

TAX OFFICIALS' ATTITUDES AND PERCEPTIONS, PERFORMANCE INDICATORS AND THE EFFICIENCY OF TAX COLLECTION

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Abstract

The attitudes and perceptions of tax officials can have important effects on the efficiency and effectiveness of tax administration but is often relatively neglected in the development of performance indicators. This paper therefore examines these issues. It also reports the results of a new survey of Thai excise officials conducted with the kind permission of the Thai Excise Department in 2005. Questionnaires were sent to 1,175 excise staff and, after reminders, achieved a final response rate of 47.7 per cent. This was followed up by a second survey consisting of 25 semi-structured interviews with excise staff and also entrepreneurs and tax advisers. Preliminary results derived by January 2006 revealed a wide range of positive attitudes but there are also areas where tax officials do not feel so positive and this might impact on the work of the organisation. However the relationship between attitudes and productivity is not a simple one. The region with the highest productivity had the lowest recorded rates of satisfaction among the staff and regions with low productivity had relatively high rates of satisfaction.

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1. Introduction

At the last IAREP conference in Prague in 2005 a paper was presented on the attitudes and beliefs of taxpayers towards the tax system and administration (James *et al.*, 2005). The attitudes and perceptions of tax officials are also important. Existing work has examined the culture and approaches of different tax agencies towards taxpayers – summarised for example by James *et al.* (2001). However it would also be helpful to know more about tax officials' attitudes and perceptions relating to their own tax administration including job satisfaction. Many attempts to improve tax administration have taken less than full account of the attitudes and behaviour of tax officials - though some work has been done by the Internal Revenue Service (US Department of the Treasury, 2000). Here the attempt was to develop a balanced system for measuring organizational and employee performance and incorporating employee satisfaction measures.

A particular issue is the use of performance indicators to improve tax administration. In principle performance indicators are measured by outputs or outcomes which mirror the progress towards goals and objectives. The OECD (2001b) evaluated performance in the tax administration of OECD countries by focusing on efficiency, service quality and effectiveness. However, one of the main limitations of performance indicators is the difficulty of measuring outcomes, particularly in service rather than manufacturing organisations. There is a risk therefore that organisations will concentrate on those things that can easily be measured and not on those things that cannot be – even though they may be just as important. So for intended improvements in efficiency in tax administration to work well it is necessary for tax officials to perform in line with the spirit of such arrangements as well as the detailed requirements.

This paper therefore examines tax administration and performance indicators in relation to tax officials' attitudes and perceptions. It also reports the results of a new survey of Thai excise officials conducted with the kind permission of the Thai Excise Department in the Summer of 2005. Questionnaires were sent to 1,175 excise staff and, after reminders, a final response rate of 47.7% was achieved. This was followed up by a second survey consisting of 25 semi-structured interviews with excise staff and also entrepreneurs and tax advisers. Preliminary results derived by revealed a wide range of positive attitudes but there are also areas where tax officials do not feel so positive and this might impact on the work of the organisation. Moreover, the problems of inefficiency of tax administration in the Department from various viewpoints were analysed together with a method for identifying such problems.

2. The Theory of Performance Indicators

The measurement of organisational performance has been a recurring topic of discussion over the last three decades. The literature suggests that the theme of performance measurement is an interdisciplinary one, crossing the boundaries of economics, accounting, behavioural theory and management, to name only some of the relevant areas. Initial interest in this area was more keenly felt in the context of the private sector, where the concept of 'performance' is more easily delineated, and the objects of performance measurement more readily specified. As ideas of performance management and measurement alternately flow and crystallise, writers and practitioners continue to examine and reflect upon the what, why and how of performance measurement. In the context of devising a performance management

framework, Otley (1999) specified five questions that must be asked and answered of a performance management system (PMS), namely:

1. What are the key objectives that are central to the organisation's overall future success, and how does it go about evaluating its achievement for each of these objectives?
2. What strategies and plans has the organisation adopted and what are the processes and activities that it has decided will be required for it to successfully implement these? How does it assess and measure the performance of these activities?
3. What level of performance does the organisation need to achieve in each of the areas defined in the above two questions, and how does it go about setting appropriate performance targets for them?
4. What rewards will managers (and other employees) gain by achieving these performance targets (or, conversely, what penalties will they suffer by failing to achieve them)?
5. What are the information flows (feedback and feed-forward loops) that are necessary to enable the organisation to learn from its experience, and to adapt its current behaviour in the light of that experience?

