

INNOVATION IN THE PROCUREMENT OF GOVERNMENT GOODS AND SERVICES IN ORDER TO INCREASE THE TAX COMPLIANCE INTENTION OF MSME ACTORS

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Abstract: *The participation of MSMEs in government procurement of goods and services has been running since 2015, but there are still a number of obstacles in its implementation. MSMEs contribute around 60% of Gross Domestic Product (GDP) and absorb more than 97% of the workforce in Indonesia. This great potential makes the involvement of MSMEs in government procurement of goods and services an important strategy to drive the economy. In addition to playing a role in the procurement of goods and services, MSMEs are also expected to contribute to state revenues through taxes. Through the Business Development Services (BDS) program, the Directorate General of Taxes seeks to assist MSMEs in developing their businesses and increasing tax awareness. In 2024, the Central Jakarta Regional Office of the Directorate General of Taxes will hold a PBJ innovation program integrated with the BDS program, it is hoped that MSMEs can be more independent in managing their financial administration and taxation, so that they can gradually increase their tax contribution to the state. Using the Participatory Action Research method, this research aims to analyze the PBJ innovation carried out by the Central Jakarta Regional Office of the Directorate General of Taxes in increasing tax compliance of MSMEs in Indonesia. The results of the study indicate that the PBJ-BDS innovation is capable of increasing tax awareness and compliance among MSMEs, as well as encouraging independence in financial and tax administration management. This strategy not only strengthens the position of MSMEs in government procurement, but also contributes to state revenue and the sustainability of MSME businesses in Indonesia. This research is expected to contribute to the development of more adaptive and innovative policies so that PBJ innovation can become an effective instrument in encouraging MSMEs to comply with tax regulations, as well as creating a more stable, competitive, and equitable economic ecosystem in Indonesia.*

Keywords: *MSMEs, procurement, taxes, PBJ*

1. Introduction

The procurement of government goods and services has a crucial role in supporting the implementation of the State Revenue and Expenditure Budget (APBN),

especially since most of the government budget is channeled through the procurement process. According to Darwin (2023), this procurement process includes the purchase of goods, expenditures on capital expenditures, as well as part of the allocation of social expenditure and grants. Thus, the implementation of the procurement of goods and services is not solely intended to meet the operational needs of the government, but also acts as a strategic fiscal policy tool (Maryanto et al., 2022). Through this procurement, the government can encourage economic growth, expand job opportunities, and strengthen the nation's competitiveness. According to Triasti (2021), the budget allocation for procurement sourced from the State Budget and Regional Budget is also intended for the provision of public goods and services, which have a wide impact on the community. Therefore, the success of procurement is very decisive in supporting the achievement of overall national development goals.

Government procurement of goods and services has become a strategic instrument to increase transparency, efficiency, and accountability through the implementation of e-procurement. According to Zahra et al. (2021), the implementation of e-purchasing is able to expand market access and significantly reduce the chance of fraud through stronger internal controls and reduced direct interaction between providers and committees. According to Sitompul (2022), e-procurement reflects the principles of clean governance, as well as being a means of bureaucratic reform in creating an open and competitive procurement system. Meanwhile, Hoekman and Taş (2022) highlight that e-procurement designed with open procedures and the division of contracts into small parts can increase the participation of MSMEs in public tenders.

In 2023, the government has set a budget for the procurement of goods and services of IDR 1,175.56 trillion. Of this total, IDR 810.92 trillion is allocated to external providers. Until mid-2023, the realization of expenditure reached IDR 529.51 trillion or around 65.3% of the plan (LKPP, 2023). This achievement confirms the magnitude of the contribution of the procurement of goods and services to the national economy. The procurement of goods and services by the government has been considered an important policy tool in encouraging the development of Micro, Small, and Medium Enterprises (MSMEs) (Liu et al., 2024). Within the framework of government procurement, a budget ceiling of up to IDR 15 billion is allocated specifically for small businesses and cooperatives, except for jobs that require certain

technical skills that cannot be met by small businesses (Astuti & Widnyani, 2019). Thus, this policy strengthens the role of MSMEs as an economic driving sector that is able to create jobs, increase people's income, and reduce economic disparities.

