Investigating the Effects of Service Encounter Quality on Tax Compliance

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Abstract

Government and tax are among the most effective elements of all social and economical systems. Since the government and social frameworks had formed, tax had considered as the elements of governments is organizations. If the existence of the government and social system be necessary, the government and social system be necessary, the related task performances will have expenditures. At present, tax revenues are consider as the only safe resource for governments expenditures in most countries. Consequently, tax system is consider as the most important and influential system in economical activities. From the most famous classic economist's point of view, (adam smith), one of the most ideal characteristics of the tax system, is to attracting satisfaction of those people who pay the tax. In this regard, one of the most related issue with individual's satisfaction in tax payment category is taxpayer's tax compliance. The recent research had conducted by the aim of investigating the service encounter quality on tax compliance. The method that had used in conducting this research is correlative and descriptive about 384 testes were selected as statistical sample among statistical society by using sampling formula from indefinite society. It was used of two researcher's produced questionnaire to gather the data. They were included 22 question. It was used of cronbach's alpha to assess the reliability coefficient. Analysis was conducted on the basis of Pearson's correlation coefficient and multi variable regression analysis and variance analysis. Findings had proved the hypothesis and showed a positive relation between the service encounter quality and tax compliance. Gentleness has most effect in increasing tax compliance among other diminutions of service encounter quality.

Introduction

Now days, tax has main role in the economic of the countries as the most important revenue resource of the governments. Governments can use of different kinds of taxation policy toward proving their main goals such as creating social equity and suitable distribution of income and removing the strait form split among different groups of the society and increasing capitalization and arrange its different economical policy.

One of the most important and most methodical methods of increasing taxation income is to try to increase the tax compliance. Services, as the inseparable parts of our life, find more importance by passing the time. It's enough to look after that how many time we encounter in one of its different forms. We always face with wide phantom of services. That all their common point is human factors. A picture that remain in our mind from services is related to the person who had presented it obviously. [13]

The different conducted investigations by researchers of tax field show that there is considerable split between tax capacity potential and taxation receipt of the country. The taxation proportion (GDP) represent the tax system efficiency. This proportion says that if the tax system was successful in tax gathering. The mean proportion of tax (GDP) was 60.70% in 2012 and the performance of the tax proportion to current expenses was 43.70. In the same year, it means that we could only about 6.7% to verify the proportion of tax to GDP and this 6.7 percent has ability to cover about 43.70% of current expenditure of the government. If we want to cover 100% of the government's expenditure this proportion must reach to 15.33%. This shows that we can increase the taxation receipt by using methods toward improving the tax system of the country. One of the main methods of increasing the tax income and to prove the fore mentioned objective is try to increase the tax condescension.

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This investigation include five chapter. It was settled to theoretical origins and the literature of the subject after introduction. Part 3 had settled to the method of research conducting. Part 4 had allocated to analysis of data and finally in part 5 the results had investigated.

2. Theoretical foundation:

2.1 - definition of the service encounter quality:

Different definitions had conducted for service encounter quality. These definitions often concentrate on the essence of differences of individuals in service encounter such as:

1-reciprocal reaction between service provider and consumer [14]
2-the time duration that consumer communicate with service provider directly. [19]
3-personal contact and social diminutions of service provider that has important role in comparison with technology in giving form to the quality [9]
4-time duration that whiten it the consumer contact with service [11]

2.2 Services as a system:

The contact level that a willingness job has with its consumers is a main factor in definition of a willingness system that include three incidental system. Service operations (that data register in this phase and the output of the services create). Service delivery (that the final gathering of the elements conduct in this phase and the product deliver to consumer) And service marketing that include all contractual ways with consumers such as advertisement. And marketing investigation. Some parts of this system are visible for consumers. Other parts hide in something that we refer to it as technical nucleus and even consumers don’t be aware of their existence probably.