It is, in essence, these five questions that must be answered in considering *any* PMS, and it is implicitly these same five questions that we will start to examine in the context of the Thai Excise Tax collection system.

Generally, performance evaluation has been about reviewing, auditing, measuring and improving the performance of an organisation and establishing how well it is progressing towards achieving its goals and objectives. Kennerley and Neely (2002) added that measurement also establishes the effectiveness of evaluation at each level. Moreover, the information generated by performance evaluation helps managers in making decisions, undertaking analysis, identifying points of weaknesses, planning and setting targets. Neely (1998) pointed out that organisations find it necessary to implement effective performance evaluation since it quantifies the efficiency and effectiveness of previous actions. Furthermore, performance evaluation should be linked to strategic planning, budget planning and continuous improvement.

Even though there are many benefits of performance evaluation, it can have serious limitations, and even, in some cases, lead to dysfunctional behaviour. In the words of de Haas and Kleingeld (1999):

Without fit between organizational goals and organizational behaviour, dysfunctional behavioural effects result. In this respect, dysfunctional means that the outcome of group behaviour, i.e. group performance, does not contribute to the overall good or 'big picture' and, thus, does not result in organizational effectiveness....

Some evaluation techniques rely on short-term measures. As a result, managers might make the wrong decisions because they need to maximise short-term measures and thereby neglect to invest in the projects that have good long-term prospects (Drury, 1998). Dearden (1962) raised the example of managers who failed to replace equipment and make new investments because they were afraid of unfavourable current performance. Additionally, different and mutually inconsistent measures may be used for investment, performance measurement and performance-related pay. As O'Hanlon and Peasnell (1998) note:

This may result in investment and operating decisions being taken on different grounds, with neither being effectively linked to the reward systems of the business.

De Bruijn (2002) argued that performance evaluation might also block innovation. Indeed, performance in some areas may only be monitored informally, since formal measurement may distort the process of performance itself, particularly in such areas as innovation and R&D creativity (Otley, p. 368). While it is generally acknowledged that the use of performance indicators in an organisation can have beneficial (or sometimes deleterious) effects on behaviour and performance, it is not so often recognised that the *process of designing, redesigning and implementing* performance measurement systems can, in itself provide benefits to an organisation. De Haas and Kleingeld, (1999) for example, see maintaining the ‘fit’ between strategic goals and performance measurement as a dynamic process, involving a “recurring strategic dialogue”. They see an organisation as comprising different constituencies, possessing differing goals and preferences. The benefit of this dialogue lies in its ability to foster goal congruence among the various agents of the organisation. Thus, the very process of examining the performance measurement system itself should lead, through its double-loop learning process, to greater participation in, acceptance, and dynamic relevance of the PMS and its outcomes, i.e. performance indicators.

As part of this project the development of performance indicators in the private sector and also in other parts of the public sector were examined – particularly in health and education. However, there is insufficient space to present this material in the conference papers.

3. The Development of Performance Indicators in Tax Administration

Frampton (1993) considered the important components of tax administration to be efficiency, responsiveness and motivation. The OECD (2001a) view was that an effective tax administration should consider the relationship with taxpayers, employees, laws and changes arising from globalisation. To set the standard of effective tax administration, a tax organisation should assess tax administration in the whole system. Musgrave (1969) suggested that tax performance of a developing country should be evaluated by the ability to pay approach, efficient resource use approach, ability to collect approach and comparison with average performance. The OECD (2001a) evaluated performance in tax administration of OECD countries by focusing on efficiency, service quality and effectiveness. In other words, the scope of evaluation relates to input, output, productivity, quality, taxpayer satisfaction and the outcomes from revenue and compliance. The main input measures are cost and labour hours whereas output measures are usually associated with the number of taxpayers or tax returns and the number of audits and verifications. Productivity is shown in terms of unit costs such as cost per taxpayer, administration cost of tax collection revenue etc. Finally, the quality of service or taxpayer satisfaction is one of the important factors for measurement. This may be shown by processing time for applications, the accuracy of the assessments and so on. This information should come regularly from the results of taxpayer surveys.

