



(RESEARCH ARTICLE)



## Mediation of employee performance: Quality of government governance, the application of information technology and the optimization of regional tax revenue

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World Journal of Advanced Research and Reviews, 2024, 23(02), 551-562

Publication history: Received on 22 June 2024; revised on 03 August 2024; accepted on 06 August 2024

Article DOI: <https://doi.org/10.30574/wjarr.2024.23.2.2317>

### Abstract

This research aims to determine the influence of the quality of government governance and the application of information technology on optimizing regional tax revenues in Denpasar City. The sample determination method in this research used non-probability sampling, namely purposive sampling. The respondents in this study were 202 employees who were obtained from the criteria determined by the researchers. The data analysis technique used in this research is SmartPLS (Structural Equation Modelling). Based on the results of the analysis, it can be concluded that the quality of governance variables, the application of information technology can increase the optimization of regional tax revenues and the high-performance variables will work well so that public services provided can improve, so this is in line with the optimization of tax revenues in Denpasar City.

**Keywords:** Government governance; Application of information technology; Employee performance; Optimization of local tax revenues

### 1. Introduction

It is believed that regional income from the tax and customs sector can encourage overall development and welfare of society. The City of Denpasar launched a superior innovation to support the acceleration and expansion of regional digitalization where this innovation will help the City of Denpasar to realize tax revenue transparency which will help increase regional income in the City of Denpasar. However, this digitalization innovation only helps the people of Denpasar City in paying local taxes.

The digitalization of Denpasar City, when compared with Bangli Regency, where this area has recently experienced an increase in visitors and has become the most sought after tourist destination, still experiences a very large difference. Bangli district's digitalization is considered very transparent and really helps the authorities to increase their tax revenues, where by installing POS (point of sale) equipment, this tool is able to monitor local tax developments. The Bangli Regency Government has also implemented a policy of installing electronic hotel and restaurant tax transaction data applications for taxpayers. This application can analyze and reveal data that is suspected of not being compliant with tax obligations (Bangli Regency Government- TAXES, n.d.).

As for other phenomena, according to statistics from the Bali Province Central Statistics Agency (BPS) in 2022, Denpasar City's PAD in 2020 reached IDR 731 billion and in 2021 it will be IDR 792 billion. This amount is divided into regional taxes, regional levies, the impact of structuring separated regional assets, and other legal PAD. from 2020 to 2021, there will be a decrease and also an increase in taxes with details, namely, regional levies which initially reached IDR 29 billion to IDR 23 billion, the impact of regional wealth management which was separated from IDR 56.6 billion to IDR 53.9

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billion, while other legitimate PAD faces an increase from IDR 155 billion to IDR 193 billion. Based on these details, it turns out that Denpasar City's regional tax revenue is not only supported by hotel and restaurant taxes because this tax object is not the biggest contributor to Denpasar City's PAD and up to now the target of achieving Denpasar City's tax revenue still faces obstacles where there are still many taxpayers who have not paying attention to their obligation to pay taxes, apart from that there is also a lack of knowledge and understanding in paying taxes because people are considered capable of paying taxes but there are still many who are in arrears and their payments are not on time. This will certainly affect the targets that the regional government wants to achieve.

In accordance with Bali Province Regional Regulation Number 10 of 2016 concerning the Formation and Structure of Regional Apparatus and based on Bali Governor Regulation Number 66 of 2018 concerning the position, organizational structure, duties and functions, as well as work procedures of the Bali Province Regional Revenue Agency, it is stated that the Provincial Regional Revenue Agency Bali has the main task "Optimizing PAD towards Fiscal Independence in Regional Development of Bali Province (Sulaeman & Andriyanto, 2021). Optimizing tax collection really needs to be done so it is important for further analysis regarding the factors that impact tax optimization.

