

## **ABSTRACT**

*This study aims to analyze the effects of strategy formulation consisting of 3 variables, namely: strategic planning, logical incrementalism and blending approach to organizational performance with risk management effectiveness as moderation variable at Vertical Units of Directorate General of Tax (DGT) in Jakarta.*

*The population of this study is all Vertical Unit Offices of DGT located in Jakarta, with purposive sampling as sampling technique. This study used primary data and secondary data. Primary data in this study used questionnaire to measure the variables associated with strategy formulation, while secondary data in this study to measure the variable of risk management effectiveness and organizational performance. The sample in this study amounted to 71 Vertical Unit Offices of DGT. The data collected were analyzed by using SPSS 22 and WarpPLS 5.0 programs.*

*The findings showed that two variables associated with strategic formulation i.e strategic planning and blending approach have a significant positive effect on organizational performance, while the other variable i.e logical incrementalism has have a significant negative effect to organizational performance. Furthermore, the effectiveness of risk management did not significantly affected to the relationship of strategic planning, logical incrementalism and blending approach to organizational performance.*

**Keywords** : Strategy formulation, strategic planning, logical incrementalism, blending approach, risk management effectiveness and organizational performance.