

SYSTEMATIC

LITERATURE REVIEW FLOW IN THE EVALUATION OF MODERN TAX ADMINISTRATION SYSTEM: INSIGHTS FOR FUTURE STUDY¹

ALUR TINJAUAN LITERATUR TERHADAP EVALUASI SISTEM ADMINISTRASI PAJAK MODERN: MASUKAN UNTUK PENELITIAN SELANJUTNYA

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ABSTRACT

The advance of technology, development of global economy, and economic crisis force countries around the world to conduct the continuous improvement of financial system including the tax system. Interestingly, one of the elements most often done is that modernizing the tax administration system because of public demands for better tax services and the government need for an increasing the tax revenue. It is not surprising, if this element takes a considerable cost portion from public money, therefore its role to tax system needs to be evaluated. By conducting a systematic literature review flow, this study provides theoretically and empirically insights in order to evaluate a modern tax administration system (MTAS). By using data simulation, I detect the type of study, five most important stakeholders, dimension, and driving factors regarding the applying MTAS. This study is expected to enrich the existing literature through a systematic literature review flow to unify former studies both theoretically and empirically, so that it can result relevant insights for the evaluation of MTAS and to propose the research agenda in the future.

Keywords: Modern Tax, Evaluation, Tax Administration

ABSTRAK

Kemajuan teknologi, perkembangan ekonomi global, dan krisis ekonomi memaksa negara-negara di dunia melakukan perbaikan terus-menerus terhadap system keuangan termasuk system perpajakan. Menariknya salah satu elemen yang paling sering dilakukan adalah memodernisasi system administrasi perpajakan. Hal ini tidak mengherankan karena tuntutan kebutuhan masyarakat akan pelayanan pajak yang lebih baik dan adanya kebutuhan peningkatan penerimaan pajak oleh pemerintah. Elemen ini mengambil porsi biaya yang cukup besar dari uang rakyat, oleh karenanya peranannya terhadap sistem perpajakan perlu dievaluasi. Dengan melakukan systematic literature review, studi ini berusaha memberikan wawasan secara teoritis dan empiris dalam rangka evaluasi pelaksanaan sistem administrasi perpajakan modern. Dengan menggunakan data simulasi, kami mendeteksi 4 penemuan utama yaitu tipe studi, 5 pemangku kepentingan, dimensi, dan faktor pendorong terkait dengan penerapan sistem administrasi perpajakan modern (SAPM). Penelitian

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ini diharapkan dapat memperkaya literatur yang ada melalui alur systematic literature review untuk menyatukan studi masa lalu baik secara teoritis maupun empiris sehingga dapat menghasilkan wawasan konsep yang relevan untuk evaluasi SAPM dan mengusulkan agenda penelitian di masa yang akan datang berkaitan dengan hal ini.

Kata kunci: Perpajakan Modern, Evaluasi, Administrasi Perpajakan

A. INTRODUCTION

OECD, in Tax Administration Report 2013, states that the reform of institution, organization, increasing the efficiency of operation and service through providing modern electronic services are still a prominent feature of tax reform in countries of the world. This report proves that modernizing the tax administration system remains a critical element in the process of continuous tax system improvement (OECD Report, 2013).

In the tax system, the tax administration influences the tax policy and design in a country because of its function in collecting, managing, and using the tax money (Das-Gupta, 2004). In addition, the tax administration also plays an important role in determining whether is effective or not the real tax system of a country (Tanzi and Anthony Pellechio, 1995). Its important role in bridging the relationship between the government and taxpayers forces the government to pay the serious attention this sector through tax administration reform process.

In many developing countries, the tax administration reform has already become a part of broader fiscal reform effort that aims to restore the macroeconomic stability and to restructure the tax system so that the tax implementation to be more efficient, minimal irregularities, and easier to manage. In countries with economies in transition, the stimulation to modernize the tax administration comes from the need to build a tax administration that can respond

the demand of a growing market economy and can cause the increasing number of taxpayers. Tax administrators in both developing and developed countries also face the challenge in modernization to achieve the effective tax administration within an global economy that is marked by the growth of financial service sector and rapid expansion of computer and communication technology (Silvani and K. Baer, 1997). By these conditions, it is not surprising that the process of modernization is carried out continuously in order to improve and to achieve optimal tax system (Alm, James 1996).

