



DOES INTELLECTUAL CAPITAL AFFECT THE DIRECTORATE GENERAL OF TAXES' ORGANISATIONAL PERFORMANCE?

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Abstract

Intellectual capital is one of the important capital assets that every private and public sector organization should properly manage. Intellectual capital refers to individuals' knowledge, skills, and innovations within an organization. It can create a competitive advantage and improve organizational performance when managed effectively. Optimal management of intellectual capital is particularly important in the public sector, as it can strengthen institutional capacity to deliver more efficient and effective public services, ultimately increasing citizen satisfaction. With the development of literature studies related to intellectual capital, it is found that testing conducted in the public sector is still limited. This research examines intellectual capital's influence on the performance of the public sector organization, specifically the Directorate General of Taxes. This research uses the Partial Least Square-Structural Equation Modeling analysis technique based on primary data sourced from an online questionnaire survey of employees of the Directorate General of Taxes from various levels of positions at Tax Service Offices in the DKI Jakarta area and its surroundings and a sample of 52 observations was obtained. The research concludes that public structural and relational capital positively impact organizational performance. Meanwhile, public human capital does not influence organizational performance. This study is expected to contribute to developing theory and practice not only to intellectual capital as an intangible asset but also to human resource management, organizational infrastructure, and external relations in the context of public services. In addition, the findings of this study can serve as a basis for formulating policies and actions that can improve the effectiveness and efficiency of public institutions, as well as encourage further discussion regarding the management of intellectual capital to achieve more sustainable public sector organizational goals.

Keywords: Intangible assets, Intellectual capital, Organizational performance, Public sector organization

INTRODUCTION

Conceptually, performance is the future value of specific criteria set according to the organization's needs (Lebas, 1995). The performance of an organization cannot be achieved only from the internal side, but it has been proven to be influenced by many factors that play a role in creating its success or failure (Suryani, 2018), including public sector organizations or government. Government performance is related to the results of government activities and programs that will or have been achieved using the budget with measurable quantity and quality. Furthermore, organizational performance is influenced by various interrelated and complex factors. This complexity arises from the dynamic interaction between all elements in the organization, so organizations must have high flexibility and adaptability to overcome challenges and continue to perform optimally.

Organizational performance optimization cannot be achieved without good performance measurement. Performance measurement can be defined as the quantitative and qualitative calculation of various inputs, outputs, and activity levels of an activity or process (Radnor & Barnes, 2007). Organizational performance measurement is crucial because it provides an objective evaluative basis for goal achievement and operational efficiency. However, the Directorate General of Taxes, like many public sector organizations, faces challenges in maintaining organizational performance, particularly in meeting IKU or key performance indicators achievements from 4 (four) perspectives, namely stakeholder, customer, internal process, and learning and growth perspectives, where these four perspectives are adopted from the balanced scorecard approach. Mohrman et al. (1995) and Sun (2000) found that total quality management can improve organizational performance. Through performance measurement as part of total quality management, organizations can identify



successes and weaknesses in various aspects, including human resource management and response to market changes.

Performance measurement using metrics and key performance indicators helps organizations measure organizational progress against strategic goals, identify areas that require improvement, and provide a basis for better decision-making (Dipura & Soediantono, 2022). Overall, performance measurement plays an essential role in increasing accountability, encouraging employee motivation, and providing stakeholders with a clear picture of the value created by the organization. The importance of organizational performance measurement not only increases transparency but also helps the organization to continue to grow and adapt to a dynamic business environment.

Irmanto & Ridwan (2021) argued that many main things make an organization have a mission or mature plans to achieve a goal or target. Organizational performance measurement plays a crucial role in achieving the organization's targets. With excellent and measurable performance indicators, the organization can systematically evaluate the extent to which the organization can achieve the strategic goals set. Relevant performance indicators help organizations manage their performance efficiently and ensure that efforts and resources are allocated wisely to achieve the set goals. The measurement of organizational performance in the public sector is closely related to the performance achievements of Ministries/Institutions based on the performance indicators of each strategic goal. The Directorate General of Taxes' performance achievements are measured based on the 2020-2024 strategic planning and line ministries working planning in 2022 by comparing performance indicators' targets (plans) in the Renstra and Renja K/L and their realization. Based on these measurements, the Directorate General of Taxes' Organizational Performance Value (NKO) in 2022 was 112.39, higher than the NKO in 2021 of 108.61 (Direktorat Jenderal Pajak, 2023).

