

# STRENGTHENING THE PUBLIC SERVICE QUALITY OF BINH DUONG TAXATION DEPARTMENT FOR FOREIGN DIRECT INVESTMENT ENTERPRISES

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## Abstract

*The main objectives of this paper were to identify the factors affecting the performance of service quality at Binh Duong Taxation Department for Foreign Direct Investment enterprises and to propose recommendations in order to improve the performance of service quality. The data analysis for this study is a quantitative type. The service quality level analyzed based on the data gathered from the managers of the participation companies.*

*This paper conducted during the period from July 2013 to July 2015. The results from data analysis revealed that respondents consider the following factors as the most influential factors: (1) The Responsiveness (RE); (2) The Assurance of Tax Officials (ATO); (3) The Information technology application (ITA); (4) The Administrative procedures (AP); (5) The Mechanism for monitoring and commenting (MMC) and (6) The Tangibles (TA). All five most influential factors related to the performance of Service quality with significance level of 5 %.*

*Therefore, this study had made significant original contributions to knowledge at academic and practical levels as the first explanatory empirical study. The following sections present the main academic and practical contributions made by this research. Besides, this research is an in-depth understanding of the factors influencing the performance of Service quality. This research is the best of the researcher's knowledge, a review of the literature in the field of the performance of Service quality revealed the need for more empirical research. Therefore, this study integrates and extends the studies conducted in this area that addressed the issue of the performance of Service quality in general and public service quality. Accordingly, this study is the first study that had been carried out in Binh Duong province into the factors influencing the performance of Service quality.*

**Keywords:** Service quality, FDI, Tax, FDI enterprises and Binh Duong province.

## 1. INTRODUCTION

Binh Duong province locating at the gateway to Ho Chi Minh City, being the economic – cultural central of the whole country; crossed by the life line highways such as Highway 13, Highway 14, Ho Chi Minh route, Trans-Asia route, etc., ranging 10 to 15 kilometers from Tan Son Nhat International Airport and sea ports, convenient for comprehensive socio-economic development. In recent years, with high economic growth rate, GDP increases 14.5% annually on average. The economic structure actively changes, industrial and service sectors rapidly grow and account for high proportion, in 2010, the proportion of industry - construction was 63%, service - 32.6% and forestry & agriculture - 4.4%. Currently, Binh Duong has 29 industrial parks and zones with the total area of over 8,700 hectares, in which more than 10,200 domestic and foreign enterprises under operation with the total capital investment of over US\$ 13 billion. Binh Duong has with the advantages in natural conditions, socio-economic potential and policies from the Central Party and Government, Binh Duong will continue to develop sustainably, and become the most civilized & modern city of Vietnam and of the South East Asia region.

In the modern world of intensifying globalized competitiveness, the critical point for the development of a sustainable competitive advantage is related to the provision of high quality services that contribute to the creation of increased customer satisfaction. Quality and customer service also seem to constitute a priority for the Tax Administration system, as can be seen in the various relevant projects currently in progress. Combined with the practical requirements of the tax job, the researcher had chosen the title: ***Strengthening the public service quality of Binh Duong Taxation Department for Foreign Direct***

*Investment enterprises* as a paper for applying in tax management.

## 2. LITERATURE REVIEW

**Tangibles:** Appearance of physical facilities, equipment, personnel, and communication materials; **Reliability:** Ability to perform the promised service dependably and accurately; **Responsiveness:** Willingness to help customers and provide prompt service.

**Assurance:** Knowledge and courtesy of employees and their ability to convey trust and confidence; **Empathy:** Caring, individualized attention the firm provides its customers.

**Service Quality:** The concept of service quality linked to the concepts of perception and expectations. Service quality perceived by the customers is the result of comparing the expectations about the service they are going to receive and their perceptions of the company's actions (Parasuraman et al., 1988; Gronroos, 1994).

**Quality assurance:** Vroeijenstijn (1995) quality assurance is a systematic, structured and continuous attention to quality in terms of quality maintenance and improvement. Most authors on the concept of quality assurance share this view. UNESCO (2004). Similarly, Inqaahe (2005) defined quality assurance as all those attitudes, objects, actions and procedures, which through their existence and use, and together with the quality control activities, ensure that appropriate academic standards are being maintained and enhanced in and by each program.