Factors that influence tax optimization are inadequate organizational structure, updating the tax data base, condition of human resource performance, use of information technology, strengthening regulations or good and quality governance as well as supporting infrastructure (Effendi et al, 2021). Similar research by (Oktavianto, 2021) states that tax optimization or increasing tax revenue can be achieved with maximum employee performance. Performance is a description of the level of success in achieving the implementation of an activity/program/policy in realizing the goals, objectives, mission and vision of an organization as stated in an organization's strategic planning. The success of an organization is largely determined by the quality of the people who work in the organization. Performance appraisal is often considered one of the most important practices in human resource management. Performance assessment is synonymous with performance reports, performance evaluations, and a combination of both (Pertama & Sudibya, 2022).

According to Gultom (2016), performance variables can be significantly positively influenced by the quality of good governance or good government governance. Implementing good governance practices can be done in stages according to the capacity of government, civil society and market mechanisms. One strategic choice for implementing good governance is through the provision of public services (Dahlan & Sumaryana, 2017). Regarding the governance of the Denpasar City Revenue Agency in 2021, survey results state that the level of public satisfaction with the Denpasar City Revenue Agency is still relatively good. With this research, it is hoped that agencies can make further improvements regarding governance. This is different from Sayidah's (2017) research which states that there is no significant influence between the quality of government governance and performance.

The employee performance variable in this research is used as a mediating variable, because the mediating variable has the function of connecting two other variables. In addition, media variables allow researchers to more easily understand the relationship between dependent and independent variables in (Puspitaria & Hendarsjah's, 2022) research. The choice of employee performance as a mediating variable is because employee performance variables are very relevant and important in the process of using information technology and are affected if the quality of government governance runs well. Employee performance variables can also be easily managed and controlled by management, this is what underlies the selection of ideal mediating variables (Linda et al, 2014).

Furthermore, another factor that influences employee performance, apart from implementing good governance according to Rentika (2017), is the variable use of technology. Utilization of information technology is the benefit expected by information system users in carrying out their duties or behavior in using technology when doing work. One of the expected benefits is increased performance which is part of the performance accountability of government agencies, (Nasir & Oktari, 2018). However, there are problems faced by the Denpasar City Bapenda in implementing information technology, especially in implementing Regional Government Transaction Electronification (ETPD). The problems faced in implementing ETPD include not all PAD sources being managed by utilizing information technology (potential data collection, payment systems and internet networks), not yet optimal cooperation with banks to realize ETPD and not yet optimal socialization to the public regarding non-cash transactions / digital / cashless payments. So Bapenda should be able to improve the quality of the use of information technology because according to previous research by Siregar & Suryanawa (2018) and Alexsdipa & Dwiana Putra (2022) which found that the use of information technology has a positive influence on employee performance. Apart from that, the internal problem at Bapenda is that appropriate information technology management has not been achieved, thus highlighting why information technology is important (Vergantana, 2019). This means that the higher the level of information technology utilization causes increased employee performance. However, different results were obtained in research by Nasir & Oktari (2018) which found that the use of technology had no effect on employee performance.

## 2. Literature Review and Hypothesis Development

The relationship between government governance and tax revenue explains that there are three key elements that reflect the relationship between government governance, taxation and the investment climate. The quality of governance influences the tax system and good government legitimacy, taxpayers' desire to pay taxes, and the effectiveness of tax administration which is the main pillar of a good tax system. Good governance can influence a good economic growth system. Several studies show that institutional factors determine earnings performance (Bird et al , 2004). Bird et al. (2004) shows that law enforcement and government governance factors are important determining factors in tax revenue. The quality of government governance is important for regional tax planning and collection. When regional tax avoidance and corruption of public officials are generally negative, they have a negative effect on tax revenues as well as economic growth and development. Governance is the main factor that determines tax revenues. The quality of good governance encourages an adequate tax system, improved tax administration, better economic policies, and ultimately results in more tax revenues. Regional tax collection depends on well-managed tax administration and trust in the government, thus government governance has a positive and significant influence on tax revenues).

