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Relational impact of tax practitioners' behavioural interaction and service satisfaction: Evidence from New Zealand

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Abstract

This article reports the results of an investigation into taxpayers' perceptions of their present tax practitioners' explaining skills, listening skills, technical experience, competency and co-operative intentions (behavioural interaction factors), service satisfaction and their relationship commitment. To determine New Zealand taxpayers' perception of their present tax practitioner a survey was administered to clients of various accounting and law firms in New Zealand in late 2012. A total of 211 responses were analysed to test the proposed hypotheses.

By employing the Hayes PROCESS macro for SPSS, client satisfaction with their current tax practitioner is shown to mediate the effects of behavioural interaction factors on their relationship commitment. The findings reveal that clients prefer limited explanation of implications of tax regulations regarding their tax affairs and their obligations under the law.

The study suggests that the development of tax practitioner's skills to gaining their clients' satisfaction could improve the overall quality of tax practitioners' services and enhance taxpayer compliance.

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1. INTRODUCTION

A tax practitioner's role in tax compliance lies in between the taxpayer and the revenue authority. The services of a tax practitioner have a significant influence on taxpayers' voluntary compliance behaviour and minimisation of compliance and administrative costs.² The tax practitioner's knowledge of tax laws and procedures is much greater than that of an ordinary taxpayer and the purpose of using a tax advisor's services is to avail the benefit of this knowledge and expertise.³ Tax practitioners can be considered important gatekeepers to the tax system for taxpayers.⁴ Tax practitioners have a duty to uphold the integrity of the tax system and the vast majority of tax practitioners' work involves complying with the rules. The role of a tax practitioner has been defined by Pickhardt and Prinz as, "on the one hand they are allies of taxpayers, on the other hand they have a legal obligation to obey tax laws when professionally advising taxpayers".⁵ Survey research suggests that the primary reason that most taxpayers use the services of a tax practitioner is to deal with complexity of tax laws, lack of time, fear of penalties⁶ and to file an accurate return.⁷

The tax practitioner (sometimes referred to as tax professional, tax preparer, tax accountant, tax lawyer or tax agent depending on the jurisdiction) is an integral part of the tax system. The term 'tax practitioner' covers a diverse group of individuals, business structures and professional groups who provide a range of tax services for their clients.⁸ The current study adopts a broad definition of the term 'tax practitioner' and includes tax professionals, tax preparers, tax agents, tax accountants and tax lawyers and the terms are used interchangeably.

Since there is no statutory definition of the words 'tax accountant' or 'tax practitioner' it means that in some countries anyone can set up a business as a tax accountant or tax practitioner without having to satisfy any legal requirements.⁹ In New Zealand any

² B Erard, "Taxation with Representation: An Analysis of the Role of Tax Practitioners in Tax Compliance" (1993) 52:2 *Journal of Public Economics* 163.

³ SE Kaplan, PMJ Reckers, SG West and JC Boyd, "An Examination of Tax Reporting Recommendations of Professional Tax Preparers" (1988) 9:4 *Journal of Economic Psychology* 427.

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person who owns a business where annual income tax returns are prepared or has a professional practice and prepares annual income tax returns for ten or more taxpayers can register with Inland Revenue as a tax agent.¹⁰ Reinganum and Wilde's¹¹ study on the positive and negative effects of engaging a tax practitioner in the United States of America (USA) reported that the tax agency generally preferred taxpayers to prepare their own returns but where tax practitioner efficiencies were sufficiently large, taxpayers would engage a tax practitioner. During 2010–11 income year more than 2.3 million individuals and businesses in New Zealand, relied on the assistance of a tax practitioner to assist them to plan and structure their tax affairs.¹² This large reliance on a tax practitioners' expertise shows the importance of a tax practitioner's services to the tax system and his/her responsibilities to society, to the law and to one's profession.¹³