**Administrative procedures:** they are a set or system of rules that govern the procedures for managing an organization. These procedures are meant to establish efficiency, consistency, responsibility, and accountability.

**Customer service:** It is the hallmark of success in service industries and among manufacturers of products that require reliable service. But what exactly is excellent service? It is

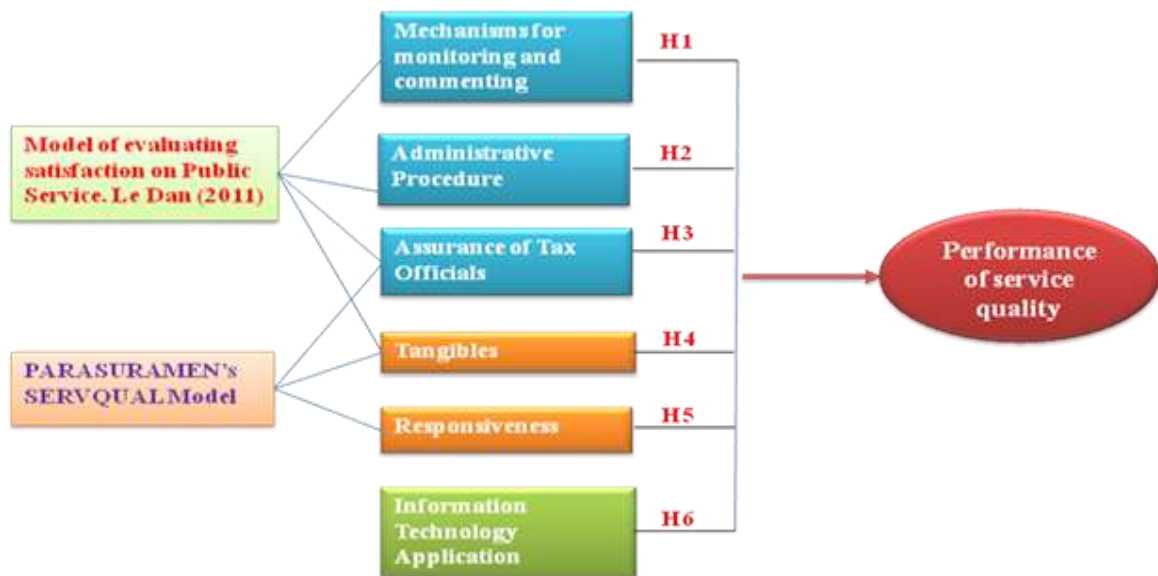
the ability to deliver what you promise, say the authors, but first you must determine what you can promise. Building on seven years of research on service quality, they construct a model that, by balancing a customer's perceptions of the value of a particular service with the customer's need for that service, provides brilliant theoretical insight into customer expectations and service delivery.

**Human Resource Management:** It is the process of recruitment, selection of employee, providing proper orientation and induction, providing proper training and the developing skills, assessment of employee (performance of appraisal). In addition, it provides proper compensation and benefits, motivating, maintaining proper relations with labor and with trade unions, maintaining employees' safety, welfare and health by complying with labor laws of concern state or country.

**Information technology (IT):** It often is in the context of a business or other enterprise. It is the application of computers and telecommunications equipment to store, retrieve, transmit and manipulate data, often in the context of a business or other enterprise. The term is commonly used as a synonym for computers and computer networks, but it also encompasses other information distribution technologies such as television and telephones. Several industries are associated with information technology, including computer hardware, software, electronics, semiconductors, internet, telecom equipment, e-commerce and computer services.