Performance indicators of tax administration have been used in several countries to assess work problems of tax administration. Klun (2004) measured tax administration in Slovenia in five areas: simplicity of the tax system, administrative and compliance costs, voluntary tax compliance, tax inspection and tax administration productivity. He added that tax administration indicators should be simple, easily

accessible data and not unduly concerned with quantitative measurement. On the contrary, Serra (2005) argued that a lack of knowledge of measurement and the complexity of measuring the public sector resulted in over-simplified performance measurement. As a result, simplified performance measurement would tempt employees to maximise the targeted score instead of achieving institutional objectives. Serra reported that the indicators that measure performance in tax administration in the Chilean Internal Revenue Services were maximisation of tax revenue collection, minimising compliance costs and taxpayer satisfaction as measured by surveys. However, other specific objectives are to improve efficiency, promote staff development, reduce levels of tax evasion and tax avoidance, improve taxpayer services and develop technology. Habammer (2002) implemented a performance comparison of tax offices in Germany. He identified four target areas: Task fulfillment (the number of cases that were implemented by the speed of work), Customer satisfaction, Employee Satisfaction and Efficiency. Teera (2003) reported that tax performance evaluation in Uganda focused on raising more tax revenue. Thus, indicators of tax performance concentrate on raising tax revenues. Chelliah (1971) supported the view that tax effort is related to improvements in administration, introduction of new taxes and reforming existing taxes. In addition to evaluating tax administration overall, Manaf *et al.* (2004) studied more specific issues in the performance of the Malaysian land tax administration system. They suggested that land tax collection performance could not be measured only by a comparison of efficiency and productivity in each state. Staff appraisal, staff commitment, work system and the structure of land tax system have also affected collection performance.

In conclusion, tax revenue collection is the first measurement that should be considered. In addition, quality of services and taxpayer satisfaction are significant indicators that tax authorities should use. Finally, tax employees should be strongly motivated to improve tax collection performance. We now turn to the case of excise tax collection in Thailand.

4. The Excise Tax Collection System in Thailand

4-1 Aim and Objectives

Aim

The main aim of this part of the study is to explore the possibility of improving efficiency and productivity in excise tax collection performance in Thailand.

The Main Objectives of the Research

- To study the current excise tax collection system in Thailand.
- To evaluate excise tax collection performance in Thailand, particularly in each provincial excise office.
- To analyse obstacles, risks and limitations to excise tax collection.
- To investigate attitudes and perceptions of excise tax collectors that relate to collection performance and motivation.

For the purposes of this paper the focus will be on this research as it relates to performance indicators.

4-2. Background

4-2-1. The Structure of the Excise Department

The Excise Department is divided into a central office in Bangkok and nine provincial offices. Excise tax collection is levied on 19 types of domestic and imported goods and services. However, the main revenues are levied from petroleum products,

passenger cars, spirits, tobacco, alcoholic beverages and telecommunications. The revenue from these sources is approximately 90 percent of the whole revenue from excise taxes.