Over the last four decades New Zealand's socio-economic and demographic character has changed and tax practitioners are now operating in a competitive market. New Zealanders with diverse ethnic, socio-cultural, economic and demographical backgrounds¹⁴ have diverse expectations as customers, and in order to retain their clients tax practitioners must exhibit appropriate behaviours. Most clients are keen to form a long term professional relationship with their tax practitioner.¹⁵ The relationship between clients and their tax practitioner is very important because clients gain a certain sense of security regarding the type of service provided to them. The quality of service improves through long term relationships with tax practitioners having greater understanding of their clients' business and sources of income history. Based on the results of empirical research of Profit Impact of Market Strategies ("PIMS"), product quality (as judged by customers) has a strong positive relationship with profitability. Effectively this could result in more profitability for the tax practitioners in terms of more clients as well as more money per client.¹⁶

The focus on satisfaction is central to the service delivery approach to tax practitioners. Service satisfaction reduces uncertainty and vulnerability in a relationship, especially for services that are difficult to evaluate due to their intangible, complex and technical nature.¹⁷ Taxpayer disengagement can be addressed through satisfaction with services

¹⁰ A practising tax agent or adviser must be a registered New Zealand Inland Revenue customer. About 5,300 tax agents are registered with Inland Revenue Department at 31 March 2013 and on an average there were 460 clients per agent. The tax agents filed just over 75% of all income tax returns. Available at <http://www.ird.govt.nz/aboutir/external-stats/tax-agents/>

¹¹ JF Reinganum and LL Wilde, "Equilibrium Enforcement and Compliance in the Presence of Tax Practitioners" (1991) 7:1 *The Journal of Law, Economics and Organisation* 163.

¹² Available at <http://www.ird.govt.nz/aboutir/external-stats/tax-agents/>.

¹³ LS Shapiro, "Doing What is Right" (1996) 41:12 *The National Public Accountant* 7.

¹⁴ M Khawaja, B Boddington and R Didham, *Growing Ethnic Diversity in New Zealand and its Implications for Measuring Differentials in Fertility and Mortality*, Wellington; Statistics New Zealand, 2007.

¹⁵ PJ Danaher, DM Conroy and JR McColl-Kennedy, "Who Wants a Relationship Anyway? Conditions When Consumers Expect a Relationship with their Service Provider" (2008)11:1 *Journal of Service Research* 43.

¹⁶ S Schoeffler, RD Buzzell, and DF Heany, PIMS: "A Breakthrough in Strategic Planning". (1973) Marketing Science Institute, Cambridge, MA. Marketing Science Institute in 1972 and 1973 examined the relationship between superior perceived quality and profitability among some 950 individual business units from 93 different companies.

¹⁷ LL Berry, "Relationship Marketing of Services: Growing Interest, Emerging Perspectives", (1995) 23:1 *Journal of the Academy Marketing Science* 236.

of a tax practitioner.¹⁸ Satisfaction is a key variable of relationship continuity (loyalty)¹⁹ and will deliver value to clients, practitioners and revenue authorities by enhancing taxpayer compliance from a platform of transparency and dialogue.²⁰

Despite the above, little formal empirical research has been conducted in the international accounting and tax literature to evaluate clients' relationship commitment with their tax practitioners. Given that a good relationship is critical to both clients and tax practitioners, and in order to develop and maintain a healthy relationship and to understand such relationships, further research is warranted.

The objective of the present study is to address this potential research gap by extending previous literature on the factors associated with clients' judgments of tax practitioners' behavioural interaction and to evaluate how these factors may influence a clients' satisfaction with the tax practitioner services and the relationship commitment to their tax practitioner.

The findings of the present study may shed some light on clients' expectations and perceptions with respect to tax practitioners' behavioural interaction and could assist tax practitioners in developing methods to better serve their clients' within a laid framework.

The remainder of this paper is organised as follows. Section 2 provides a succinct review of the tax practitioners' interaction behaviour literature, with particular reference to a client's satisfaction with tax practitioner services and their relationship commitment and hypothesis development. Section 3 of the paper details the research design and methodology employed. The results of the survey are outlined in Section 4. Section 5 summarises the findings and considers the limitations and sets out the conclusions emerging from this study.