### Research model for the performance of Service quality

Research model showed that the performance of Service quality is the dependent variable but Mechanism for monitoring and commenting, Administrative procedures, Assurance of Tax Officials, Tangibles, Responsiveness and Information technology application that are independent variables following:



**Figure 1: Research model for the performance of service quality**

**Hypothesis of the Study**

The hypothesis of this study based on the aforementioned research questions the following hypotheses used to investigate each question:

**Hypothesis**

- H<sub>1</sub>:** There is a positive relationship between the Mechanism for monitoring and commenting and the performance of Service quality.
- H<sub>2</sub>:** There is a positive relationship between the Administrative procedures and the performance of Service quality.
- H<sub>3</sub>:** There is a positive relationship between the Assurance of Tax Officials and the performance of Service quality.
- H<sub>4</sub>:** There is a positive relationship between the Tangibles and the performance of Service quality.
- H<sub>5</sub>:** There is a positive relationship between the Responsiveness and the performance of Service quality.
- H<sub>6</sub>:** There is a positive relationship between the Information technology application and the performance of Service quality.

**3. METHODS OF RESEARCH**

In this research, the methods also provide the interface that other classes use to access and modify the data properties of an object. Encapsulation and overriding are the two primary

distinguishing features between methods and procedure calls. This research consists of two phases:

First of all: It is a preliminary study and the second phase is a formal and more comprehensive study. This study is done by qualitative methods. The research is done by formal quantitative methods. Unit of analysis is an FDI enterprise. Study subjects are FDI enterprises in Binh Duong province. The preliminary study for FDI enterprises conducted in July 2014, using qualitative methods to interview 30 FDI enterprises (managers) to examine the content and meaning of the words used in the scale.

Secondly, following this, the formal study conducted in November 2014, using qualitative methods to interview 600 FDI enterprises to examine the content and meaning of the words used in the scale. The researcher should select one of these methods of collecting the data taking into consideration the nature of investigation, objective and scope of the inquiry, financial resources, available time and the desired degree of accuracy. However, I should pay attention to all these factors but much depends upon the ability and experience of the researcher. The Data collected were tested by the reliability index excluding variables with correlation coefficients lower < 0.30 and variable coefficient Cronbach's alpha < 0.60, factor analysis explored remove the variable low load factor < 0.50. The Data was processed by SPSS 20.0 version. Multiple linear regressions were used in this research.

**4. RESEARCH RESULTS****Descriptive Statistics for the performance of Service quality****Table 1: Factors affecting the performance of Service quality**

Questions	N	Mean	Standard error
RE1: The tax officials are enthusiastically supported and addressed any tax issues for the enterprises	572	3.16	.039
RE2: The tax officials are not troubling, harassment when handling affairs	572	3.20	.039
RE3: The tax officers are fairness, equality at work for all enterprises	572	3.30	.038
RE4: The enterprises do not have to spend additional expenses when informal working with tax officials	572	3.25	.039
AP1: The procedures and processes is addressing the tax records are public, transparent	572	3.35	.042
AP2: The administrative procedures are in the field of simple and straightforward tax	572	3.43	.041
AP3: The "one stop model" in resolving the administrative procedures applied in the tax offices operate effectively, facilitating the enterprise	572	3.44	.040
AP4: The tax management process is according to ISO 9001: 2008 by the tax office for processing dossiers faster than expected now	572	3.43	.040
MMC1: The tax agencies have publicized telephone hotline number, comment box at work	572	2.96	.037
MMC2: The tax agencies often organize meetings, direct dialogue with enterprises	572	2.99	.037
MMC3: The tax agencies listen, absorb the reflection, proposals and comments from enterprises	572	3.02	.039
MMC4: The tax authorities resolve complaints and feedback of the business proposals	572	3.01	.038
ITA1: The website of the tax offices is regularly updated and provides full documentation, tax guidelines	572	3.38	.042
ITA2: The tax offices applied online tax return filing has helped enterprises convenient and save time, costs more than the previous tax forms	572	3.37	.042
ITA3: The Data transmission is responsive to online tax declarations of enterprises	572	3.47	.038
ITA4: The tax offices have performed application of information technology in supporting enterprise implement tax obligations	572	3.35	.042
ATO1: The tax officials have tactful attitude, civilized and courteous when communicating, behavior	572	2.82	.058
ATO2: The tax officials understand about master policy or tax professional	572	2.85	.066
ATO3: The tax officers are proficient processes and task-solving skills	572	2.80	.060
Questions	N	Mean	Standard error
ATO4: The tax officers are proficient in foreign languages	572	2.89	.057
TA1: The tax Agency headquarters condition is spacious and well-equipped, comfortable (desks and chairs, hot and cold drinking water, air conditioning, clean bathrooms, parking, ...)	572	3.10	.042
TA2: The organization chart, tables, shelves document are layout, scientific arrangement and easy to search	572	3.06	.041
TA3: The tax agency equipment is invested modern and upgraded	572	3.08	.040
TA4: The tax officials neatly dressed, polite and officers wear badges when performing tasks	572	3.07	.042
SQ1: The FDI Enterprise completely satisfied with the service of the Tax Department in Binh Duong province	572	3.36	.024
SQ2: The Quality public services at Tax Department fully meet your expectations FDI Enterprises	572	2.37	.025
SQ3: In general, FDI enterprises are completely satisfied with public services at Tax Department in Binh Duong province	572	2.35	.026
Valid N (listwise)	572		