4-2-2. Excise Collection Performance and Problems of Collection

The problems facing the Thai Excise Office are, of course, similar to those faced in other countries and include evasion and problems of tax administration. For instance Hansford and Hasseldine (2002) found criticism in the UK that inconsistency in the approach of different VAT offices caused difficulties and that officials sometimes lacked sufficient technical and legal knowledge and business awareness in their work. The Thai Excise Office sometimes faces similar difficulties with respect to excise tax collection. First of all, the main problem of collection is tax evasion and fraud. Secondly, manpower is not always adequate to detect tax evaders and other resources such as vehicles in each area are inadequate to arrest non-compliant individuals. Moreover, some staff have insufficient auditing knowledge. They are familiar with the traditional methods for checking the process of production, raw materials and entrepreneurs' accounts. However, some entrepreneurs have developed methods of evading tax that are difficult to deal with. Moreover, some manufacturers and service providers claim that their prices are lower than they actually are and it is difficult for this to be detected by excise tax collectors. Thirdly, there are problems with the IT system that result in poor billing and collection. A separate issue is inconsistent government policy which simultaneously restricts the sales of certain goods but requires the Excise Office to raise more revenue. For example, the Ministry of Health has a policy of banning cigarettes from convenience stores in the vicinity of all schools and temples to decrease the quantity purchased particularly by students and teenagers. Similarly, the Ministry of Finance has now launched a policy of raising the tax on cigarettes from 75% of production costs to 79%. As a result of restricting cigarette sales and increasing the tax excise, revenue will fall. However, the Ministry of Finance still requires every tax department to increase its revenue target to achieve the revenue goals. So, the excise department continues to look for new possibilities for raising additional revenue to suggest to the government.

4-2-3. Current Arrangements for Performance Indicators in the Thai Excise Department

Performance indicators currently used in the Excise Department are divided into four dimensions: Effectiveness, Quality of Services, Efficiency and Organisational Development. The Effectiveness dimension has half of all the indicators, and they are concerned with targeted revenue collection, criteria of excise tax laws for community energy and environment etc. However, some indicators come from the government and the Ministry of Finance and are not decided by the Excise Department. For example, the public debt / GDP ratio, the cash required for a balanced budget and a decrease in the number of debtors that are registered with government. These indicators make up about 20 per cent of all the indicators. Quality of services indicators make up 8.3 per cent of the total and attempt to measure taxpayer satisfaction. Efficiency covers 8.3 per cent of the indicators and these measure the expenditure and service time for taxpayers. Finally, the residual indicators, which are one-third of all the indicators, were assessed under the heading of organisational development. One group of these indicators is concerned with improving the skills of

the excise department staff in areas such as computing and auditing. Another group is concerned with the work of the excise department in examining excise law to suggest improvements and refinements to the government.

4-3. Research Methodology

The purpose of this part of the study is to evaluate excise tax collection performance, to investigate the attitudes and perceptions of those involved in excise tax collection and to examine the scope for improvement. Three main research methods are employed.

4-3-1. Secondary Data Analysis

Firstly, Secondary Data Analysis consisted of a comparison productivity from all 9 regional areas and the Bangkok area. It showed the trend of excise tax collection in the last 4 years. Tax revenue collection and the number of excise tax staff were compared for productivity among areas. Moreover, current arrangements for performance indicators in the Thai Excise Department were investigated to identify any problems of measurement.

4-3-2. Survey by Questionnaire

Secondly, to investigate the problems of collecting and assessing excise tax and the attitudes and perceptions of excise staff, the research questionnaire was developed. The structure of the questionnaire focused on the problems of collecting and assessing excise tax, how to improve these problems from the various viewpoints of excise staff and the attitudes, perceptions and satisfaction of staff. Before questionnaires were launched, a pilot study was undertaken to test the questionnaire. Twenty online questionnaires were sent to staff in the tax planning office and 55% were completed and returned. The questionnaire was divided into 4 parts. The introduction explained the purpose of the research and gave instructions for completing the questionnaire. The first main part of the questionnaire investigated the problems of collecting and assessing excise tax. Open questions were chosen because it would enable respondents to describe the problems of collecting and assessing excise tax as they saw them. The second part measured the perceptions and attitudes of excise tax staff by using Likert Scales. They consisted of excise tax staff perceptions and their level of satisfaction. The third part, asked a further open question inviting any additional information about collecting and assessing excise tax. The final part asked for demographic data of the respondents.