The adoption of IKU to measure The value of organizational performance (NKO) is conducted because the balanced scorecard can connect strategic planning with strategic outcomes that lead to improved performance (Erawan, 2019). It is supported by a statement from Walker (1996) that the balanced scorecard can provide greater flexibility and inclusiveness than other parameters, encourage organizational learning, accurately identify key success activities, and improve communication. As one example of a public sector organization in Indonesia, the Directorate General of Taxes has adopted the balanced scorecard approach to mitigate the possibility of performance decline caused by various organizational challenges.

One of the keys to achieving goals in each balanced scorecard perspective is the existence of intangible assets. From the overall perspective of stakeholders, customers, internal processes, and learning and growth, intangible assets such as customer satisfaction, reputation, employee knowledge, and innovation are essential indicators in increasing the organization's capacity to adapt and develop, as Firmansyah (2017) suggested that organizations can optimize the role of their employees in achieving competitive advantage and Campos et al. (2006) who mentioned that aspects related to intangible assets are potential in increasing the competitive level of the organization. Thus, along with adopting the balanced scorecard approach by the Directorate General of Taxes, understanding and managing intangible assets is crucial to achieving the desired balance of performance, especially in public sector organizations.

As one of the intangible assets owned by organizations, intellectual capital provides a foundation for innovation and competitive advantage. Intellectual capital has a positive impact not only on the private sector but also on public sector performance (Farah & Abouzeid, 2017). The expertise and creativity of individuals in the organization are irreplaceable resources that can create added value in public sector organizations (including the Directorate General of Taxes). In addition, innovations derived from intellectual capital can open up new opportunities, improve efficiency, and provide better competitiveness. Organizational



reputation, as an example of part of intellectual capital, plays a crucial role in building public trust. Organizations can achieve resilience and sustainable long-term growth by understanding, managing, and optimizing intellectual capital. Good intellectual capital management can help public sector agencies achieve their goals (Ramírez, 2010) and improve organizational outcomes (Awan & Saeed, 2015).

Previous research on intellectual capital has been conducted by Anggraeni & Indarti (2021), Santoso (2011), and Widarjo (2011), who examined intellectual capital disclosure in the corporate sector. Meanwhile, Firmansyah & Yusuf (2020) and Gaol et al. (2021) focused on formulating intellectual capital using financial statement data. Yunanto (2010), Ichsan et al. (2018), and Atidira & Priyono (2020) have examined intellectual capital in government using local government data and respondents. Similarly, Madjodjo & Dahlan (2020), Dewabrata et al. (2022), Dwiningwarni & Dindah (2017), Ednoer et al. (2022), Rivandi et al. (2021), Tahar & Kuncahyo (2020), and Hamdiah & Yulianti (2016) have examined the organizational performance of government agencies. Ednoer et al. (2022) examined intellectual capital at the Directorate General of Taxes through primary data collection from employees in the Account Representative position.

Research on the effect of intellectual capital on public sector performance in Indonesia is still limited. Although intellectual capital is recognized as a crucial asset in improving organizational performance, there is still a lack of research in this area, particularly in the public sector. In the context of public sector organizations, further research on how intellectual capital can influence the effectiveness and efficiency of services to the public can provide valuable insights for the development of policy, management, and best practices in the improvement of the performance of public sector organizations in Indonesia, particularly in the Directorate General of Taxes. Good service can increase taxpayer satisfaction, increasing tax compliance and revenue (Artawan et al., 2020).

This study examines the impact of intellectual capital on the organizational performance of the Tax Service Office, a vertical agency under the Directorate General of Taxes, by considering different levels of positions. The goal is to take a more comprehensive approach to the analysis. The research aims to provide a thorough understanding of how intellectual capital contributes to the overall organizational performance of the Directorate General of Taxes, from the managerial level (echelon III) to the operational level (implementers). The results of this study can assist the Directorate General of Taxes in designing a more efficient strategy to maximize the value of its intellectual capital.