In implementation, the government invests a lot of resources in modernizing the tax administration (Besfamille and Cecile, 2009). Therefore the research gap in this study constitutes that the evaluation process toward the modern tax administration system implementation should be performed regularly as a manifestation of government accountability to taxpayers. One of tools to evaluate a system application is by using a systematic literature review (Peeticrew and Roberts, 2006).

By considering this tool, the research question developed is:

“How a systematic literature review is applied in the evaluation of modern tax administration system?”

By conducting a systematic literature review flow, this study is expected to provide insights theoretically and empirically about a modern tax

administration system as information to evaluate it in the future along this direction.

Theoretical Foundation

The term has been used for the evaluation studies that assess the impact and success of intervention programs, practices, services, or policies in order to make recommendations for changes (Cracknell, 2000). Clarke and Dawson (1999) defines evaluation as a form of applied social research with the ultimate aim is not to discover new knowledge, as in the case of basic research, but to study the effectiveness and efficiency of an activity or program in which the knowledge obtained is used to guide practical action. The most important purpose of evaluation is not to prove, but to improve, and do not like the basic sciences, the evaluation is not aimed at truth or certainty, the goal is to help improve programs and policy-making. Evaluation is also very action-oriented, especially to identify recommendations for programs, policies, and decision-making in the future.

Basic types of evaluation methods can be divided into types of summative and formative-objectivist-subjectivist method (Friedman and Wyatt, 2006). Type of formative evaluation was conducted during the time the project was implemented and is intended to provide input for the development and design. In contrast, summative done at the end of the project and intended to seek achievement of project/program. While dealing primarily with the Objectivist method of quantitative measurement, subjectivist methods dealing with qualitative measurements (Arviansyah et al, 2011).

Modern Tax Administration System (MTAS) is the implementation of a transparent and accountable tax administration system by utilizing

information technology systems that are reliable and up to date (Nasucha, 2004). Modern tax administration are clearly defined as the strategy associated with the increase in revenue collection, the acquisition of information more quickly, increasing coverage and quality of the audit, and the delivery of services to taxpayers is more effective. Increasing the effectiveness of these key functions should be the basis for determining performance standards in tax administration (Silvani and K. Baer, 1997).

In order to be a comprehensive evaluation, Remenyi et.al (2007) argue that evaluation must include all key stakeholders and focus on the benefits or outcomes, both tangible and intangible. The evaluation is also conducted to capture the benefits, greater knowledge about the appropriate stakeholders, the dimensions, and the influence necessary to get a comprehensive perspective (Guba and Lincoln, 1981).

B. RESEARCH METHOD

This study constitutes the qualitative characteristic by using literature review method. The literature review was conducted by examining published research forms EBSCO host Research Database, which includes Business Source Premier Power (BRP)-database development in the field of international business and management and Educational Administration Abstracts (EAA) - database development in the field of educational administration.

Search strategy and a systematic review flow are shown in detail in Figure 1. Some restrictions applied in the last stage of detail to define the scope and framework of the study. Table 1 presents the definition of each term and the criteria used for selection composed articles for the previous

definition. All articles were analyzed and synthesized according to the type of study, methods of evaluation, stakeholder, dimensions, and aspects of influence.

Referring the definition and criteria, then I formulate the systematic literature review flow to facilitate us to seek the journals associated with evaluation and implementation of modern tax

administration system. According to the journals found, then I evaluate them based on the type of study, methods of evaluation, stakeholder, dimensions, and aspects of influence. The systematic literature reviews flow and its implementation by using simulation data are shown in figure 1.

Table 1. Definition and Criteria

Term	Definition	Reference	Criteria
Evaluation	Studies that assess the impact and success of intervention programs, practices, services, or policies in order to make recommendations for changes in evaluation is a form of applied social research with the ultimate aim is not to discover new knowledge, as in the case of basic research, but to study the effectiveness and efficiency of a activity or program in which the knowledge obtained is used to guide practical action. The most important purpose of evaluation is not to prove, but to improve, and do not like the basic sciences, the evaluation is not aimed at truth or certainty, the goal is to help improve programs and policy-making. Evaluation is also very action-oriented, especially to identify recommendations for programs, policies, and decision-making in the future.	Cracknell (2000), Clarke and Dawson (1999)	Articles describe evaluation process
Modern Tax Administration System	The implementation of a transparent and accountable tax administration system by utilizing information technology system that is reliable and up to date. Modern tax administration are clearly defined as the strategy associated with the increase in revenue collection, the acquisition of information more quickly, increasing coverage and quality of the audit, and the delivery of services to taxpayers is more effective. Increasing the effectiveness of these key functions should be the basis for determining performance standards in tax administration	Nasucha (2004), Silvani dan K. Baer (1997)	Articles describe the dimension and consequences of modernizing tax administration system