![Fig. 1: Service giving jobs as a system](image)

Some writers use old notebook and last notebook for visible operation and invisible operations. Some others use front of stage and back of stage because they believe that service is like to a show executing [15]

3.2 -service encounter quality:

Services include different activities by the aim of giving answer to wills and inclinations of the customers. From the customers point of view, one of the direct signs of service quality become clear at service encounter time. Customers conduct their assessment on the basis of their perception of the service encounter because of the between individual essence of the services [11]. In confronting session that conduct to receive or represent the services human perception is consider as a fact. It means that what is really important is the manner of interpretation of the customer of our contacts. In the other word, human don't behave on the basis of the facts but they behave on the basis of their perceptions of the facts. Perception of the service can be influenced by different factors. According to the table, four factors have influence on the perception of the customers of the service quality

4.2 -the service encounter quality dimension:

Gronroos's model:

He introduce three dimensional services in his discussion about service quality.
A) Technical quality, that refer to the real capture of service encounter after the presented service is assessed .capture refer to what the customer percept from organization .service capture is often assessed by using the identical style.

B) the operational quality of service encounter:
Operational quality refers to the quality of the process and methods in production and representation of services to the customers.

By considering the contemporaneous of productions and consumption of the services , the quality of the process often assess by customers by the time of service representing .This refer to the reaction between presenters and receiver of the service and often precept mentally. For example being polite with customer is located in this process.

C) Mental image of participation:
This diminution is related to the customer’s perception of service organization mental image is related to quality of the perception , price , external communicational activities , physical position , the cleanliness of the section and the behavior of the personnel's [22].

They are as:

Fig. 2: The factors that influence the consumers perception of service [22]

Fig. 3: Service quality dimensions [22].
It was supposed in initial investigations that if one confront with failure in the process of final service presenting, the being satisfaction of the manner of the service representing can not compensate this failure. So, the satisfaction of service representing can compensate only the shortage in the results but Bitner and Booms and Tetreault have found a new evident that shows if service confronting is done exactly, it can be consider as a satisfied condition even if an unexact result has found.

Also, Gronoors has concluded that operational quality is important in assessment of the service quality. He propose that if operational quality be at high level it can remove all shortages [22]. Chandon and his collaborators had presented two dimensional assessment about service encounter quality that include direct relation and ceremonies. Winsted also had presented three dimensional criterion for service encounter quality assessment that include paying attention, agreement and elegance. Raajpoot had presented seven dimensional criterion for service encounter quality assessment that include: Be touchable, being reliable, guarantee, truthfulness, personalize, formality and being able to reply. Kilver and his collaborators have assessed the quality of the physical goods service quality, running from giving service and behavioral objects in their study. In an other study Jayawardhen and his collaborators have introduced the different dimensions of the service encounter quality as below personnel's professional manner, sincerity of the personnel's with customers, their politeness and their reliability [11].

5.2 - tax condescension:
1.5.2- investigation of the history of the state of the tax system in Iran:

According to historical texts, Medias were the first government that made effort to settle and recover tax to provide their governmental expenses.

By prophetic mission and ending the Sassanid genealogy in Iran, Islamic taxes such as khomes (the one of fifth of something) and alms and were increased over existence taxes at the period of Sassanid's, safavian, ghaznavian, seljukian and gharasnmian, tax system were active in Iran.

At the time of Naseraldin, Mirza Taghi khan Amir kabir, had paid to improve the financial affair and arranging the budget and create a balance between government's income and expenses.

At the period of Pahlavi, some different conditions were approved about different kinds of direct and indirect taxes. First law was approved in 1016. After victory of Islamic revolution, the tax affair organization of the country as a governmental institute was started to run according to article 19 of the third program of improvement law by the aim of increasing the efficiency of the tax system of the country and to remove the organizational barriers and centralize all related affair to tax taking in an independent organization by emphasizing on the tax criterion and decreasing the dependences to oil in 2003.

Tax system of Iran include 3 parts: Taxation organization, taxation law and condition, and taxpayers. This system had influenced of economical condition and internal unpure production and many other variables. Perhaps we can say that the formational factors of taxation system is like a car that taxation organization is consider as its frame, law is consider as its motor and taxpayer is consider as its wheels. People power is consider as it fuel. This car run on economical rood of the country. And it arrange its speed and movement according to taxation policies.

We can see that the main load of the frame (taxation system) is on the shoulders of taxpayers. To know the taxpayers condition we must explain some terms in this part:

Tax:
Tax is a portion that every individual of a country are bound to pay from their income according to origin of national cooperation to provide the general expenses and preserve the economical and political and social profits of the country.