LITERATURE REVIEW

Human capital is crucial in creating intellectual property since only human resources can create and possess knowledge (Bontis, 1998). As previously described, employees' knowledge and skills can significantly improve organizational performance (Kang & Snell, 2009; Subramaniam & Youndt, 2005). In an organization, employees are valued not only as assets but also as a source of knowledge that drives the movement and development of the organization. Their knowledge, skills, and intellectual contributions collectively form an intangible asset critical to the success and competitiveness of the organization. Sawarjuwono & Kadir (2004) reviewed that utilizing employee knowledge can increase the value of human capital. Human capital refers to an individual's behavior, intellect, talent, ability, and human relations (Schiuma & Lerro, 2008).

The concept of Public Human Capital (PHC) recognizes that each individual in an organization brings unique experiences, innovative insights, and skills that, if harnessed properly, can pave the way for more innovative, productive, and ultimately better-performing organizational processes. Employees are not merely following instructions but also creative



thinkers, problem solvers, and innovators who drive the development of new strategies and improve work processes. Strong Public Human Capital, established through investments in education, training, and capacity building, is expected to impact organizational performance positively.

According to the performance measurement framework developed by Lebas & Euske (2009), performance is not only measured through financial outputs or short-term tangible results but also through the organization's ability to achieve its strategic objectives and maintain and improve its competencies in the long term. The proposed hypothesis is that Public Human Capital (PHC), with their knowledge and continuous improvement in skills and capabilities, can accelerate the achievement of organizational objectives and facilitate the creation of sustainable added value in the long run. Therefore, hypothesis H1 assumes a positive causal relationship between the Public Human Capital (PHC) and organizational performance. This relationship can be realized through increased productivity, quality, and innovation. In conclusion, human capital, particularly Public Human Capital (PHC), significantly influences organizational performance. Investing in employees' knowledge, skills, and continuous improvement increases productivity, service quality, and innovation, driving long-term success and competitiveness.

H₁: Public human capital (PHC) positively affects organizational performance.

The intellectual capital model developed by Sánchez-Cañizares et al. (2007) places organizational culture as the core connected to all other components. This is consistent with Edvinsson's (1997) Skandia Navigator model, which centers cultural values on the intellectual capital component. Given its significant impact on employee perceptions, organizational culture is a crucial component of intellectual capital. Organizational culture not only shapes organizational identity but also influences the way employees interact and contribute. Building a strong cultural foundation is a major step in developing intellectual capital (Sánchez-Cañizares et al., 2007). According to Baroroh (2013), structural capital refers to the organizational capability that includes infrastructure, information systems, routines, procedures, and organizational culture that support employees' efforts to produce optimal intellectual capital. The components of an organization's resources include hardware, software, databases, organizational structure, patents, and reputation. Employees utilize these resources to support the organization's business processes and activities (Bontis, 1998). Previous research has shown that public sector organizations benefit from a positive effect on their performance when they have strong structural capital (Dewabrata et al., 2022; Ednoer et al., 2022; Farah & Abouzeid, 2017).

Previous research has shown that organizational culture significantly shapes employee behavior, daily work processes, and physical aspects such as information technology, databases, and patents. PSC is considered the key element that enables human resources to translate individual capabilities into effective and efficient collective achievements, promoting collaboration and innovation and ultimately contributing to desired performance outcomes. A strong PSC is expected to significantly impact various aspects of organizational performance, such as operational effectiveness, service quality, and strategic capabilities. Therefore, hypothesis H2 assumes a positive causal relationship between the Public Structural Capital (PSC) and organizational performance.