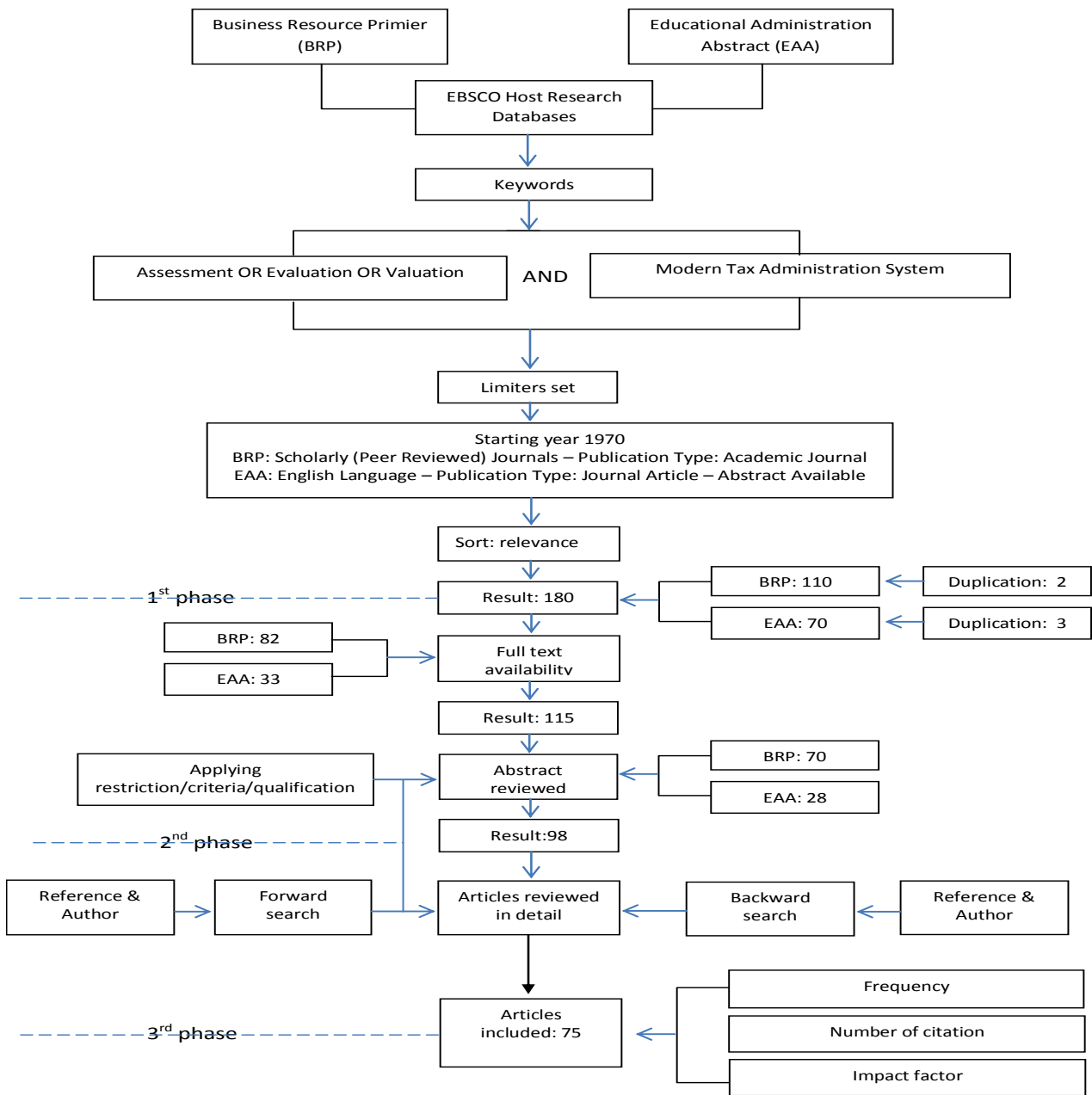


Figure 1. Systematic Review Flow
 Source: author analysis refer to Arviansyah, et.al 2011; author’s calculation

C. RESULTS AND DISCUSSION

In this section I will describe the composition of the remaining articles from the systematic literature review along with the research’s result of study type, evaluation method, stakeholders, dimensions, and influences by using data simulation.