(Source: The researchers processed by SPSS 20.0)

The results of the table 1 revealed that there were 600 FDI enterprises but 572 FDI enterprises processed because of 28 samples lacked the information and answered 27 items. There were minimum value was 1, maximum value was 5. Standard error was from 0.024 to 0.066; mean is from 2.35 to 3.44. This data was very good for regression analysis.

**Exploratory Factor Analysis (KMO) and Bartlett's Test for the performance of service quality**

KMO & Bartlett's test play an important role for accepting the sample adequacy. While the KMO ranges from 0 to 1, the world-over accepted index is over 0.6. For factor analysis recommended suitable, the Bartlett's Test of Sphericity must be less than 0.05.

**Table 2. KMO and Bartlett's Test for the performance of Service quality**  
**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.799
Approx. Chi-Square	17224.559
Bartlett's Test of Sphericity	df
	276
	Sig.
	.000

(Source: The researcher's collecting data and SPSS)

The results of the table 2 revealed that Kaiser-Meyer-Olkin Measure of Sampling Adequacy was statistically significant and high data reliability (KMO = 0.799 > 0.6). This result was very good for data analysis.

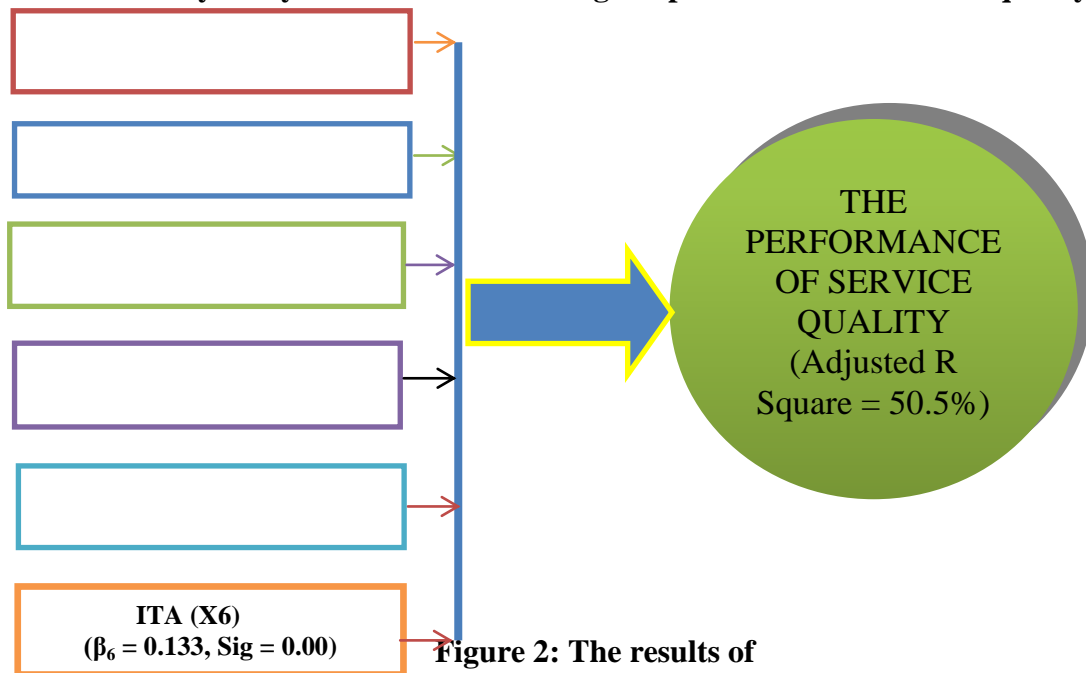
reliability (KMO = 0.731 > 0.6). This result was very good for data analysis. The performance of Service quality (SQ) showed that Cumulative percent was statistically significant and high data reliability was 96.109 % (> 60 %).