Tax capacity:
It shows that what amount we are authorized to receipt tax from one economic it shows us the potential of tax capacity

Tax effort:
It shows the proportion of receipted tax amount to potential capacity of the taxation. It shows on what level we could change the forecasted tax potential capacity to real receipted tax.

Taxation split:
Distance between potential tax and receipted tax is consider as taxation split. Iran is in low level among other countries in making effort to receipt tax.

These show an important subject and the fact that the state of tax compliance in our country isn't in good condition and our society suffer from poor tax culture.
2.5.2 -apart from tax field:
It was forecasted four spread group of commitments for all taxpayers. condensation will be depended on the personal success to meet their commitments. Four groups of tax payers commitments are as below:
- Name registering in system
- On time arrangement of declaration form
- Exact reporting of the information
- On time paying of taxation commitments [21]
Assessment standards will assess the taxation income that hasn't been paid by taxpayers in Addition to provide the information of the number of the taxpayers who give their tax declaration on time. There are two strategic standard of assessment in this field:
The number of the provided declaration and tax split that is created because of the declarations that hadn't provided.
Two strategic standard of condensation in voluntarily payment of tax is define as the proportion of the percent of total on time cleared tax and on time provided declarations to the total reported tax in declarations that were provided on time.
Also, the rate of payment condensation is define as the proportion of total reported tax in declarations that were provided on time until a determined date to the total reported tax in declarations that had provided on time. [6]

3.5.2-The concept of tax compliance:
The tax compliance in literature of dr. mohammad tavakol is defined as below: Condescension means that taxpayers on what amount observe the taxation law. This includes proclaiming their income and delivering their declaration and paying the tax debt on determined time. [2] Tax compliance means abiding the taxpayers to observe the taxation duties.
In university literature, there are different classification about taxation condensation concept by considering the presented definitions about taxation condensation concept , it is better to investigate this concept on the frame of two main category:
Administrative condensation and technical condensation.
Other classification is authoritative condensation against compulsory condensation. If tax compliance done voluntarily by taxpayers [21], it consider as the main factor in creating the tax culture .On the other hand the ideal form of condensation is manifested in self declaration.
But the meanings of Tax compliance in some cases include the initial acceptance of determinant tax from the tax affair organization. [3].

4.5.2-the tools for developing the tax condensation:
The main objective of the tax authorities is to collect the payable taxes along with preserving the confidence of the society against tax organization. Taxpayers actions and weak points on tax organizations shows the inevitable nature of shortages in condensation of tax law So it is necessary to increase the level of tax condensation by using useful tools [3]. As total the necessary conditions for effective tax condensation system are as below:

1. Executive guarantees development of taxation law:
Exact execution of the law is related somehow to determined executive guaranty .The main element of tax law executive guarantees, is its ability in preventing the undesired behavior of the taxpayers [1]. Also the good fine system for tax infringers can consider as a main method in preventing the tax running [21]

2. the fines of tax organizations:
It can be exerted special penal and civil fine for tax officials that act as a preventive factor against undesired behavior of tax officials.

3. Using computer systems in tax organizations:
The advantages of using informational technology in reaction between tax payers and tax affair organization is much that we can refer to the ability of service providing at every time of day and lack of need to attendance referring to gain the services, rapid service providing , paperless system and the high quality of services.

4. Developing the tax culture:
On of the effective factor in decreasing the recoverable tax volume is tax culture.
Tax culture is a set of individual's insight ideas and reactions against tax system.
5. Increasing the profitable tax services quality:
   The tax services that are profitable to taxpayers follow two main objective that are: Informing people about their rights and duties and respectful, rapid, impartial and consistently services to for people. [3]
6-taxself reporting: It is one of the methods for taxpaying that in this method, determination and assessment and payment of the tax is conducted by taxpayer himself. [20]
7-Increasing the probability of investigating the tax inclination by senior auditors of tax organization. [17]
8-decreasing the complexities of tax law: the tax laws aren’t clear and without ambiguity, this can cause to different interpretation of these laws from taxpayers and tax organization. [3]. The complexity of laws of tax can render difficult the condescension of the taxpayers who want to observe the law from one side and can make the tax running easy from an other side. [21]