1. Analysis of Type of Study

Descriptive statistics from my literature review presents that 53% of the articles belong to the category of case or empirical studies, 12% to that of informational studies, and 35% to that of review studies (figure 2).

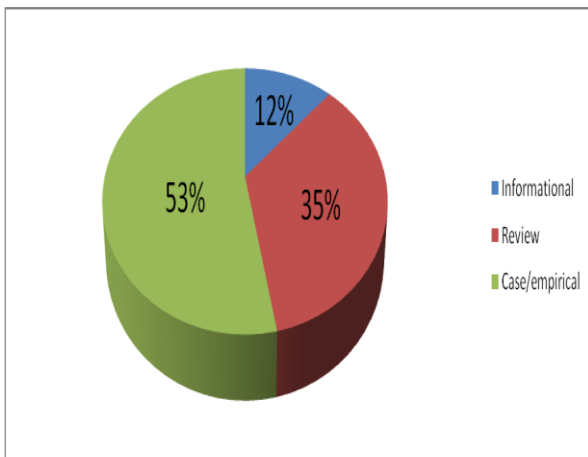


Figure 2. Type of study from the remaining articles

Source: author's calculation

2. Analysis of Evaluation Method

In the category of case or empirical study, most of the articles use combination methods or multi approaches in their evaluation process (46%). More researchers use quantitative methods than qualitative studies during the period of published-articles by percentage at 34% and 20% respectively (figure 3).

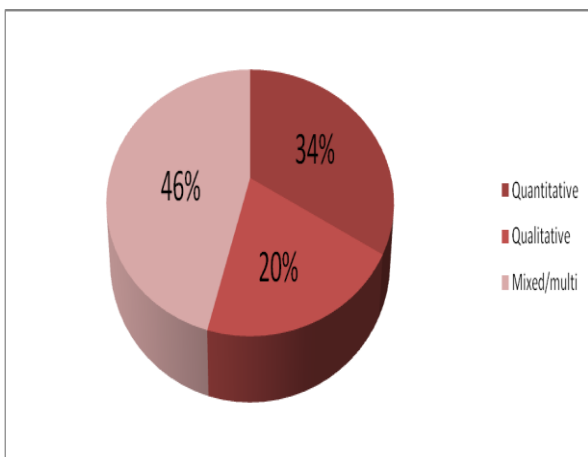


Figure 3. Evaluation method from the category of case and empirical study

Source: author's calculation

3. Analysis of Stakeholders

Some stakeholders were identified throughout the study. Seven categories were identified and their definitions summarized sorted by their frequencies, citation numbers, and impact factor based on the mean value (figure 4). These stakeholders are: corporate taxpayer, individual taxpayer, tax consultant, parliament, government, non taxpayer, and international institution.

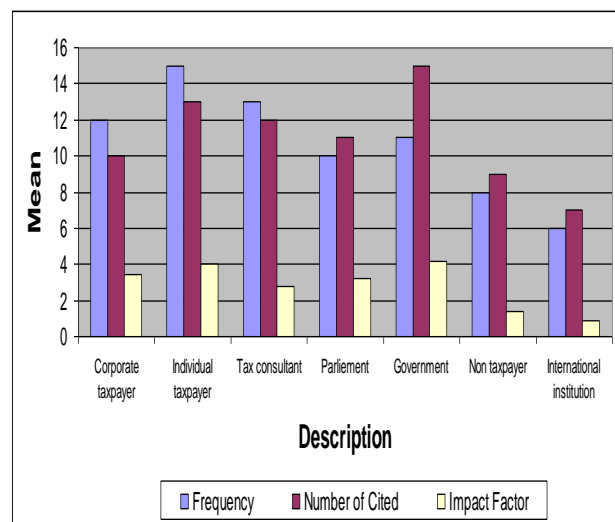


Figure 4. Stakeholders in MTAS Implementation

Source: author's calculation

Figure 4 and figure 5 compare contribution of frequency, citation number, and impact factor across the different categories of stakeholders. These two graphs are the result of a weighted average calculation and show the importance of these 7 stakeholders. Figure 4 presents the importance of stakeholders on the basis of frequency, citation number and impact factor. I can see that corporate taxpayer, individual taxpayer, tax consultant, parliament, and government are the top five important stakeholders.