2. BRIEF LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

A considerable body of research exists in the marketing literature²¹ that examines the issues of clients' satisfaction in terms of self-reported satisfaction with the service, overall evaluation of the service and intent to use the service in the future. However, in the accounting and tax literature in New Zealand and overseas, few studies have

Smith and Kinsey,²² Klepper et al²³ and Hite et al²⁴ studies suggest that clients use a tax practitioner for filing a tax return which is prepared correctly, thereby reducing the risk of being audited. The findings from Collins et al²⁵ and Kinsey²⁶ examined the factors associated with demand for a tax practitioner's services. Their study reports that the most common reasons that had been linked to seeking tax practitioner assistance are to ensure accurate tax returns and lower tax liabilities.

Sakurai and Braithwaite²⁷ surveyed 2,040 Australian taxpayers to investigate how taxpayers differentiate the styles of tax practitioners, what they would prefer in their ideal tax practitioner and what they have opted for in real life. The study reports that taxpayers' ideal tax practitioners were people who were competent, honest and whom they can trust to keep them on the right side of the law and were risk averse. The results revealed that taxpayers did not feel any need to trade off honesty for cleverness. However, their study did not focus on the impact of descriptors of tax practitioners' soft skills (listening and explaining) on a client's satisfaction with the services provided.

Devos²⁸ surveyed Australian taxpayers to investigate whether or not a relationship exists between taxpayers retaining/terminating their client/advisor relationship based on the tax advice they receive from their tax practitioners and their own compliance behaviour. The results revealed statistically significant relationships between conservative tax advice and termination or retention of the tax agent based on that advice and compliance behaviour. However, in retaining/terminating their client/advisor relationship, the role of tax practitioner's interaction behaviour factors and trust was not identified.

Christensen²⁹ surveyed 235 taxpayers and 31 tax practitioners to investigate their perception on tax service quality on technical and functional quality dimensions. Their findings suggest that clients' satisfaction with a tax service was more based on what a client actually received in the form of advice or a completed tax return rather than the way in which the service is delivered. The results revealed that many clients do not believe tax preparers adequately understand their individual needs with regard to tax services. The study aptly pointed out that tax advisers' perceptions of what clients expect from a quality service differ significantly from actual client expectations.

²² KW Smith and KA Kinsey, *Tax Preparer and Compliance: Some Empirical Evidence* (Paper presented at the 12th Annual Convention of the Eastern Economic Association, Philadelphia, 10 April 1986).

²³ S Klepper, M Mazur and D Nagin, "Expert Intermediaries and legal Compliance: The Case of Tax Preparers" (1991) 34 :1 *Journal of Law and Economics* 205.

²⁴ P Hite, T Stock and CB Cloyd, "Reasons for preparer Usage by Small Business Owners: How Compliant Are They?" (1992) 37:2 *National Public Accountant* 20.

²⁵ JH Collins, VC Milliron and DR Toy, "Factors Associated with Household Demand for Tax Preparers" (1990) 12:1 *Journal of the American Taxation Association* 9.

²⁶ KA Kinsey, *Advocacy and Perception: The Structure of Tax Practice* (Working paper, American Bar Association, Chicago II, August 1987).

²⁷ Y Sakurai and V Braithwaite, "Taxpayers' Perceptions of Practitioners: Finding One Who is Effective and Does the Right Thing?" (2003) 46:3 *Journal of Business Ethics* 375.

²⁸ K Devos, "The Impact of Tax Professionals upon the Compliance Behaviour of Australian Individual Taxpayers" (2012) 22:1 *Revenue Law Journal* 1.

²⁹ AL Christensen, "Evaluation of Tax Services: A Client and Preparer Perspective" (1992) 14:2 *Journal of the American Taxation Association* 60.

satisfaction with tax practitioners' services (mediator).³⁹ The results for these factors in the accounting and tax field may be much different than in other service fields. A mediator explains how or why a relationship exists between the predictor and dependent variable.⁴⁰ Comprehensive explaining, listening skills, positive efficiency and technical experience, high competency and co-operative intentions, increases clients' satisfaction with tax practitioners' services which enhances their relationship commitment.

