offer. Leaver_3, 4, 6, 7, 11, 12, 13, 14, 15, 16, 17 and 20 said that, outside the DGT, they were acknowledged based on their contributions to the organisation, which was reflected in their payment.

For those in echelon positions, payment was one of the substantial factors influencing their decision to leave the DGT, especially after they got rotated to a tax office outside Jakarta (Leaver_15, 16, 17, 18, 19, 20). These leavers stated they could not bring their family to live near to their new office, which increased their living expenses and made them less satisfied with their payment, thus wanted to leave the DGT. Leavers stated that, even though their payments were among the highest when compared with other Indonesian civil servants, knowing that they had a good opportunity to find a job that offered higher payment had encouraged them to end their employment with the DGT.

2. Job rotation

All leavers mentioned job rotation in the discussion of reasons for leaving the DGT. However, when they were asked whether they also included job rotation as their reason for leaving in their resignation letter, many of them said no. Leaver_9, and 11 said, for them, job rotation was not a proper reason to use because, before they got accepted in the DGT, they had signed the statement of willingness to be placed in DGT's offices all over Indonesia.

Compared to tax specialists, those who held echelon positions viewed job rotation as a more substantial factor in their decision to leave the DGT (Leaver_11, 15, 16, 17, 18, 19, 20). These leavers stated that DGT's current job rotation regulation was designed for rotating them, so being placed in a tax office outside Jakarta was something they would experience in the near future. Leaver_1, 7, 8, 11, 14, 15, 16, 17, 19, and 20 stated uncertainty about the length of time they had to spend in the office outside Jakarta, and being placed in a new position that did not match their competency, had discouraged them from continuing to work for the DGT. Job rotation regulation had affected those who held echelon positions, whether they had been placed in tax offices outside Jakarta or were still working in Jakarta.

Tax specialists, particularly senior tax specialists who are administratively eligible to be promoted to echelon positions, also mentioned job rotation as one of their considerations when they had decided to leave the DGT (see Table 5.6 on page 125 for administrative requirement to be able to take an echelon IV position). Leaver_2, 4, 10, 12 and 13 stated they did not want to be placed outside Jakarta, and that staying in the DGT was equal to getting in the queue to be sent outside Jakarta. Leaver_5 and 12 commented that some employees who had connections with those who can influence employee job rotation, had the privilege of being placed in their preferred office or location, while those who did not, had to accept being sent anywhere. They said that unfairness in job rotation had encouraged them to leave the DGT. All leavers stated that one of the best consequences of their decision to leave the DGT was they did not have to worry about being sent outside Jakarta.

3. Job opportunity

All leavers were working when they participated in this research. In the questionnaire, leavers were asked how easy or difficult it was to find a new job when they decided to end their employment with the DGT. None of them said that it was difficult or very difficult, and 25% of the leavers said it was neither difficult nor easy to find a new job.

During the interviews, leavers still expressed the same answers, i.e. that it was not difficult to find a job outside the DGT. Knowing that the opportunity to find a job was high had encouraged the leavers to carry on with their decision to leave the DGT. All leavers, except Leaver_18, had secured a new job before they submitted their resignations. Leaver_4, 6, 15 and 16 stated their skills and knowledge in taxation had helped them a lot in finding new jobs.

All leavers, except Leaver_12, and Leaver_18, stated that their current work is related to tax, either as a tax manager in a private company, or set up in business as tax consultants, or in established tax consultants. Leaver_3, 4, 6, 7, 11, 13, 14, 15, 16, 17, and 20 stated

their new jobs matched their competency and that the HR policy there had made the possibility of being placed in a position that did not match their competence small. These leavers said that their new employers provided the opportunity to continue developing their competency. Leaver_6, 11, 13, 14, 15, 16 and 20 said that, knowing that they were able to work professionally and develop their competency in their new jobs, had encouraged them to leave. Leaver_1 said that the job opportunity outside the DGT gave him more challenges than working in the DGT, and so he did not frequently feel bored with his job.

4. Family responsibility

Payment and job rotation were, to some extent, interrelated with leavers' responsibility to their family. Leaver_3 and 13 said that, because their family's financial condition, they were forced to look for another job that would give them higher salaries. Similarly, Leaver_15 and 18 stated that the implementation of the job rotation regulation and their conditions, which did not allow them to bring their family to live near their new office outside Jakarta, had encouraged them to look for other jobs outside the DGT. Leaver_15 said that he needed to live in Jakarta because his parent was ill and good hospitals were located in Jakarta. Many leavers stated that the benefit they got from the DGT did not match the sacrifice they had to make when they were sent to work outside Jakarta and had to live far from their family (Leaver_1, 3, 4, 5, 6, 7, 8, 9, 11, 13, 14, 15, 16, 17, 19, 20). Further, they noted that, even though their salaries were raised when they got promoted, the pay rise was mostly used to pay for their flights home, which meant they were financially no better off despite having been promoted.

Other leavers whose spouse also worked in the DGT stated that, even though they did not mind being placed outside Jakarta, the long administrative process they had to follow in order to move to the same city had forced one of them to leave their job (Leaver_16). Leaver_1, 8, 9, 10 and 19 stated they decided to leave because, outside the DGT they had flexible working hours, and so could spend more time with their family.

5. DGT's ongoing reforms

The leavers pointed out that the unclear direction and slow progress of DGT's ongoing reforms had affected their motivation to maintain their employment with them. Leaver_2, 5, 8, 9, 12, 13, 16, 17 and 19 noted that, at the beginning of the reforms, changes in the DGT met their expectations, e.g. better pay, improved working conditions, improved HR practices. However, the subsequent changes had left them feeling dissatisfied and demotivated because of inconsistent implementation and unclear direction. Furthermore, Leaver_3, 4, 5, 6, 7, 8, 9, 12, 13, 14, 15, 17, 19 and 20 stated that changes in DGT's leader meant a different direction in the reform; Leaver_5, 7, 9, 11, 12, 15, 16, and 19

said that too many changes in the reforms had increased uncertainty in their jobs and many of these changes did not match their expectations.

Leavers did not trust that their leader in the higher echelon positions would protect them. Leaver_1, 5, 7, 8, 9, 13, 14 and 19 pointed out how their leaders were handling the most recent corruption cases involving DGT employees as an example for their distrust. Leaver_11 and 16 stated that some of their leaders focussed too much on tax policy and organisational reform and gave little attention to improving its HRM. Leaver_5 and 14 remarked that their leaders were too busy to secure their positions and functions, and treated them as nothing more than a tool to help them achieve their ambitions. Leaver_1 and 16 said that the reforms had made the less competent people stay, while the more competent people left. Leaver_8, 10, 12, and 14 stated that the reforms had caused them to feel disengaged with DGT's values, and so they did not hesitate to leave the DGT.

6. Organisational commitment

Leavers claimed that they were very committed to their jobs, but felt disengaged from the organisation, so they had decided to leave. Leaver_14 and 17 said they did not fit the organisation anymore because they had less autonomy to choose job positions that they were confident to perform. These leavers stated that they wanted the fairness and merit system to be implemented consistently in the DGT; however, in practice, it rarely happened. Leavers stated that their dissatisfaction with their jobs had caused them to feel less committed and made them want to leave the DGT (Leaver_2, 5, 7, 8, 9, 13, 14, 17, 19).

Leaver_6, 9, 11, 16 and 19 commented that, even though they supported the government in relation to collecting tax revenue, they decided to leave because working in the DGT was not the only option to contribute to Indonesia's tax revenue collection. Leaver_6, 9 and 19 stated that being a tax consultant or working as a tax manager, as long as they did it professionally, could also help the government collect tax revenue.

Conclusion

This chapter has examined factors influencing the leavers' decisions to end their employment with the DGT. The quantitative data found that both managers and tax specialists mentioned payment, job rotation, job opportunity, DGT's ongoing reform and their organisational commitment as deciding factors in their decisions to leave. However, for managers, job rotation played a bigger part in their decisions whilst, for tax specialists, payment was more important. Both job positions stated that job rotation and payment were affecting their family's well-being, which prompted them to seek employment opportunities outside the DGT.

DGT ongoing reforms were mentioned in discussions about job satisfaction, organisational commitment and leavers' decisions to leave the DGT. This research found that the gradual reforms had caused dissatisfaction among the leavers, which had decreased their commitment to the DGT and encouraged them to leave. Leavers did not have confidence that the reforms would meet their expectations as many of them did not trust their leaders.

Discussions with regards to job satisfaction showed that, when it came to the job itself, leavers claimed that they were satisfied. However, they mentioned many aspects of their job that had decreased their level of job satisfaction. Payment, job rotation, fairness and being unable to improve their competence were substantial factors that determined their job satisfaction.

The interviews showed that leavers were more committed to their family and their jobs than to the organisation. Leavers claimed that they adjusted their level of organisational commitment because of their responsibility to their family, dissatisfaction about their job and the fact that they were unable to work professionally. The next chapter will put together the quantitative and qualitative findings from both stayers and leavers. The discussion will cover the similarities and differences of stayers' and leavers' findings.

CHAPTER 8: DISCUSSION AND CONCLUSION

This research was motivated by the increasing number of employees leaving the DGT after the organisation went through a series of reforms, which included an increase in employee performance pay, and job clarity through the adoption of a standard operating procedure. A performance pay increase and less ambiguity in one's job are expected to increase job satisfaction, and thus prevent employee from leaving (March & Simon, 1958, p.99; Price & Mueller, 1986, p.19; Kim, 2005, p.139; Linz & Semykina, 2012, p.817; Lo, 2015, pp.394,399). Based on these results, this thesis sought to know the factors that influence the leavers to leave their jobs, and the factors that influence the stayers for having intentions to stay or to leave. In addition to turnover factors, this thesis explored the extent to which those factors and DGT HR practices have influenced such behaviour. The research utilised a comprehensive model which had been tested in the public sector, the Price and Mueller's model of employee turnover (1986), as the framework to analyse DGT's employee turnover problems. This thesis is the first research of employee turnover in Indonesia's DGT, and employs a comprehensive model of turnover that considers various factors influencing employee turnover, to assist a systematic analysis on the research problems and provide direction for future research (Lee & Mowday, 1987, p.738).

Since this research is also interested in the dynamic behind employees' decisions/intentions of staying in and leaving their jobs, the methods employed were different from the method used by Price and Mueller (1986). Price and Mueller utilised a questionnaire and conducted a longitudinal study, while this research utilised questionnaires and interviews, and included stayers, leavers and HR officials as the research participants. Involving the stayers and leavers was expected to overcome the need for longitudinal research; the HR officials would enrich discussions relating to DGT HR practices, and utilising an interview was expected to strengthen the finding from quantitative data and capture the dynamic behind employees' decisions.

This chapter is divided in four sections. First, it brings together the questionnaire responses to describe stayers' and leavers' demographics and their perceptions on job satisfaction as well as perception on organisational commitment. It then discusses the factors influencing stayers' and leavers' intentions/decisions of staying and leaving the DGT by applying Price and Mueller's model as the analytical framework. The chapter continues with a discussion about the extent to which DGT HR practices contribute to employee turnover problems. The final section presents the conclusion and discusses further research implications. This research found that Price and Mueller's model is only partially useful in examining employee turnover in the core public organisations, the government institutions, such as Indonesia's DGT.

Overall Questionnaire Responses

This section brings together participants' demographics, as well as their perception on job satisfaction and organisational commitment. Most participants were tax specialists, had worked in the DGT between 16 to 20 years. The participants of this research mostly worked near to their office, belonged to the age group 31-40 years old and are men.

Even though most stayer participants claimed they were planning to stay in the DGT and the fact that leavers left their jobs, they claimed to be satisfied about their jobs and committed to the DGT. This finding showed that participants' job satisfaction and organisational commitment are not immediately translated in their decisions. It was expected that those who planned to stay would claim to be satisfied about their job and committed to the DGT. However, the questionnaire responses showed the opposite. This finding will be addressed in the discussion on the qualitative findings and the application of Price and Mueller's model.

Factors Influencing Stayers and Leavers Decisions in Staying or Leaving the DGT

This section applies Price and Mueller's model to analyse employee turnover problems in the DGT and to answer research questions about the extent to which the model explains employee turnover problems in the DGT. Price and Mueller (1986) analysed the cause of employee turnover by analysing factors influencing job satisfaction, organisational commitment, intention to leave and turnover.

Job satisfaction

The 1986 Price and Mueller's model was used to examine perceived level job satisfaction between stayers and leavers, and to explore whether the factors influencing the attitude were different among participant demographics. The examination, based on RTOs, was to explore whether RTOs' characteristics and HR practices contribute to participants' perception on job satisfaction.

According to Price and Mueller's model, job satisfaction increases by increasing instrumental communication, integration, pay, distributive justice and promotional opportunity, and by decreasing routinisation, centralisation and role overload. Table 8.1 shows the comparison between the factors used in the model, and those mentioned by the stayers and leavers. Stayers and leavers mentioned some similar and some different factors from the model that influenced their level of job satisfaction. The findings presented in Table 8.6 indicate that job satisfaction is indeed a multidimensional function of several different factors. March and Simon (1958, pp.95-96) noted that it can cover the amount

of rewards received, the level of consistency of supervision and the level of employee participation in a job assignment. Steijn (2004, p. 291) noted that it can be influenced by an organisation's HRM practices, such as the use of appraisal interviews, personal development plans, career plans, functional flexibility, task rotation, and individual coaching. This research found that some factors influencing employee job satisfaction were similar to the Price and Mueller (1986); Bretz and Judge (1994), Lauver and Kristof-Brown (2001) and Maynard, Joseph & Maynard (2006) for person-job fit; Bligh, Kohles, Pearce, Justin, & Stovall (2007), Bono, Foldes, Vinson & Muros (2007), and Mathieu, Fabi, Lacoursiere & Raymond (2016) for leadership; Elliot (2005) for employees' competence goals. However, the factors, job rotation and DGT's ongoing reforms, were identified inductively. These factors are specific organisational issues that might apply only to the DGT or an organisation that had many units of organisation or underwent a reform.

Table 8.1. Factors influencing job satisfaction in Price and Mueller's model and the current research

No	Factors Influencing Job Satisfaction	Price and Mueller	Stayers	Leavers
1	Routinisation	√	√	
2	Centralisation	√	√	
3	Instrumental Communication/Communication**	√	√	√
4	Integration	√	√	
5	Payment	√	√	√
6	Distributive Justice/Fairness**	√	√	√
7	Promotional Opportunity	√	√	
8	Role Overload/Workload and Work Pressure**	√	√	
9	Job Rotation*		√	√
10	Person-Job Fit***		√	
11	Leadership***			√
12	Employees' Competence Goals***			√
13	DGT's Ongoing Reforms*			√

Note:

*indicate factors identified inductively;

**indicate factors similar to the Price and Mueller model, but participants used different terms to express it;

***indicate theory-driven factors that were not used in the Price and Mueller Model.

This research found that participants used the term communication instead of instrumental communication, fairness to represent the same meaning as distributive justice, and workload and work pressure for role overload in the Price and Mueller model. Table 8.6 shows the factors influencing job satisfaction suggested by Price and Mueller were not enough for explaining job satisfaction for DGT employees. Interviews showed that factors such as job rotation, DGT ongoing reforms, being fit for the job, and leadership also influenced participants' perceived level of job satisfaction. Factors mentioned by the stayers were more similar to the factors in the Price and Mueller model; however stayers mentioned two additional factors: job rotation and person-job fit. Leavers only mentioned three factors from Price and Mueller's model (communication, payment and fairness), and

four factors that were not from the model: job rotation, leadership, employees' competence goals and DGT's ongoing reforms.

The interviews showed that the factors influencing their level of job satisfaction were different. Stayers mentioned ten factors which they claimed influenced their job satisfaction, while leavers were concerned with six factors in regard to their job satisfaction. Table 8.6 shows that communication, payment, job rotation, and fairness were mentioned by both the leavers and stayers. These factors were related more to organisational issues rather than on-the-job itself; however, stayers and leavers expressed these factors differently.

Communication discussed by the leavers mainly focussed on communication related to DGT reform, while the stayers included the communication related to their main duty in achieving tax revenue target. The leavers stated that the DGT did not communicate the reform properly which left them confused about the reform direction. Thus, many of them became dissatisfied with their job and lost their trust in the organisation. In addition to communication in reforms, the stayers were dissatisfied because the DGT barely communicated with them in setting up the tax revenue target. Both stayers and leavers showed that they wanted to be heard, especially when it came to changes affecting their jobs and employment. The literature shows that not all researchers link communication with job satisfaction, Lambert et al. (2012, p.80) found that increasing communication would increase organisational commitment; Mitchell, Mackenzie, Styve and Gover (2000, p.350) found that communication was significantly related to turnover intentions; Boyas et al. (2013, p.1667) found that for inexperienced child welfare workers greater communication reduced levels of job stress, but for experienced workers communication did not significantly reduce job stress. This research supports Price and Mueller (1986), Agho (1993), and Katsikea et al. (2015) that communication positively influenced job satisfaction.