4-3-3. Semi-Structured, Open-Ended Interviews

The third method involved semi-structured open-ended interviews. Semi-structured interviews were conducted with 20 excise staff occupying high, medium and lower level positions in the Excise Office. Such interviews were also undertaken with 3 entrepreneurs and 2 tax advisers with experience of the excise tax system. For the interviews with excise staff, the questions focused on the problems and difficulties they face in assessing excise tax, suggestions for improving performance, current PIs in their own divisions, strategy for voluntary excise tax compliance, the possibilities of enlarging the excise tax base etc. The interviews with entrepreneurs and tax advisers were undertaken to gain feedback about excise tax problems they were facing and what support they needed from the Excise Department.

5. Results

Section 5-1 presents the demographic data. Section 5-2 illustrates the productivity of excise tax collection. Section 5-3 shows the result from questionnaire about the perceptions and attitudes of excise tax staff together with information on the level of satisfaction of excise tax staff. Section 5-4 turns to the problems of collecting and assessing excise tax from questionnaire and interview. Finally, the problems of current performance indicators discussed in the interviews are discussed at the end of this part.

5-1. Demographic Data (See handout)

5-2 Productivity

Table 2 (See handout) shows the productivity of all 10 areas from 2002 to 2005 by annual excise revenue collection per staff. The results from Table 2 show that the productivity of most areas increase continuously from 2002 to 2005 except some areas that had a slightly decrease such as Bangkok area, Region 1 and Region 5 between 2004 and 2005. The main cause of decreasing productivity was inconsistent policy from government that launched many measures to limit tobacco and liquor consumption, and included restructuring motor vehicle tax. The average productivity of Bangkok Region, Region 1 and Region 2 are in the range of 225.67-285.69 million baht per employee. Comparatively, the average productivity of region 3-region 9 is considerably different from Bangkok Region, Region 1 and Region 2 and stands at 10.16-19.76. However, the average productivity of all regions is about 63.36-96.28. In 2005, The Bangkok Region has the highest productivity at 730.60 whereas Region 5 has the lowest productivity. This means that one member of the Bangkok Region on average produces revenue collection of 730.60 million baht. On the other hand, one employee in Region 5 produces only 2.55 million baht.

From the table, the Bangkok Region has the highest productivity though region 2 has actually the highest excise revenue collection. One of the possible reasons is that Region 2 has about 4.2 times the number of staff as the Bangkok office while its revenue collection is just under two times that of the Bangkok region. In contrast, Region 5 has the lowest productivity followed by Region 9 and Region 3. The results could be explained at least partly because the most productive areas are those with the biggest sources of excise revenue. In the other areas there is a predominance of small entrepreneurs and less large entrepreneurs. Most regions have similar levels of staffing – the main exception is the Bangkok region which has far fewer staff than the other regions.

In conclusion, without adjusting the data for such variables it is impossible to tell whether any higher revenue collection of one region is the result of higher productivity. Secondly, one of the important performance indicators that should not be ignored is the productivity. It can assist the Excise Department in setting the revenue targets and analysing the change of efficiency in each area. Thirdly, there may be reason to examine the staff allocation in the Excise Department. There are more staff in Regions 3, 4 and 5 although they are not areas of high levels of excise revenue. On the other hand, the Bangkok area has the lowest number of staff though the Bangkok Region is the main source of excise revenue. Perhaps, the staff allocation is influenced by geographical area rather than just by excise revenue and the number of business. Fourthly, generally, the productivity of excise collection in areas depends on output (excise revenue), input (expenses such as salary), the average size of businesses, government policy etc. Finally, we are uncertain from the data presented

so far that any higher productivity of a region is the result of more positive perceptions and attitudes and more satisfaction among the staff. So, the next section will investigate these aspects.

5-3. Perceptions and Attitudes of Excise Staff

Currently the Performance Indicators do not have any measures of the perceptions and attitudes of Excise tax staff. The nearest is an indicator of aspects of staff experience relating to staff training in computing and auditing. However staff perceptions and beliefs may have an important impact on productivity and the surveys show that they differ significantly between regions. In assessing the differences of perceptions of excise tax officials towards their own divisions among regions, the analysis of variance (ANOVA Test) was applied.¹ The ranking used is that “5” means respondents strongly agree with the comments presented while “4”, “3”, “2” and “1” show agree, moderate, disagree and strongly disagree respectively.