In conclusion, organizational culture is pivotal in shaping employee behavior and interactions, which is crucial for developing intellectual capital. As highlighted by previous research, a strong organizational culture fosters collaboration and innovation, driving performance outcomes. Similarly, structural capital, encompassing infrastructure and organizational systems, supports employees in utilizing resources effectively. Evidence suggests that public sector organizations with robust structural capital demonstrate improved



performance. Hence, there is a strong assumption of a positive relationship between Public Structural Capital (PSC) and organizational performance, emphasizing the importance of nurturing cultural and structural elements for organizational success.

H₂: Public structural capital (PSC) positively affects organizational performance

Public sector organizations do not operate independently but engage in various relationships with other organizations, both governmental and non-governmental. Cooperation between government institutions and these partners creates synergies that can be reflected in varying degrees of intensity, continuity, and structure. Campos et al. (2006) found that the intellectual capital model covers relationships with providers, partners, institutional image, and the press. Public trust, which is the basis for public compliance, is a necessity for the success of government programs (Chanley et al., 2000). Mehdivand et al. (2012) concluded that relational capital positively influences organizational performance and business orientation. F-Jardón & Susana Martos (2009) found that the combination of relational and structural capital drives organizational performance. Furthermore, Jardon & Martos (2012) found that relational capital enhances organizational capability and, in turn, organizational performance.

Referring to the concepts expressed by previous researchers, Public Relational Capital (PRC) defines the overall relationship that a public sector organization builds with its stakeholders, including other government agencies, the private sector, the community, and the media. The effectiveness and efficiency of an organization in carrying out its duties and improving the quality of public services provided can be significantly impacted by PRC components such as credibility, trust, and a strong network of cooperation. Hypothesis H₃ suggests a positive relationship between Public Relational Capital and the performance of public sector organizations.

This hypothesis is based on the argument that the PRC provides access to external resources, valuable information, and support that can optimize organizational operations and improve institutional responsiveness to public needs and expectations. The ability of an organization to establish and maintain positive relationships with various stakeholder groups leads to effective and efficient resource exchange. This, in turn, strengthens the organization's capacity to develop and deliver targeted and quality programs.

Based on the research conducted by Mehdivand et al. (2012) and F-Jardón & Susana Martos (2009), it is evident that relational capital has a positive impact on organizational performance. Therefore, PRC is considered a crucial factor in measuring the performance of public sector organizations. Furthermore, Jardon & Martos (2012) conducted research that supports the notion that the PRC enhances organizational capabilities and indirectly improves organizational performance by increasing capacity and capability. Therefore, hypothesis H₃ assumes a positive causal relationship between the Public Relational Capital (PRC) and organizational performance.

In conclusion, public sector organizations' effectiveness relies heavily on cultivating strong relationships with various stakeholders, including government agencies, the private sector, communities, and the media. Previous research underscores the positive impact of relational capital on organizational performance, emphasizing the importance of Public Relational Capital (PRC) in optimizing operations and responsiveness to public needs. The hypothesis suggests a positive correlation between PRC and organizational performance, highlighting the pivotal role of fostering trust, credibility, and cooperative networks in enhancing the quality and delivery of public services.

H₃: Public relational capital (PRC) positively affects organizational performance.



METHODS

This study employs primary data processing with random sampling techniques. The primary data was obtained by distributing questionnaires to employees of the Directorate General of Taxes from various levels of positions. This approach enables researchers to analyze various aspects of each function's responsibilities and duties. The research aims to enhance understanding of the intellectual capital component at the Tax Service Office. To ensure objectivity and representativeness, a random sampling approach was chosen.

The process of collecting respondent data was carried out through the distribution of questionnaires, which can be accessed online via the link <https://bit.ly/Kuesioner-IC-KPP>. By utilizing this online distribution, the study efficiently collected respondents' responses. The link facilitates easier and faster participation and provides practicality in managing the data required for further analysis. The measurement scale on each questionnaire item used a Likert scale of 1 [Strongly Disagree (STS)] to 6 [Strongly Agree (SS)].