Based on data from the Central Statistics Agency (BPS), MSMEs account for around 60% of the Gross Domestic Product (GDP) and absorb more than 97% of the workforce in Indonesia (Nursini, 2020). This great potential makes the involvement of MSMEs in the procurement of government goods and services one of the important strategies to move the wheels of the economy. In addition, the involvement of MSMEs in PBJ plays a role in encouraging inclusive and sustainable economic growth potential. This can be seen in government policies outlined through Presidential Regulation Number 16 of 2018 concerning the procurement of goods and services, which aims to increase MSME participation, economic equity, and sustainable procurement. This policy was then strengthened through Presidential Regulation Number 12 of 2021, which requires ministries, institutions, and local governments to allocate at least 40% of the goods and services budget for MSMEs and cooperatives (Anatan & Nur, 2023). With this policy, the government hopes that MSMEs can more actively participate in the procurement of goods and services and encourage their business growth significantly.

Harahap (2023) shows that training and capacity building of human resources are needed so that MSMEs can compete in government procurement. Iqbal (2020) stated that the digitization of the procurement of goods/services through e-catalogs provides great opportunities for MSMEs to be directly involved in government projects. Diani and Lubis (2022) show that the implementation of e-catalogs encourages MSME participation and accelerates the realization of regional budgets. Therefore, strengthening the government's procurement system of goods and services must be accompanied by training, mentoring, and capacity building of human resources so that the procurement process can run effectively and provide maximum benefits for national development (Rahayu & Murtinah, 2022).

The participation of MSMEs in the procurement of government goods and services has been running since 2015, but there are still a number of obstacles in its implementation. One of the main obstacles faced is the low number of MSME products that have successfully entered the government's e-catalog, the main platform used in the procurement of goods and services (Iqbal, 2020). According to the Presidential Staff

Office (2022), the number of MSME products listed in the e-catalog reached 1,620,821 products, but providers from MSMEs only amounted to 33,087 business units. In this case, the government allocates IDR 331.39 trillion for central and regional government spending, but the realization of spending for MSMEs has only reached 42.78% (Presidential Staff Office, 2022). This condition indicates the need to increase the capacity of MSMEs to be better prepared to meet the needs of government procurement of goods and services, both in terms of product quality and distribution efficiency in the e-catalog.

In addition to playing a role in the procurement of goods and services, MSMEs are also expected to contribute to state revenue through taxes (Aprilia & Johantri, 2022). However, the contribution of MSME taxes to national revenue is still relatively low. One of the factors that causes the low tax contribution of MSMEs is the limitation in tax bookkeeping and administration capabilities (Astuti & Widnyani, 2019). Many MSMEs do not understand the importance of good financial report management and tax administration so that they find it difficult to meet their tax obligations. In addition, the research of Dwitrayani (2020) and Riyadi et al. (2024) also found that this low contribution is caused by a lack of knowledge and understanding of taxation, limited administrative capabilities, and a lack of tax socialization and education among MSME actors.

Based on Law Number 7 of 2021 concerning the Harmonization of Tax Regulations, the government seeks to ease the tax burden of MSMEs by setting a non-taxable income limit (PTKP) for MSMEs. Thus, only MSMEs with a turnover above PTKP are taxed at 0.5% (Yolanda, 2024). This policy is a concrete step by the government to support the growth of MSMEs through lighter tax incentives.