Payment mentioned by the leavers was quite distinct from the payment mentioned by the stayers. The leavers were more concerned about the amount of the payment, because their performance pay had not been adjusted for more than ten years. Leavers stated that the amount of payment was eroded by the inflation rate, which led to a lower purchasing power. On the other hand, because recently the DGT had raised the performance pay, most stayers did not complain about the amount of their payment. The stayers were more concerned about the continuity of growth in their payment. Stayers stated that the possibility of a cut in their performance pay, if the DGT did not achieve its tax revenue target, was making them dissatisfied about their job. Although this finding supports Price and Mueller (1986), in which payment determined employees' job satisfaction, this research found that stayers changed their focus from the amount of their pay to the growth

of their pay. This change needs to be taken seriously because Nyberg (2010, p.450) said that, as employee performance increased, high pay growth became more important than high job satisfaction in regards to voluntary turnover.

In addition to transfer among job positions (horizontal, vertical and diagonal rotation, see DGT's regulation on job rotation in Chapter 5, p.124), job rotation in the DGT involved geographical transfer, which was not covered in any of the literature consulted for this research. Campion, Cheraskin and Stevens (1994, p.1536) found that employees viewed job rotation (transfer among different job positions and tasks at the same level) as positive experiences in which employees could improve their knowledge and skills, and may lead to promotion. Kim, Um, Kim and Kim (2016, p.107) also found that employees consider job rotation within the same level of job positions as a positive experience, and it could reduce burnout and encourage job engagement. They stated that high levels of burnout could lead to withdrawal intentions, while job engagement led to career commitment; thus a well-organised job rotation systems is needed to reduce its negative effects and to produce positive effects.

This research found that stayers and leavers were experiencing a different stage of implementation of job rotation regulations. For leavers who left before 2012, job rotation had not been regulated when they were still working in the DGT, while for those who left after 2012 and stayers, it had been stipulated. Job rotation was mentioned by the stayers and leavers in a similar manner; both were concerned about the consistency in the implementation of job rotation regulation. Both stayers and leavers stated that the DGT had tried many formulae in rotating its employees, which made them unsure whether the latest job rotation formula would be applied to them when it was their turn to be rotated (Leaver_2, 3, 5, 8, 12, Stayer_14, 17, 32, 40). Stayers and leavers stated that, to some extent, they were certain that whoever got rotated due to promotion would be sent to work outside Jakarta. However, in some job rotations they saw some people get promoted in Jakarta or in big cities in Java; as such, they believed that there was no certainty in patterns to predict their job rotation (Leaver_1, 2, 4, 8, 10, 12, 13, 15, 16, 17, 19, 20, Stayer_9, 12, 25, 27). Another concern about job rotation was related to the job rotation period. DGT's job rotation regulation stated that, after being placed in one tax office or regional tax office for five to eight years one should be rotated to a different tax office or regional tax office. Thus, the possibilities of being sent to work far from their home (outside Jakarta) were higher if they decided to continue working in the DGT. This research found that for both stayers and leavers job rotation prompted negative feelings, opposite to what Campion, Cheraskin and Stevens (1994) and Kim, Um, Kim & Kim (2016) had found. Leavers left because the DGT had sent them to an office outside Jakarta or because they did not want to face the possibility of being sent to work outside Jakarta. Stayers stayed

whilst they were still working close to their home, but planned to leave if and when they were to work away from home. Job rotation discussed by participants was, to some extent, related to uncertainty they had to face due to HR practices in the DGT, in relation to which Odriscoll and Beehr (1994, p.141) said that uncertainty negatively affect the level of job satisfaction.

Fairness was a factor mentioned in a similar manner by leavers and stayers. Both highlighted the fairness regarding job rotation and the reward system, especially in payment. Many of them stated that the DGT did not fully consider their job performance when assigning them to a new office due to job rotation, which made them less satisfied. The literature shows that distributive fairness represents employees' concerns regarding the distribution of outcomes such as pay and promotion, and it greatly impacts on job satisfaction and intention to leave (Dailey & Kirk, 1992; Price & Mueller, 1986). Although some researchers (Fugate et al, 2012; Alen et al., 2003; Heponiemi et al., 2013; Trevor & Nyberg, 2008) differentiate between distributive, procedural (related to organisational systems fairness) and interactional (relate to interpersonal treatment) justice, this research found that, to some extent, other types of fairness (procedural and interactional) were discussed by participants with regards to other factors such as job rotation, integration and communication.

Integration, promotional opportunity, workload and work pressure, routinisation, centralisation, and person-job fit were additional factors mentioned by the stayers. Stayers included person-job fit as one of the factors influencing their job satisfaction. They claimed that having skills and knowledge suited to their job would make them feel more satisfied about their job and would encourage them to stay. This finding supported Bretz and Judge (1994), Lauver and Kristof-Brown (2001), and Maynard, Joseph and Maynard (2006) who stated that employees with higher levels of person-job fit are more likely to have higher levels of job satisfaction. Person-job fit is one of the factors that made people attached to an organisation; being suited to the job and to the organisation was used in a comprehensive model that focusses on the question of why people stay (Mitchell et al., 2001).

Leavers also mentioned leadership, employees' competence goals and DGT's ongoing reforms as factors that influence their job satisfaction. Leavers included leadership as one of the factors influencing their job satisfaction. Leavers included their leaders' capabilities in handling tax cases, as well as managerial effectiveness and being supportive in the discussion about leadership. Some leavers stated that their job satisfaction decreased because they felt that their leaders were incompetent in handling the tax-related tasks and in managing their subordinates. Although Price and Mueller (1986, p.12) included centralisation, which represented the degree of democratic leadership in an organisation,

this factor did not capture the same meaning that the leavers wanted to express. To some extent, leadership mentioned by the leavers combines centralisation in Price and Mueller's model with their perceptions on leadership behaviours. Leavers' perceptions of leadership behaviours resulted from their interaction and emotional experiences with their leaders, of which Bligh, Kohles, Pearce, Justin and Stovall (2007), Bono, Foldes, Vinson and Muros (2007), and Mathieu, Fabi, Lacoursiere and Raymond (2016) stated that a negative interaction and emotional association with leaders would decrease job satisfaction.

Another factor outside the Price and Mueller's factors for job satisfaction was employees' competence goals. Leavers talked about their competence goals which referred to their mindset to be able to develop their competence or master tasks. This theme is similar to the mastery-approach goals suggested by Elliot (2005). Elliot (2005, p.61) stated that employees with mastery goals are motivated to continuously develop their skills and abilities, and avoid having their development stagnate. Leavers stated that they liked those jobs that were directly related to taxation, which is why they were concerned about continuously developing their competency in taxation. They stated that being unable to perform and to improve the skills they were good at decreased their job satisfaction. Leavers commented that in their new jobs they are improving their skills all the time and it increases their job satisfaction.

Leavers included DGT's ongoing reform as one of the determinants of job satisfaction. The interviews showed that the ongoing reform did not meet their expectations. Leavers stated that the reform was progressing very slowly and nothing was really changing in the HRM. Leavers believed that the DGT was too confident that employees would stay in their jobs, even though there was not enough improvement in its HRM. This factor indicated that expectations toward change were important in determining employees' job satisfaction. Porter and Steers (1973, p.169) stated that the more expectations regarding the job were met, the greater employees' job satisfaction. Taris, Feij and van Vianen (2005, p.376) found that met expectations significantly contributed to variances in job satisfaction and intention to leave, employees tend stay when their jobs met their expectations .

The interviews supported the quantitative findings from stayer questionnaires in which there were significant differences in job satisfaction based on job positions. Even though managers, tax auditors and tax specialists talked about the same factors, most of the time tax specialists expressed that they were less satisfied about those factors. For example, even though the DGT had recently increased the performance pay, tax specialists were less satisfied about their payment because, compared to other job positions, they received low pay rises. With regards to fairness, and workload and work pressure, tax specialists believed that their payment did not match their workload and responsibility. Tax specialists

stated that they felt more working pressure to meet tax revenue target than the managers and tax auditors, but they got the lowest payment.

One of the current research objectives was to see whether there were differences between the factors mentioned by participants from each RTO, which might be caused by the RTO's characteristics and discretion of those who were responsible for implementing HR regulations in each RTO. Jakarta Special RTO was chosen to represent an office with high employee turnover and South Jakarta RTO to represent an office with low employee turnover. Both RTOs deal with different types of taxpayers and their tax revenue targets were differed greatly (see Chapter 4 on page 81 for differences between these RTOs). The discussions support the quantitative finding from stayer questionnaires in which there were no significant differences between the two RTOs. Participants from Jakarta Special and South Jakarta RTO were concerned about all factors mentioned in Table 8.1, i.e., stayers from both RTOs mention factors 1 to 10 as shown in the table.

Stayers and leavers do show differences in factors influencing their job satisfaction. Some different factors were similar in terms of the concerns they had, the difference was in how the stayers and the leavers expressed those concerns in their interviews. When discussing the factors influencing job satisfaction, the leavers tended to convey their experiences in general, while the stayers tended to be more specific. For example, when leavers pointed to the reform as one of the factors affecting their job satisfaction, in substance they were summarising that many aspects of their work had changed because of DGT reform. Stayers chose to discuss the reform in more detailed ways. Thus, they highlighted many aspects in their work, such as integration, role overload, routinisation, promotional opportunity and centralisation had changed because of the reform. This different style in conveying the factors influencing job satisfaction was unavoidable because most leavers had left the DGT more than two years prior to the research, thus many of them might have forgotten the details of their experiences. Stayers still dealt with these factors on a daily basis, thus, they were able to convey their concerns more specifically. Resigning from a job is an important life event and, while there might be some memory lapse for some of the leavers, Maertz and Campion (2004, p.580) maintain that people would remember the most important detail surrounding their decisions.

Another example of the differences between stayers and leavers was when the stayers pointed to person-job fit as the factor affecting their job satisfaction, while the leavers pointed to employees' competence goals. In substance, both agreed that being fit for the job was one of the satisfying factors of their job. Most stayers linked this factor with their educational background and interest in a specific aspect of their job. For some stayers, having an educational background that was closely related to their current job had caused them to feel more satisfied with their job. The leavers were concerned with the potential

growth of being fit for the job. Many leavers were dissatisfied with their job because their current position did not allow them to continue working and become an expert in the subject they were always interested in. These leavers maintained that, because of bureaucracy, it would have been difficult for them to gain more knowledge in order to become an expert if they had stayed in the DGT.

Organisational commitment

Price and Mueller stated that organisational commitment increased if job satisfaction and kinship responsibility were increased, and if professionalism and general training were decreased. This research found that some factors influencing participants' organisational commitment were different from the Price and Mueller model. Table 8.2 presents the summary of those factors.

Table 8.2. Factors influencing organisational commitment in Price and Mueller's model and the current research

No	Factors Influencing Organisational Commitment	Price and Mueller	Stayers	Leavers
1	Job Satisfaction	✓	✓	✓
2	Professionalism	✓		✓
3	General Training	✓	✓	
4	Kinship Responsibility/Family Responsibility**	✓	✓	✓
5	Work Commitment***		✓	
6	DGT's Ongoing Reforms*			✓
7	Corruption*			✓

Note:

*indicates factors identified inductively;

**indicates factors similar to Price and Mueller model, but participants used different terms to express it;

***indicates theory-driven factors that were not used in Price and Mueller Model.

Table 8.2 shows that the model did not fully capture all factors that influenced stayers' and leavers' organisational commitment. Even though the statistical tests showed there were no significant differences in perceived level of organisational commitment between stayers and leavers, it was influenced by different factors. Both the stayers and the leavers mentioned job satisfaction and responsibility to their family, which are in Price and Mueller's model, as determinants of their organisational commitment. Professionalism, which is also from the model, was mentioned only by the leavers, while training was mentioned by stayers. In addition to factors from the model, stayers included work commitment and leavers included DGT's ongoing reforms and corruption.

Leavers pointed to DGT ongoing reforms and corruption, which are specifically related to DGT's organisational issues. These factors were not in Price and Mueller's model; however, these findings suggested for a model to be applicable specifically to the public sector 'reform' needs to be included. Price and Mueller (1986, p.20) maintain that the exogenous factors (e.g. communication, payment and promotional opportunity) influenced organisational commitment through job satisfaction. However, this research found that

leavers mentioned DGT's ongoing reforms as part of their job satisfaction and organisational commitment. This finding indicates that job satisfaction and organisational commitment might be reciprocally related, as suggested by Lincoln and Kalleberg (1985), Farkas and Tetrick (1989), and Mathieu (1991); thus, some similar factors are found influencing both job satisfaction and organisational commitment.

Leavers pointed out professionalism that belonged to the model, while stayers mentioned work commitment. Stayers emphasised that their loyalty to the DGT was due to their commitment to their work (e.g. collecting taxes, delivering tax consultation) rather than to the organisation. Work commitment is different from professionalism, as used in Price and Mueller's model. Mueller, Wallace and Price (1992, pp.214-215) stated that professionalism, or career commitment, represents commitment to one's career and occupation rather than to the organisation that employed them, while work commitment does not refer to either of them. They state that employees who are committed to their work hold a strong sense of duty toward their work.

This research found that stayers were committed to do their best and fulfil the required performance standards because they found that their contribution in collecting tax revenue could bring good to their country; because of the impact of their work, these stayers felt it was not too bad to continue their employment in the DGT. Leavers were concerned about their jobs, particularly those related to taxation, but trying to remain professional had made them feel disconnected from the DGT. For the leavers, it was difficult to maintain their professionalism because their line manager, and people in the higher echelons, sometimes interfered with their work. Sometimes they were ordered to implement tax laws inconsistently because they needed to look after their office performance. This sense of professionalism seemed to be related to the leavers' competence goals discussed in job satisfaction. For the leavers, to continuously develop their skills and abilities indicated that, for them, professionalism was important.

Even though stayers and leavers mentioned job satisfaction as one of the determining factors of their organisational commitment, they expressed this factor differently. Stayers stated that some aspects of their jobs, e.g. the sum of their payment and being fit for the job, were still satisfying, thus they stayed loyal to the DGT. Leavers, on the other hand, emphasised that dissatisfaction about some aspects of their jobs, e.g. the sum of their payment, and the possibility of being sent outside Jakarta, had made them less committed to the DGT. This finding reveals that, even though in the questionnaire on average stayers and leavers claimed they were satisfied and committed towards their jobs, the underlying dynamic behind their attitudes can only be captured through interviews.

Price and Mueller maintained that higher levels of kinship responsibility will likely result in higher organisational commitment. Mitchell, Holtom, Lee, Sablinski and Erez (2001) stated that family attachment is one of the off-the-job factors that keeps employees in their jobs. This research found that participants adjusted their organisational commitment if the responsibility to earn money for their family, and the possibility of living far from home, changed. Stayers' organisational commitment increased when the responsibility to earn money for their family increased, and decreased if their family conditions required them to work close to their home. Stayers would reconsider their loyalty to the DGT if their family condition required them to do so. Leavers' responsibility to their family had changed their loyalty to the DGT. Being unable to maintain the real value of their family income, and being placed in the office far from their home, had decreased their organisational commitment.

Even though training was included in Price and Mueller's model, training brought a different influence to participants' commitment. In the model, general training was referred to the degree with which an employee's occupational socialisation resulted in an ability to increase productivity in other organisations (Price & Mueller, 1986, p.15). The proposition made with regards to training was that organisational commitment increased if training was decreased (Price & Mueller, 1986, p.19). On the other hand, the stayers stated that, if they could participate in training that could be useful for their current job, their commitment would increase. This finding supported job embeddedness dimensions, which suggest that training tied to the job was considered to be a job investment that made employees stay (Mitchell et al., 2001, p.1107).

This research found that managers and tax specialists discussed the factors of organisational commitment in a similar manner. For example, with regards to family responsibility, managers and tax specialists both stated that they would reconsider their loyalty to the DGT if there was a conflict between their work and family roles. This research found there were no differences in the factors mentioned by those participants from Jakarta Special and those from South Jakarta RTO.