Consequently, the present study is an attempt to explore this potential research gap by

- H1. Tax practitioner's listening behaviour is positively associated with clients' satisfaction with tax practitioner services.
- H2. Tax practitioner's explaining behaviour is positively associated with clients' satisfaction with tax practitioner.
- H3. Tax practitioner's perceived competence is positively associated with clients' satisfaction with tax practitioner.
- H4. Tax practitioner's efficiency and technical experience is positively associated with clients' satisfaction with tax practitioner.
- H5. Tax practitioner's co-operative intentions are positively associated with clients' satisfaction with tax practitioner.
- H6. Clients experiencing higher levels of service satisfaction with his/her tax

To determine the effect of tax practitioners' behavioural interaction factors on client's service satisfaction and their relationship commitment in New Zealand, the questionnaire (along with a self-addressed prepaid postage envelope) was mailed to the potential respondents during the later part of 2012. Ball⁴² considered it an advantage to mail the questionnaires as this could lead to a better response rate. Accordingly, accounting and law firms were randomly selected from the telephone book and were invited to participate in the survey. One thousand five hundred and ten copies of the survey instrument (along with a self-addressed prepaid postage envelope) were distributed to the accounting and law firms who agreed to participate in the survey and were requested to mail the survey instrument to their clients.

The respondents' ethical and privacy requirements were taken into consideration. The survey was completed by 211 respondents.

3.1 Questionnaire development

The survey questionnaire for the study was developed on the basis of the literature review and focus group.

A focus group is a data collection method that combines the features of brainstorming and brain writing.⁴³ A focus group was appropriate for this research as it could generate and help prioritise ideas about tax practitioner behaviour and a client's relationship with their tax practitioner in New Zealand. A nomination list for invitation to focus group was obtained from accounting and law firms, who agreed to participate in the survey. Four clients from two accounting firms and two clients from one law firm were randomly recruited to discuss and explain their viewpoints of their relationship with their tax practitioner. Results determined by the group findings as a whole were added to the literature list in the questionnaire. The considerable industrial marketing and distribution channels literature⁴⁴ provides strong evidence that relationship commitment, the key variable is inextricably linked to customer satisfaction and the issues of clients' satisfaction in terms of self-reported satisfaction with the service, overall evaluation of the service and intent to use the service in the future. Hence, the factors identified in marketing literature are particularly worthy of investigation because they may be contributing to different results in the accounting and tax field. Accordingly, the following items were drawn in the questionnaire:

Tax practitioners' listening and explaining skills were measured using the items drawn from the scale developed by Stewart et al.⁴⁵

⁴² C Ball, "Rural Perceptions of Crime" (2001) 17:1 *Journal of Contemporary Criminal Justice* 37.

⁴³ C Brahm and BH Kleiner, "Advantages and Disadvantages of Group Decision Making Approaches" (1996) 2:1 *Team Performance Management* 30.

⁴⁴ D Tse and P Wilton, "Models of Consumer Satisfaction Formation: An Extension" (1988) 25:2 *Journal of Marketing Research* 204; E Gummesson and C Gronroos "Quality Services-Lessons from the Product Sector" (1987) *Add Value to Your Service: The Key to Success*, C. Suprenant (ed.) American Marketing Association, Chicago, II 35-39; A Wong and L Zhou "Determinants and Outcomes of Relationship Quality: A Conceptual Model and Empirical Investigation" (2006) 18:3 *Journal of International Consumer Marketing* 81.

⁴⁵ AL Stewart, A Nápoles-Springer, EJ Pérez-Stable, SF Posner, AB Bindman, HL Pinderhughes and AE Washington, "Interpersonal Processes of Care in Diverse Populations" (1999) 77:3 *The Milbank Quarterly* 305.

Tax practitioners' efficiency and technical experience were measured using the items drawn from the scale developed by Chang and Bird.⁴⁶ The experience statement items represent the effectiveness and efficiency of tax practitioner services.