As an institution that focuses on state revenue, the Directorate General of Taxes (DGT) also pays special attention to MSMEs. Through the Business Development Services (BDS) program, the DGT seeks to assist MSMEs in developing their businesses and increasing tax awareness. In the context of PBJ, the DGT plays a role as a partner that encourages MSMEs to be involved in the procurement of government goods and services (DDTC News, 2024). This program aims to strengthen the relationship between the DGT and MSMEs, so that business actors can see firsthand the benefits of the taxes they pay. However, the Minister of Cooperatives and SMEs stated

that the tax contribution of MSMEs to national tax revenue is still low (Catriona, 2021). This shows that there is still a need to increase tax awareness and understanding among MSMEs through various more effective strategies. Through PBJ's innovation integrated with the BDS program, it is hoped that MSMEs can be more independent in managing their financial and tax administration, so that they can gradually increase their tax contribution to the state.

This research is motivated by the need for a more integrative approach between the procurement of goods and services (PBJ) policy and tax policy, especially in the context of increasing MSME tax compliance. The formulation of the problem that is the focus of this study includes how the form of PBJ innovation carried out by the Central Jakarta DGT Regional Office in supporting local MSME products and how the initiated Business Development Services (BDS) program can encourage tax compliance in a sustainable manner. This study aims to analyze PBJ innovations carried out by the Central Jakarta DGT Regional Office in improving MSME tax compliance in Indonesia. This research is expected to provide a comprehensive overview of the implications of PBJ's innovation program that supports the use of local MSME products, as well as the extent of innovative BDS programs carried out by the Central Jakarta DGT in encouraging MSME tax compliance in a sustainable manner.

Conceptually, this research strengthens and expands on previous literature. Previous studies have focused more on fiscal approaches in improving compliance, but not many have explored the role of PBJ in influencing the tax behavior of small businesses. Therefore, this study is here to close the gap by examining how PBJ innovations and BDS programs can be a driving force for MSME tax compliance in terms of empowerment and participation in government spending.

With this research, it is hoped that a stronger synergy will be created between PBJ policies and tax policies that encourage MSMEs to be more tax compliant. The long-term goal to be achieved is to increase inclusive economic growth and sustainable economic equity. This research is also expected to contribute to the development of more adaptive and innovative policies so that PBJ innovation can be an effective instrument in encouraging MSMEs to comply with tax regulations, as well as create a more stable, competitive, and equitable economic ecosystem in Indonesia.

2. Research Methods

The research method used in this study is a qualitative method with a participatory action research approach or better known as Participatory Action Research (PAR). According to MacDonald (2012), PAR is one of the research methods designed to implement theory through the development and application of various actions to create social and environmental change. PAR emphasizes the active involvement of all relevant parties in reviewing the actions being taken, where their own experiences are the source of problems to be corrected. In this case, the researcher conducted research on 22 MSMEs involved in the PBJ innovation program implemented by the Central Jakarta DGT Regional Office.

The steps of Participatory Action Research (PAR) are planning, implementation, and results (Kemmis et al., 2014). This research was conducted over a period of four months starting in July 2024 to October 2024. Within a predetermined period of time, it is hoped that the researcher will be able to explore an overview of PBJ innovations carried out by the Central Jakarta DGT Regional Office and the meaning of tax compliance by MSMEs. The data sources obtained in this study are as follows:

Primary data was obtained through interviews with several parties, including PPK, (Commitment Making Officer) and other tax officers within the Central Jakarta DGT Regional Office, and other agencies participating in MSME mentoring programs, *coaches* in the field of entrepreneurship, MSME actors, MSME community leaders, and MSME companions, as well as academics.

Secondary data is obtained through journals, book data, literature, taxpayer compliance data sourced from the Directorate General of Taxes, and other sources.