Intention/decision to Leave

The third analysis in the Price and Mueller model was the intention to leave, which was the proximate determinant of turnover. In the interviews, stayers were asked about the factors that encouraged them to stay or to leave, and since leavers had already left the DGT, they were asked about the factors that had driven their decision to leave. Price and Mueller (1986, p.19) stated that their intention to leave increased if job opportunity, professionalism, and general training were increased, and if organisational commitment and kinship responsibility were decreased. This research found some similarities and

differences in the factors influencing participants' intentions/decisions to leave as shown in Table 8.3.

Table 8.3. Factors influencing intentions/decisions to leave in Price and Mueller's model and the current research

No	Factors Influencing Intentions to Leave	Price and Mueller	Stayers	Leavers
1	Job Opportunity	✓	✓	✓
2	Organisational Commitment	✓	✓	✓
3	Professionalism	✓		
4	General Training/Training**	✓		
5	Kinship Responsibility/Family Responsibility**	✓	✓	✓
6	Job rotation*		✓	✓
7	Job Satisfaction***		✓	
8	DGT's Ongoing Reform*		✓	✓
9	Payment***			✓

Note:

*indicates factors identified inductively;

** indicates factors similar to Price and Mueller model, but participants used different terms to express it;

*** indicates theory-driven factors that were not used in Price and Mueller Model.

Stayers and leavers mentioned job opportunity, organisational commitment and family responsibility, which belonged to the model, as well as job rotation and DGT's ongoing reforms as determinants of their intentions/decisions to leave. In addition, stayers mentioned job satisfaction while leavers mentioned payment. This shows that the factors suggested in the model were not enough to explain turnover/turnover intention in the DGT.

Although stayers and leavers pointed out the same factors, these factors had different effects on their intention or decision. With regards to job rotation, both stayers and leavers accepted that staying in the DGT meant a higher possibility of being sent outside Jakarta, as well as a higher possibility of living far from their family. This research found that job rotation affected their intentions/decisions differently. Leavers actively searched for a new job and chose to leave the DGT, while the stayers chose not to immediately leave. Although stayers stated that the job rotation regulation had made them think about finding a new job and preparing for their departure if, in the future, the DGT would send them to tax offices they least wanted, but because many of them still worked near to their home they decided to stay a bit longer. Mignonac (2008, p.582) found that employees' resistance to relocation was associated with their off-the-job attachment and their spouses' unwillingness to move. In the discussion about family responsibility, participants expressed that their attachments to their family had influenced their intentions/decisions to leave the DGT.

Stayers and leavers stated their perception of job opportunity outside the DGT affected their intention/decision to leave. Stayers and leavers believed that opportunities to find a new job outside the DGT were high, but their perception led to different behaviour. Leavers seemed to be optimistic that they have the skills and knowledge that were valuable outside

the DGT, while stayers were pessimistic. Leavers stated it was not difficult to find a job outside the DGT. Knowing that the opportunity to find a job was high had encouraged them to carry on with their decision to leave the DGT. Even though stayers stated that there were many job opportunities outside the DGT, many of them were not confident that their skills could be used outside the DGT. The risk of being fired, and the possibility that a private company outside the DGT would stop operating, were among the reasons why the stayers preferred to stay. These two different dynamics indicated that other factors related to the job itself, and that employees' perception and attitudes towards risk seemed to play an important role in employees intentions/decision to leave. Vardaman, Allen, Renn and Moffitt (2008, p.1544) and Chow, Ng and Gong (2012, p.788) found that employees' perceptions and attitudes about risk significantly affected the realisation of their intention to leave. Despite their dissatisfaction or a job opportunity available for them, if employees perceived the risks of leaving the job to be greater, often their actions were not consistent with their intentions.

Research suggested that organisational commitment is one of key factors influencing intention to stay or to leave an organisation; disengaged employees are more likely to leave their job than those who feel engaged with the organisation (Mowday et al., 1982; Price & Mueller, 1986; Allen & Meyer, 1990; Meyer et al., 2002; Lee & Liu, 2007; Newman et al., 2012; Lambert et al., 2012). This research found that stayers remained in the DGT because they felt responsible for supporting the DGT to meet its tax revenue target. They claimed that they had the skills and knowledge required for the job, thus they needed to continue working in the DGT. Other stayers decided to stay because they realised that their contributions in collecting tax revenue brought a greater impact to the country, unlike if they were working in private companies where the main goal is to make a profit. On the other hand, leavers decided to leave because they were very committed to their jobs, but felt disengaged with the organisation. For the leavers, to work professionally was very important and they believed that working in the DGT was not the only way to contribute to Indonesia's tax revenue collection.

Family responsibility in this research is, to some extent, related to the job rotation regulation in that the possibility of being sent to work outside Jakarta opened up the possibility of being separated from one's family. For the leavers, this possibility, as well as their families' financial situation, urged them to look for another job. For the stayers, despite the possibility of being separated from their family, their family were supporting them to continue working in the DGT. These stayers pointed to the improvement in the implementation of the job rotation regulation, in which they believed that, after three or four years working outside Jakarta, the DGT would place them back in a tax office near Jakarta on their next job rotation. This research indicated that DGT's employees still

embrace the collectivistic culture, in which family opinion is important in individual decisions. Ramesh and Gelfand (2010, p.818) found that, in a collectivistic culture, family opinion was found to have an influence on an individual's decision to turnover. Although their research focussed on employee willingness to domestic and international relocation, Mignonac (2008) found that off-the-job attachments, such as relationship to other people or activities outside work, and their spouse's willingness to move, had important influences on employees' willingness to accept the new position.

Job satisfaction was a factor mentioned only by the stayers. Price and Mueller's model stated that job satisfaction affected the intention to leave through organisational commitment; however, stayers included job satisfaction as a direct influence on their intention to stay. Some tax specialists had intentions to leave because they were dissatisfied with their workload and the unfairness in DGT rewards system. Other stayers stated that, compared to those who worked in a private company, their work pressure was lower; as such, continuing their employment in the DGT was not a bad decision. Satisfaction about their salary and being suited to the job were also mentioned as the factors that influenced some stayers to plan to continue their employment in the DGT. Discussions on job satisfaction and job opportunity indicated that stayers perceived the risk of leaving their job to be greater than their dissatisfaction and job opportunities. Trevor (2001, p.624) suggested examining employees' movement capital (education, cognitive ability and occupation specific training) in connecting job satisfaction with voluntary turnover. Trevor maintains that the magnitude of negative effect of job satisfaction on voluntary turnover will be greater if an individual's movement capital is high.

Leavers mentioned DGT's ongoing reforms in all three analyses: job satisfaction, organisational commitment and decisions to leave, while for stayers DGT's ongoing reforms emerged in the discussion about their intentions. Stayers and leavers perceived DGT reforms differently. For the stayers, the reforms had motivated them to stay, while for the leavers the reforms had motivated them to leave. Stayers saw many improvements had been made through the reforms and they believed that the DGT would continue to improve. For the leavers, the reform was progressing too slowly and did not match their expectations. Leavers stated the reform direction became unclear since changes in DGT's leadership resulted in a different reform direction, which encouraged them to leave. This finding indicated expectations regarding organisational change, or attraction of the present job as Mobley et al. (1979) suggested, were important determinants in employees' intentions/decision to stay or leave. The literature shows that process-oriented models of employee turnover (Lee & Mitchell, 1994; Morrell et al., 2004; Donnelly & Quirin, 2006)

suggest including external events or shocks (i.e. personal events related and unrelated to the job, and organisational events) in the examination of voluntary turnover.

In Price and Mueller's model, payment affected intention to leave through job satisfaction and organisational commitment; this research found that dissatisfaction about payment directly influenced the leavers' decision to leave the DGT. Payment was one of the strong drivers in leavers' decisions to leave the DGT. The leavers stated that there was no increment in their performance pay for ten years, thus they needed to look for another job opportunity in order to maintain their level of income. For the stayers, since the DGT had recently increased their performance pay, payment was not mentioned as a factor influencing their intention to leave. Although most research links payment with job satisfaction, Lewis (1991) found that there is a threshold of underpayment, and when the declining relative pay passes the threshold, it will be reflected in the higher rate of employee turnover.

Price and Mueller also included the size of organisation in their model, even though they did not suggest any proposition on how this factor influences employee turnover. This research found that the size of organisation was never mentioned by stayers and leavers and so did not seem to be an issue.

DGT's HR Practices

Many of the factors mentioned in section two were related to organisational issues and HR practices. Among those factors were; payment, job rotation, promotional opportunity, communication, and DGT's ongoing reform. The discussion about intention to leave shows that payment was no longer a cause of employees leaving the DGT. Payment was mentioned by the leavers, but not by the stayers. This indicated that there had been some improvement for retaining employees. However after the DGT increased the performance pay, stayers still expressed their concern about the fairness and the possibility of a cut in their performance pay. This shows that an improvement in addressing the payment issues is still needed, if the DGT wishes to retain its employees.

Job rotation, DGT's ongoing reform, and promotional opportunities were the other HR practices that were mentioned by both the stayers and the leavers. Job rotation and DGT's ongoing reform were mentioned as the factors influencing stayers' intentions and leavers' decisions to leave. For the leavers, inconsistent implementation of DGT's HR practices in relation to job rotation and the reforms had pushed them to find another job. The stayers believed that some improvement with regards to job rotation and DGT's reforms had already been made. Thus, they were willing to stay and to wait and see if the next improvement would meet their expectations. The way that the DGT transmitted

information relating to the job and HR practices, such as the process for promotion, was mentioned by both leavers and stayers as factors affecting their job satisfaction. This indicated that not enough change had been made by the DGT to fix the issues. Both stayers and leavers believed that a lack of transparency in communicating the changes in HR practices and reform process made them less satisfied with their jobs. These findings indicated a need to continuously improve communication relating to changes in HR practices. This research found that uncertainty surrounding job rotation, promotional systems, and the reforms had increased resistance to organisational change and had increased the occurrence of withdrawal behaviours.

Participants never discussed corruption in terms of first-hand experience openly; however they stated that corruption was evident in the form of nepotism and favouritism. Corruption was one of the participants' concerns about being DGT employees. Indonesia is known for being one of the most corrupt countries based on the Transparency International survey. Of 174 countries surveyed by the Transparency International (2014), Indonesia was 107 on the Corruption Perception Index. One of DGT's reform objectives was to combat corruption. Thus, many of DGT's regulations, including its HR regulations, were aimed at trying to reduce corruption. In its job rotation regulation, for example, the DGT set a maximum period of time an employee can stay in one tax office or one regional tax office. The purpose of this was to prevent its employees from becoming too close to those taxpayers that they were expected to liaise with regularly as that might lead them to take advantage of their position for personal interest. However, some stayers stated that they felt that favouritism and nepotism were taking place every time the DGT rotated its employees. They believed that these practices existed because those who were involved in it had their own personal agenda that ultimately related to corruption. In addition to favouritism and nepotism, leavers stated that their job satisfaction was lower because they were being stigmatised as having corrupt behaviour. Prior to its reform, the DGT was known for being one of the most corrupt government institutions; thus, by working in the DGT all employees were generalised as being corrupt. Some participants objected to being generalised, but could not do much about it because other employees had been caught in corruption cases, or bribery.

Participants who held HR positions stated there was not much they could do to improve HR practices in the DGT. The DGT was an organisation under the MOF, and its employees are civil servants. As such, DGT HR practices had to follow regulations made by the MOF and the Ministry of State Apparatus, and particularly those regulations relating to payment. With regards to job rotation, those people responsible for HRM stated that it was difficult to place all employees in their preferred tax office or city, due to an uneven distribution of employees. Many employees were from Java and they wanted to continue working in Java.

Furthermore, the HR officials stated that job rotation was not only an organisational tool to reassign employees so they can have more working experience, but also a tool to distribute talents evenly to all tax offices. HR officials stated that, as the economy grows in many parts of Indonesia, many tax offices outside Jakarta were responsible for collecting higher tax targets than they used to be. Thus, to support these tax offices in reaching their tax targets, employees with high abilities needed to be placed outside Jakarta.

Conclusion and Implications for Further Research

The purpose of this research was to examine the cause of employee turnover problems in Indonesia's DGT, and the extent to which its HR practises influenced employee intentions of staying or leaving. Because this research is the first research into employee turnover in Indonesia's DGT, Price and Mueller's model of employee turnover was chosen as the framework for analysis. The model's comprehensive approach was expected to be a useful tool to raise awareness for further examination of employee turnover problems. The model employed had been tested in the public sector and, despite its weaknesses in terms of average explained variance of the model compared to other models of turnover, this model showed some strong features, such as a simplified examination of turnover problems and a clear operationalisation for measuring the factors used.

The results showed that Price and Mueller's model on its own was not effective in capturing employee turnover problems in Indonesia's DGT. The model assumed organisational stability, while organisational change is more prevalent not only in the private sector, but also in the public sector. The influence of international organisations, such as the IMF and World Bank, have pushed governments to conduct reform in their organisations. This research found that employees' intentions/decisions in staying or leaving the DGT were rooted in organisational change and changes in its HR practices. The uncertainty tied into the reforms was found to be an important factor in influencing employees' attitudes and behaviour toward their jobs. This research found that DGT employees had experiences of reforms and rules being flaunted and inconsistently implemented which had increased turnover behaviour and resistance to the reforms. These findings suggest that the model applied to examine employee motivation in staying or leaving the DGT must include an element of reforms and employee expectations.

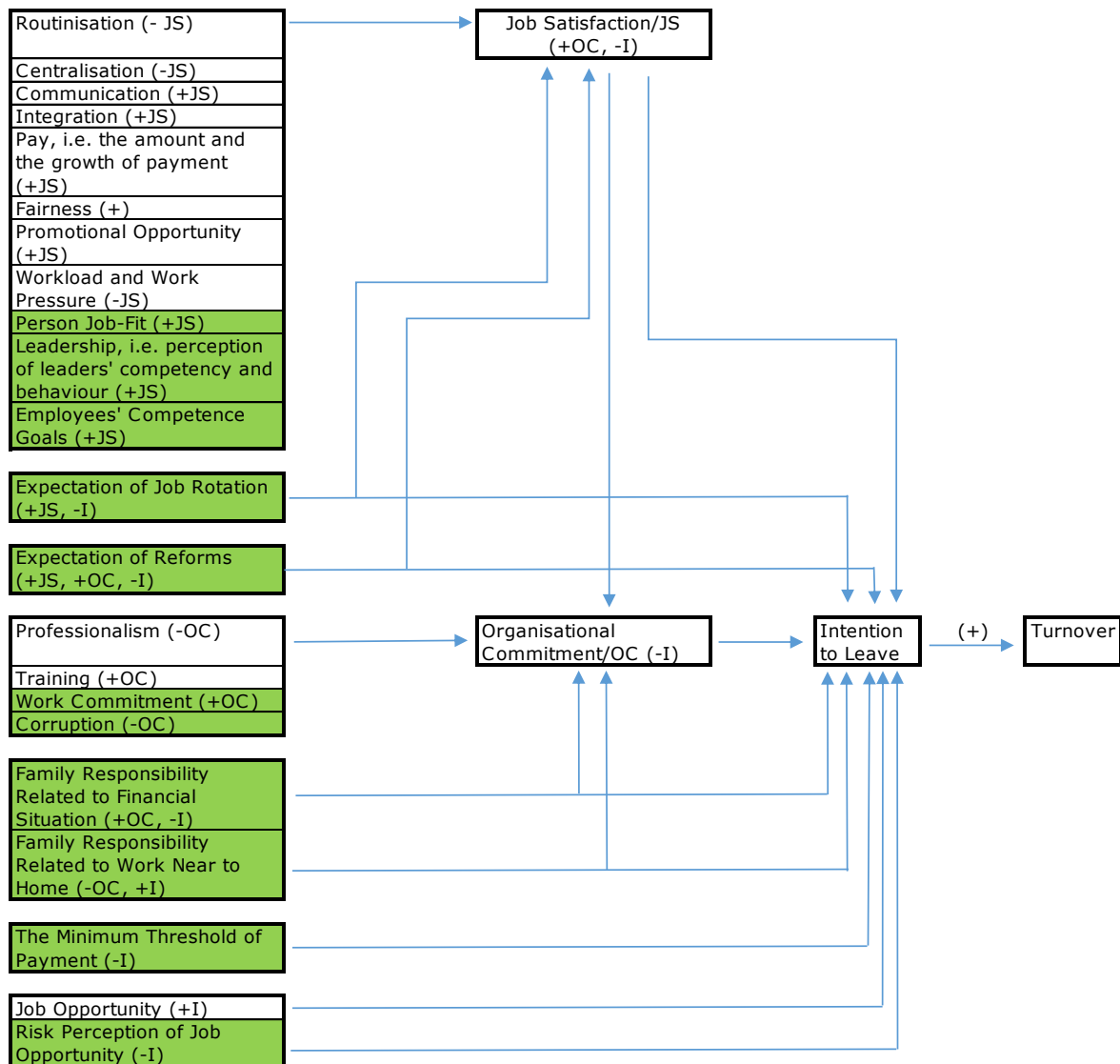
Price and Mueller developed their model in a public hospital in a Western setting, in which the cultural element was different, and corruption as well as cronyism was not prevalent in the organisation and HR practices. This research found that a collectivistic culture, in which family opinion is important in individual decisions, was evident in DGT's employees' intentions/decisions of staying or leaving. Employees who showed their concerns to the income for the country were not particularly interested in working in a private company.