In every region excise tax officials say they are willing to put in more effort than required and the general level of satisfaction with the excise department is very high though some of them are uncertain about the merit-based structure for promotion. The result illustrates that most tax officials have a positive attitude in the range between 3.24-3.73² However there are some differences across the country. Regions 8 and 9 in the southern area and Region 6, which is the most northern area, have the highest scores of satisfaction while the tax planning office and the Bangkok office, both of which are in the central area, have the lowest rates of satisfaction. Respondents in the regional areas tend to indicate higher levels of satisfaction than the central office in many ways. Respondents in Region 8 in the southern area have the highest average point at 3.86 whereas respondents in the tax planning office, the central office, have the lowest average point at 3.15. Interestingly, most of respondents are very pleased with their part of the Excise Department and are satisfied with their current duties. As a result, most respondents are proud of their jobs and intend to work until retirement. Some respondents may however be dissatisfied about salary, benefits and welfare provision. For example, newly appointed graduate may be dissatisfied with a starting monthly salary of 8,000 baht (around €168). However, Region 6, the most northern area, and Region 9, the most southern area, have the most satisfaction with salaries. The main reason is these areas have lower living expenses. Moreover, tax officials who are moved to Region 9 will get more benefits and welfare support because of Tsunami damage and violence in the southern area. There is, of course, less satisfaction in this respect in the central office because there are similar salaries as the regional offices despite living expenses in Bangkok being considerably higher than in the regional areas.

Comparing regions, respondents in Region 8 and Region 9, the southern area, indicate the highest levels of satisfaction. They are very pleased to work in the excise department and with their current duties. In addition, they are more pleased than other areas in terms of working conditions, management policies, job stability, opportunities for advancement and productivity and efficiency of their divisions. This reflects they are still more satisfied than their colleagues in other areas even though they may have the risk of violence in the southern area of Thailand. There is some evidence that many tax officials request to work in the southern area for a couple of

¹ Researcher tested a significant difference among regions with 95% confidence interval. Normally, there is a significant difference if Sig T < 0.5.

² The questionnaire and table are available from the authors on request.

years. Afterwards, they have more opportunity for promotion in more prosperous areas. Respondents in Region 6, the most northern area, has the highest scores for staff understanding their work. It is possible that this is related to the fact that Region 6 has the highest average length of work experience – over 26 years. On the other hand, respondents in the tax planning office has the lowest score in this respect and their working experience is normally 1-10 years.

With respect to the perceptions and attitudes of excise tax staff the average in the different areas is moderate at 3.14-3.86. Most respondents have a willingness to put in more than the normally expected level of effort - about 4.33 - while 80% agree that they understand clearly their work assignments and they are proud of their work. They are positive about appropriate planning and operating projects, clear decentralisation and adequate training, Nevertheless, promotional opportunity has a negative perception at 2.74 and 71% disagree that they are assessed on the basis of merit for promotional opportunity. Furthermore, they have a slightly negative perception about job rotation, attitude evaluation of staff, self-assessment and conveying feedback of staff to improve the Excise Department.

Region 1 and Region 2, located near Bangkok but in the middle and the east of the country have high productivity, but have lower scores for most of the questions than other regional areas in terms of satisfaction with management policies, conveying feedback and suggestions for improvement by employees and the problems of promotion opportunity. However, Region 2 has higher scores with regard to IT systems – a key performance indicator, and particularly, salary and welfare benefits. Region 2 collects the most revenue because large businesses are located this region that is in the industrial estate authority of Thailand. Thus, it is, of course, not difficult to achieve the targeted revenue that is the main performance indicator. Importantly, excise staff who work at the premises of entrepreneurs can get the salary from both sources (salaries from the Excise Department and entrepreneur). As a result, they have no problem about salary and have more satisfaction with the Excise Department.

The evidence from the postal survey suggests that they could not occasionally solve some new problems about assessing excise tax. One of the possible reasons is that they have not had enough job rotation to gain the necessary experience. For example expertise in the taxation of liquor does not necessarily provide sufficient knowledge for assessing the excise tax of other products. More job rotation could improve the level of expertise. However, there is a disadvantage of job rotation where employees may not be willing to move to new geographical areas.