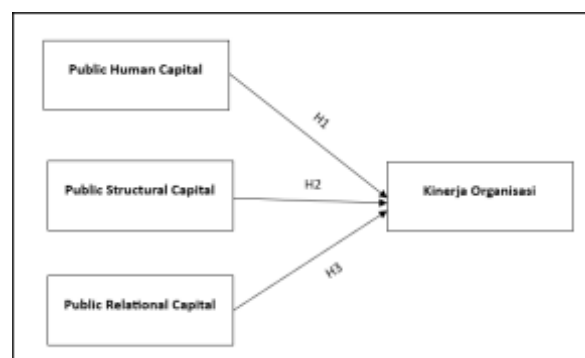
The questionnaire was structured into two segments. The first segment covered aspects of respondent identity, such as gender, age, latest education, and tenure. The second segment explored respondents' perceptions of various intellectual capital. This approach allowed the research to extract important demographic information from respondents and also delve into their views and assessments of the key elements of intellectual capital that were the focus of the research.

The study considers organizational performance as the dependent variable. According to Dwiyanto (2008), indicators for organizational performance include productivity, service quality, responsiveness, responsibility, and accountability. The dependent variable, organizational performance, was tested using 10 statement items. The intellectual capital as an independent variable developed by Campos et al. (2006), which includes public human capital (PHC) outlined in 10 question items, public structural capital (PSC) outlined in 15 question items, and public relational capital (PRC) outlined in 7 question items.

The research employed Partial Least Square-Structural Equation Modeling (PLS-SEM), a second-generation multivariate analysis technique. PLS-SEM combines partial regression and least squares approaches to overcome sample limitations or non-normality of data (Hair et al., 2022). PLS-SEM is valuable for modeling relationships between abstract constructs or latent variables within a conceptual framework. It is commonly used in research methodology to test hypotheses and measure the strength and direction of relationships between variables in a model.

The conceptual model related to this research is described in Figure 1.

Figure 1
Conceptual Model



The subsequent phase entails testing them through various methods, including validity tests, reliability tests, descriptive statistics, and hypothesis testing, to accurately and precisely



investigate the correlation between the independent and dependent variables. Validity and reliability tests are utilized to evaluate the reliability of the measurement instruments in measuring the variables under study. Descriptive statistics provide a comprehensive description of the data distribution. Hypothesis testing is conducted to validate or reject the research hypothesis by testing the assumptions or claims. By utilizing these approaches, research can conduct a more thorough and comprehensive analysis of the correlation between public human capital (PHC), public structural capital (PSC), and public relational capital (PRC) with organizational performance (OP).

RESULTS AND DISCUSSIONS

The research was conducted between November 2023 and January 2024, resulting in 52 observations. Table 2 displays the validity test results for each variable. To ensure the validity of questionnaire items, the indicator used is the outer loadings factor value greater than 0.6 (Ghozali, 2016). The findings in the table indicate that the variables can be considered valid according to the criteria or references used.

Table 2
Validity Test Results

Item	Public Human Capital	Public Structural Capital	Public Relational Capital	Organizational Performance
PHC3	0,806			
PHC8	0,959			
PSC1		0,824		
PSC11		0,830		
PSC12		0,841		
PSC2		0,777		
PSC5		0,677		
PRC3			0,632	
PRC6			0,791	
PRC7			0,799	
OP3				0,804
OP4				0,856
OP5				0,891
OP6				0,847

Source: processed data

Table 3 shows the reliability test results using Cronbach's Alpha and Average Variance Extracted (AVE) values. The question items in the PHC, PSC, PRC, and OP variables utilized in this study are considered reliable, provided that the Cronbach's Alpha value is at least 0.6 (Hajjar, 2018) and the Average Variance Extracted (AVE) value is at least 0.5 (Hair et al., 2022).

Table 3
Reliability Test Results

Variable	Cronbach's Alpha	Average Variance Extracted (AVE)	Results
Public Human Capital	0,754	0,785	Reliable
Public Social Capital	0,850	0,627	Reliable
Public Relational Capital	0,619	0,554	Reliable
Organizational Performance	0,874	0,723	Reliable



Source: processed data

To ensure valid and reliable data, we conducted descriptive statistical processing outlined in Table 4. According to the table, it can be observed that the public human capital (PHC) variable shows a Cronbach's Alpha value of 0.754, the public social capital (PSC) variable demonstrates a Cronbach's Alpha value of 0.850, the public relational capital (PRC) variable exhibits a Cronbach's Alpha value of 0.874, and the organizational performance (OP) variable has a Cronbach's Alpha value of 0.874. All these variables have Cronbach's Alpha values exceeding 0.6, indicating that the questionnaire items across these four variables utilized in this study are deemed valid and reliable.