These employees wanted to contribute to the country but do not want to be associated with corruption because they worked hard not to be corrupt. Due to corruption and cronyism issues, both leavers and stayers found staying in the DGT to be conflicting; staying in the DGT had tarred them with the same brush, and many regulations had prevented them from working in the job that they were interested in. Individual perception and attitudes about risk were found to moderate employees' intention to leave. Perceptions and attitudes about risk explained why dissatisfaction and job opportunities do not directly translate into an employee actually leaving. However, these factors were missing from the model.

This research showed that Price and Mueller's comprehensive approach only partially explained employee turnover problems in the DGT. Whereas the factors used in explaining job satisfaction substantially explained stayers' job satisfaction, the model was found to be weak in explaining employee intention to stay or to leave. This research found that factors such as job rotation, corruption, and DGT's ongoing reform were specific factors that might be applied only to DGT employees, or to a public organisation that dealt with tax collection. Even though Price and Mueller's model had been tested in the public sector, this research found the model is only partially useful for examining employee turnover in the core public organisations and/or a government institution, such as the DGT in Indonesia.

Given these limitations, for the model to be more applicable in the DGT, it needs to be modified - see Figure 8.1.

Figure 8.1. The modified version of Price and Mueller's model for Indonesia's DGT



For the Price and Mueller model to be more applicable in the DGT, it needs to include the following factors: person-job fit, leadership, employees' competence goals, expectation of job rotation and reforms, work commitment, corruption, family responsibility in relation to financial situation and the need to work near home, minimum threshold of payment and risk perception of job opportunity (factors highlighted in green in Figure 8.1).

This research suggested for the model to be more applicable in public sector organisations in general, it needs to include risk perception as public sector jobs are traditionally seen as 'safe' jobs; expectation of reforms; leadership; and corruption. This modified version of Price and Mueller's model is potentially useful for the public sector in a non-Western setting, but it needs to be tested in other public organisations outside the DGT.

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APPENDICES

Appendix 1: Ethical approval letters

REFERENCE

**Signed off by
Supervisor**

**Referred to
REC**

School of Sociology & Social Policy Research Ethics Checklist for Students and Staff

The University of Nottingham's Guidance on Ethical Review states: "Ethical review (and approval) is required for all projects where the research involves participation of human subjects, their data and/or their tissue (even where the applicant indicates that there is only minimal risk)."

This form must be therefore be completed for all research projects, research assignments or dissertations/theses which are conducted within the School and involve human participants or data that are sensitive or protected. **You must not begin data collection or approach potential research participants until you have completed this form and received ethical clearance including the required signatures.**

If the study is based only on a review of documentary sources already in the public domain and involves NO fieldwork of any sort, then this form does not need to be completed.

Completing the form includes providing a summary of the research in Section 2 and ticking boxes in Section 4. Ticking a shaded box in Section 4 indicates that the study is above minimal risk and requires further action by the researcher. Two things need to be stressed:

- Ticking one or more shaded boxes does not mean that you cannot conduct your research as currently anticipated; however, it does mean that further questions will need to be asked and addressed, further discussions will need to take place, and alternatives may need to be considered or additional actions undertaken.
- Avoiding the shaded boxes does not mean that ethical considerations can subsequently be 'forgotten'; on the contrary, research ethics need to be informed - for everyone and in every project - by an ongoing process of reflection and debate throughout the study.

The following checklist is a starting point for an ongoing process of reflection about the ethical issues concerning your study.

The checklist must be completed electronically and submitted on line to Alison.Haigh@Nottingham.ac.uk. For all undergraduate and postgraduate taught students the checklist must be accompanied, where appropriate, by a completed Participant Information Sheet and Consent Form (Guidance and templates are included in Annex A below - these should be tailored to the individual project in the form they will be used in the field). All Ethics Checklists must be accompanied by a completed Fieldwork Risk Assessment Form (Please see School's Ethics webpage: <http://www.nottingham.ac.uk/sociology/research/research-ethics.aspx>).

The School also has guidance on researcher safety, lone working, working

SECTION 1: THE RESEARCHER(S)

To be completed in all cases

Title of project: Employee Turnover and Retention Strategies in Indonesia's
Directorate General of Taxation: A Case Study of Professional
Staff Turnover in Jakarta's Tax Offices between 2009 and 2015

Name of principal researcher: Lenny Erna Meliani

Status: ☐ Undergraduate student
 ☐ Postgraduate taught student
 ☒ Postgraduate research student
 ☐ Staff

Email address: lqxleme@nottingham.ac.uk

Names of other project members: -

To be completed by students only:

NAME IN CAPITALS

LENNY ERNA MELIANI

Student ID number: 4202085

Degree programme: Professional Doctorate of Public Policy

Module name/number:

Supervisor/module leader or tutor: Dr Stephen Cope / Dr Pauline Jas

SECTION 2: RESEARCH WITHIN OR INVOLVING THE NHS OR SOCIAL CARE
--

Does this research involve the recruitment of patients, staff, records or other data through the NHS or involve NHS sites or other property?

☐ Yes

☒ No

If you have answered **YES** to the above question, ethical approval **MUST** be sought from the relevant NHS research ethics committee. Evidence of approval from such a committee **MUST** be lodged with the School office prior to the commencement of data collection.

Does this research involve the recruitment of users, staff, records or other data through social service authorities (children and adult services) or involve social service sites or other property?

☐ Yes

☒ No

If you have answered **YES** to the above question, then you must check whether or not the relevant social service authority has its own ethical scrutiny procedures. If appropriate, evidence of approval from such an authority **MUST** be lodged with the School office prior to the commencement of data collection.

Even where external ethical approval has been obtained from an NHS committee or social service authority, completion of this form is mandatory.

SECTION 3: THE RESEARCH

Please provide brief details (50-150 words) about your proposed research, as indicated in each section

1. Research question(s) or aim(s)

The research aims:

- a) To critically examine factors that significantly influence the current Jakarta tax offices employee's intention to stay or leave the organisation, along with the underlying factors that influence the former Jakarta's tax office employee's decision to leave.
- b) To critically examine changes in organisation, job design, and human resource management as part of the DGT's reform process between 2009 and 2015.
- c) To analyse the DGT's retention strategy in comparison to factors that influence its current employee's intention to leave with factors that causes the former employees to leave the organisation.
- d) To test the Price and Mueller model of turnover in explaining the cause of employee turnover in the Jakarta's regional tax offices.

2. Method(s) of data collection

- Questionnaires: the questionnaire will be send to the current and former employees of the selected regional tax offices in Jakarta.
- Interviews: the current and ex employees, the HR senior managers and other HR stakeholders will be interviewed after the questionnaire returns.

Other data, such as official reports and regulations in human resources management that effectively impose between the years 2009 -2014 will also be included to enrich analysis.

3. Proposed site(s) of data collection

(Please see University's Lone Worker Policy and Working Abroad Policy on the School's Ethics page: <http://www.nottingham.ac.uk/sociology/research/research-ethics.aspx>)

The survey will be distributed in internet-based, however a paper-based questionnaire is anticipated, especially for ex-employees that cannot be reach through their email.

For the stayers, the questionnaire will first be distributed through their official email address (DGT email address). As for the leavers, the HR department will be the one that distribute the questionnaire. Both questionnaire for the stayers and the leavers will be directly return to the researcher.

The interview will take place in several places in the selected regional tax offices in Jakarta. For the stayers and the DGT's senior HR managers, interviews will take place in their offices. For the leavers, the interviews will take place in their current offices or other quiet public places.

4. How will access to participants be gained?

Approval from the DGT has been secured, and the DGT has allowed the researcher to access information about the stayers in two selected regional tax offices. For the leavers the DGT does not allow the researcher to access their contact details, however, the DGT is willing to distribute the questionnaire for the leavers on behalf of the researcher.

For senior HR managers and other stakeholders, information about their contact detail will be searched from the official website of their offices. The invitation for interview will be sent to their official email addresses.

SECTION 4: ETHICAL CONSIDERATIONS

Please answer each question by ticking the appropriate box. All questions in section 4 **must** be answered.

4.1 General issues

	Yes	No
Will this research involve any participants who are known to be vulnerable due to:		
Being aged under 18?		✓
Residing in institutional care (permanently or temporarily)?		✓
Having a learning disability?		✓
Having a mental health condition?		✓
Having physical or sensory impairments?		✓
Previous life experiences (e.g. victims of abuse)?		✓
Other (please specify)...		
Will this research expose participants to any significant risk of physical or emotional harm?		✓
Will this research involve any physically invasive procedures or the collection of bodily samples?		✓
Will this research expose the researcher to any significant risk of physical or emotional harm?		✓
Will this research involve deception of any kind?		✓
Will this research involve access to personal information about identifiable individuals without their knowledge or consent?	✓	
I will inform immediately the School's Ethics Officer if I change the method(s) of data collection, the proposed sites of data collection, the means by which participants are accessed, or make any other significant changes to my research inquiry	✓	

4.2 Before starting data collection

	Yes	No
I have read the <i>Research Code of Conduct</i> guidelines of the University of Nottingham, particularly section 4 on Data, and agree to abide by them. The <i>Research Code of Conduct</i> can be found on the School's Ethics webpage: http://www.nottingham.ac.uk/sociology/research/research-ethics.aspx .	✓	
For those intending to work with children and/or vulnerable adults: I have read the University's <i>Guidance on the Protection of Children and Vulnerable Adults</i> The Guidance can be found on the School's Ethics webpage: http://www.nottingham.ac.uk/sociology/research/research-ethics.aspx .	N/A	
My full identity will be revealed to all research participants	✓	

All participants will be given accurate information about the nature of the research and the purposes to which the data will be put	✓	
All participants will freely consent to take part, and this will be confirmed by use of a consent form. (An example of a consent form is available for you to amend and use.)	✓	
One signed copy of the consent form will be held by the researcher and another will be retained by the participant	✓	
It will be made clear that declining to participate will have no negative consequences for the individual	✓	
It will be made clear that participation is unlikely to be of direct personal benefit to the individual	✓	
Participants will be asked for permission for quotations (from data) to be used in research outputs where this is intended	✓	
Incentives (other than basic expenses) are offered to potential participants as an inducement to participate in the research. (Here any incentives include cash payments and non-cash items such as vouchers and book tokens.)		✓
For research conducted within, or concerning, organisations (e.g. universities, schools, hospitals, care homes, etc) I will gain authorisation in advance from an appropriate committee or individual. (This is in addition to any research ethics procedures required by those organisations, particularly health and social care agencies – see Section 2 above.)	✓	

4.3 During the process of data collection

	Yes	No
I will provide participants with my University contact details, and those of my supervisor, so that they may make get in touch about any aspect of the research if they wish to do so	✓	
Participants will be guaranteed anonymity only insofar as they do not disclose any illegal activities. This will be made clear before any data are collected		✓
Anonymity will not be guaranteed where there is disclosure or evidence of significant harm, abuse, neglect or danger to participants or to others. This will be made clear before any data are collected	✓	
All participants will be free to withdraw from the study at any time, including withdrawing data following its collection	✓	
Data collection will take place only in public and/or professional spaces (e.g. in a work setting). If fieldwork takes place in the respondent's home please outline in Section 6 what steps will be taken to ensure your safety. You must read the University's Lone Worker Policy and may wish to consult the SRA researcher safety guidelines (Please see School's Ethics webpage: http://www.nottingham.ac.uk/sociology/research/research-ethics.aspx)	✓	
Research participants will be informed when observations and/or recording is taking place	✓	
Participants will be treated with dignity and respect at all times	✓	

4.4 After collection of data

	Yes	No
Where anonymity has been agreed with the participant, data will be anonymised as soon as possible after collection	√	
All data collected will be stored in accordance with the requirements of the Data Protection Act 1998	√	
Data will only be used for the purposes outlined within the participant information sheet and consent form	√	
Details which could identify individual participants will not be disclosed to anyone other than the researcher, their supervisor and (if necessary) internal and/or external examiners without their explicit consent	√	
I will inform my supervisor and/or the School's Research Ethics Officer and (if necessary) statutory services of any incidents of actual or suspected harm of children or vulnerable adults which are disclosed to me during the course of data collection	√	

4.5 After completion of research

	Yes	No
Participants will be given the opportunity to know about the overall research findings	√	
Data must be submitted to the School office and will be retained (in a secure location) for 7 years from the date of any publication based upon them, after which time it will be destroyed.	√	
All hard copies of data collection tools and data which enable the identification of individual participants will be destroyed	√	

SECTION 5: ETHICAL APPROVAL

Declaration of ethical research

1. *If you did not tick any of the shaded boxes in section 4 of this form, please sign and date below and get the checklist countersigned (see below for who the checklist must be countersigned by).*

Keep one copy of this form for your personal records.

Students who undertake research involving primary data collection on non-dissertation modules must submit the authorised checklist along with their assessed work to Alison Haigh in the School Office.

Undergraduate dissertation students who intend to conduct fieldwork should include **two hard copies** of the checklist with their dissertation plans submitted to dissertation tutors in the autumn. Then assuming the checklist is signed and authorised by their dissertation supervisor, **students should confirm this authorisation in a section discussing ethics in the text of the dissertation.** Failure to do so may incur penalties when the dissertation is marked. Some undergraduate module convenors will also distribute a short 'ethical declaration' that you will have to sign.

Principal investigators and other researchers, including postgraduate research students and postgraduate taught students, should keep a copy of the authorised checklist on file.

By signing this form you are agreeing to work within the protocol which you have outlined and to abide by the University of Nottingham's Code of Research Ethics. If you make changes to your protocol which in turn would change your answers to any of the above questions then you **must** complete a new form and submit a copy to Alison Haigh or for undergraduates to your tutor/supervisor.



Signed Lenny Erna Meliani

Date 21 May 2015

2. *If you ticked any of the shaded boxes in section 4 of this form, then you must complete SECTION 6 (overleaf). You must then discuss all ethical issues arising, record the outcome, including the supervisor's or REO's response, and have this form countersigned (see below)*
-

Authorisation

This section **must** be completed in **all** cases – by type of investigator the form must be countersigned by the following personnel:

Undergraduate student (no shaded boxes ticked) → module convenor or tutor/project supervisor

Undergraduate student (shaded boxes ticked) → module convenor or tutor/project supervisor → School Research Ethics Officer (REO)

Postgraduate taught student (no shaded boxes ticked) → dissertation supervisor

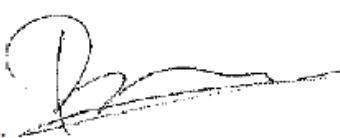
Postgraduate taught student (shaded boxes ticked) → dissertation supervisor → School Research Ethics Officer (REO)

Postgraduate research student → supervisor/upgrade panel → School Research Ethics Officer (REO)

Staff → School Research Ethics Officer (REO)

Having reviewed the ethical issues arising from the proposed research:

- ☐ I am happy for the research to go ahead as planned
- ☐ I have requested that changes be made to the research protocol. The principal researcher must complete and submit a revised form which integrates these changes
- ☐ This project must be referred on for more detailed ethical scrutiny by the REO/Research Ethics Committee
- ☐ This project is to be referred to Research Development Group for consideration (this option is for School REO only)

Signed ... 

Date21.05.2015...

RoleSupervisor.....

S. R. L. E.

School REO.....

Date 22 May 2015

E Bott

22/05/15

Note: any research protocols lodged with the School Office may be subject to review by the School's Research Ethics Officer

SECTION 6: FURTHER INFORMATION & JUSTIFICATION OF METHODOLOGY

One box should be completed for **each** shaded box ticked in section 4 of this form.

Ethical issue: Research will involve access to personal information about identifiable individuals without their knowledge or consent.

Rationale for chosen methodology and/or how ethical issue is to be addressed:

By the approval from the DGT, accessing personal information (the stayers) is unavoidable in order to establish the sample frame for the questionnaire and interview. However, the data collected will comply with the requirement of the DGT, and only data that related to research, especially in distributing the questionnaire and conducting the interview, that will be used for the research.

