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**DEWAN AUDITORIUM KAMPUS BANDAR**  
**UiTM MELAKA**  
**14-15 OGOS AUGUST 2007**

**ORGANIZED BY:**  
**FACULTY OF BUSINESS MANAGEMENT, UiTM MELAKA**  
**WITH COLLABORATION OF:**  
**TUNAS MEKAR UiTM**

# **Client Charter In The Public Sector: An Exploratory Study On Public Perception Of E-Filing**

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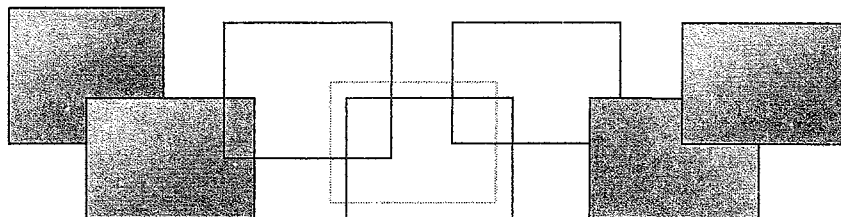
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## **Client Charter in the public sector: an exploratory study on public perception of E-Filing**

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### **ABSTRACT**

Theory suggests that *service guarantee* assures customers that firms or organizations are reliable. Simply stated, reliability is "the ability to perform the service dependably and accurately". The Internal Revenue Board (IRB) of Malaysia introduced E-filing in 2006. In early 2007, the IRB announced tax refunds in one month for users of the E-Filing facility. Response to the E-Filing system has been overwhelming as some 600,000 taxpayers submitted their forms online compared to 100,000 the previous year. An exploratory research was conducted to investigate the perception of the public towards E-Filing, focusing on the service guarantee aspect. Results show that service guarantee is not the main motivation for tax payers to use the online submission system.

#### **Keywords:**

*Service guarantee, Client charter, E-Filing.*

### **INTRODUCTION**

The Inland Revenue Board of Malaysia (IRB) is a collecting agency under the Ministry of Finance. It acts as the Malaysian Government agent in administering, assessing, collecting and enforcing payment of a range of taxes. These include income tax, petroleum income tax and real property gains tax. It was formed in 1957, known as Inland Revenue Department. In 1996, it becomes a statutory body in accordance with the Inland Revenue Board of Malaysia Act 1995 to give more autonomy especially in financial and personnel management and to improve the quality and effectiveness of tax administration.

The Board has around 10,000 employees working over 40 branch offices nationwide. In year 2006 the Board successfully collected direct taxes amounting to RM 65 billion. The Board has taken various steps to increase revenue collection by focusing on income tax collection, enforcement and compliance. In line with the development of technology and e-government, Internal Revenue Board of Malaysia introduced E-filing in 2006. Early this year 2007, IRB announces tax refund in one month for users of E-Filing. Response to the e-Filing system for 2007 has been overwhelming as some 600,000 taxpayers submitted their forms online compared to 100,000 last year (The Star, 10<sup>th</sup> May 2007). The enormous response raises some interesting question such as the role and effectiveness of service guarantee and client charter in the public service.

## **RESEARCH OBJECTIVES:**

The objectives of the research are to ascertain:

- i. the motivation to use E-Filing among tax payers
- ii. the perception on tax payers on service standards of IRB
- iii. the tax payers perception on E-Filing

## **LITERATURE REVIEW**

The use of service guarantees by service firms has grown rapidly over the past decade (Hart, 1993). It recently is perceived as one of popular marketing tool used to attract customers and build customer loyalty (Fabien, 2005; Ostrom & Iacobucci, 1998). McDougall et.al (1998) viewed service guarantee as a strategic weapon in continuing battle to differentiate and gain a competitive edge in service industries. Past researches have argued that service guarantees are means to make the service tangible and to reduce the customer-perceived risk (Hart, 1998; Tax and Brown, 1998)

A service guarantee is an explicit commitment to the customer concerning all or part of service process, generally including compensation for the customer if the commitment is not honored (Kashyap, 2001). Guarantee states what the customer can expect (the promise or coverage) and what the company will do if it fails to deliver (the payout) (McDougall et al, 1998). It is an extension of product warranties to the service setting, offering the consumer protection against product failure, thus reducing risk and increasing confidence in the purchase decision.

A guarantee of excellent services is usually indicated in a written document known as client charter. In public service, Client Charter is a written commitment made by government agencies pertaining to the delivery of outputs or services to their respective customers. It is an assurance by the agencies that outputs/services will comply with the declared quality standards that are in consonance with the expectations and requirements of the customers (Sarji, 1993; Rahman, 1996). There is nothing better than having clear, succinct set of points to adhere to. For clients it means they know exactly what service they should expect to receive and what are covered.

Client Charter initiative is basically a response to the quest for solving the problems which a citizen encounters, day in and day out, while dealing with the organizations providing public services. The concept of Client Charter enshrines the trust between the service provider and its users. The concept was first articulated and implemented in the United Kingdom in 1991 as a national programme with the focus to continuously improve the quality of public services. Later, several countries implemented similar programmes including Malaysia.