Table 4
Summary of Descriptive Statistics

Variable	Min.	Max.	Mean	Median	Standard Deviation
Public Human Capital	2,90	6,00	5,05	5,00	0,80
Public Social Capital	3,43	6,00	5,23	5,14	0,68
Public Relational Capital	2,86	6,00	5,00	5,29	0,87
Organizational Performance	3,18	6,00	5,16	5,18	0,78

Source: processed data

In the next stage, Table 5 summarizes the results of the hypothesis testing that has been carried out to provide an overall picture of the significance of the findings obtained. The hypothesis test conducted in this study utilized the Adjusted R Square value. This value reflects the proportion of variation in the dependent variable after considering the number of predictors or independent variables in the analysis. Table 4 above shows an Adjusted R Square value of 0.292. The results suggest that 29.2% of the variation in organizational performance can be explained by the independent variables analyzed: public human capital, public structural capital, and public relational capital. The remaining 70.8% can be attributed to other variables outside the research model, *ceteris paribus*.

A 0.1 or 10% P-value cutoff is commonly used in scientific literature to determine statistical significance (Stevens et al., 2019). This statistical measure aids researchers in evaluating hypothesis test results. The P-value, short for probability value, indicates how the observed data aligns or deviates from the proposed null hypothesis.

Table 5
Hypothesis Test Results

X -> Y	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values	R ²	R ² Adjusted
PHC -> OP	0,022	0,018	0,151	0,146	0,442		
PSC -> OP	0,330	0,341	0,162	2,031	0,021	0,335	0,292
PRC -> OP	0,318	0,333	0,156	2,037	0,021		

Source: processed data

In this study, the P-value for the public human capital (PHC) variable is 0.422, suggesting that this variable has no significant impact on the organizational performance variable (H1 is rejected or not supported). The test result is consistent with Ednoer et al. (2022) findings but not with those of Dewabrata et al. (2022), Kang & Snell (2009), Sawarjuwono & Kadir (2004), Subramaniam & Youndt (2005), and Farah & Abouzeid (2017). Dewabrata et al. (2022) test was conducted on different government agencies and focused solely on spending performance. On the other hand, the results of hypothesis testing indicate that public structural



capital (PSC) positively affects spending performance (H_2 accepted, P -value = 0.021). This finding is consistent with previous studies by Dewabrata et al. (2022), Ednoer et al. (2022), Farah & Abouzeid (2017), and Subramaniam & Youndt (2005). The final test result indicates that public relational capital (PRC) positively impacts the organizational performance (OP) of the Directorate General of Taxes with a P -value of 0.021, thus accepting hypothesis 3 (H_3). This finding confirms the results of Dewabrata et al. (2022) and Ednoer et al. (2022).

Despite having access to several qualified human resources, there is no strong or linear relationship between their use and the achievement of organizational performance. One reason for this result is the mismatch between the qualifications and expertise of the human resources at the Directorate General of Taxes and the demands of the organization's work or mission. The Directorate General of Taxes may have competent employees, but if their skills do not align with their duties, it can compromise their effectiveness. Lack of employee motivation or engagement can also be a significant factor. When human resources do not feel engaged or motivated to achieve organizational goals, it can hinder productivity and overall performance. The inability of human resources to positively impact the organizational performance of the Directorate General of Taxes can also be influenced by internal management factors, such as a lack of support from leadership. These findings illustrate the complexity of factors that can affect the effectiveness of the Directorate General of Taxes' utilization of public human capital.