The present system of performance indicators hardly include employee satisfaction. Not are employees usually asked to self-assess their own work. Normally an employee's work is only evaluated by the supervisor which may not take full account of the relevant aspects. . Furthermore, there may be differences in the perceptions of problems by the excise tax officials and senior officials in the central office. There may be insufficient communication upwards to the top level or it may be incomplete.

For the central office, Bangkok region scores less well than other areas in terms of suitable guidelines for planning, clear communication of goal and strategies, decentralisation, regularity of meeting for problem analysis and learning organisation. The evidence may reflect some difficulties facing internal management. Critically, the tax planning office has the lowest scores in many comments. For example, participation for making a decision in the office, enough independence with working, fairly distributed work assignments, respect from others inside and outside the department and so on. The average score for Bangkok on these dimensions is

between 2.87- 3.07. One of the possible reasons is that the tax planning office focuses on setting up revenue budgeting and distributing the budget revenue. The budget revenue is set up from the Ministry of Finance before it is allocated to regional areas. The tax planning office is then subject to complaints about how it allocates the revenue budget between regions.

In summary, the study examines the perceptions and attitudes of excise tax officials both in the regional areas and the central office. The result reveals that most of respondents are on the positive side in terms of attitudes and job satisfaction. Most of them have a willingness to work with the Excise Department until retirement. Moreover, they are very pleased and are proud of their jobs. Nevertheless, they are unhappy with salary and promotional opportunity. Furthermore, IT systems, regular staff meetings, job rotation, evaluation of employee attitudes, self-assessment and conveying feedback and suggestions from staff to the top level should be improved. The results identify that most respondent feel they lack encouragement for working although they are would like to devote their careers to the Excise Department. Senior staff who are close to the top level have the most chance of gaining promotion. Furthermore, most of the evaluations are carried out by supervisors rather than the Excise Department. With the government system, however, salary and welfare is the same in all Ministries. As already pointed out, regional tax officials tend to have more positive attitudes and satisfaction than those in the central office. It mirrors the difference of attitude between the tax expertise of those working at the central office and the tax collectors working in the regional areas. In addition, living expenses, internal management, participation in decision-making, loyalty and the length of service main factors influencing the difference. However, the prevention and suppression office in the central office, has a more positive attitude and satisfaction than other parts of the central office. This could be explained by the difference of tasks and that it is more independent than other parts of the central office. In addition, they get more respect from the public. However, even though regional areas may have more satisfaction, most tax officials are still happy to work in the central office. Perhaps, the rapid growth of Bangkok and the benefits of living in a big city may be reason why they prefer to live in Bangkok.

There is an interesting contrast between the analysis of productivity and that of perceptions, attitudes and satisfaction of excise staff. The Bangkok Region has the highest productivity followed by Region 2 and Region 1. However, the lowest productivity is in Region 5 followed by Region 9, 3, and 8. In contrast Bangkok Region was the region with the lowest score in terms of perceptions and attitudes whereas Region 8 with low productivity but the highest scores in terms of the other factors. It means that satisfaction and so on are not the only factors that determine productivity and revenue collection. However, perceptions and attitudes could still be important and should be considered by the Excise Department. It might also increase the awareness of problems faced in the regions.

From the results, we can conclude that attitudes, perceptions and satisfaction is another main factor in the organisation that should not be ignored. Most of the Revenue Department and Customs and Excise Departments measure performance by the efficiency of tax collection and taxpayer satisfaction. However, it may be overlooked that another important factor for successful tax administration is tax staff. Thus, these performance indicators should include the levels of satisfaction and so on of tax officials. Guideline from the questionnaire in this survey may be helpful to develop the indicators. Finally, tax officials' attitudes should always be surveyed because they are an important factor in the efficiency of tax administration.