Supervisor/REO's response (including whether ethical issue has been satisfactorily addressed):

Ethical issue: Not all participants will be guaranteed anonymity.

Rationale for chosen methodology and/or how ethical issue is to be addressed:

Not all Participants can be promised for anonymity, especially the senior HR manager, since their position is known to the public.

The research is conducted in the DGT, the DGT has more or less 32000 employees and the senior HR manager position is well known at least by all the DGT's employee. The participants, especially those who cannot be guaranteed the anonymity, will be provided with a full explanation about the consequence of participating in this research.

However, the senior HR manager position is changing quite often in the DGT, thus by naming their position without mentioning the year they held the position will not directly pointed at someone. To avoid the possibility of participants withdrawing their participation, the participants will be guaranteed that their permissions will be asked before quoting their statements or using their materials.

Supervisor/REO's response (including whether ethical issue has been satisfactorily addressed):

--

Ethical issue:

Rationale for chosen methodology and/or how ethical issue is to be addressed:

Supervisor/REO's response (including whether ethical issue has been satisfactorily addressed):

Ethical issue:

Rationale for chosen methodology and/or how ethical issue is to be addressed:

Supervisor/REO's response (including whether ethical issue has been satisfactorily addressed):

Please continue on separate sheets if required

School Research Ethics Officer on behalf of
Research Development Group

September 2014



KEMENTERIAN KEUANGAN REPUBLIK INDONESIA
DIREKTORAT JENDERAL PAJAK
DIREKTORAT PENYULUHAN, PELAYANAN, DAN HUBUNGAN MASYARAKAT

JALAN JENDERAL GATOT SUBROTO KAV. 40-42, JAKARTA 12190, KOTAK POS 124
TELEPON (021) 5250208, 5251509; FAKSIMILE (021) 5736088; SITUS www.pajak.go.id
LAYANAN INFORMASI DAN KELUHAN KRING PAJAK (021) 500200;
EMAIL pengaduan@pajak.go.id

Nomor : S- ~~384~~ /PJ.091/2015
Sifat : Sangat Segera
Lampiran : Satu Set
Hal : Konfirmasi Kesiadaan Menjadi Lokasi Riset

29 Mei 2015

Yth. Para Pimpinan Unit Kerja Sebagaimana Terlampir

Sehubungan dengan surat Lenny Erna Meliani tanggal 9 Maret 2015 hal Permohonan Izin Melakukan Penelitian, dapat kami sampaikan hal-hal sebagai berikut:

1. Lenny Erna Meliani menyampaikan permohonan mahasiswa untuk melaksanakan penelitian (riset) pada unit kerja DJP. Adapun data pemohon adalah sebagai berikut:
Nama/NPM : Lenny Erna Meliani / 4202085
Universitas/Instansi : The University of Nottingham
Keperluan : Penyusunan Disertasi
Judul : *Employee Turnover And Retention Strategies: A Case Study Of Employee Turnover In The Directorate General Of Taxation Of The Republic Of Indonesia Between 2009 And 2015*
2. Sebagai bagian dari proses penerbitan izin penelitian (riset) berikut kami sampaikan Lembar Persetujuan Menjadi Lokasi Penelitian (Riset) sebagaimana terlampir untuk dapat diisi dan selanjutnya disampaikan kembali kepada kami.
3. Surat Pemberian Izin Penelitian (Riset) akan kami terbitkan setelah mendapat persetujuan mengenai kesiadaan unit kerja menjadi lokasi penelitian (riset).

Atas perhatian para Kepala Kantor, kami ucapkan terima kasih.

a.n. Direktur

Kasubdit Penyuluhan Perpajakan,



Sanityas Jukti Prawatyani
NIP 196809151989032001

Tembusan:
Direktur Penyuluhan Pelayanan dan Hubungan Masyarakat

Lampiran
 Surat Direktur P2humas
 Nomor : S- ~~328~~ /PJ.091/2015
 Tanggal : 29 Mei 2015

Daftar Tujuan Surat Direktur P2humas

No.	Unit Kerja	Alamat	Kota
1	Kanwil DJP Jakarta Khusus	Jalan Jend Gatot Subroto Kav 40-42 Jakarta Selatan Gedung A2 Lantai 5-6 KPDJP	Jakarta
2	KPP Penanaman Modal Asing Satu	Jalan TMP Kalibata	Jakarta
3	KPP Penanaman Modal Asing Dua	Komplek Pajak Kalibata Jalan TMP Kalibata, Pancoran	Jakarta
4	KPP Penanaman Modal Asing Tiga	Jalan TMP Kalibata	Jakarta
5	KPP Penanaman Modal Asing Empat	Jalan TMP Kalibata	Jakarta
6	KPP Penanaman Modal Asing Lima	Jalan TMP Kalibata	Jakarta
7	KPP Penanaman Modal Asing Enam	Jalan TMP Kalibata	Jakarta
8	KPP Perusahaan Masuk Bursa	K-Link Office Tower Lantai 7, 18 dan 19 Jalan Jenderal Gatot Subroto Kav. 59 A	Jakarta
9	KPP Badan dan Orang Asing		Jakarta
10	KPP Minyak dan Gas Bumi		Jakarta
11	Kanwil DJP Jakarta Selatan		Jakarta
12	KPP Madya Jakarta Selatan	Gedung KPP Madya Jakarta Lantai 12-13 Jalan M.I. Ridwan Rais No. 5A-7	Jakarta
13	KPP Pratama Jakarta Setiabudi Satu	Jalan Rasuna Said Blok B Kav. 8	Jakarta
14	KPP Pratama Jakarta Setiabudi Dua	Jalan Rasuna Said Blok B Kav. 8	Jakarta
15	KPP Pratama Jakarta Tebet	Jalan Tebet Raya No. 9	Jakarta
16	KPP Pratama Jakarta Kebayoran Baru Satu	Gedung Patra Jasa Lt. Dasar dan Lt. 14 Jalan Jenderal Gatot Subroto Kavling 32-34	Jakarta
17	KPP Pratama Jakarta Kebayoran Baru Dua	Jalan Ciputat Raya No. 2 Pondok Pinang	Jakarta
18	KPP Pratama Jakarta Kebayoran Lama	Jalan Ciledug Raya No. 65	Jakarta
19	KPP Pratama Jakarta Mampang Prapatan	Jalan Raya Pasar Minggu No. 1	Jakarta
20	KPP Pratama Jakarta Pancoran	Jalan T.B. Simatupang Kav. 5 Kebagusan	Jakarta
21	KPP Pratama Jakarta Cilandak	Jalan T.B. Simatupang Kav. 32	Jakarta
22	KPP Pratama Jakarta Pasar Minggu	Jalan T.B. Simatupang Kav. 39	Jakarta
23	KPP Pratama Jakarta Setiabudi Tiga	Jalan Raya Pasar Minggu No. 11, Pancoran	Jakarta
24	KPP Pratama Jakarta Kebayoran Baru Tiga	Jalan K.H. Ahmad Dahlan No. 14 A	Jakarta



KEMENTERIAN KEUANGAN REPUBLIK INDONESIA
DIREKTORAT JENDERAL PAJAK
DIREKTORAT PENYULUHAN, PELAYANAN, DAN HUBUNGAN MASYARAKAT

JALAN JENDERAL GATOT SUBROTO KAV. 40-42, JAKARTA 12190, KOTAK POS 124
TELEPON (021) 5250208, 5251509; FAKSIMILE (021) 5736088; SITUS www.pajak.go.id
LAYANAN INFORMASI DAN KELUHAN KRING PAJAK (021) 500200;
EMAIL pengaduan@pajak.go.id

NOTA DINAS
NOMOR: ND - 141 /PJ.091/2015

Yth. : Kepala Bagian Kepegawaian
Dari : Direktur Penyuluhan, Pelayanan, Dan Hubungan Masyarakat
Sifat : Sangat Segera
Lampiran : Satu Set
Hal : Konfirmasi Kesiadaan Menjadi Lokasi Riset
Tanggal : 11 Maret 2015

Sehubungan dengan surat Lenny Erna Meliani (Tanpa nomor) tanggal 9 Maret 2015 hal Permohonan Izin Melakukan Penelitian, maka dapat kami sampaikan hal-hal sebagai berikut:

1. Lenny Erna Meliani menyampaikan permohonan untuk melaksanakan penelitian (riset) pada unit kerja DJP. Adapun data mahasiswa dimaksud, adalah:
Nama/NPM : Lenny Erna Meliani / 4202085
Jenjang Pendidikan : Strata 3
Universitas/Instansi : The University of Nottingham
Keperluan : Penyusunan Disertasi
Judul : *Employee Turnover And Retention Strategies: A Case Study Of Employee Turnover in The Directorate General Of Taxation Of The Republic Of Indonesia Between 2009 And 2015*
2. Sebagai bagian dari proses penerbitan izin penelitian (riset) berikut kami sampaikan Lembar Persetujuan Menjadi Lokasi Penelitian (Riset) sebagaimana terlampir untuk dapat diisi dan selanjutnya disampaikan kembali kepada kami.
3. Surat Pemberian Izin Penelitian (Riset) akan kami terbitkan setelah mendapat persetujuan mengenai kesiadaan unit kerja menjadi lokasi penelitian (riset).

Atas perhatian dan kerja samanya, kami ucapkan terima kasih.

a.n. Direktur
Kasubdit Penyuluhan Perpajakan,

Sanityas Jukti Prawatyani
NIP 196809151989032001

Tembusan:
Direktur Penyuluhan Pelayanan dan Hubungan Masyarakat

Appendix 2: Participant information sheets



UNITED KINGDOM • CHINA • MALAYSIA

The University of Nottingham
School of Sociology and Social Policy
Law and Social Sciences Building
University Park
Nottingham, NG7 2RD

Information for Participants

Project title: *Employee Turnover and Retention Strategies in Indonesia's Directorate General of Taxation: A Case Study of Professional Staff Turnover in Jakarta's Tax Offices between 2009 and 2015*

The study will be carried out by the researcher alone (Lenny Erna Meliani). The study is part of the Professional Doctorate requirement at the University of Nottingham.

The aims of the research are to critically examine the factors that determine turnover intention among the Jakarta's regional tax office employees and the underlying cause of employee turnover of its former employees during the DGT's reform between 2009 and 2015 in order to analyse the DGT's retention strategy.

The research will involve the current and the former DGT's employees, the current and former HR manager from the DGT headquarters and selected regional tax offices, and other stakeholder (the DGT's HR senior advisor, the HR manager from the Ministry of Finance of the Republic of Indonesia, and Indonesian's Civil Servants Commission).

The current and the former DGT's employees will be asked to answer the questionnaire. Based on the questionnaires return, a number of current and former employees will be interviewed.

The current and former HR manager from the DGT headquarters and selected regional tax offices will be interviewed, and the questions will be related to their knowledge about DGT's retention strategies and their experience in handling the resignation letters.

The HR senior advisor of the DGT, the HR manager of the Ministry of Finance and the representative of Indonesian's Civil Servants Commission will be asked questions about the DGT's retention strategies and their opinions about those strategies.

The study will address some issues related to employee turnover problems. In participating in the research, the current and former employees can contribute in providing information (what they feel about their jobs that influence their decision to leave or stay in the DGT) that will be useful for the decision maker to solve turnover problems and to improve the current HR practices. For the HR managers and other stakeholders, participating in the study can help them to understand the underlying cause of employee turnover, thus they can design a better retention strategy.

There are no risks for those who decided to take part in the study.

Participants will be guaranteed with anonymity, that they will not be named in any paper produced in relation to the research project. Participants will be asked to give their permission if any of their materials will be used in the thesis produced.

There are no costs or inducements for taking part in this research. The participation is fully voluntary, and participants can withdraw their participation at any time of the research process.

All data collected in the research will be securely stored using a secured electronic storage (password protected USB) and will be used only for the study. All participants' materials will only be accessible to very limited people, especially to those who will assess the thesis produced.

Contact details

Researcher: Lenny Erna Meliani, tel: +447543623950/+6281285679319, emails: lqxleme@nottingham.ac.uk/lenny.meliani@pajak.go.id/ lenny.ernameliani@gmail.com or write to address below.

Room A114 Law and Social Sciences Building, University Park, Nottingham, NG7 2RD, United Kingdom, or
113 Beeston Road, Beeston, Nottingham, NG7 2JS, United Kingdom.

Supervisors:

Dr Stephen Cope, tel: +44 0115 8468132, email: stephen.cope@nottingham.ac.uk;

Dr Pauline Jas, tel: +44 0115 9515425, email: pauline.jas@nottingham.ac.uk.

Complaint procedure

If you wish to complain about the way in which the research is being conducted or have any concerns about the research then in the first instance please contact the supervisors. If this does not resolve the matter to your satisfaction then please contact the School's Research Ethics Officer, Dr Simon Roberts (tel. +44 0115 8467767, email: simon.roberts@nottingham.ac.uk)

Appendix 3: Participant consent form



The University of Nottingham
School of Sociology and Social Policy
Law and Social Sciences Building
University Park
Nottingham, NG7 2RD

Participant Consent Form

Project title: *Employee Turnover and Retention Strategies in Indonesia's Directorate General of Taxation: A Case Study of Professional Staff Turnover in Jakarta's Tax Offices between 2009 and 2015*

In signing this consent form I confirm that:

I have read the Participant Information Sheet and the nature and purpose of the research project has been explained to me. Yes ☐ No ☐

I have had the opportunity to ask questions. Yes ☐ No ☐

I understand the purpose of the research project and my involvement in it. Yes ☐ No ☐

I understand that my participation is voluntary and I may withdraw from the research project at any stage, without having to give any reason and withdrawing will not penalise or disadvantage me in any way. Yes ☐ No ☐

I understand that while information gained during the study may be published, any information I provide is anonymous, that no information that could lead to the identification of any individual will be disclosed in any reports on the project, or to any other party. No identifiable personal data will be published. Yes ☐ No ☐

I understand that the researcher may be required to report to the authorities any significant harm to a child/young person (up to the age of 18 years) that he/she becomes aware of during the research. I agree that such harm may violate the principle of confidentiality. Yes ☐ No ☐

I agree that extracts from the interview may be anonymously quoted in any report or publication arising from the research. Yes ☐ No ☐

I understand that the interview will be recorded using electronic voice recorder. Yes ☐ No ☐

I understand that data will be securely stored Yes ☐ No ☐

I understand that the information provided can be used in other research projects which have ethics approval, but that my name and contact information will be removed before it is made available to other researchers. Yes ☐ No ☐

I understand that I may contact the researcher or supervisors if I require further information about the research, and that I may contact the Research Ethics Officer of the School of Sociology and Social Policy, University of Nottingham, if I wish to make a complaint relating to my involvement in the research. Yes ☐ No ☐

I agree to take part in the above research project. Yes ☐ No ☐

_____ Participant's name (BLOCK CAPITAL)	_____ Participant's signature	_____ Date
---	----------------------------------	---------------

_____ LENNY E. MELIANI	_____ Researcher's signature	_____ Date
---------------------------	---------------------------------	---------------

[Include following if third party/independent witnesses required]

_____ Third party's name (BLOCK CAPITAL)	_____ Third party's signature	_____ Date
---	----------------------------------	---------------

Appendix 4: Questionnaire for stayers

Questionnaire for the Stayers

Introduction

This questionnaire is part of the research project that seeks to examine the factors that determine turnover intention among the Directorate General of Taxation (DGT)'s employees and the underlying cause of employee turnover of its former employees during the DGT's bureaucratic reform period from 2009 to 2015 in order to analyse the DGT's retention strategy. Your regional tax office is chosen as one of the case study sites based on the rate of employee turnover between the years 2009 and 2015. The research project will collect data through the questionnaire and followed by interviews. Participants in the interviews will be chosen based on the questionnaires return with all questions being answered.

Your participation is expected in this project.

All answers to the questions will be kept confidential and will be used for the research purposes only. Your answer to the questions in this study will not affect your current job evaluation or any other types of human resource evaluation. The time needed to finish this questionnaire are between 5-10 minutes and there is no right or wrong answer to any questions.

Instruction

1. Please answer all questions.
2. All of the questions can be answered by ticking (v) one of the answers. If you do not find the exact answer that fits your case, tick the one that comes closest to your condition.
3. The answer you give will be completely *confidential*. It is important that you are as honest as you can in answering this questionnaire.

Job position.

1. Please indicate to which of the following job positions you belong to:

- | | |
|--------------------------|---|
| ☐ | Middle Manager (echelon 3 and echelon 4) |
| ☐ | Tax Auditors |
| ☐ | Tax Specialists (account representative, tax objection reviewers, and tax appraisals) |
| ☐ | None of the above. You can stop now and return the questionnaire. |

Your views in relation to your current job.