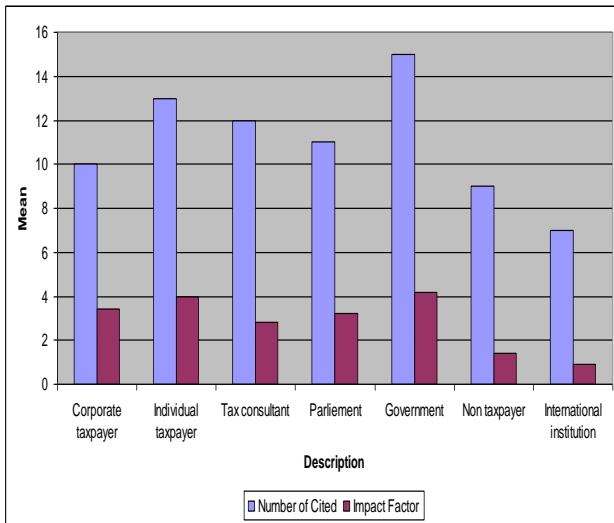


Figure 5. Stakeholders in MTAS Implementation without Frequency

Source: author's calculation

Furthermore, figure 5 shows the importance of stakeholders on the basis of citation number and the impact factor without frequency. I can see that corporate taxpayer, individual taxpayer, tax consultant, parliament, and government are the top five important stakeholders.

4. Analysis of Dimensions

Several dimensions were revealed throughout the study. Seven categories were identified their definitions summarized. Sorted by their frequencies, citation numbers, and impact factors (figure 6), these dimensions are: structure, procedure, strategy, culture, efficiency, performance, and human resource.

Figure 6 and figure 7 compare contribution of frequency, citation number, and impact factor across every category of dimensions. These two graphs are the result of a weighted average calculation and show the importance of these 7 dimensions.

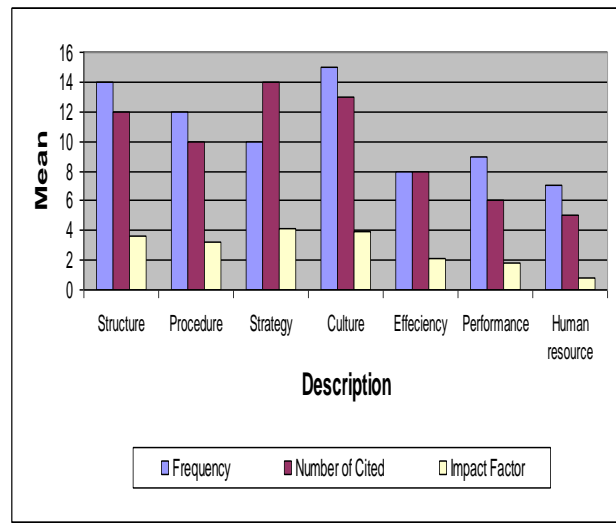


Figure 6. Dimensions in MTAS Implementation

Source: author's calculation

Figure 6 explains the importance of dimensions based on frequency, citation number, and impact factor. From the graph, I can see that structure, procedure, strategy, and culture are the top four most important dimensions.

Furthermore, figure 7 states the importance of dimensions on the basis of citation number and impact factor without frequency. I can see that structure, procedure, strategy, and culture are the top four most important dimensions.

5. Analysis of Influence

Some influences were revealed thorough out the study. Seven categories were identified their definitions summarized. Sorted by their frequencies, citation numbers, and impact factors (figure 8), these influences are: tax sanction, tax morale, tax service, tax compliance, tax revenue, and prosperity.