Tax practitioners' perceived competence was measured using the items drawn from the scale developed by Brown and Swartz.⁴⁷

Tax practitioners' co-operative intention was measured using the items drawn from the scale developed by Crosby et al.⁴⁸

For the measurement of the client's satisfaction with tax practitioner, the items were drawn from the scale developed by Oliver and Swan⁴⁹ and Westbrook and Oliver.⁵⁰

Items for the measurement of relationship commitment were adopted from the scale developed by Anderson and Weitz⁵¹ and Morgan and Hunt.⁵²

Following pre-testing and modifications, a questionnaire was professionally customised for the purpose of this research. The questionnaire was pilot tested with New Zealand taxpayers' who fairly represented the clients that the researcher sought to survey and fine-tuned in the light of participants' feedback before the final version was posted to the accounting and law firms.

Ethics approval for the survey was sought and granted by the University Ethics Committee, (application 12/164). The survey questionnaire included the following two sections:

Section 1: taxpayers' perception about the services of their present tax practitioner section (contained questions concerning the tax practitioners' behavioural interaction factors, service satisfaction and their relationship commitment); and

Section 2: background information (including items on types of returns filed, services used and previously or currently under audit by New Zealand Inland Revenue).

The survey questionnaire items are provided in Appendix 1 of this article.

⁴⁶ OH Chang and CJ Bird, "What Clients Really Want From Their Tax Preparers" (1993) 52:4 *The Ohio CPA Journal* 21.

⁴⁷ SW Brown and TA Swartz, "A Gap Analysis of Professional Service Quality" (1989) 53:2 *Journal of Marketing* 92.

⁴⁸ LA Crosby, KR Evans and D Cowles, "Relationship Quality in Services Selling: An Interpersonal Influence Perspective" (1990) 54:3 *Journal of Marketing* 68.

⁴⁹ RL Oliver and JE Swan, "Consumer Perceptions of Interpersonal Equity and Satisfaction in Transactions: A Field Survey Approach" (1989) 53:2 *Journal of Marketing* 21.

⁵⁰ RA Westbrook and RL Oliver, "The Dimensionality of Consumer Patterns and Consumer Satisfaction" (1991) 18:1 *Journal of Consumer Research* 84.

⁵¹ E Anderson and B Weitz, "The Use of Pledges to Build and Sustain Commitment in Distribution Channels" (1992) 24:1 *Journal of Marketing Research* 18.

⁵² RM Morgan and SD Hunt, "The Commitment-trust Theory of Relationship Marketing" (1994) 58:3 *Journal of Marketing* 20.

The results show that the majority of the respondents (62.6%) were male, (75%) in the 31–60 age group and had graduate degree/graduate diploma or higher (57%). The sample consists of 70 per cent of respondents who possessed accounting knowledge. The professional membership status of the tax practitioners is varied. The majority of respondents (83%) were using the services of NZICA and CPA Australia members and 90 per cent of them had not changed their tax practitioner in the last three years. Approximately 44 per cent of respondents were using the services of the same practitioner for the last 10 years. Most of the respondents (74%) were either very unlikely or unlikely to switch to a new tax practitioner during the next year and the majority of respondents (69%) were never audited by the New Zealand Inland Revenue. The annual taxable income of the respondents varies as well. Most of them (65%) had more than \$200,000 to \$1 million annual taxable income which is reflected by the fact that majority of the respondents (92%) were filing individual tax return and 79 per cent were also filing the Goods and Services Tax return. This is followed by 52 per cent also filing both company tax and trust tax returns. New Zealand, like many other jurisdictions, uses a tax system based on voluntary compliance. Under section 33A(1) *Tax Administration Act* 1994, those individuals who had their annual gross income taxed at source at the correct marginal tax rate, are not obliged to file a return.⁶³ Approximately 97 per cent of the tax practitioners were also providing accounting services and 80 per cent of the practitioners were also providing business advisory services. Most of the respondents (87%) were using accounting services along with tax advice. This is followed by 43 per cent using the business advisory services. Approximately 70 per cent of the tax practitioners were also providing audit services but only a minority of the respondents (8.5%) were using audit services. It is suggested that the majority of businesses in New Zealand are small and are not required to get their accounts audited by a qualified auditor. Overall, the frequency of demographic data indicates that the survey consisted of a fairly representative sample and on an average more than 87 per cent of the respondents were using accounting services with tax advice, increasing the richness of the data.