According to research by Suhendro et al (2021) states that government governance shows the relationship between per capita income and regional tax revenues and other research conducted by Sebele-Mpofu, F. Y (2020); Apriliana & Agustina (2017); Herdiansyah & Mukran (2022) stated that it has a significant positive effect on overall tax revenue. Thus, the first hypothesis that can be formulated in the research is:

H1: The quality of government governance has a positive effect on optimizing regional tax revenues

The quality of government governance is an important element in a country's development. Stewardship theory explains how organizational leaders must carry out their duties carefully and responsibly, which includes managing organizational resources, namely employees. In this context, the resources referred to in stewardship theory can be interpreted as employees, and responsibility can be interpreted as the performance possessed by employees (Kurniawati, 2023).

Performance is part of work productivity, which means that the activity process is carried out in a structured manner to explore the potential that exists in a commodity. Establishing good governance and accountability is very important to support the quality of performance of regional government institutions. Employee performance is an achievement of activities, programs, or policies in realizing the organization's vision and mission (Nurlela, 2015).

The results of this research are supported by research by Yusnar et al (2020); Dumbi et al (2022); Effendi et al (2021); Anggayana & Wirajaya (2019) stated that good government governance has a significant influence on employee performance and regional finances, because good internal conditions show a close relationship between decisions and the success of an organization. Other research, namely Febrianti & Priyadi (2022), stated that the application of the principles of good governance was implemented well, although in its application the principles of participation and strategic vision still needed to be improved. Things that become obstacles in implementing the principles of good governance. Thus, the second hypothesis formulated in this research is:

H2: The quality of government governance has a positive effect on employee performance.

Information technology is the technology used to manage data, including the process of obtaining, compiling, and storing it in various ways to produce quality information. In the context of stewardship theory, the use of information technology is expected to increase the efficiency and effectiveness of managing organizational resources, including workforce. Information technology makes it easier for someone to produce relevant, accurate and timely information whether used for personal or government purposes (Taufiq, 2018). The application of information technology provides several advantages, including the speed provided in carrying out tasks with complex calculations, consistency in data processing so that it does not change, accuracy and reliability that can be trusted compared to results carried out by humans (Sutarman, 2012).

Employee performance is the result of work in terms of quality and quantity achieved by employees, namely by carrying out responsibilities based on the tasks they have been given (Mangkunegara, 2017). The results of research conducted by Wiseliner (2013) state that information technology can be used as a benchmark in measuring employee performance. This is because information technology products are developing rapidly and adapting to market needs, making the data reporting process easier, thereby saving time. These results are supported by Fitriani (2018), where information technology has succeeded in supporting the dynamics of people's lives to become better, more characterized and

stronger, making it easier for employees to access all the company's needs. These results are supported by research conducted by Saputro & Efendi (2019), Febrianti & Priyadi (2022), Shintia (2021); Diansari et al (2020); Ariputra & Suaryana (2018) prove that information technology has a positive and significant effect on optimizing regional tax revenues.

H3: The application of information technology has a positive effect on employee performance

Stewardship theory views management as a party that can be trusted to act in the best possible interests of the public in general and shareholders in particular (Puspitarini in Lestari, 2013). This theory emphasizes that efficient and effective management of organizational resources, including tax revenues, can increase operational efficiency in collecting, processing and reporting tax data, reduce administrative costs and speed up work cycles. The concept of this theory is based on the principle of trust in those given authority, where local government officials are reflected as good stewards who carry out the tasks given by their superiors with full responsibility to prepare quality financial reports intended and used by the public and decision makers. economy.

The use of information and communication technology as one of the focuses in modernizing the tax administration system is basically to provide optimal service to taxpayers so that the tax administration process and service to taxpayers can be faster, easier and more accurate and is expected to increase tax compliance. The results of this research are also in line with the results of previous research by Lawin, L. M. (2023) which proves that information technology has an effect on tax revenue. This is supported by research conducted by Nugrahani, Y. P., & Mahi, B. R (2022) which found that the use of information technology had a positive effect on central tax revenues. These results are supported by research by Lianty (2019); Kristiana Yolanda Wula Djo (2022); Annisah & Susanti (2021) who prove that information technology has a positive effect on tax revenues.