3. Results and Discussion

As part of this study, 22 MSMEs were involved as the subjects that became the focus of the analysis. Each action given to MSMEs is designed to explore relevant information, as well as to see the extent of changes and developments that occur along with the implementation of strategies or interventions carried out by researchers. The Innovation Program for the Procurement of Goods and Services (PBJ) implemented by the Central Jakarta DGT Regional Office began with various trainings to improve the skills of MSMEs.

a. Product Photo Training

This training aims to produce high-quality product photos, in accordance with government agency procurement standards. This training covers basic photography techniques such as lighting, composition, and background selection, with the aim of making MSME products more attractive and professional in the procurement market. As a result, many MSMEs have succeeded in producing better product photos, with clearer detail elements, optimal lighting, and a more professional image, increasing the attractiveness of their products in the eyes of government agencies.

This improvement in photo quality also contributes to a positive change in the way products are received and appreciated in the procurement process. Trainees reported increased confidence in presenting their products, which increased their chances of being accepted as a procurement partner. In addition, this training helps improve managerial competence, with a focus on recruitment, training, and team development strategies. MSME actors are equipped with the skills to form a team that suits business needs and develop an effective orientation so that the team can work with synergy.

As a result, MSMEs have managed to form teams with more relevant and targeted skills, which increases productivity and work quality. The training also strengthens communication and collaboration within the team, creating more open and efficient communication channels. With this increase, MSMEs report an increase in team members' motivation and commitment to organizational goals, leading to higher operational efficiency and more consistent results.

A further significant implication is the creation of a more positive and productive work culture within MSMEs. By applying the principles of effective communication and strong collaboration, as well as improving skills in team management, MSME owners and managers have succeeded in creating a work environment that is not only productive but also supports innovation and creativity. This positive work culture not only increases the job satisfaction of team members, but also contributes to improving the quality of products and services offered by MSMEs, which in turn impacts the competitiveness and sustainability of their businesses.

Digital Marketing Training

As a follow-up action, the next step in this innovation is focused on improving MSME digital marketing through social media strategies and *website* or *e-commerce* optimization. First, MSMEs are given training to develop effective social media strategies, which include creating engaging content, using paid advertising, and collaborating with influencers to increase engagement. The output of these actions can be seen in increased interactions on social media, such as *likes*, *comments*, and *shares*, which strengthens brand visibility and deepens relationships with customers.

Furthermore, to increase conversions, the training focuses on how to drive the audience from social media to the website or e-commerce to make a purchase. By using analytics to measure website performance, MSMEs can evaluate and improve the *user experience* (UX), which contributes to reduced *bounce rates* and increased transactions. The result is a website that is more effective in converting visitors into customers.

Tindakan selanjutnya berfokus pada optimasi mesin pencari (SEO) untuk meningkatkan traffic organik ke website. UMKM diberikan pemahaman tentang teknik SEO seperti pemilihan kata kunci, optimasi halaman, dan pembangunan *backlink*, yang berujung pada peningkatan peringkat pencarian dan lebih banyak pengunjung yang relevan. Outcome dari tindakan ini terlihat pada peningkatan traffic website, konversi penjualan yang lebih tinggi, dan visibilitas yang lebih baik di pasar digital.

b. WhatsApp Business Training

The training is designed to help MSMEs make the most of WhatsApp Business features, such as creating attractive messages, using product catalogs, and utilizing *broadcast* features to reach a wider audience. By mastering the use of this platform, MSMEs can be more efficient in interacting with customers and speeding up the transaction process. One of the results of this training is to improve the ability of MSMEs to carry out more systematic and timely *follow-ups*. With more structured *follow-up* techniques, including automated message management and personalization, MSMEs can improve customer responses and increase the chances of closing.