The Directorate General of Taxes owns public structural capital, which includes policies, standard operating procedures, and knowledge management systems in the form of training or employee capacity building. These elements can enhance the efficiency and effectiveness of the organization. Clear and structured policies and standard operating procedures can ensure consistency in organizational actions and decisions, ultimately impacting the organization's performance. Additionally, employees perceive the organizational structure as adequate for effective coordination within and between sections. Furthermore, with room for employees at the Directorate General of Taxes to develop their capacity, a learning and innovation-oriented organizational culture will be established. Employees who feel supported to learn and develop their skills continuously tend to be more proactive in seeking new solutions, identifying opportunities, and contributing to the overall organizational performance of the Directorate General of Taxes. According to Campos et al. (2006), good organizational performance is closely related to an organization's ability to establish positive relationships with various parties and other organizations.

This study found that the Tax Service Office has successfully developed effective cooperation with various internal and external agencies to the Directorate General of Taxes. The success in building partnerships with other agencies reflects the Directorate General of Taxes' ability to collaborate strategically, improving efficiency and effectiveness in implementing its duties and responsibilities. The ability of the Directorate General of Taxes to establish robust working relationships with other agencies demonstrates a dedication to the principles of good governance and a positive contribution to the overall performance of the organization.

CONCLUSIONS

Focusing on the Directorate General of Taxes, the study revealed significant insights into the factors influencing organizational performance. This study finds that public structural capital (PSC) and public relational capital (PRC) play pivotal roles in enhancing the efficiency and effectiveness of the organization. These findings underscore the importance of organizational structures and relationships within the tax authority. However, despite the acknowledged significance of human capital in organizational success, the study surprisingly found that public human capital does not influence the organizational performance of the



Directorate General of Taxes. It suggests potential areas for further investigation into the specific dynamics of human capital utilization within governmental tax agencies, aiming to optimize performance outcomes.

However, the study's constraint lies in the limited number of observations obtained through its primary data collection, potentially impacting the validity and representativeness of the conclusions drawn. When research is based on a small sample, it can be challenging to generalize the findings to the larger population of employees at the Directorate General of Taxes. Using a limited sample size of employees from the Tax Service Office in DKI Jakarta and surrounding areas may reduce statistical precision and produce unreliable results. Additionally, this approach can lead to potential bias due to the tendency of homogeneity in respondent data sourced from the same area.

Another limitation identified in this study is its restricted scope of respondents, which could lead to findings that may not accurately reflect the actual conditions within the Directorate General of Taxes. To increase the validity of the test results, future research should consider using a larger sample size. This can reduce the risk of statistical error and increase the reliability of the findings. Therefore, selecting a larger sample in future research can significantly improve the accuracy of the effect of intellectual capital on the organizational performance of the Directorate General of Taxes.

The limited number of references discussing intellectual capital in the public sector suggests a challenge in understanding its role in government entities. This indicates a greater focus on studying intellectual capital in the private sector compared to the public sector. The management of intellectual capital is crucial in the public sector to enhance efficiency, innovation, and the achievement of strategic objectives. Therefore, it is essential to have extensive research and literature on intellectual capital in the public sector to guide policies and best practices that can improve the performance of government institutions, including the Directorate General of Taxes.

Building upon these findings, the Directorate General of Taxes should translate its understanding of the vital role played by intellectual capital, especially public structural capital and public relational capital, into actionable policy measures. By integrating insights from the research into policy formulation, the tax authority can develop strategies to harness and optimize intellectual capital to improve organizational performance. This may involve initiatives such as investing in training programs to enhance staff skills and knowledge, fostering collaboration and knowledge sharing among employees, and implementing systems to manage intellectual assets effectively. By strategically managing its intellectual capital, the Directorate General of Taxes can enhance operational efficiency and effectiveness, leading to better execution of government duties and responsibilities.

Based on the implications and limitations identified, further research on the influence of intellectual capital utilization on the performance of the Directorate General of Taxes should delve deeper into contextual evaluations. This entails considering moderating variables that could significantly influence the relationship between intellectual capital variables. By conducting a more comprehensive analysis, researchers can gain a nuanced understanding of how intellectual capital contributes to organizational performance. Additionally, exploring these moderating variables will provide valuable insights into optimizing the utilization of intellectual capital for improved performance outcomes.

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