5-4. Problems of collecting and assessing excise tax

Apart from investigating excise tax staff perceptions, the open-ended questionnaire explored the problems and difficulties that excise staff face in assessing and collecting excise tax. Out of 561 respondents, 492 or 87.7% answered open-ended questions. Their comments on the main problems could be divided into 6 groups: Tax avoidance and tax evasion, excise tax staff, IT systems, excise tax laws, process/excise tax policy, entrepreneurs and other problems. (See handout for the details of problems)

From the interviews, however, staff occupying high positions realised that one of the biggest problems is that staff do not check the factory prices reported by self-assessment often enough and which might be too low. Staff occupying medium and low positions claim that manpower is not enough in most areas, particularly, auditing staff. Moreover, the inefficiency of IT systems and inconsistency of government policy are mentioned by most staff. Furthermore staff thought loopholes in the excise tax law allow too much tax avoidance by entrepreneurs.

In the view of entrepreneurs, they complain that lots of documents are required by excise staff. Furthermore, public relations and IT systems should be improved urgently. On the other hand, tax advisors mention that their customers complain about the delaying of process of credit tax and non-updating of excise tax laws. Similar to the entrepreneurs' viewpoints, they say that the Excise Department lacks good public relations from both its website and other media.

In terms of performance indicators, it seems staff lack motivation to achieve their goals as there is very little difference in the salaries and bonus of those who perform well and those who do not. Significantly, this matter does not seem to be a concern of top management and it has never been measured among areas. Furthermore, the quality of service is not seriously examined. Performance indicators in the Excise Department can be improved by many ways. Initially, the director or the deputy of the Excise Department should pay more attention to performance measurement. If senior staff determine these matters than all staff will take account of them. Moreover, it should concentrate more on quality of service, particularly customer satisfaction. Currently quality of service only accounts for 8.33% of the total performance indicators. Importantly, motivation should be linked to both financial and non-financial rewards. For example, staff will be happy if he or she is promoted by working in the core province that has more excise tax products. Finally, performance indicators should be set up from the mission of the Excise Department or should be established from the problems of collecting and assessing excise tax.

6. Conclusions

This study presents some of the preliminary results from a case study of productivity and performance indicators in the Thai Excise Department. In addition, staff attitudes and specific problems with excise tax collection are investigated. The results indicate that Region 2 has the highest annual excise revenue. They also indicate that the Bangkok region is the most productive area – partly because it has less staff than the other regions. From the survey of perceptions and attitudes, most excise staff have positive perceptions and attitudes though not all of them were sure that promotional opportunity was always determined by merit. Moreover, regional excise tax officials tend to have more positive attitudes than those in the central office. The difference in attitudes may come from internal management, participation in decision-making, working experience and living expenses. It seems that the relationship between perceptions and attitudes of staff and productivity is not a simple one – many other

factors are also involved. The Bangkok region has the highest level of productivity but also has the lowest score in terms of perceptions and attitudes. On the other hand, Region 8 has low productivity on available measures but the highest score in terms of attitudes and so on.

The results from the questionnaire and interview surveys about problems of collecting and assessing excise tax are similar. The main perceived problems are inconsistent government policy, influence from politicians and the black economy. Some entrepreneurs see the benefits of evasion and they feel that they do not get any direct benefits from paying excise tax. Furthermore, most excise staff are reluctant to criticise any changes because it may affect their career prospects and they are too focused on achieving revenue targets to spend sufficient time analyzing underlying problems. With respect to improvement, it is suggested that the Excise Department should increase penalties for tax evaders. In addition, staff would like to see the development of Excise IT Systems and the reform of some obsolete excise tax laws. Importantly, there should be an input from every division into the decisions made by the tax planning office about the distribution of the revenue targets. Furthermore, staff, entrepreneurs and tax advisors need more seminars and publicity about excise news and general excise tax matters.

Performance indicators should be taken into account for much more than revenue collection. They should also include staff motivation, changes in efficiency and the perceptions, attitudes and satisfaction of excise staff and taxpayers. Finally, tackling these problems should be included in the process of setting performance indicators in order to link to strategic planning and continuous improvement. However, the top level of management needs to be convinced of the benefits of the use of appropriate performance indicators in order for them to work as well as possible.

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