In addition, this training also teaches MSMEs about buyer psychology, how to understand customer needs and wants, and how to utilize this information to offer more relevant products. This understanding helps MSMEs design more persuasive sales messages, which in turn increases the conversion of leads into repeat customers. The

implications of this training can be seen in increasing MSME sales turnover, as well as stronger long-term relationships with customers, which support business sustainability.

c. Training on Procurement of Goods and Services (PBJ) procedures

This training provides insight into the stages of procurement, from registration to contract fulfillment, as well as legal obligations that must be met, such as NPWP ownership and tax obligations. With a better understanding, MSMEs are better prepared to follow the procurement process and meet legal requirements, which increases their chances of being accepted as partners of government agencies. The outcome is increased MSME participation in procurement and better legal compliance, which strengthens the sustainability of their business.

d. Training to improve MSME services through *Customer Service* and *Service Excellence*

This training aims to equip MSME actors with skills in providing a superior and satisfactory customer experience. This training covers the basic principles of customer service, such as a friendly attitude, effective communication skills, and the importance of listening well to customer needs. MSMEs are also taught to provide quick and appropriate solutions to increase customer satisfaction. The main focus of this training is the application of *the principle of Service Excellence*, which ensures consistent service quality and can distinguish MSMEs from competitors. Techniques such as personalization of services and good handling of complaints are key in building customer loyalty.

The results of this action show that there is a significant change in the way MSMEs interact with customers. They now provide a faster, more professional response and deliver a pleasant experience. A better understanding of *Service Excellence* enables MSMEs to improve service quality, strengthen long-term relationships with customers, and ultimately increase customer satisfaction and loyalty. This leads to an increase in sales turnover and a stronger reputation of MSMEs in the market.

e. The follow-up in this innovation also focuses on MSMEs' understanding of tax obligations and good bookkeeping

The first training teaches MSMEs how to take care of NPWP, calculate taxes, and report tax returns on time. This helps MSMEs meet their tax obligations correctly, avoid sanctions, and strengthen their business credibility. The second training teaches

the principles of bookkeeping and the preparation of financial statements according to accounting standards, so that MSMEs can manage their finances more efficiently and transparently. The implications of this action are found to improve the quality of MSMEs' bookkeeping and financial statements, which increases the chances of obtaining financing and strengthens the professionalism and sustainability of their businesses.

3.1 The Innovation Strategy of the Central Jakarta DGT Regional Office in Increasing the Involvement of MSMEs in the Procurement of Government Goods and Services

To analyze the innovation strategy implemented by the Central Jakarta DGT Regional Office in increasing the involvement of MSMEs in the process of procurement of government goods and services, the researcher examined the innovation approach applied using the Innovation Diffusion Theory framework from Everett Rogers (Rogers et al., 2014).

1) Relative Advantage

The innovation strategy implemented by the Central Jakarta DGT Regional Office offers significant relative advantages for MSMEs in the procurement of government goods and services. The first innovation implemented is technical skills training, such as product photography training to ensure that MSME products are in accordance with government procurement standards. The relative gains made by MSMEs can be seen from the results of this training, which shows that MSMEs improve the quality of their products, make them more professional, and more attractive in the government procurement market. With better competencies, MSMEs can increase their chances of being accepted as government procurement partners, which contributes to increasing turnover and sustainability of their businesses.

2) Kompleksitas (*Complexity*)

In the context of complexity, the innovations implemented by the Central Jakarta DGT Regional Office are designed to minimize technical barriers for MSMEs. The training provided to MSMEs, for example in terms of product photography or the use of WhatsApp Business, is adjusted to the level of understanding and basic skills possessed by MSME actors. This ensures that the process of adopting innovations is not too complicated or complex for them. Simple, applicable, and easy to understand, these

trainings allow MSMEs to directly implement the skills they learn in their daily operations.

3) Observabilitas (*Observability*)

Observability, or the extent to which the results of an innovation can be observed by outsiders, is an important factor in facilitating the diffusion of innovation. The innovations implemented by the Central Jakarta DGT Regional Office are very visible and can be observed by other parties, both by government agencies and by customers. Immediate observable results, such as improving the quality of product photos, improving more *user-friendly* websites, or increasing interaction through social media, are clear indicators for MSMEs that have not adopted innovations to follow the same steps.