The mean rating suggests that the most preferable reasons for using the tax 4(Zealand a

4.2 Results

Table 2: Summary of relationship variables in descending order of preference for a tax practitioner

Variable	Mean	Median	S. D.	Ranking
Listening (LISTN)	5.65	5	1.08	1
Explaining (EXPL)	5.51	6	1.21	2
Perceived competence (COMP)	5.18	5	0.86	3
Technical experience (EXP)	4.73	6	0.80	5
Co-operative intention (INT)	4.66	5	0.97	6
Service satisfaction (SAT)	4.60	5	1.47	7
Relationship commitment (COMMIT)	4.38	6	1.35	8

Note: The variables are arranged by rank.

The present study took the composite measure for all variables (dependent and independent) by taking an average of all items on a scale which is based on the assumption that all the items contribute equally to the construct. Application of this assumption in the present study is reasonable as all the scales used are well established in the literature.⁶⁴

The respondents' rating for all items was measured on an ordinal scale. Correlations for dependent and independent variables are provided in Table 3 below.

Table 3: Correlation of the variables.

Variables	LISTN	EXPL	EXP	COMP	INT	SAT	COMMIT
LISTN	-						
EXPL	.79**	-					
EXP	.64**	.51**	-				
COMP	.75**	.67**	.70**	-			
INT	.64**	.62**	.61**	.61**	-		
SAT	.64**	.50**	.78**	.65**	.59**	-	
COMMIT	.58**	.39**	.62**	.60**	.68**	.75**	-

Note: N =211; ** <0.001.

The information relating to correlations (Table 3) shows that all the variables related to service satisfaction have a significant relationship with service satisfaction (< 0.001). Tax practitioners' efficiency and technical experience have a strong significant–positive relationship with service satisfaction, which makes up (.78**), meanwhile other variables (listening, explaining, perceived competence, cooperative intention and trust) are moderately-positively associated to service satisfaction (.64**, .50**, .65**, .59**, .74**).

To evaluate the conceptual model in Figure 1, Hayes⁶⁵ PROCESS macro for SPSS was employed. The model has the ability to examine indirect as well as direct effects in mediation. A description and visual depiction of each model that can be tested with the PROCESS is available from Hayes.⁶⁶ The indirect effects of five interaction behaviour factors on relationship commitment has been bootstrapped using PROCESS

Table 4: Model summary

Model	R Square	df	F	<i>p</i>
1	.65	6	60.79	.000

Model (DV service satisfaction)

Model	Unstandardized coefficients	Std. Error	<i>p</i>
(Constant)	-1.294	.355	.000
Listening	.332**	.107	.002
Explaining	-.210*	.098	.034
Experience	.503***	.071	.000
Perceived Competence	.165**	.112	.007
Cooperative intention	.197*	.090	.030

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$.

Lower limit of confidence interval (LLCI); upper limit of confidence interval (ULCI).

The Model summary in Table 4 indicates a high degree of correlation ($R=0.8$). R^2 of 0.65 (65%) is moderately large and shows that 65 per cent of service satisfaction can be explained by these five variables viz: listening, explaining, experience statement, perceived competence and cooperative intention. Changes in the levels of these variables significantly account for the variations in the presumed mediator ($p < 0.01$).