The results showed that cumulative percent was statistically significant and high data reliability was 83.164 % (> 60 %). As a result, the total variance explained by the solution is smaller; however, the addition of this structure to the factor model makes these methods ideal for examining relationships between the variables.

The Structure Matrix for the factors affecting the performance of Service quality above mentioned had 6 Components which included of factors following Component 1 (X1) is Mechanism for monitoring and commenting (MMC). Component 2 (X2) is Administrative procedures (AP). Component 3 (X3) is Assurance of Tax Officials (ATO). Component 4 (X4) is Tangibles (TA). Component 5 (X5) is Responsiveness (RE) and Component 6 (X6) is Information technology application (ITA).

Besides, KMO and Bartlett's Test for the performance of service quality (SQ) showed that Kaiser-Meyer-Olkin Measure of Sampling Adequacy was statistically significant and high data

**Model summary analysis for factors affecting the performance of Service quality**



**Figure 2: The results of factors affecting the performance of Service quality**



The results of the figure 2 revealed that Adjusted R Square was statistically significant and high data reliability. In addition, Adjusted R Square reached 50.5 %. The research results showed that all sig. value  $< 0.05$  was statistically significant and high data reliability. Besides, the regression coefficients were positive. This showed that the effects of independent variables in the same direction with the performance of Service quality.

## 5. CONCLUSIONS AND RECOMMENDATIONS

### Conclusions:

The objectives of the study had been achieved. The results from data analysis revealed that respondents consider the following factors as the most influential factors: (1) The Responsiveness (RE); (2) The Assurance of Tax Officials (ATO); (3) The Information technology application (ITA); (4) The Administrative procedures (AP); (5) The Mechanism for monitoring and commenting (MMC) and (6) The Tangibles (TA). All five most influential factors related to the performance of Service quality with significance level of 5 %.

We had the component 1 (X1): The Mechanism for monitoring and commenting (MMC) affecting on the performance of Service quality with significance level of 5%.

We had the component 2 (X2): The Administrative procedures (AP) affecting on the performance of Service quality with significance level of 5%.

We had the component 3 (X3): The Assurance of Tax Officials (ATO) affecting on the performance of Service quality with significance level 5 %.

We had the component 4 (X4): The Tangibles (TA) affecting on the performance of Service quality with significance level 5 %.

We had the component 5 (X5): The Responsiveness (RE) affecting on the performance of Service quality with significance level 5 %.

We had the component 6 (X6): The Information technology application (ITA) affecting on the performance of Service quality with significance level 5 %.

### Recommendations:

#### Recommendation for the Mechanism for monitoring and commenting (MMC)

Tax Department of Binh Duong province should recommend a fresh e-clearance model, the first of its kind in province with the potential to be replicated in other departments in the future. The model would reduce direct contacts between tax officers and businesses while pushing up

specialization and professionalism in tax checks. The success came from its strenuous efforts to push e-tax. Accordingly, it is now required three to 15 minutes for green channel declarations to pass taxation clearance procedures and 30-45 minutes for yellow channel declarations. For green channel declarations, businesses now have no need to come to tax offices to submit procedures as previously. Besides, the Tax Department of Binh Duong province should apply e-tax to all kinds of goods. Besides, up to 80 per cent of total goods value and half of total import export declarations would involve e-tax procedures. Administrative reforms and e-tax promotion were essential to slash customs clearance times.