The Government of Malaysia issued Guidelines on the Client Charter in 1993 to assist Heads of Government Departments in the preparation of a Client Charter, which is a 'written commitment or service guarantee' to deliver effective and efficient services to the clients. The Malaysian system of Client Charter closely follows the UK Model. However various efforts has been undertaken to upgrade and improved the levels of services, productivity and quality of public servants. The most important is commitment from all quarters in the organization to ensure they deliver what they have promised to their clients.

Various benefits will be attained from the establishment of the Client Charter. The benefits can be categorized into two, benefits to the public and benefits to the government departments. Benefits to the public means it enables the public to know specifically the quality of service to expect from the department, enables the public to evaluate the performance of the services rendered, reduces uncertainties over the delivery of services and increase awareness of the quality standards of each department. As for benefits to the government departments, the Client Charter will act as a performance indicator and encourage Public Service to be more transparent.

To further illustrate the benefit, The Federation of Malaysia Consumers Association (FOMCA) for example, has launched its patient charter for healthcare services with the co-operation of Malaysia Medical Association, Malaysian Dentistry Association and Malaysian Pharmaceutical Association. According to FOMCA president, Prof Datuk Mohd Hamdan Adnan, the charter recognized the relationship between a healthcare provider and a patient as privileged. Client Charter advocated universal ideas and high standard of healthcare that the service providers and the public should strive to achieve (NST, 2003).

AmBank Group, are committed to ensuring security, confidentiality and convenience when delivering their financial services to their clients. With the implementation of AmBank Online Banking Service, AmBank hopes that they shall deliver their financial services more effectively in terms of speed, reliability and quality (AmBank Group, 2007)

At the International level, for instance, the Southern Cross University Library states in their Client Charter about the commitment to the provision of high quality standards at all times in their service provision of high quality standards at all times. Their clients are not limited to students but also University staff, members of University Council and public. (<http://www.scu.edu.au/library>). The issue is how the Library management knew whether they had fulfilled their promises as stated in the Client Charter? Thus client feedback is very important. In this way they can measure their success in providing their clients with the demand services and improve where they may be required.

Another interesting example is steps taken by IBM Australia. They have indicated their guarantee of excellent services through Client Charter. Three values have been instilled such as dedication to every client's success, innovation that matters and trust and personal responsibility in all relationships (IBM CRR, 2005). In terms of dedication to every client's success IBM appointed Client Executive with industry expertise to help to find solutions to client's needs. As for innovation, IBM spends more on research and generates more patents than any other IT company. Significant investment in research and innovation to bring the latest technology to their clients is the main focus. This is due to the strong belief that innovation will make outstanding contributions to life.

On 24 May, 1997 in a Conference of Chief Ministers in New Delhi, Prime Minister of India has decided to implement 'Action Plan for Effective and Responsive Government'. One major decision is to formulate Citizens' Charters. These Charters were required to include standards of service and time limits that the public can reasonably expect. For the formulation of the Charters, the government agencies were advised to constitute a task force with representation from users, senior management and other staff. The following elements should be incorporated in the Charters; vision and mission statement, details of business transacted, clients, services provided, grievance redress mechanism and how to access it and expectations from the clients. Although it is the adaptation of

the UK model but the last element is actually an additional component. This shows that Indian Government is really emphasized to ensure that the Citizens' Charter meets the needs of the users.

## **METHODOLOGY**

An exploratory study was chosen, since service guarantees are a relatively new concept in the public sector. Data were gathered through questionnaires. A total of 100 questionnaires were distributed to the user of E-Filing for this study. From the 100 questionnaires only 32 were returned (32%).

The questionnaire consisted of four sections, section I on respondents background such as gender, age, position, organization and level of education. Section II consists of questions regarding assessment of performance to service standards which includes respondents rating on the staff's manner in dealing with client. Among standards assessed are courtesy of staff, willingness to assist clients, responsiveness to client's needs, fairness of treatment, clarity of advice and availability of information and policy statements. Section III focuses on respondents experience on E-Filing such as reasons for using E-Filing and tax refund. Section IV of the questionnaire concentrates on the perception on E-Filing relating to two main areas, namely perception of the service standards and ease of use of E-Filing. This section consists of close ended questions using Likert Scale of 1 to 5, where 1 indicates strongly disagree and 5 indicates strongly agree.

## **RESULTS**

Analysis of the data was done using the frequency method in SPSS (Statistical Package for Social Sciences). The following analysis illustrates the demographic profile, perception on the standards of service and perception on E-Filing.

### **a. Demographic profile**

Table 1 shows that out of the 32 respondents who returned the questionnaires, 56.2% are male and 43.8% are female. Looking into the age group, majority of the respondents fall into the age category of 30 to 45 years of age, indicting majority of the respondents are veteran tax payers: 43.8% are of age group of 30-35, while 37.5% is in the age group of 36-45. The respondents hold at the minimum Diploma to the highest qualification namely PhD and professional level. Highest percentage fall in the category of Degree holders (34.4%), followed by Masters' qualification (31.3%) and Diploma holders (21.8%), and last but not least, PhD and professional about 12.5%.