The standardised coefficients provide information on each predictor variable which is required to predict service satisfaction from behavioural interaction variables viz: listening (.332**), explaining (-.210*), experience (.503***), perceived competence (.165**) and cooperative intention (.197*). As hypothesised, the standard coefficients for all variables significantly contribute to service satisfaction ($p < 0.05$). The results indicate that tax practitioners' explaining behaviour is found to have a significant negative effect on clients' service satisfaction ($=-.210, p < 0.05$). It shows that if clients want to reduce their tax liability and the tax practitioner support that approach, satisfaction with services is high and provides support for all interaction behaviour factors except explaining in $H2$. However, for the $H2$ counter intuitive results were found. The results show that clients' satisfaction with a tax practitioner significantly reduces when a tax practitioner gives comprehensive information to the clients about their tax issues and explains their obligations under the law. Thus, the second hypothesis is not supported.

The results presented in Table 5 below shows the indirect effect through service satisfaction, that is, paths from interaction behaviour factors (X) to service satisfaction (M) and service satisfaction (M) to relationship commitment (Y) controlling for interaction behaviour factors (see Figure 1).

Table 5: Model summary

Model	R Square	df	F	<i>p</i>
1	.62	7	45.74	.000

Model (DV relationship commitment)

Model	Unstandardized Coefficients	Std. Error	<i>p</i>
Constant	.027	.358	.940
Service satisfaction	.446***	.069	.000
Listening	.228*	.107	.034
Explaining	-.363***	.088	.000
Experience	.191*	.096	.048
Perceived Competence	.223**	.111	.047
Cooperative intention	.499***	.091	.000

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$.

Table 6: Total effect model – model summary

Model	R Square	df	F	<i>p</i>
1	.53	5	45.025	.000

DV relationship commitment

Model	Unstandardized Coefficients	Std. Error	<i>p</i>
(Constant)	-.550	.380	.149
Listening	.376**	.114	.001
Explaining	-.372***	.096	.000
Experience	.172*	.076	.025
Perceived Competence	.359**	.120	.003
Cooperative intention	.559***	.099	.000

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$.

The Model summary indicates a high degree of correlation ($R=0.73$). R^2 is 0.53, which shows that 53 per cent of relationship commitment can be explained by behavioural interaction variables viz: including listening, efficiency and technical experience, perceived competence and cooperative intention and these variables can statistically significantly predict relationship commitment variable (

Table 7: Total effect of behavioural interaction variables on relationship commitment

Effect	Std. Error	t	p	LLCI	ULCI
0.470	0.120	3.175	.002**	.150	.602

Direct effect of behavioural interaction variables on relationship commitment

Effect	Std. Error	t	p	LLCI	ULCI
0.103	0.055	1.89	.059	.017	.439

Indirect effect of behavioural interaction variables on relationship commitment

Effect	Std. Error	z	p	Boot LLCI	Boot ULCI
0.367	0.123	2.991	.003**	.045	.267

*** $p < 0.001$, ** $p < 0.01$, * $p < 0.05$, n.s. = not significant

service satisfaction and relationship commitment, an audit was held as a constant. Hayes⁷⁴ SPSS and SAS routines for bootstrap-based inference were used to find out indirect as well as direct effects in mediation. The indirect effects of five interaction behaviour factors on relationship commitment was bootstrapped using Hayes⁷⁵ PROCESS macro for SPSS. The model shows the indirect impact of listening, explaining, experience statement, perceived competence, cooperative intention (independent variables (IV)) to relationshi

participants expressed a negative attitude when tax practitioners give enough information to them about their tax issues; explain implications of tax laws and regulations for their tax affairs using terminologies which they understand; explain the risks associated with a particular issue; and also explain their obligations under the law. Tax practitioners often take clients through a detailed questionnaire to ensure that all the relevant information is included in the return. It is suggested that the key reason for this attitude is that after giving the tax practitioner an authority to act on their behalf, clients believe that the tax practitioner understand their tax service needs and should accordingly make a judgment on their behalf rather than wasting their time. Most of the tax practitioners bill their clients according to time involved in tax advice, including explaining the implications of different approaches. The smaller tax practitioners' firms tend to deal directly with the taxpayers who have a financial stake in the resulting tax advice given and they are likely to be placed under greater pressure.