#### Recommendation for the Administrative procedures (AP)

Tax Department of Binh Duong province should eliminate many documents in customs sets to cut administrative procedures, reduce time and costs for businesses, customs authorities admitted that reducing customs papers is a heavy workload. However, apart from the most common papers for import, specified papers should be categorised: Certified by competent authorities. This is also the issue that local and central customs units discussed at a meeting that reviewed a draft circular on customs procedures, customs inspection, export duty, import duty, and tax management. Moreover, Tax Department of Binh Duong province should stress and introduce of criteria of papers to be submitted aimed to standardize: What case will need enterprises to show documents and what case will not need. Besides, some local authorities suggested adding papers of recommendation to customs document set for easier management. An official from the Binh Duong Customs Department said representatives of company must have letters of recommendation when they go to settle customs formalities. This will help prevent identity mistakes.

#### Recommendation for the Assurance of Tax Officials (ATO)

Tax Department of Binh Duong province should apply and launch the national one-door customs mechanism, including declaration, receipt, exchanges and feedbacks of information on the national one-door customs portal. According to the Binh Duong online, the department is eager to apply new technology to cut time and cost for businesses and stands ready to instruct enterprises how to use their new system. The project of building and launching e-customs program and national one-door customs mechanism for tax. According to the Binh Duong online, the department is eager to apply new technology to cut

time and cost for businesses and stands ready to instruct enterprises how to use their new system.

**Recommendation for the Tangibles (TA)**

Tax Department of Binh Duong province should conduct a review of the system infrastructure, such as office buildings, warehouses, wharves; the equipment in which the focus is the computer system is connected to the local network, the Internet; means of transport, means of communication and the tools and support equipment. On that basis, plan upgrades, additions or new construction consistent with the actual situation. Currently, Binh Duong Tax Department is in the process of building new headquarters together with the implementation of the "one door", so to accelerate the construction, putting into operation the new office to provide a comprehensive new face in providing tax services modern, good for taxpayers.

- It should be noted the solution equipped technical facilities in the building of the "one door" described above to arrange departments and reasonable means of work, science and promoting the efficiency of the "one door" in the near future.

- The investment in equipment and systems, computer networks must conform to requirements, ensuring the system's legacy has and ensure consistency of information systems throughout the tax service. Create conditions for industry applications run well on this computer network.

- In addition, the construction of a good working environment for civil servants should also be emphasized, such as: office is spacious, clean, furniture, cabinets, shelves ... neat, tidy, enough heat, light bright, full of necessary equipment and build friendly atmosphere, comfortable for civil servants. This is one of the factors that directly impact the efficiency of work and quality of public administration services.

**Recommendation for the Responsiveness (RE)**

Tax Department of Binh Duong province should organize the conference attracted more than FDI enterprises, customs and Tax officers in charge of import - export activities in the province. Many complaints of enterprises were answered at the meeting by Binh Duong province's Tax Department. The department will send questions that they do not have enough power to answer to higher authorities like the General Department of Customs and the Ministry of Finance. The Binh Duong Department of Tax has held regular dialogues with FDI enterprises, which are attended by highest officials of the province.

**Recommendation for the Information technology application (ITA)**

Tax Department of Binh Duong province should apply the Digital signature in electronic environment is as valid as an ordinary signature on papers and documents; and can be used in transactions to e-trading, investment and online payment, etc. It can be used in tax declaration, tax payment and customs declaration, etc. Besides, the Tax Department of Binh Duong province should link with the some suppliers of digital signature and digital certificate service such as the Vietnam Posts and Telecommunications (VNPT), Network Security Center (BKIS), Nacencomm (Nacencomm card Technology JSC), etc. to develop the Information technology application. Finally, Tax Department of Binh Duong Province should introduce the audience to digital signature; role of digital signature in electronic tax declaration, certification services and guided the enterprises to submit tax declarations via the Internet at Tax Department of Binh Duong province for all FDI to apply the Information technology application.

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