2. Considering all aspects of your current job (such as working environment, payment, opportunity for promotion, etcetera), which of the following statement the closest describing **your level of job satisfaction**.

Very dissatisfy	1	2	3	4	5	Very satisfy

3. Considering all aspects of organisational commitment (such as willingness to put a great deal of efforts to help the current office be successful, acceptance of the job assignment, etcetera), which of the following statements the closest describing **your level of commitment to the organisation** you are working now.

Very uncommitted	1	2	3	4	5	Very committed

4. Considering all aspects that influencing your current job (such as job satisfaction, organisational commitment, job alternative, etcetera), which of the following statements the closest indicating **your plan in the near future**.

☐	Intend to stay
☐	Intend to leave

About yourself.

5. What is your gender?

☐	Male
☐	Female

6. How old were you on your last birthday?

☐	Under 25 years old
☐	25-29
☐	30-34
☐	35-39
☐	40-49
☐	50 years old or older

7. How long have you been working in the DGT?

☐	Less than 1 year
☐	1-5
☐	6-10
☐	11-15
☐	16-20
☐	More than 20 years

8. Considering your current office location, which of the following statements the closest indicate your condition.

☐	I am currently working at my home base.
☐	My office is located in a different location from my home base.

This questionnaire will be followed by interviews, please tick the box if you are willing to participate in the interviews ☐.

Tick the box if you want to know the summary of the research findings ☐.

Please provide your contact details for interview, and/or for the results of the research.

Email :

Phone :

Thank You for completing the questionnaire. Your honest responses are truly appreciated.

Kuesioner untuk Pegawai Kantor Wilayah (Kanwil) Direktorat Jenderal Pajak (DJP) Jakarta Khusus dan Jakarta Selatan

Pengantar:

Kuesioner ini merupakan bagian dari *research project* yang bertujuan untuk mengetahui faktor-faktor yang mempengaruhi niat pegawai DJP untuk **tetap bekerja atau berhenti dari DJP**. Faktor-faktor tersebut akan digunakan untuk menganalisa strategi yang dilakukan DJP dalam mempertahankan pegawainya. Saudara/i terpilih untuk mengisi kuesioner ini karena bekerja di Kanwil DJP yang menjadi lokasi studi kasus *research project* ini. Data untuk *research project* ini dikumpulkan melalui kuesioner dan diikuti dengan metode wawancara. Partisipan dalam wawancara akan dipilih berdasarkan kuesioner yang diisi dengan lengkap.

Partisipasi Saudara sangat diharapkan.

Semua jawaban akan digunakan hanya untuk kepentingan penelitian. Jawaban Saudara/i tidak akan mempengaruhi evaluasi kerja atau evaluasi di bidang SDM lainnya.

Waktu yang dibutuhkan untuk mengisi kuesioner ini antara 5-10 menit dan tidak ada jawaban yang benar atau salah untuk setiap pertanyaan.

Instruksi pengisian:

- Jawablah semua pertanyaan.
- Untuk pertanyaan pilihan, pilihlah jawaban yang paling mendekati keadaan/kondisi Saudara/i.
- Identitas Saudara/i tidak akan disebutkan dalam tulisan/thesis yang dihasilkan, untuk itu diharapkan Saudara/i menjawab semua pertanyaan sejujur mungkin.

Jabatan

1. Jabatan yang sedang Saudara/i emban saat ini?

- ☐ Eselon 3 atau Eselon 4
☐ Fungsional Pemeriksa Pajak
☐ Account Representative/Penelaah Keberatan/Penilai PBB
☐ Bukan salah satu dari 3 pilihan di atas. Saudara/i boleh berhenti mengisi kuesioner ini

Pandangan Saudara/i sehubungan dengan pekerjaan yang Saudara/i emban saat ini.

2. Seberapa puaskah Saudara/i terhadap pekerjaan Saudara/i saat ini?

Sangat tidak puas 1 2 3 4 5 Sangat puas

1	2	3	4	5
☐	☐	☐	☐	☐

3. Seberapa besarlah komitmen Saudara/i untuk tetap bekerja di DJP?

Sangat tidak berkomitmen 1 2 3 4 5 Sangat berkomitmen

1	2	3	4	5
☐	☐	☐	☐	☐

4. Dari pernyataan berikut ini, manakah indikator yang paling baik dalam menggambarkan rencana Saudara/i dalam waktu dekat ini?

- ☐ Berniat untuk tetap bekerja di DJP
☐ Belum ada rencana yang pasti
☐ Berencana untuk berhenti dari DJP

Tentang diri Saudara/i.

5. Jenis kelamin Saudara/i?

- ☐ Laki-laki
☐ Perempuan

6. Berapakah umur Saudara/i saat ini?

7. Sudah berapa lamakah Saudara/i bekerja di DJP?

- ☐ Kurang dari 1 tahun
- ☐ 1 - 5 tahun
- ☐ 6 - 10 tahun
- ☐ 11 - 15 tahun
- ☐ 16 - 20 tahun
- ☐ Lebih dari 20 tahun

8. Manakah dari pilihan berikut yang menggambarkan posisi tempat bekerja Saudara/i saat ini?

- ☐ Lokasi kantor sama dengan *homebase*
- ☐ Lokasi kantor berbeda dengan *homebase*

9. Penelitian ini juga akan mengumpulkan data yang lebih mendalam mengenai hal-hal yang memotivasi niat pegawai DJP untuk tetap bekerja atau untuk berhenti dari DJP. Apakah Saudara/i bersedia untuk diwawancarai?

- ☐ Bersedia
- ☐ Tidak bersedia

Jika Saudara/i bersedia, saya akan dengan senang hati memberikan ringkasan dari hasil penelitian ini.

Harap memberikan *contact detail* untuk kepentingan wawancara dan ringkasan hasil penelitian.

Nama :
Email :
Alamat :
Telepon :

Terima kasih atas kesedian Saudara/i mengisi kuesioner ini. Jawaban Saudara/i sangat saya hargai.

Jika Saudara/i mempunyai pertanyaan mengenai penelitian ini, silahkan menghubungi saya (Lenny Erna Meliani) melalui email lqxlme@nottingham.ac.uk / lenny.ernameliani@gmail.com atau melalui telepon 0812 8567 9319.

TERIMA KASIH

Appendix 5: Questionnaire for leavers

Questionnaire for the Leavers.

Introduction

This questionnaire is part of the research project that seeks to examine the factors that determine turnover intention among the Directorate General of Taxation (DGT)'s employees and the underlying cause of employee turnover of its former employees during the DGT's bureaucratic reform period from 2009 to 2015 in order to analyse the DGT's retention strategy. You are selected as the participant of this research project because you used to work in the regional tax office that chosen as one of the case study sites. The research project will collect data through the questionnaire and followed by interviews. Participants in the interviews will be chosen based on the questionnaires return with all questions being answered.

Your participation is highly expected in this project.

All answers to the questions will be kept confidential and will be used for the research purposes only. The time needed to finish this questionnaire are between 5-10 minutes and there is no right or wrong answer to any questions.

Instruction

1. Please answer all questions.
2. All of the questions can be answered by ticking (✓) one of the answers. If you do not find the exact answer that fits your case, tick the one that comes closest to your condition.
3. The answer you give will be completely confidential. It is important that you are as honest as you can in answering this questionnaire.

Job position.

1. Please indicate to which of the following job positions you were belong to before voluntarily quit from the DGT:

- | | |
|--------------------------|---|
| ☐ | Middle Manager (echelon 3 and echelon 4) |
| ☐ | Tax Auditors |
| ☐ | Tax Specialists (account representative, tax objection reviewers, and tax appraisals) |
| ☐ | None of the above. You can stop now and return the questionnaire. |

Your views in relation to your latest job in the DGT.

2. Considering all aspects of your latest job in the DGT (such as working environment, payment, opportunity for promotion, etcetera), which of the following statement the closest describing your level of job satisfaction.

Very dissatisfy	1	2	3	4	5	Very satisfy

3. Considering all aspects of organisational commitment (such as willingness to put a great deal of efforts to help the latest office be successful, acceptance of the job assignment, etcetera), which of the following statements the closest describing **your level of organisational commitment** when you were working in the DGT.

Very uncommitted	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	Very committed
	☐	☐	☐	☐	☐	

4. Considering job alternatives available when you were deciding to quit from the DGT, which of the following statements the closest describing **how big was your chances to find a new job**.

Very difficult	☐ 1	☐ 2	☐ 3	☐ 4	☐ 5	Very easy
	☐	☐	☐	☐	☐	

About yourself.

5. What is your gender?

☐	Male
☐	Female

6. How old were you when submitting your resignation?

☐	Under 25 years old
☐	25-29
☐	30-34
☐	35-39
☐	40-49
☐	50 years old or older

7. How long you had been working in the DGT?

☐	Less than 1 year
☐	1-5
☐	6-10
☐	11-15
☐	16-20
☐	More than 20 years

8. What is your current employment situation?

☐	Working
☐	Not currently working, but actively looking for work
☐	Not currently working, and not actively looking for work

9. Considering your latest office location when you were working in the DGT, which of the following statements the closest indicate your condition.

☐
☐

I was working at my home base.

My office was located in a different location from my home base.

This questionnaire will be followed by interviews, please tick the box if you are willing to participate in the interviews ☐.

Tick the box if you want to know the summary of the research findings ☐.

Please provide your contact details for interview, and/or for the results of the research.

Email :

Phone :

Thank You for completing the questionnaire. Your honest responses are truly appreciated.

Kuesioner untuk Ex-pegawai Direktorat Jenderal Pajak (DJP)

Pengantar:

Kuesioner ini merupakan bagian dari *research project* yang bertujuan untuk mengetahui faktor-faktor yang mempengaruhi keputusan ex-pegawai DJP mengundurkan diri dari pekerjaannya di DJP. Faktor-faktor tersebut akan digunakan untuk menganalisa strategi yang dilakukan DJP dalam mempertahankan pegawainya. Saudara/i terpilih untuk mengisi kuesioner ini karena pernah bekerja di Kantor Wilayah DJP yang menjadi lokasi studi kasus *research project* ini. Data untuk *research project* ini dikumpulkan melalui kuesioner dan diikuti dengan metode wawancara. Partisipasi dalam wawancara akan dipilih berdasarkan kuesioner yang diisi dengan lengkap. Partisipasi Saudara sangat diharapkan.

Semua jawaban akan digunakan hanya untuk kepentingan penelitian. Waktu yang dibutuhkan untuk mengisi kuesioner ini antara 5-10 menit dan tidak ada jawaban yang benar atau salah untuk setiap pertanyaan.

Instruksi pengisian:

- Jawablah semua pertanyaan.
- Untuk pertanyaan pilihan, pilihlah jawaban yang paling mendekati keadaan/kondisi Saudara.
- Identitas Saudara tidak akan disebutkan dalam tulisan/thesis yang dihasilkan, untuk itu diharapkan Saudara menjawab semua pertanyaan sejujur mungkin.

Jabatan

1. Jabatan yang sedang Saudara emban saat mengajukan permohonan pengunduran diri dari DJP?

- ☐ Eselon 3 atau Eselon 4
☐ Fungsional Pemeriksa Pajak
☐ Account Representative/Penelaah Keberatan/Penilai PBB
☐ Bukan salah satu dari 3 pilihan di atas. Saudara boleh berhenti mengisi kuesioner ini

Pandangan Saudara sehubungan dengan pekerjaan terakhir Saudara di DJP.

2. Seberapa puaskah Saudara atas pekerjaan Saudara pada saat memutuskan untuk berhenti dari DJP?

Sangat tidak puas

1	2	3	4	5

 Sangat puas

3. Seberapa besarkah komitmen Saudara kepada DJP saat anda memutuskan meninggalkan DJP?

Sangat tidak berkomitmen pada DJP

1	2	3	4	5

 Sangat berkomitmen pada DJP

4. Seberapa mudahkah menemukan pekerjaan baru saat Saudara memutuskan untuk mengundurkan diri dari DJP?

Sangat sulit

1	2	3	4	5

 Sangat mudah

Alasan yang Saudara gunakan saat mengundurkan diri dari DJP.

5. Alasan yang Saudara gunakan saat mengajukan pengunduran diri dari DJP?

- ☐ Keluarga/pribadi, termasuk bekerja jauh dari *homebase*
☐ Keuangan, penghasilan yang kurang memadai
☐ Pekerjaan, termasuk ketidakpuasan atas pekerjaan, butuh tantangan yang baru
☐ Kesehatan
☐ Lainnya

Tentang diri Saudara.

6. Jenis kelamin Saudara?

- ☐ Laki-laki
☐ Perempuan

7. Umur Saudara saat mengajukan pengunduran diri dari DJP?

8. Masa kerja Saudara saat mengajukan pengunduran diri dari DJP?

- ☐ Kurang dari 1 tahun
☐ 1 - 5 tahun
☐ 6 - 10 tahun
☐ 11 - 15 tahun
☐ 16 - 20 tahun
☐ Lebih dari 20 tahun

9. Status pekerjaan Saudara saat ini?

- ☐ Bekerja
☐ Tidak bekerja, tetapi saat ini sedang mencari pekerjaan
☐ Tidak bekerja dan tidak sedang mencari pekerjaan

10. Manakah dari pilihan berikut yang menggambarkan posisi tempat bekerja Saudara ketika mengajukan permohonan pengunduran diri dari DJP?

- ☐ Lokasi kantor sama dengan *homebase*
☐ Lokasi kantor berbeda dengan *homebase*

11. Penelitian ini juga akan mengumpulkan data yang lebih mendalam mengenai hal-hal yang memotivasi keputusan pengunduran diri dari DJP. Apakah Saudara bersedia untuk diwawancarai?

- ☐ Bersedia
☐ Tidak bersedia

Jika Saudara bersedia, saya akan dengan senang hati memberikan ringkasan dari hasil penelitian ini.

Harap memberikan *contact detail* untuk kepentingan wawancara dan ringkasan hasil penelitian.

Nama :

Email :

Alamat :

Telepon :

Terima kasih atas kesedian Saudara mengisi kuesioner ini. Jawaban Saudara sangat saya hargai.

Jika Saudara mempunyai pertanyaan mengenai penelitian ini, silahkan menghubungi saya (Lenny Erna Meliani) melalui email lqxleme@nottingham.ac.uk / lenny.ernalmeliani@gmail.com atau melalui telepon 0812 8567 9319.

TERIMA KASIH

Appendix 6: Topic guide for stayers

Topic Guide for Stayers

Participant's general information

1. Can you tell me about your job?
What are the main aspects of your job?
How do you get on with it?

Job satisfaction

2. Do you enjoy your job?
Can you tell me three things that you like best and three things that you like least about your job?
If they talk more about the things they do not like, ask: Is there a problem for you in... (relationships with colleagues or the paying conditions, etc.)? Can you tell me more about it? How has it affected your job?
How do you get on with your colleagues?
If they talk more about things they like about the job, ask: Are these things affected your intention to stay in the DGT?
Relate with the model: eg. things such as the content of the job, the way you work, relationships with colleagues and bosses, paying conditions, career progression, etcetera

Organisational commitment

3. How committed you are to staying in the DGT?
Do you think it is important for an employee to be loyal to the organisation he/she is working for?
How is it (not) important? Why?
Can you tell me the main things that affected your loyalty to the DGT?
Ask these questions only if the participant does not talk about any of the following issues:
 - a) how dedicated you are in conducting a standard of performance of your job? How does it affect your loyalty to the DGT?
 - b) how about general training, do think you have received sufficient training from the DGT? How does it affect your loyalty to the DGT?
Can also ask this question in job satisfaction
 - c) do you have any factors outside the DGT that make you difficult to leave?
 - d) do you think working in big organisation has affected your loyalty? How? Why?

Job Alternative

4. Have you ever looked for other job opportunities outside the DGT?
If yes, can you tell me more about that? If No, why not?
In your opinion, are the job opportunities available out there are equally good/better/worse compared to your current job in the DGT? In what way that that it is equally good/better/worse?
If the answer is equally good or better, what stop you from taking that job opportunity?

Intention to leave or to stay in the DGT

5. Can you tell me about your plan regarding your employment in the DGT?
What are the things that influence you the most when you decided to stay or leave the DGT?
Do you know people who leave the DGT? Who? Do their decisions affect your intention to leave or to stay in the DGT? Why?
Do you know people who submitting their resignation, but ended up in getting fired? Can you tell me more about them? Does it affect your decision to leave or to stay in the DGT? Why?
Is your decision affecting your job performance (the way you perform your daily task)? How is it affecting you?