H4: The application of information technology has a positive effect on optimizing regional tax revenues

Tax is one of the reliable state revenues. To optimize tax revenues as a source of state revenue, it is necessary to provide excellent service to every taxpayer. The quality of the performance of tax officials is crucial in the effectiveness of implementing laws and regulations in the tax sector. When it is related to optimizing tax revenue targets, employees must be competent, have technical skills and high morals. With good employee performance, it is hoped that it will be able to increase tax revenue by means of tax officials being able to provide good service to taxpayers so that this will increase taxpayer compliance in paying taxes which will later have an impact on increasing the tax revenue obtained.

This research is in line with research by Dahliah, D., & Saripuddin, D (2023) which states that employee performance has a positive and significant effect on regional tax revenues at the Makassar City Regional Revenue Agency. Meanwhile, research by Nasution, R. Z., & Tarmizi, H. B (2021) shows that there is a significant influence between the implementation of regional tax policies on increasing regional tax revenues through the performance of Padang Lawas Regency employees. Other research is supported by Ramadani & Syafari (2020); Sakir et al. (2021); Maharani et al (2022); Akbar (2020) stated that employee performance has a positive and significant effect on tax revenues.

H5: Employee performance has a positive effect on optimizing regional tax revenues

This stewardship theory describes how there is a strong relationship between organizational satisfaction and success in order to create public trust in government organizations. Meanwhile, according to (Murwaningsari, 2009). This theory is based on philosophical assumptions about human nature that humans can be trusted, are responsible, and are humans as individuals with integrity. The government acts as a steward with the function of managing resources and the community as the principal owner of the resources. There is an agreement between the government and the community based on collective trust in accordance with the direction of the organization's goals.

Good governance is defined as good corporate governance based on professional ethics in business/work and shows acceptance of the importance of a set of regulations or good governance to regulate the relationships, functions and interests of various parties in commercial affairs. According to the Indonesian Governance Index (IGI), implementation of good governance principles includes Participation (participation), Fairness (fairness), Accountability (responsibility), Transparency (openness), Efficiency and Effectiveness (effectiveness). In connection with the implementation of the performance of government employees in Indonesia, many cases of irregularities have been discovered, causing disappointment and loss of trust among the public in the government itself. To restore and be able to restore public trust, of course changes are needed in all fields, which of course can improve the quality of the government's performance itself. Performance accountability is a manifestation of the obligation of a government agency to be accountable for the success/failure of implementing programs and activities that have been mandated by

stakeholders to achieve the organization's mission in a measurable manner with performance goals/targets that have been determined through government agency performance reports. Information about accountability is required by the government. , because based on this information it becomes material for government decision making to make management improvements in the better administration of government affairs.

In line with research conducted by Maulina, R., & Ningsih (2023) stated that there is a strong influence between the application of good governance principles and the effectiveness of civil servants who work within the Department of Agriculture, on their performance and the research of Rini, S., & Sagoro , E. M (2016); Handayani & Suryani (2019); Azzindani & M. Irwan (2020); Azlina (2019) provides results that there is a positive and significant influence of good governance on employee performance.

H6: The role of employee performance can mediate the effect of the quality of government governance on regional tax revenues