3-Investigation conducting method:
   The statistical society of the investigation is include all taxpayers of tax organization of Ardabil, that their sampling will be coincidently. It was selected about 384member by using infinite statistical society sampling method by using \( n = \frac{(z)^2 \cdot p \cdot q}{\varepsilon^2} \) equation as sample. From 384 explained questionnaires between taxpayers 372number of them were returned that 12 of them were eliminated because of existence deficiencies and finally 360number of. Them were used in our analysis. In this investigation some part of the date were collected by studding and investigation the books, assays and internet station and some other part of data were collected by using questionnaires
   Questionnaire include 22 question about unclear investigating variables of under studied statistical society , that had investigated by a number of professors. At first a 110 member group were distributed. To investigate the efficiency it was used of cronbachalpha coefficient that were calculated for all over 9% dimensions.

1-3-Investigation hypothesis:
1-1-3- the mean hypothesis:
   The dimensions of service encounter quality is a process that is fore casted by taxpayers condescension

3-1-2-secondary hypothesis:
1- There is meaning ful relation between professional state of tax affair personnel's of tax condescension of taxpayers.
2- There is meaningful relation between the elegance of the personnel's of tax organization and tax condensation of taxpayers
3-there is meaningful relation between the sincerity of the personnel's of tax organization and tax condescension of taxpayers.
4-There is meaningful relation between the worthiness of the personnel's of tax organization and tax condensation of taxpayers .It was used of inference analysis of the data on the basis of Pearson co relational coefficient and multi variable regression and variance analysis.

4-data analysis:
   To test the hypothesis of the investigation, it was used of parsons co relational coefficient
   first hypothesis: There is meaningful relation between being professional of the personnel's of tax organization and tax condescension of the taxpayers. The results of executing the text of Pearson correlational coefficient of test the hypothesis was propounded in table1.

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Statistics</th>
<th>Tax compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Being professional</td>
<td>Pearson correlation coefficient</td>
<td>692%</td>
</tr>
<tr>
<td></td>
<td>Meaningful level</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Sample Number</td>
<td>360</td>
</tr>
</tbody>
</table>

Results show that there is direct and meaningful relation between being profession of the personnel's of tax organization in doing their duties and Tax compliance.
   The high correlation is seen between these two variable.
   This correlation is meaningful by 99% of eventuality.
Second hypothesis: There is meaningful relation between the elegance of the personnel's of tax organization and Tax compliance.
   The results of executing the Pearson's correlational coefficient lest to test the hypothesis is propounded in table 2
Table 2: Pearson's correlation coefficient.

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Statistic</th>
<th>Tax compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>elegance</td>
<td>Pearson correlation coefficient</td>
<td>728%</td>
</tr>
<tr>
<td></td>
<td>Meaningful level</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Sample Number</td>
<td>360</td>
</tr>
</tbody>
</table>

Table show that the elegance of the personnel's of tax organization in confounding with tax payers and Tax compliance has a direct and meaningful relation. There is high correlation between these two variable this correlation is 99% meaningful. On the other word a high level of elegance in confounding with taxpayer the high level of Tax compliance of taxpayers.

Third hypothesis: There is meaningful relation between sincerity of the personnel of tax organization and Tax compliance by the taxpayers. The results have propounded in table 3

Table 3: Pearson's correlation coefficient.

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Statistic</th>
<th>Tax compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>sincerity</td>
<td>Pearson correlation coefficient</td>
<td>720%</td>
</tr>
<tr>
<td></td>
<td>Meaningful level</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Number of samples</td>
<td>360</td>
</tr>
</tbody>
</table>

The results show that there is meaningful and direct relation between sincerity of the personnel's of tax organization in confronting with tax payers and Tax compliance. There is high correlation between these two variable. On the other hand the high sincerity of the personnel's of the tax organization the high Tax compliance by the tax payers.

Forth hypothesis:
There is meaningful relation between the worthiness of the personnel's of tax organization and Tax compliance by taxpayers. The results a have propounded in table 4

Table 4: Pearson's correlation coefficient.