Participants view on HR changes during the DGT's bureaucratic reform and the DGT's strategies to retain its employees

6. Do you know what are the main elements of the reform? What about the HR practices, do you know what are the main changes in HR practices during the reform? Do these changes affect your job? The reform, are they useful? Successful?
In your opinion, why do these changes are brought in during DGT reforms?
What is the best thing and the worst thing about the HR changes?
How do you deal with the change?
One of the reform goal is to combat corruption, do you think the DGT has achieved this goal? Are other people still corrupt? Can you tell me more about this?
7. In the new HR practices, can you tell me how good is the DGT in retaining staffs?
Why?
What should the DGT do to be able to improve its strategies to retain its employees?

End of interview

- Thank participants for taking part in the research, reassure them about anonymity. Ask them if they have any questions.

Stayers

Participant Name:

Date of Interview:

Topic	Notes	Post Notes
Dapatkah bpk/ibu menceritakan ttg pekerjaan bpk/ibu saat ini? Apa saja aspek2/faktor2 yang utama dalam pekerjaan bpk/ibu? Bagaimana bpk/ibu melaksanakan pekerjaan tersebut?		
Job Satisfaction . Apakah bpk/ibu menyukai pekerjaan anda saat ini? . Apa 3 hal terbaik/yg menyenangkan dan 3 hal yg paling tidak menyenangkan dari pekerjaan anda? . Jika lebih banyak bercerita ttg <u>hal yg tidak menyenangkan</u> , apakah anda memiliki masalah tentang ...? (rekan kerja, penghasilan, dsb) Minta mereka utk menjelaskan. Bagaimana hal tsb mempengaruhi pekerjaan anda? . Jika lebih banyak bercerita ttg <u>hal yg menyenangkan</u> , apakah hal tsb mempengaruhi niat anda untu tetap bekerja di DJP? Kaitkan jawaban mereka dengan Price n Mueller's model. (the content of the job, the way you work, relationships with colleagues and bosses, paying conditions, career progression, etcetera)		

<p>Organisational Commitment</p> <ul style="list-style-type: none"> . Seberapa besar komitmen anda untuk tetap bekerja di DJP? . Menurut anda, apakah penting seseorang utk tetap loyal pada organisasi tempatnya bekerja? Bagaimana loyalitas tsb penting? Mengapa menurut anda loyalitas penting? . Dapatkan anda menyebutkan hal-hal yang mempengaruhi komitmen anda utk tetap bekerja di DJP? <p>Probe: Apakah profesionalisme/training yg didapat dr DJP/tanggung jawab thd keluarga (dll)/organisational size mempengaruhi komitmen anda? Bagaimana? Mengapa?</p>		
<p>Job Alternative</p> <ul style="list-style-type: none"> . Apakah saat ini anda sedang mencari kesempatan mendapatkan pekerjaan di luar DJP? . Jika iya, minta mereka menceritakan hal tsb. . Jika tidak, mengapa tidak? . Menurut bpk/ibu, apakah kesempatan kerja diluar DJP tidak lebih baik/sama baik/lebih baik dari pekerjaan di DJP? . Dalam hal apa kesempatan kerja diluar DJP tidak lebih baik/sama baik/lebih baik dari pekerjaan di DJP? . Jika mnrt mereka sama baik/lebih baik dari pekerjaan di DJP, apa yang menghalangi mereka untuk mendapatkan pekerjaan tsb? 		
<p>Niat untuk tetap bekerja/berhenti dari DJP</p> <ul style="list-style-type: none"> . Apa rencana bpk/ibu terkait dengan pekerjaan anda di DJP? 		

<p>. Hal-hal apa yang paling mempengaruhi niat anda untuk tetap bekerja/berhenti di DJP?</p> <p>. Apa bpk/ibu mengenal orang yg telah berhenti dari DJP? Siapa?</p> <p>. Apakah keputusan mereka mempengaruhi niat bpk/ibu untuk tetap bekerja/meninggalkan DJP? Mengapa?</p> <p>. Apakah bpk/ibu mengetahui ada pegawai yg mengajukan pengunduran diri namun berakhir dengan di pecat oleh DJP (dikenakan hukuman disiplin)?</p> <p>. Apakah hal tsb mempengaruhi niat anda untuk tetap bekerja/berhenti dari DJP? Mengapa?</p> <p>. Apakah niat anda untuk tetap bekerja/berhenti dari DJP mempengaruhi performance anda dalam melakukan pekerjaan? Bagaimana hal tsb mempengaruhi anda?</p>		
<p>Participant's view on DGT's reform and retention strategies</p> <p>. Apakah anda mengetahui elemen2 utama dalam reformasi DJP?</p> <p>. Apakah anda mengetahui perubahan dalam bidang SDM selama reformasi DJP?</p> <p>. Apakah perubahan dibidang SDM mempengaruhi anda? Bagaimana hal tsb mempengaruhi anda?</p> <p>. Menurut anda, apakah reformasi yang dilakukam DJP berhasil/membawa hasil? How? Why?</p> <p>. Menurut anda, mengapa perubahan2 (bid. SDM) tsb dilakukan dalam reformasi DJP?</p>		

<p>. Hal-hal terbaik apa/hal-hal yg tidak baik apa yang anda rasakan dalam perubahan HR di DJP?</p> <p>. Bagaimana anda menghadapi perubahan2 tsb?</p> <p>. Salah satu tujuan dari reformasi DJP adalah untuk memberantas korupsi, menurut anda, apakah DJP telah berhasil memberantas korupsi?</p> <p>. Menurut anda, apakah masih ada orang lain yang korupsi? Minta mereka menjelaskan.</p> <p>. Dalam kebijakan SDM yang baru, seberapa baikkah DJP dalam mempertahankan pegawainya? Bagaimana? Mengapa? Minta mereka menjelaskan.</p> <p>. Menurut anda, apa yang harus dilakukan DJP untuk memperbaiki kebijakannya dalam mempertahankan pegawainya?</p>		
<p style="text-align: center;">End of interview</p> <p style="text-align: center;">Thank participants for taking part, reassure them about anonymity. Ask them if they have any questions.</p>		

Appendix 7: Topic guide for leavers

Topic Guide for the Leavers

Your Decision to leave the DGT

1. Can you tell me why did you leave?
What were the main reasons?
Was it the job? the relationships with colleagues and bosses? The paying conditions? Can you tell me more about it? (relate the question with the factors of job satisfaction in the model).
Did you know people who leave the DGT before you submitting your resignation? Did their decisions affect your decision to leave the DGT? Why?

Organisational commitment

2. How long did you work in the DGT?
Was it difficult to decide to leave? Why?
Were there things that make you think twice about leaving? What were they? And why was it made you think twice?

Job Alternative

3. Before you left the DGT, had you secured the new job?
If not, what makes you leave without securing a new job? Do you find it easy/difficult to secure a new job?
How much time did you need to secure the new job before submitting your resignation?
What has encouraged you the most when you start looking for a new employment?
Do you find your new job is equally good/better/worse than you expected? How is it equally good/better/worse?

The Process

4. Can you tell me about the process you need to go through after submitting your resignation?
Did you find any difficulties to go through the process? Can you tell me more about it?
Did you know the rumour about people who were submitting their resignation, but ended up in getting fired? Can you tell me more about it? Were you concern of being fired during the process?
Did the DGT tempted to fire you? Was the rumour affected your decision to submit your resignation due to the risk of being fired?

Participants view on HR changes during the DGT's bureaucratic reform and the DGT's strategies to retain its employees

5. Can you remember what were the main changes in HR practices during the reform?
In your opinion, why did these changes were brought in during DGT reforms?
What was the best thing and the worst thing about the HR changes?
How did you deal with the change?
Did the new changes affected your decision to leave?
6. Did the DGT try to influence your decision to leave? How?
What should the DGT do to be able to improve its strategies to retain its employees?

End of interview

Thank participants for taking part in the research, reassure them about anonymity. Ask them if they have any questions.

Leavers

Participant Name:

Date of Interview:

Topic	Notes	Post Notes
<p>Keputusan untuk mengundurkan diri</p> <ul style="list-style-type: none">. Mengapa bpk/ibu memutuskan untuk berhenti dari DJP?. Apa alasan yang utama? <p>Probe:</p> <ul style="list-style-type: none">. the job (role overload, routinisation, komunikasi dalam pekerjaan, keputusan yg tersentralisasi, relation with colleague). payment. distributive justice. promotional opportunity. home base -> masalah mutasi? <p>Think of the Price n Mueller's model!!</p>		
<p>Organisational Commitment</p> <ul style="list-style-type: none">. Berapa lama bpk/ibu bekerja pada jabatan yg terakhir? Berapa lama bekerja di DJP?. Sebelumnya pernah bekerja di luar DJP?. Selama bekerja apa pernah bekerja ditempat lain (nyambi kerja)? Bekerja yg di gaji. <p>. Apakah sulit saat memutuskan berhenti dari DJP? Mengapa?</p> <p>. Apakah ada hal-hal yang membuat bpk/ibu berpikir dua kali tentang pengunduran diri bpk/ibu? Apa? Dan mengapa hal tsb membuat bpk/ibu berpikir dua kali?</p> <p>Probe: professionalism, tanggungjawab thd keluarga, training/pendidikan yg diterima dr DJP, organisational size.</p>		

<p>Job Alternative</p> <ul style="list-style-type: none"> . Sebelum bpk/ibu mengajukan pengunduran diri, apakah sudah memiliki pekerjaan yg baru? . <u>Jika tidak</u>, mengapa memutuskan keluar saat belum memiliki pekerjaan baru? Apakah sulit mendapatkan pekerjaan baru saat itu? . Berapa lama waktu yg dibutuhkan untuk mendapatkan pekerjaan baru sebelum/sesudah mengajukan pengunduran diri? . Hal apa yang paling mendorong bpk/ibu untuk mencari pekerjaan baru? . Saat ini, menurut bpk/ibu, apakah pekerjaan yg baru ini tidak sebaik/ sama baiknya/ lebih baik dari pekerjaan saat bekerja di DJP? . Dalam hal apa pekerjaan yg baru ini tidak sebaik/ sama baik/ lebih baik dibanding dengan pekerjaan di DJP? 		
<p>Proses Pengunduran diri</p> <ul style="list-style-type: none"> . Dapatkah bpk/ibu menceritakan proses yang dilalui dalam mengajukan permohonan pengunduran diri? . Menurut bpk/ibu, apakah prosesnya sulit? Seberapa sulit? Mengapa dirasakan sulit? Mohon dijelaskan. . Apakah bpk/ibu mengetahui rumor ttg pegawai yang mengajukan pengunduran diri tapi berakhir dengan dipecat (dikenakan hukuman disiplin)? . Dapatkan bpk/ibu menjelaskan apa yg anda ketahui tentang hal tsb? . Apakah bpk/ibu merasa kuatir mengalami hal yang sama saat mengajukan pengunduran diri? . Apakah DJP mencoba mengenakan hukuman disiplin atas permohonan pengunduran diri bpk/ibu? . Apakah rumor tsb mempengaruhi keputusan anda saat mengajukan permohonan pengunduran diri? 		

<p>Participant's view on DGT's reform and retention strategies</p> <ul style="list-style-type: none"> . Apa yg bpk/ibu ingat/ketahui tentang perubahan dibidang SDM saat reformasi birokrasi DJP? . Menurut bpk/ibu mengapa perubahan dibidang SDM tsb dilakukan dalam reformasi birokrasi DJP? . Menurut bpk/ibu, hal apa yang terbaik/terburuk dari perubahan SDM DJP saat reformasi DJP? . Bagaimana bpk/ibu bersikap/bereaksi terhadap perubahan bidang SDM tsb? . Apakah perubahan di bidang SDM mempengaruhi keputusan bpk/ibu untuk mengundurkan diri? Mengapa? <p><u>Probe:</u> Korupsi, nepotisme dalam mutase/promosi.</p> <ul style="list-style-type: none"> . Apakah DJP berusaha mengubah keputusan pengunduran diri bpk/ibu? Bagaimana? . Apa yang harus dilakukan DJP untuk memperbaiki kemampuan DJP dalam mempertahankan pegawainya? <p><u>Probe:</u> ask them to elaborate their answer!!</p>		
<p style="text-align: center;">End of interview</p> <p style="text-align: center;">Thank participants for taking part, reassure them about anonymity. Ask them if they have any questions.</p>		

Appendix 8: Topic guide for HR managers/advisors/other stakeholders

Topic Guide for the DGT's HR managers/advisors/other stakeholders

Participant's general information

1. Can you tell me about your job position, how long have you held that position, and your responsibilities?

Participants view on HR changes during the DGT's bureaucratic reform

2. Can you tell me what are the main changes in human resource practices during DGT bureaucratic reform between 2009 and 2015?

Who proposed the changes? And why these changes are brought in during DGT reforms?

Were you involved in designing the new HR regulation? If yes, what are the consideration behind those changes? If not, do you know what are the consideration behind those changes?

Were there any difficulties when the DGT design its new HR regulations? Can you tell me more about it?

Were there any difficulties in implementing the new HR regulations? What are those difficulties, and how to deal with it?

Employee turnover

I would like to talk about employee turnover in the DGT.

3. In your opinion, why do professional staffs stay in the DGT? And why do some of them are leaving? What are the main reasons which the leavers used when submitting their resignation?

Retention strategies

4. What are the retention strategies that the DGT has to overcome the problem arises from an employee who voluntarily leaves their jobs?

Is there any differences in retention strategies before and after the reform? How is it different? Why?

Prompt: paying condition, the content of the job, career progression?

The process

5. Were you involved in processing employees resignation?

If yes, can you explain the process of handling employee's resignation?

Is there any effort that you do to retain these employees from leaving the DGT? What are they? Why do you try to change their decision?

Employee turnover problem

6. Do you think the DGT facing a problem of employee turnover? How big is the employee turnover problem? If they say it is a serious problem, ask them about the difference figure between the data of employee turnover and the news.

I hear rumours about employees who voluntarily leave the DGT and end up getting fired, how was it come about? Why?

End of interview

Thank participants for taking part, reassure them about anonymity. Ask them if they have any questions.

Participant Name:

Date of Interview:

Topic	Notes	Post Notes
Tolong bapak ceritakan tentang diri bapak, jabatan dan tanggung jawab yg diemban saat ini Serta sudah berapa lama memegang jabatan yang sekarang?		
Dapatkah bapak jelaskan perubahan utama dalam pengelolaan SDM selama proses reformasi birokrasi? Apa yang mendorong perubahan dalam pengelolaan SDM? Siapa yang mengusulkan perubahan? Mengapa dilakukan perubahan? Apa bapak terlibat dalam mendesain perubahan dalam pengelolaan SDM? Jika iya, apa pertimbangan dibalik perubahan di bidang SDM? Jika tidak, apa bapak tau apa yg menjadi pertimbangan dlm perubahan di bidang SDM? Apakah terdapat kesulitan dalam mendesign kebijakan dalam pengelolaan SDM? Jelaskan. Apakah ada kesulitan dalam mengimplementasikan perubahan di bidang SDM? Apa saja kesulitannya dan hal apa yang dilakukan untuk mengatasinya?		

<p>Employee Turnover I would like to talk about employee turnover in the DGT.</p> <p>Employee turnover problem Menurut bapak apakah saat ini DJP bisa dikatakan sedang menghadapi permasalahan terkait employee turnover? Apa yang bapak ketahui? Seberapa besar mnrt bapak permasalahan tsb?</p> <p>Menurut pengetahuan bapak, apa yang menyebabkan professional staf memilih untuk tetap bekerja di DJP? Dan mengapa sebagian memilih untuk mengundurkan diri?</p> <p>Sejauh yang bapak ketahui, alasan apa yg digunakan oleh mereka yg mengundurkan diri?</p>		
<p>Retention strategies Menurut kebijakan di bidang SDM yang ada, strategi (cara) apa yang dapat dilakukan oleh instansi pemerintah (DJP) untuk mempertahankan professional staff nya?</p> <p>Apakah terdapat perbedaan dalam melakukan upaya untuk mempertahankan professional staf sebelum dan sesudah reformasi birokrasi? Bagaimana perubahan tsb? Mengapa dilakukan perubahan?</p> <p>Prompt: paying condition, content of the jobs, career progression??</p>		

<p>The process</p> <p>Diskresi apa yang dimiliki oleh instansi pemerintah dalam memproses permohonan pengunduran diri pegawai di instansinya?</p> <p>Effort apa yg masih mungkin dilakukan untuk mencegah pegawai mengundurkan diri dari pekerjaannya?</p>		
<p>End of interview</p> <p>Thank participants for taking part, reassure them about anonymity. Ask them if they have any questions.</p>		

Appendix 9: Transcriber non-disclosure agreement

This Agreement is dated 02 December 2015

In consideration of the mutual obligations and benefits to the parties of the disclosure of the Confidential Information the parties have agreed to comply with the following terms in connection with use and disclosure of Confidential Information

Parties

- (1) The University of Nottingham, a body corporate incorporated by Royal Charter and registered with number RC000664, of University Park, Nottingham NG7 2RD (the "University").
- (2) Chusna Rizqati, of Ponggol 1, Grabag, Magelang, Central Java, Indonesia (the "Recipient").