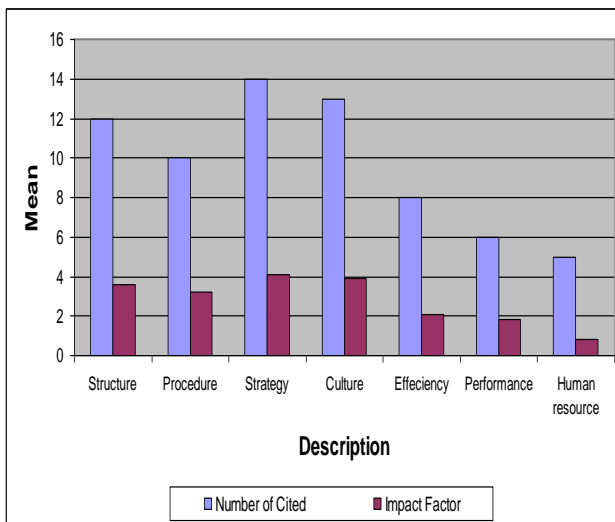


Figure 7. Dimensions in MTAS Implementation without Frequency

Source: author's calculation

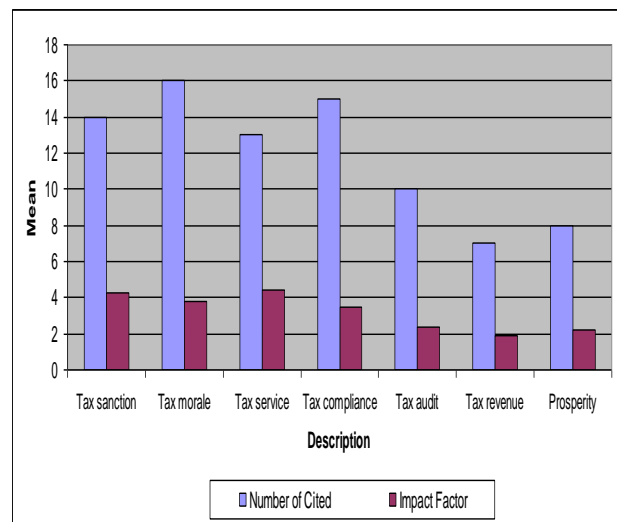


Figure 9. Influence in MTAS Implementation without Frequency

Source: author's calculation

Figure 8 and figure 9 compare contribution of frequency, citation number, and impact factor across every category of influences. These two graphs are the result of a weighted average calculation and show the importance of these 7 influences.

Figure 8 describes the importance of influences based on frequency, citation number, and impact factor. From the graph, I can see that tax sanction, tax morale, tax service, and tax compliance are the top four most important influences.

Furthermore, figure 9 presents the importance of influences on the basis of citation number and impact factor without frequency. I can see that tax sanction, tax morale, tax service, and tax compliance are the top four most important influences.

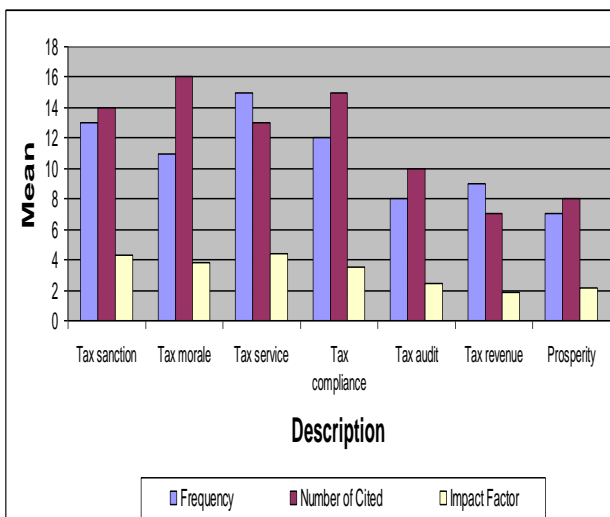


Figure 8 influence in MTAS Implementation

Source: author's calculation

D. DISCUSSION

In this section, I will discuss findings of the stakeholders, dimensions, and influences revealed by my systematic literature review flow. In general, there is insufficient scholarly attention being paid to derivation of guidelines to assist stakeholders in evaluating the MTAS implementation. The guidelines that consist of detailed study protocol of all the decisions and steps might provide benchmark for other researcher in conducting further evaluation. These

guidelines are beneficial for allowing others to learn and to develop the framework as well as to test the robustness of the applicability.

1. Progress of MTAS. Evaluation: construct diversity and methodological pluralism

Evaluation method of MTAS implementation in the tax system context is influenced by conventional research. Mixed/multi and quantitative evaluation methods have been dominant for a period of 43 years. Approaches that analyze qualitative data are needed to measure intangible benefits and explain social phenomena. In later development, there is a greater consideration for the social and organizational aspects in evaluation studies and to incorporate specific measures such as technological, human, and organizational issue in the evaluation process (Clarke and Dawson, 1999).

Furthermore, these various results imply that there are many perspectives available to researcher in evaluation MTAS within the tax system setting. The progression of evaluation method shows a shifting from using single quantitative or qualitative method to a combination approaches or triangulation to encompass more comprehensive output.