4) Cultural and *Contextual Compatibility*

Cultural and contextual fit is a crucial element in the adoption of innovation. In this case, the innovations introduced by the Central Jakarta DGT Regional Office are very compatible with the business context and needs of MSMEs in Indonesia. Training on customer service, team management, and tax compliance is part of efforts to improve the professionalism of MSMEs so that they are better prepared to compete in the procurement of government goods and services. The training on customer service and service excellence is in line with the business culture in Indonesia which emphasizes the importance of personal relationships and customer satisfaction. By improving the quality of customer service, MSMEs not only improve their products, but also create a better experience for customers, which increases loyalty and increases their chances of being accepted into the government procurement process.

In addition, better tax and bookkeeping training is also very much in line with the needs of MSMEs, which often face difficulties in meeting government administrative requirements, such as NPWP and timely tax reports. By understanding tax obligations and better financial management, MSMEs can reduce the risk of legal sanctions and strengthen their position in the procurement process.

5) The Influence of Social Networks and Communication

In addition to the factors that have been mentioned, social influence through communication networks between MSMEs also plays an important role in the diffusion of innovation. This innovation spreads not only through hands-on training, but also

through communication between trainees who share experiences and strategies. With the success testimonials of MSMEs that have successfully implemented training, information about this innovation is spread more widely, both within the MSME community and outside them.

At the decision-making level, the larger group of MSMEs is influenced by their peers who have already adopted these innovations, creating a snowball effect in the dissemination of innovation. This accelerates the adoption of new technologies and strategies by other MSMEs, increasing their involvement in the procurement of government goods and services.

Overall, the innovation strategy implemented by the Central Jakarta DGT Regional Office in increasing the involvement of MSMEs in the procurement of government goods and services is very effective and relevant to the principles in the Innovation Diffusion Theory put forward by Everett Rogers. High relative profitability, low complexity, clear observability, and suitability with the context and business culture of MSMEs in Indonesia are the main factors driving the adoption of innovation. Through applicable and relevant trainings, MSMEs gain the necessary skills to improve the quality of their products and services, expand market reach, and meet government procurement requirements. Thus, this innovation strategy succeeds in strengthening the position of MSMEs in the government procurement market for goods and services, as well as increasing their participation in a more inclusive and professional procurement process.

3.2 Social Construction of MSME Tax Compliance: The Role of the PBJ Innovation Program of the Central Jakarta DGT Regional Office

In the perspective of social construction, knowledge of tax obligations and tax compliance is understood not only as an objective fact, but also as the result of the processes of social interaction that shape the perceptions, norms, and actions of individuals or groups in society. In this context, knowledge about tax obligations for MSME actors is a social construction formed through interaction between MSMEs and government agencies and related institutions, such as the DGT. The PBJ innovation development program implemented by the Central Jakarta DGT Regional Office plays a key role in internalizing knowledge about taxes to MSMEs through structured trainings.

In the first stage, the training provides technical information and education related to tax obligations that need to be fulfilled by every business actor who wants to participate in the procurement of government goods and services. Knowledge that was initially unstructured or even unknown to most MSME actors, has been transformed into part of their social reality. Through this training, concepts related to NPWP, tax return reporting, and other tax obligations become part of the internal social understanding structure for MSMEs.

However, this knowledge does not stop at the internalization process alone, because in social construction, knowledge also needs to go through the process of objectification and externalization in the form of practice. MSMEs not only learn the theory of taxation, but are also exposed to real tax practices in their interaction with the tax administration system that has been prepared by the DGT Regional Office. For example, through the digital platforms or taxation applications discussed in the training, they begin to actively carry out their tax obligations and become more involved in a more formal tax system. In other words, they don't just view taxes as an obligation, but as an integral part of the social structure of their ventures.

According to social construction theory, externalization refers to how internalized knowledge is practiced and applied in social life. The training program implemented by the Central Jakarta DGT Regional Office provides space for MSME actors to apply the knowledge gained in their daily practices. Training related to the procurement of goods and services, as well as tax obligations, leads to the application of such knowledge in the context of more transparent and systematic financial and tax administration.