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Statistic</th>
<th>Tax compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>worthiness</td>
<td>Pearson correlation coefficient</td>
<td>734%</td>
</tr>
<tr>
<td></td>
<td>Meaningful level</td>
<td>0.001</td>
</tr>
<tr>
<td></td>
<td>Number of samples</td>
<td>360</td>
</tr>
</tbody>
</table>

Results show that there is meaningful relation between worthiness of personnel's of tax organization and Tax compliance of taxpayers high level of correlation is seen between these two variable. On the other hand the high level of the worthiness of the personnel's of the tax organization in doing their duties and confronting with taxpayers the high level of Tax compliance

The main hypothesis:
The dimensions of service encounter quality is able to forecast the Tax compliance. It was used of multi variable regression analysis to investigate the separate and contemporaneous effect of elements that can forecast the service encounter quality. The summary of the results is come in table 5

Table 5: The summary of regression model

<table>
<thead>
<tr>
<th>Correlation coefficient</th>
<th>Determinant coefficient</th>
<th>Balanced determinant coefficient</th>
<th>Vatson't Camera</th>
</tr>
</thead>
<tbody>
<tr>
<td>824%</td>
<td>680%</td>
<td>676%</td>
<td>1.973</td>
</tr>
</tbody>
</table>

Results show that the common correlation coefficient of service encounter quality with general answering is equal 824% and the coefficient of the dependant variable determination with dependent variable is equal 680% and show that regression equation can determine 68 percent of the changes of Tax compliance. If the vatson camera variable is on acceptable range of 1.5 to 2.5 the un correlation between faults is accepted.

Table 6: One sided variance analysis results.

<table>
<thead>
<tr>
<th>Sum of squares</th>
<th>Freedom level</th>
<th>The mean of square</th>
<th>f</th>
<th>Meaningful level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>14636.552</td>
<td>4</td>
<td>365.138</td>
<td>188.345</td>
</tr>
<tr>
<td>Differences</td>
<td>6896.903</td>
<td>355</td>
<td>19.428</td>
<td></td>
</tr>
<tr>
<td>total</td>
<td>21534.456</td>
<td>359</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The results show that by considering the meaningfulness level of F test error that is less than 5% for 95% level of confidence, we can say that using regression linear model is allowable.

On the other hand we can say that dependent variables can be consider as forecaster of dependent variable.
Table 7: The results of regression coefficient.

<table>
<thead>
<tr>
<th>Forecasting variables</th>
<th>Non standard coefficients</th>
<th>Standard coefficients</th>
<th>T</th>
<th>Meaningfulness level</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>SE</td>
<td>BETA</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>16.041</td>
<td>1.513</td>
<td>---</td>
<td>10.684</td>
</tr>
<tr>
<td>Elegance</td>
<td>0.486</td>
<td>0.120</td>
<td>0.431</td>
<td>4.052</td>
</tr>
<tr>
<td>Sincerity</td>
<td>1.016</td>
<td>0.112</td>
<td>0.375</td>
<td>9.069</td>
</tr>
<tr>
<td>Worthiness professional</td>
<td>1.357</td>
<td>0.179</td>
<td>0.370</td>
<td>7.567</td>
</tr>
<tr>
<td></td>
<td>-0.745</td>
<td>0.307</td>
<td>-0.254</td>
<td>-2.424</td>
</tr>
</tbody>
</table>

Results show that by considering the meaningfulness level of the regression test faults for confident level of 99%, we can say that elegance about 0.431, sincerity about 0.375 and worthiness about 0.370 forecast the changes of Tax compliance among dimensions of service encounter quality. By considering the greatness of the meaningfulness level of professional element, the equality hypothesis of regression coefficient and consistent amount with zero is proved and fore mentioned variable is removed among influential preference.

Concluding and proposals:

By considering the results we can say that the dimensions of service encounter quality influence on Tax compliance. Among service encounter dimensions, the elegance of tax organization personnel's has the highest effect on the Tax compliance of taxpayers by considering the results of the initially and the secondary hypothesis the dimensions of service encounter quality can forecast the tax compliance.

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