2. Stakeholders in MTAS Settings: Involvement and Importance

From figure 4, the analysis shows that corporate taxpayer, individual taxpayer, tax consultant, parliament, and government are the top five important stakeholders. In addition, government and parliament, as part of stakeholders, have an influential role to play in MTAS spending decisions. It is invaluable to understand their involvement as subjects in tax

administration decision and as objects or taxpayers in the tax system.

Inevitably, corporate and individual taxpayer, as important stakeholders is the object of tax administration as well as 'customer' of government organization, also take as the user of technology in certain tax system setting. Government organization as important stakeholder means that the management which is providing and delivering service to 'customer' (individual and corporate taxpayers) should be involved in assessing the worthiness of MTAS implementation. Finally, tax consultants as part of stakeholders have a role to help taxpayer in advising tax problems and giving propositions within fulfilling their tax obligation.

3. Dimension of MTAS implementation in Tax System

From figure 6, the analysis shows that structure, procedure, strategy, and culture are the top four most important dimensions. Structure and culture have almost a similar rank. Structure, procedure, strategy, culture, efficiency, performance, and human resource are related each other in showing the worthiness of MTAS implementation.

The graphs show that performance and human resource have lower importance when frequency is omitted from the analysis (figure 7). Conversely, strategy and culture category emerge as important dimensions (figure 7). From the difference analysis (figure 6), it seems that many researches used structure and culture as dimension to evaluate MTAS investments; however, the structure dimension gets lower ranking of importance when frequency is omitted from the analysis. It is possible that this phenomenon is caused by the progression

of evaluation method. Likewise, the culture as dimension is frequently mentioned in many researches. A possible explanation to this phenomenon is that the importance of culture is highly recognized.

Structure, procedure, and strategy also emerged as important dimensions which show the potential direction of evaluating MTAS in tax system. The complete set of dimensions for MTAS is structure, procedure, strategy, and culture.

4. Influence of MTAS Implementation in Tax System

From figure 8, the analysis shows that tax sanction, tax morale, tax service, and tax compliance are four most important circumstances that are influenced by MTAS. Tax morale and tax compliance have a similar rank. Tax sanction, tax morale, tax service, tax compliance, tax audit, tax revenue, and prosperity are related each other in showing the worthiness of MTAS implementation.

The graphs show that tax audit, tax revenue, and prosperity have lower importance when frequency is omitted from the analysis (figure 9). Conversely, tax sanction, tax morale, tax service, and tax compliance category emerge as important circumstances influenced by MTAS (figure 9). From the difference analysis (figure 8), it seems that many researches used tax sanction and tax service as circumstances influenced by MTAS; however, these things get lower ranking of importance when frequency is omitted from the analysis. It is possible that this phenomenon is caused by the progression of evaluation method. Likewise, the tax service as circumstance influenced by MTAS is frequently mentioned in many researches. A possible explanation to this phenomenon is that the importance of tax service is highly recognized.

Tax sanction, tax morale, and tax compliance also emerged as important things that are influenced by MTAS which show the potential direction of evaluating MTAS in tax system. The complete set of circumstances influenced by MTAS is tax sanction, tax morale, tax service, and tax compliance.

5. Characteristics of The Tax Sector

Tax sector has some characteristics in its implementation. Corporate and individual taxpayers are highly related to the well-being of objects as the customer likely private sector that should be satisfied seriously. The tax sector is considered a complex and a multi-stakeholder environment, so that the relationship among stakeholders should be maintained directly. The tax sector is also encouraged to share knowledge and make simple and modern tax administration to increase tax compliance. In implementation, this sector has spent markedly the more resources, so that the evaluation should be conducted regularly as manifestation of government accountability to taxpayers.

E.CONCLUTIONS AND RECOMMENDATION

From an overall perspective, there is a challenge to build more robust and comprehensive evaluation process of Modern Tax Administration System (MTAS). One alternative way is by incorporating a multidisciplinary team of evaluator which might reveal diverse insight as well as enrich the understanding of contextual tax system

Determination of success and failure in the evaluation of MTAS implementation would depend on how stakeholders define their needs and perceptions of MTAS in tax system. Therefore, evaluator should clearly

identify the key stakeholders as well as utilize proper dimensions. The identified stakeholders and dimension in this study represent the core elements to be incorporate into MTAS evaluation so that evaluations can be undertaken in an informative and purposeful fashion. Furthermore, the contribution of proper measurement, as a future investigation, is needed to know the role and impact of MTAS toward the tax compliance.

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