In this context, training on tax bookkeeping and reporting not only provides theoretical knowledge, but also encourages MSMEs to use tools and applications that digitize the tax process. They began to record transactions neatly, separate personal and business finances, and report taxes in a more efficient way through the system provided by the DGT. These practices are not just the result of personal experience, but are social products formed through interactions with their external environment (such as training programs, government policies, and interactions with tax authorities).

In the perspective of social construction, the identity of an individual or group is formed from a social process that involves participation in existing social norms, values,

and practices in society. This process is known as internalization. By participating in the training provided by the Central Jakarta DGT Regional Office, MSME actors not only receive knowledge about tax obligations, but also internalize tax values as part of their identity as legitimate and compliant taxpayers.

Education about tax obligations and the procurement of goods and services leads to the formation of awareness that tax compliance is part of their social responsibility as professional business actors. They are beginning to see that tax liability is not a burden, but part of professionalism and access to market opportunities, especially in the context of government procurement that requires compliance with administrative and legal standards.

This process contributes to a change in MSMEs' perception of taxation: from an obligation that is separate from business operations to an integrated aspect of daily business practices. Tax compliance is part of a legitimate business identity that allows MSMEs to participate in government procurement, increase their credibility, and open up opportunities for greater business development.

PBJ's innovation development program also plays a role in building new social norms among MSME actors related to the procurement of government goods and services. Through training and education, MSME actors learn to interact with the procurement bureaucratic structure, which may be considered an obstacle or a system that is difficult to understand. With a better understanding of procurement procedures, MSMEs are starting to see government procurement as an opportunity to grow, not as an obstacle.

Thus, there is a new social construction regarding the role of MSMEs in the government procurement system of goods and services. The emerging social norm is that tax-compliant MSMEs are more valued and have more chances of winning government contracts. This encourages MSME actors to see tax compliance as a long-term investment that opens up opportunities in the wider world of procurement, creating a change in social mindset and behavior among MSME actors.

Overall, the PBJ innovation program run by the Central Jakarta DGT Regional Office contributes to building a new social construction on tax compliance among MSME actors. Through internalizing knowledge about procurement procedures and tax obligations, externalizing tax practices through the use of neater applications and

bookkeeping, and instilling social norms that make tax compliance part of MSMEs' professional identity, this program has succeeded in changing the social perception of MSME actors towards taxes.

Through social interaction facilitated by training and educational programs, tax compliance is not considered a difficult thing, but an important component of business professionalism that opens up opportunities and strengthens competitiveness in the government procurement market for goods and services. This program, thus, has played a role in shaping a deeper social reality about the importance of taxation for business sustainability and social recognition in the MSME business world.

4. Conclusion

The innovation strategy implemented by the Central Jakarta DGT Regional Office is very much in line with the needs and context of MSMEs in Indonesia, which often face limitations in terms of technical skills and administrative understanding. Simple yet applicable training makes it easier for MSMEs to adopt new technologies and strategies, increase their involvement in the government procurement market, and strengthen their competitiveness in the broader market. This PBJ innovation program not only contributes to the improvement of the technical and managerial skills of MSMEs, but also plays an important role in building new social norms related to tax compliance and professional business management. Through social interaction facilitated by training, tax compliance is now seen as an essential element in the sustainability and success of MSME businesses, opening up opportunities for them to participate in government procurement and strengthening their credibility in the eyes of the public.

This study has limitations in terms of geographical coverage that only focuses on the Central Jakarta area, so the results are not fully representative of the condition of MSMEs in other areas with different characteristics. The results of this study imply that an innovative approach that combines technical training with digital market access can be an effective model in empowering MSMEs, especially in the procurement of government goods and services. Therefore, there is a need to develop similar programs in other regions with local context adjustments, as well as increased collaboration between institutions to support the sustainability and scale of programs.

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