Information technology is the technology used to process data, including processing, obtaining, compiling, storing, manipulating data in various ways so as to produce quality information, namely information that is relevant, accurate and timely, which is used for personal, business and other purposes. government. and Journals are strategic information for decision making (Jogiyanto, 2008). Appropriate use of information technology can produce access that can accelerate national development to become more democratic and sustainable in order to achieve a prosperous life. One of the expected benefits from the use of information technology in the government environment is improving the performance of government employees who are able to compete with the outside world in improving community welfare. According to research, Praditya, R. A., Prayuda, R. Z., & Purwanto, A (2023) states that the use of information technology has a significant effect on employee performance. Further research Heslina, H., & Syahrini, A (2021) shows that the information technology used must provide benefits and be supported by human resources who have expertise so as to create a work climate that can support employee and organizational performance at the Makassar City Regional Revenue Agency Office. These results are in line with research by Praditya, R. A., Prayuda, R. Z., & Purwanto, A (2023) which found that the use of information technology has a significant effect on employee performance. Further research Heslina, H., & Syahrini, A (2021); Suhartini & Nurariansyah (2021); Suryani, N. K., Warmana, G. O., & Wiguna, (2021); Sholikhin & Nasir (2023) show that the information technology used must provide benefits and be supported by human resources who have expertise to create a work climate that can support employee performance.

H7: The role of employee performance can mediate the effect of the application of information technology on regional tax revenues

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### 3. Material and Methods

This research was designed as research to explain the subject regarding the influence of the quality of government governance and the application of information technology on optimizing regional tax revenues in the city of Denpasar with employee performance as a mediating variable. To obtain a complete picture of the subject, this research moves from theoretical studies and empirical studies which is the basis of research in explaining the relationship between research variables.

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### 4. Result and Discussion

#### 4.1. Inner model evaluation test results

In this structural model, there are two dependent variables, namely: employee performance (Z) and Optimization of Regional Tax Revenue (Y). The coefficient of determination (R<sup>2</sup>) of each dependent variable can be presented in Table 1 below.

**Table 1** R-Square

Variable	R-square	R-square Adjusted
Optimization of Regional Tax Revenue (Y)	0.799	0.796
Employee performance (Z)	0.729	0.726

Primary Data, 2024

Based on Table 1, the model of the effect of the Quality of Government Governance and Application of Information Technology on employee performance gives an R-square value of 0.729, which can be interpreted to mean that the variability of employee performance variables can be explained by the variability of the Quality of Government Governance and Application of Information Technology variables of 72.9 percent, while 27.1 percent is explained by other variables outside those studied. Furthermore, the model of the influence of the Quality of Government Governance, Application of Information Technology, and employee performance on Optimizing Regional Tax Revenues gives an R-square value of 0.799 which can be interpreted to mean that the variability of the variable Optimizing Regional Tax Revenues can be explained by the variability of the variables Quality of Government Governance, Application of Technology Information and employee performance amounted to 79.9 percent, while 20.1 percent was explained by other variables outside those studied.

To measure how well the observation values are produced by the model and also the estimated parameters, it is necessary to calculate Q-square (Q<sup>2</sup>) as follows:

**Table 2** Q-Square

	SSO	SSE	Q <sup>2</sup> (=1-SSE/SSO)
Optimization of Regional Tax Revenue (Y)	2222,000	690,173	0.689
Employee performance (Z)	2222,000	914,327	0.589

Primary Data, 2024

The Q<sup>2</sup> value has a value in the range  $0 < Q^2 < 1$ , where the closer to 1 means the model is better. The results of these calculations show that the Q<sup>2</sup> value for the tax revenue optimization variable is 0.689, so it can be concluded that the model has very good predictive relevance. Thus, it can be explained that 68.9 percent of the variation in Regional Tax Revenue Optimization is influenced by the Quality of Government Governance, Application of Information Technology, and employee performance, while the remaining 31.1 percent is influenced by other variables not examined in this research.

Meanwhile, the Q<sup>2</sup> value for the employee performance variable is 0.589, so it can be concluded that the model has good predictive relevance. Thus, it can be explained that 58.9 percent of the variation in employee performance is influenced by the Quality of Government Governance and the Application of Information Technology, while the remaining 41.1 percent is influenced by other variables not examined in this research.