Table 1: Profile of respondents

| Profile            | Group            | Number of Respondents | %    |
|--------------------|------------------|-----------------------|------|
| Gender             | Male             | 18                    | 56.2 |
|                    | Female           | 14                    | 43.8 |
| Age                | 20-29            | 3                     | 9.4  |
|                    | 30-35            | 14                    | 43.8 |
|                    | 36-45            | 12                    | 37.5 |
|                    | 46-56            | 3                     | 9.3  |
| Level of education | Diploma          | 7                     | 21.8 |
|                    | Degree           | 11                    | 34.4 |
|                    | Masters          | 10                    | 31.3 |
|                    | PhD/professional | 4                     | 12.5 |

b. Perception on service standards

This section analyses the perception on the service standards. Respondents were asked on their perception of various characteristics of service standards. Table 2 shows the findings on the service standards. The ratings on service standard were based on Likert scale of 1 to 4, where 1 indicates poor performance, 2 means satisfactory performance, 3 reflect very good performance and 4 indicates excellent performance. Overall, the perception of respondents on the service standards provided by IRB fall between the value of 2 to 2.5, which is satisfactory performance. Two criteria on service standard, namely, willingness to assist and fair treatment were higher than the other criteria.

Table 2: Service Standards

| No | Criteria                           | Mean |
|----|------------------------------------|------|
| 1  | Overall Standard                   | 2.44 |
| 2  | Courteousness                      | 2.34 |
| 3  | Willingness to assist              | 2.56 |
| 4  | Responsive to needs                | 2.41 |
| 5  | Fair treatment                     | 2.50 |
| 6  | Clarity and completeness of advice | 2.41 |
| 7  | Availability of information        | 2.41 |

c. Perception on E-Filing

Perception of respondents on E-Filing focuses on factors such as the motivation to use E-Filing. Respondents were also asked whether E-Filing improves the quality of tax assessment, leads to greater control of tax assessment, ability to accomplish assessment in less time and advantages of using E-Filing. The statement for each of the criteria was based on 5 point Likert Scale, where 1 indicates strongly disagree and 5 indicate strongly agree.

The findings of the research shows majority of respondents preferred E-Filing because of ease of use (46.9%) and convenience (28.1%). Only 25 % of the respondent chooses E-Filing because of the promise on tax return within one month. Majority of the respondents indicated positive perception towards E-Filing as seen in Table 3.

Table 3: Perception of E-Filing

| Criteria                              | Response              | %    |
|---------------------------------------|-----------------------|------|
| Motivation to use E-Filing            | Ease of Use           | 46.9 |
|                                       | Convenience           | 28.1 |
|                                       | Promise of tax return | 25   |
| Quality improvement                   | Agree                 | 59.4 |
|                                       | Strongly Agree        | 21.8 |
| Greater control of tax assessment     | Agree                 | 40.6 |
|                                       | Strongly Agree        | 21.8 |
| Accomplish assessment in quicker time | Agree                 | 59.4 |
|                                       | Strongly Agree        | 31.3 |
| Advantage in using E-Filing           | Agree                 | 68.7 |
|                                       | Strongly Agree        | 18.8 |

## DISCUSSIONS AND IMPLICATIONS

The objective of the research was to ascertain the perception on the role of client charter with a special focus on E-Filing. A specific question was asked on the motivation of respondents towards the promise of tax refund within one month. Surprisingly the research found that most respondent uses E-Filing as they find the system to be easy and convenient in usage. The guarantee of tax refund within one month was not the main motivation to use E-Filing. Most of the user also reported that they have not received their tax refund. At the time this data were collected three months has passed since the closing date of submission of tax assessment. There are several implications of the findings. One of the implications indicates that respondents were not looking for the service guarantee promised by IRB, namely the tax refund within one month. From the respondents' surveyed majority have not received their tax refund, therefore on the part of IRB, the promise was not delivered. That leads to the question, what is the role of the client charter?

The respondents found the service standards to be at satisfactory level. They found that the staff was able to dedicate themselves to customer services. Customer were given fair treatment and responds to customers needs. It is safe to conclude that IRB has managed to convince customer on their service standards.

The findings of the research also found that the main attraction to use E-Filing was because of the ease of use and the convenience of technology. They found that E-Filing has been advantageous to them and enhances the process of tax assessment. Since

the promise is not the main agenda of the respondents, IRB then should focus on the E-Filing system and its technology and promises should be based on the usage of this technology. Promises made by the client charter and not fulfilled will only damage the good image of the public sector.

## **LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH**

The findings of this study did not support the assumed benefits of client charter. Even though respondents were not motivated by the tax refund, it would be interesting to find out why they are not motivated by the promise. The future research should focus on the factors that motivated tax payers to use E-Filing.

This research is an exploratory survey, with a very small number of respondents. As such it will not be fair to generalize the findings. It is suggested that collaboration with IRB would benefit both parties. Getting the list of E-Filing user would allow the research to have a bigger number of respondents, maybe a fairer view of respondents' perception.

Quantitative method was used in this study. It is suggested that the triangulation method would be an alternative to gain insights that were not able to obtain through the quantitative methods.

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