Background

- (A) The University possesses certain confidential proprietary information through its research student, Lenny Erna Meliani ("Researcher").
- (B) On behalf of the University, in her capacity as a research student, the Researcher and the Recipient intend to enter or have entered into a business relationship and/or transaction. During the course of this relationship or transaction the Researcher, on behalf of the University, wishes to disclose Confidential Information (as defined below) to the Recipient. The parties acknowledge that the Researcher, on behalf of the University, has agreed with the participants of the Project that their details will be anonymised and kept confidential.
- (C) The University and its Researcher wish to protect the Confidential Information while in the possession or control of the Recipient. The University and the Recipient have agreed to enter into this agreement to prevent the unauthorised use and disclosure of the University's confidential proprietary information.

Agreed

1. **Term**
2. The Agreement will have a Commencement Date of 4 December 2015.
3. This Agreement will commence on the Commencement Date and will continue unless and until terminated as provided by the Terms and Conditions or by either party giving to the other not less than two (2) weeks' prior written notice.
4. **The Project**
The research project entitled "Employee Turnover and Retention Strategies in Indonesia's Directorate General of Taxation: A Case Study of Professional Staff Turnover in Jakarta's Tax Offices between 2009 and 2015".
5. **Terms and Conditions**
The Terms and Conditions set out in Schedule 1 apply to this Agreement.
6. **University Representative**
The University Representatives for this Agreement are Lenny Erna Meliani, Stephen Cope and Pauline Jas.

Schedule 1 Terms and Conditions

- | | | |
|--|---|---|
| <p>1. The Recipient's Obligations</p> <p>2. Subject to Condition 15, the Recipient will:</p> <p>3. only use Confidential Information for the Permitted Purpose;</p> <p>4. keep the Confidential Information secret and confidential and will not communicate or disclose (whether directly or indirectly and whether orally, in writing or in any other manner) any Confidential Information to any person other than as permitted by Condition 12;</p> <p>5. keep the Confidential Information and any copies of it secure and in such a way so as to prevent unauthorised access or theft by any third party;</p> <p>6. inform the University immediately if the Recipient becomes aware that any Confidential Information has been disclosed to an unauthorised third party;</p> <p>7. keep the existence of the Project, the fact that discussions are taking or have taken place between the parties and the Researcher and the terms, conditions or status of such discussions and negotiations secret and confidential and will not communicate or disclose (whether directly or indirectly and whether orally, in writing or in any other manner) any such information to any person other than as permitted by Condition 12; and</p> <p>8. not (without our prior written consent) make, or permit or procure to be made, or solicit or assist any other person to make, any announcement or disclosure relating to the Project (including any announcement or disclosure concerning the termination of negotiations relating to the Project) or of your prospective interest in the Project.</p> <p>9. The Recipient will not make, or authorise the making of, any</p> | <p>10.</p> <p>11.</p> <p>12.</p> <p>13.</p> <p>14.</p> <p>15.</p> <p>16.</p> <p>17.</p> <p>18.</p> <p>19.</p> | <p>copies of Confidential Information or reproduce, or authorise the reproduction of, Confidential Information in any form.</p> <p>The Recipient will comply with the relevant University's Policies and Procedures.</p> <p>Permitted Disclosure</p> <p>The Recipient may only disclose Confidential Information to:</p> <p>such other persons as the University may, in its sole discretion, approve in writing prior to any such disclosure.</p> <p>The Recipient will, promptly if so requested by the University, supply to the University the names of all persons to whom the Recipient has disclosed Confidential Information pursuant to Condition 12.</p> <p>Disclosure required by Law</p> <p>Without prejudice to Condition 11, the provisions of Conditions 1 and 11 will not restrict any disclosure where such disclosure is required by law or by any court of competent jurisdiction or by any governmental, official or regulatory body which is lawfully entitled to require any such disclosure.</p> <p>No Contact</p> <p>The Recipient will not, for any purpose whatsoever connected with or relevant to the Project or any Confidential Information (without our prior written consent) initiate or accept or engage in, or have any contact of any kind with any of member of the University's officers, employees, suppliers or students.</p> <p>The Recipient will, in connection with the Project and/or any Confidential Information, make contact and deal only with the University Representatives.</p> |
|--|---|---|

20. **No Rights or Licence**
21. The disclosure of the Confidential Information will not confer any rights (including any intellectual property rights) over the Confidential Information whatsoever on the Recipient beyond those contained in this agreement and the Confidential Information will remain the property of the University.
22. **Freedom of Information**
23. The Recipient acknowledges that the University is subject to the requirements of the FOIA and the EIR, and the Recipient will assist and co-operate with the University (on request and at each party's own expense) to enable the University to comply with the information disclosure requirements imposed on it by the FOIA and/or the EIR as the case may be.
24. If the University in receipt of a Request for Information decides that it is obliged to disclose Confidential Information in response to such Request for Information, it will notify the Recipient of that decision at least 3 days before disclosure (insofar as it is lawful for the University to do so).
25. **Data Protection**
26. The Recipient will comply with the DPA.
27. Where any Confidential Information is Personal Data and the Recipient is acting as a Data Processor for the University, the Recipient undertakes in respect of the Personal Data processed by it:
 28. not to use or disclose the Personal Data other than as provided for or permitted under this Agreement;
 29. The Recipient will comply with the University's Policies and Procedures for data protection and relevant obligations under the DPA and associated codes of practice when processing Personal Data.
30. The Recipient will have in place appropriate security measures in respect of the exchange of data (including Personal data) and appropriate technical and organisational measures to safeguard against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access to the Personal Data. Such measures will (taking into account the state of technological development and the cost of implementing such measures) be appropriate to the nature of the Personal Data.
31. The Recipient will promptly notify the University in the event that the Recipient receives a request for access to Personal Data under the DPA. The Recipient will fully co-operate and provide all assistance reasonably requested by the University in order to enable the University to respond to such request within the timescales provided in the DPA. The obligations in this Condition 31 will continue following termination of this Agreement for such time as the Recipient will hold Personal Data.
32. The Recipient will indemnify and keep indemnified the University from and against all costs, actions, claims, demands, liabilities, expenses, damages or losses (including without limitation consequential losses and loss of profit, and all interest, penalties and legal and other professional costs and expenses) arising out of or in connection with any action or claim brought by a Data Subject or any other person relating to any failure by the Recipient to duly and punctually observe and perform the provisions of the DPA.
33. **Liability**
34. The Recipient will indemnify and hold the University harmless for any loss, liability, costs (including reasonable legal costs), damages or expenses arising from any breach by the Recipient of this Agreement by any act of omission including any negligent or reckless act or default.

35. **Termination**
36. Notwithstanding the Term, the University may terminate this Agreement with immediate effect if at any time the Recipient:
37. commits any serious or repeated breach or non-observance of any of the provisions of this Agreement or refuses or neglects to comply with any reasonable and lawful directions of the University;
38. acts in any manner which in the opinion of the University brings or is likely to bring the University into disrepute or is materially adverse to the interests of the University;
39. commits any breach of the University's Policies and Procedures.
40. The rights of the University under Condition 36 are without prejudice to any other rights that it might have at law to terminate the the Agreement or to accept any breach of this Agreement on the part of the Recipient as having brought the Agreement to an end. Any delay by the University in exercising its rights to terminate will not constitute a waiver of these rights.
41. Either party may terminate this Agreement immediately on prior written notice if the other appoints a receiver, manager, administrator, administrative receiver or liquidator or passes a resolution for winding up (other than for the purpose of solvent amalgamation) or a court makes an order to that effect or if the other party enters into any arrangement with its creditors.
42. **Obligations on Termination**
43. Subject to Condition 48, on the Termination Date, the Recipient will:
44. immediately deliver to the University all documents and all other materials (including, but not limited to, computer discs and other removable storage devices)
- made available to the Recipient and the Recipient's Associates in connection with this Agreement and containing any Confidential Information, and all copies and reproductions which may have been made by or on behalf of the Recipient or the Recipient's Associates of such documents and materials.
45. destroy all documents and all other materials prepared by the Recipient or the Recipient's Associates to the extent that they contain, reflect or derive from Confidential Information;
46. so far as is reasonably practicable permanently erase all Confidential Information from any computer, word processor or other device (including any magnetic or optical disk or memory and all matter derived from such sources) containing such information in your possession or under the Recipient's custody and control; and
47. provide a signed statement that he has complied fully with his obligations under this Condition 42.
48. The Recipient may retain any Confidential Information but only if so required by law or by any governmental, official or regulatory body, keep one copy of any documents in their possession for record purposes without prejudice to any duties of confidentiality in relation to such Confidential Information contained in this Agreement.
49. **Notices**
50. Any notice given under this Agreement will be in writing and signed by or on behalf of the party giving it and will be served by delivering it personally, or sending it by pre-paid recorded delivery or registered post to the relevant party at (in the case of the University) its principle office and (in the case of the Recipient) its registered office, or by sending it by fax to the fax number notified by the one party to the

- other. Any such notice will be deemed to have been received:
51. if delivered personally, at the time of delivery;
 52. in the case of pre-paid recorded delivery or registered post, 48 hours from the date of posting; and
 53. in the case of fax, at the time of transmission.
 54. In proving such service it will be sufficient to prove that the envelope containing the notice was addressed to the address of the relevant party and delivered either to that address or into the custody of the postal authorities as a pre-paid recorded delivery or registered post or that the notice was transmitted by fax to the fax number of the relevant party.
 55. **Severability**
 56. The illegality, invalidity or unenforceability of any paragraph or part of this Agreement will not affect the legality, validity or enforceability of the remainder of it. If any paragraph or part of this Agreement is found by any competent court or authority to be invalid, illegal or unenforceable, the parties agree that they will substitute provisions in a form as similar to the offending provisions as is possible without thereby rendering them illegal, invalid or unenforceable.
 57. **Entire Agreement**
 58. Each party on behalf of itself acknowledges and agrees with the other party that:
 59. this Agreement constitutes the entire Agreement and understanding between the University and the Recipient and supersedes any previous arrangement, understanding or agreement between them relating to the arrangement (which will be deemed to have been terminated by mutual consent);
 60. in entering into this Agreement neither party has relied on any Pre-Contractual Statement; and
 61. each party agrees that the only rights and remedies available to it or arising out of or in connection with any Pre-Contractual Statement will be for breach of contract. Nothing in this Agreement will, however, limit or exclude any liability for fraud.
 62. **Assignment and Novation**
 63. The parties are not permitted to assign, novate or otherwise dispose of any or all of their respective rights and obligations under this Agreement.
 64. **Variation**
 65. No variation of this Agreement will be valid unless it is in writing and signed by or on behalf of each of the parties.
 66. **Counterparts**
 67. This Agreement may be executed in any number of counterparts, each of which, when executed and delivered, will be an original, and all the counterparts together will constitute one and the same instrument.
 68. **Third Party Rights**
 69. Except as expressly provided elsewhere in this Agreement, a person who is not a party to this Agreement will not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists, or is available, apart from under that Act.
 70. The rights of the parties to terminate, rescind or agree any variation, waiver or settlement under this Agreement are not subject to the consent of any person that is not a party to this Agreement.
 71. **Governing Law and Jurisdiction**

72. This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) will be governed by and construed in accordance with the law of England and Wales.
73. The parties irrevocably agree that the courts of England and Wales will have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).
74. **Interpretation**
75. The rules of interpretation in this Condition 74 apply in this Agreement (unless the context requires otherwise).
76. The headings in this Agreement are inserted for convenience only and will not affect its construction.
77. A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.
78. Unless the context otherwise requires, a reference to one gender will include a reference to the other genders.
79. Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.
80. A person includes a corporate or unincorporated body (whether or not having separate legal personality).
81. Any phrase introduced by the words including, includes, in particular or for example or similar will be construed as illustrative and will not limit the generality of the related general words.
82. Writing or written includes faxes but not e-mail.
83. Unless a right or remedy of a party is expressed to be an exclusive right or remedy, the exercise of it by a party is without prejudice to that party's other rights and remedies.
84. Schedules to this Agreement form part of (and are incorporated into) this Agreement.
85. Holding company and subsidiary: mean a "holding company" and "subsidiary" as defined in section 1159 of the Companies Act 2006 and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) its nominee. In the case of a limited liability partnership which is a subsidiary of a company or another limited liability partnership, section 1159 of the Companies Act 2006 shall be amended so that: (a) references in sub sections 1159(1)(a) and (c) to voting rights are to the members' rights to vote on all or substantially all matters which are decided by a vote of the members of the limited liability partnership; and (b) the reference in section 1159(1)(b) to the right to appoint or remove a majority of its board of directors is to the right to appoint or remove members holding a majority of the voting rights.
86. **Definitions**
87. The definitions in this Condition 86 apply in this Agreement (unless the context requires otherwise).
88. "Commencement Date" means the date set out in Clause 2;
89. "Confidential Information" means, save for the Excluded Information, information in whatever form (including written, oral, visual or electronic form or

	on any magnetic or optical disk or memory and wherever located) relating to the Project, the Company or the Group including trade secrets such as technical data and know-how or details of any of the Company's suppliers, customers, agents, distributors, management or business contacts disclosed by the Company, the Group or any respective Associates to the University (whether directly or indirectly and whether before or after the Commencement Date, whether or not such information (if in anything other than oral form) is marked confidential);		University (as evidenced by the University's written records) from a source other than the University, which source is not bound by any obligation of confidence to the Recipient in relation to such information;
90.	"Data Processor" has the meaning given to in the DPA;	95.	"FOIA" means the Freedom of Information Act 2000 and any subordinate legislation made under that Act from time to time together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government departments in relation to such legislation;
91.	"Data Subject" has the meaning given to it in the DPA;	96.	"Group" means in relation to any person in relation to any person, any corporations which are holding companies or subsidiaries;
92.	"DPA" means Data Protection Act 1998;	97.	"Information" means information recorded in any form;
93.	"EIR" means the Environmental Information Regulations 2004 together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such regulations;	98.	"Permitted Purpose" means the sole and exclusive purpose of transcribing and translating recordings of interviews with various interviewees in relation to the Project;
94.	"Excluded Information" means information which (i) is in the public domain at the time of its disclosure to, or acquisition by, the University or any of its Associates; or (ii) enters the public domain after it has been disclosed to, or acquired by, the University or any of its Associates (other than as a result of any breach by the Recipient of the terms of this Agreement or any unauthorised disclosure by a person to whom Confidential Information has been disclosed in accordance with Condition 11); or (iii) was properly and lawfully in the University's possession prior to the time that it was disclosed to, or acquired by, the University (as evidenced by the University's written records) and is free of any restriction as to its use or disclosure; or (iv) following disclosure to, or acquisition by, the University becomes properly and lawfully available to the	99.	"Personal Data" has meaning given to it in the DPA;
		100.	"Pre-Contractual Statement" means any undertaking, promise, assurance, statement, representation, warranty or understanding (whether in writing or not) of any person (whether party to this Agreement or not) other than as expressly set out in this Agreement or any documents referred to in it;
		101.	"Project" means the project set out in Clause 4;
		102.	"Request for Information" means a request for information made (or deemed to be made in accordance with the FOIA or the EIR as the case may be) under the FOIA or the EIR;
		103.	"Term" has the meaning given in Clause 3;

104. "Termination Date" means the date of termination of this Agreement, howsoever arising;
105. "University's Policies and Procedures" means the published policies and procedures of the University (as amended from time to time); and
106. "University Representatives" means the University title described in Clause 6 or their authorised nominees.

107. This Agreement takes effect on the date stated at the beginning of it.

108.

109. **AGREED** and **SIGNED**

110. for and on behalf of Lenny Erna Meliani.

111. **THE UNIVERSITY OF NOTTINGHAM**

112.

113.

114. **AGREED** and **SIGNED** by

115. **Chusna Rizqati**

116.

117.

A handwritten signature in black ink, appearing to be 'Chusna Rizqati', is written over a light gray rectangular background.