#### 4.2. Hypothesis Results

Table 3 shows that hypothesis testing on the influence of the Quality of Government Governance on the Optimization of Regional Tax Revenues produces a correlation coefficient value of 0.158, so the Quality of Government Governance has a positive effect on the Optimization of Regional Tax Revenues. The t statistics value was obtained at 2.455 ( $< t$ -critical 1.96) with a p value of  $0.014 < 0.050$ , so the influence of the Quality of Government Governance on Optimizing Regional Tax Revenue is significant. Thus, hypothesis 1 (H1) which states that the Quality of Government Governance has a positive and significant effect on the Optimization of Regional Tax Revenue is accepted.

The effect of the quality of government governance on employee performance produces a correlation coefficient of 0.459, so the quality of government governance has a positive effect on employee performance. The t statistics value was obtained at 5.999 ( $> t$ -critical 1.96) with a p value of  $0.000 < 0.050$ , so the influence of the quality of government governance on employee performance is significant. Thus, hypothesis 2 (H2) which states that the quality of government governance has a positive and significant effect on employee performance is accepted.

The effect of the application of information technology on employee performance produces a correlation coefficient of 0.423, so the application of information technology has a positive effect on employee performance. The t statistics value was obtained at 5.381 (> t-critical 1.96) with a p value of 0.000 <0.050, so the influence of the application of information technology on employee performance is significant. Thus, hypothesis 3 (H3) which states that the application of Information Technology has a positive and significant effect on employee performance is accepted.

**Table 3** Direct Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
X1. (Government Quality) -> Y. (Tax Revenue Optimization)	0.158	0.156	0.064	2.455	0.014
X1. (Quality of Government Administration) -> Z. (Employee Performance)	0.459	0.454	0.076	5.999	0.000
X2. (Utilization of Information_Technology) -> Y. (Tax Revenue_Optimization)	0.167	0.166	0.077	2.174	0.030
X2. (Utilization of Information_Technology) -> Z. (Employee Performance)	0.423	0.426	0.079	5.381	0.000
Z. (Employee Performance) -> Y. (Tax Revenue_Optimization)	0.610	0.611	0.066	9.189	0.000

Primary Data, 2024

The effect of the application of information technology on the optimization of regional tax revenues produces a correlation coefficient of 0.167, so the application of information technology has a positive effect on the optimization of regional tax revenues. The t statistics value was 2.174 (> t-critical 1.96) with a p value of 0.030 <0.050, so the influence of the application of information technology on the optimization of regional tax revenues is significant. Thus, hypothesis 4 (H4) which states that the application of Information Technology has a positive and significant effect on the Optimization of Regional Tax Revenue is accepted.

The effect of employee performance on Optimizing Regional Tax Revenue produces a correlation coefficient of 0.610, so employee performance has a positive effect on Optimizing Regional Tax Revenue. The t statistics value is 9.189 (> t-critical 1.96) with a p value of 0.000 <0.050, so the influence of employee performance on Optimizing Regional Tax Revenue is significant. Thus, hypothesis 5 (H5) which states that employee performance has a positive and significant effect on Optimizing Regional Tax Revenue is accepted.

**Table 4** Indirect Effect

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ( O/STDEV )	P values
X1. (Government Quality) -> Y. (Tax Revenue Optimization)	0.280	0.278	0.056	5.009	0.000
X2. (Utilization of Information Technology) -> Y. (Tax Revenue Optimization)	0.258	0.260	0.054	4.750	0.000

Primary Data, 2024

The quality of government governance towards optimizing regional tax revenues through employee performance has a correlation value of 0.280 with a t statistic of 5.009>1.96, and a p value of 0.000<0.050, so there is a significant positive indirect effect between the quality of government governance. towards Optimizing Regional Tax Revenue through employee performance.

The use of information technology to optimize regional tax revenues through employee performance obtains a correlation value of 0.280 with a t statistic of  $5.009 > 1.96$ , and a p value of  $0.000 < 0.050$ , so there is a significant positive indirect effect between the use of information technology on optimization. Regional Tax Revenue through employee performance.

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## 5. Conclusion

Optimal quality of government governance has a significant impact on improving employee performance. When employees work in an organized and well-managed environment, they tend to be more motivated and have a higher level of responsibility for the implementation of their duties. In this context, optimizing government governance includes implementing clear policies, transparent procedures, and efficient resource management. All this not only creates productive working conditions but also encourages employees to make maximum contributions in achieving overall organizational goals.

The application of information technology has become an effective solution in improving employee performance in various government agencies, including the Regional Revenue Service (Dispenda) office. With the adoption of information technology, employees can carry out their duties more efficiently because this technology allows for automation of work processes, centralized data storage, and ease of access to information needed to take quick and precise actions in accordance with society's needs.

The application of information technology not only has a positive impact on optimizing tax revenues, but also significantly increases effectiveness and efficiency in the entire process of collecting, processing and reporting tax data. By adopting sophisticated technology systems, tax agencies can implement automation methods that reduce human error, speed up response times to regulatory changes, and provide real-time access to necessary tax information. In addition, information technology also facilitates cross-departmental data integration, enables deeper analysis of tax payment patterns, and supports better strategic decisions in improving overall tax compliance and revenue.

A high level of employee performance has a crucial role in improving the overall quality of public services. When employee performance is optimal, the services provided to the community will not only be more effective but also more responsive to public needs. This means that service processes such as administrative completion can be completed more quickly and more accurately. Community satisfaction with these services directly impacts positive perceptions of local government performance and strengthens the tax base because residents feel that the value of the taxes, they pay is commensurate with the services they receive. Thus, improving employee performance is not only beneficial from an administrative perspective but also substantially increases interaction between local government and the community, builds stronger trust, and increases participation in fulfilling tax obligations. There is a close relationship between the quality of government governance and employee performance, and optimizing tax revenues. When all these factors work in harmony, the result is a significant increase in admissions

The application of information technology not only makes a significant contribution to increasing service time efficiency, but also has a broad positive impact on overall employee performance. In the context of tax revenues, this indicates that the use of information technology can directly optimize the amount of revenue obtained by the Denpasar City Regional Revenue Service (Dispenda) office. Information technology systems also facilitate better integration between internal and external data, enable deeper analysis of tax payment trends, and support more effective strategic decision making in increasing compliance levels and overall tax management efficiency. Thus, the effective application of information technology is not only beneficial from an operational perspective, but also makes a real contribution to improving the quality of public services and strengthening the tax base in the region.

### 5.1. Managerial Implication

Theoretically, this research provides additional in-depth insight into various factors that have a significant impact on optimizing regional tax revenues. The factors that will be studied include the quality of government governance, which includes policy clarity, transparency of management processes, and accountability in the use of public resources. In addition, the research will also examine how the application of information technology can speed up and increase efficiency in the collection, processing and reporting of tax data. The theory that will be adopted in this research is stewardship theory, which suggests that effective management of public resources will encourage responsible and efficient practices on the part of the government. By studying it in depth, it is hoped that this research can make a meaningful contribution in developing better strategies and policies to increase regional tax revenues and strengthen overall government governance.



Not only that, the results of this research also support the theory used, namely stewardship theory which emphasizes the responsibility of agencies in carrying out their duties in achieving optimization of local tax revenues. The government governance variable, stewardship theory is useful for creating a clean, transparent and accountable bureaucracy, where employees are seen as stewards who serve the public interest. In terms of employee performance variables, stewards theory can encourage employees to be more committed to the vision and mission of the organization and increase employee responsibility and creativity at work. Stewardship theory in optimizing local taxes can motivate employees to be more optimal in tax collection and provide more transparent and accountable tax information. Apart from that, it is also useful for facilitating analysis of regional tax data for evaluation and policy formulation because of the ease of using information technology.

Practically, this research can be used by academics in terms of developing science and also for local governments in realizing the optimization of regional tax revenues which can be carried out by improving government governance, implementing information technology, and improving employee performance.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

The authors declare no conflict of interest.

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