Notwithstanding these limitations, the overall findings of this study largely confirm that trust and satisfaction with tax practitioner services are important determinants of behavioural interaction factors and their relationship commitment. Tax practitioners may use the information provided in this study to develop their skills and a services marketing plan that is more explicit about the qualities that taxpayers ultimately want. Potentially this will assist with building a relationship commitment between taxpayers and the tax practitioners, maximising taxpayer compliance and would lead to more client referrals, and ultimately, higher revenues.

The study suggests that tax practitioners should survey their clients regularly to determine their clients' needs and the strengths and weaknesses of their existing tax services. The study also suggests that practitioners should try to gain and maintain their clients' satisfaction by adopting fair practices and service-oriented behaviour. Knowledge gained from this study is beneficial to clients, tax practitioners, revenue authorities and tax practitioners' professional bodies. Consequently, this study contributes to the call for investigating the impact of trust upon the relationship between interaction behaviour factors and relationship commitment. Future research in this area is clearly warranted.

Over \$1 Million -\$5Million	17	8.1
Over \$5 Million-\$20 Million	2	1
Total	210	100
Current tax practitioner		
A Big Four Chartered accounting (CA) firm	4	1.9
A local or regional CA firm	171	81
A non CA firm	32	15.2
A law firm	4	1.9
Total	211	100
Changed tax practitioner in the last 3 years		
Yes	22	10.4
No	189	89.6
Total	211	100
Audited by the Inland Revenue before		
Once	60	28.4
More than once	5	2.4
Never	146	69.2
Total	211	100
Switch to a new tax practitioner during the next year		
Very unlikely	85	40.3
Unlikely	71	33.6
Undecided	41	19.4
Likely	9	4.3
Very likely	5	2.4
Total	211	100
Using the services of current tax practitioner		
Last 5 years	69	32.7
Last 10 years	93	44.1
Last 15 years	37	17.5
Last 20 years	12	5.7
Total	211	100

Table Y: Summary of demographic data

Type of return filed using tax practitioner's service		
Individual (IR 3)	194	92
Company (IR 4)	109	51.7
Partnership income (IR 7)	62	29.4
Trust (IR 6)	110	52.1
Clubs or Societies (IR 9)	11	5.2
GST returns	166	78.7
Other, please specify	4	1.9
Type of services provided (excluding tax advise)		
Business Advisory services	169	80.1
Accounting services	200	94.8
Audit services	147	69.7
Other	6	2.8
None	3	1.4
Type of services used (excluding tax advise)		
Business Advisory services	91	43.1
Accounting services	184	87.2
Audit services	18	8.5
Other	4	1.9(90)

Table Z: Summary of survey results in descending order of items showing preferences for the tax practitioner

Description of item	Min*	Mean	Median	S. D.	Ranking
The use of my tax adviser's service saves me considerable time in filing					

I do not look out for an alternative tax adviser. (Q 38)	1	5.09	5	1.58	17
My tax adviser has better training than the average tax adviser. (Q 17)	1	5	5	1.05	16
I am very satisfied with my present choice of tax adviser. (Q 1)	2	4.66	5	1.44	15
I feel good about the decision to choose my present tax adviser. (Q 2)	2	4.6	5	1.43	14
If I had to do it all over again, I would choose the same tax adviser. (Q 3)	1	4.54	5	1.55	13
My tax adviser takes the time to prepare working papers and notes for my tax issues for me to evaluate. (Q 31)	1	4.52	5	1.22	12
My adviser helps me to reduce the chance of an IRD audit. (Q 15)	2	4.48	4	1.14	11
I have a strong sense of loyalty toward my tax adviser. (Q 37)	2	4.4	4	1.53	10
I make a good effort to maintain the relationship with my tax adviser. (Q 36)	1	4.35	4	1.66	9
My tax adviser does not make errors in preparing my tax returns. (Q 12)	1	4.29	4	1.35	8
Compared with other tax advisers, my tax adviser makes fewer mistakes. (Q 19)	2	4.26	4	1.08	7
I am very committed to my relationship with my tax adviser. (Q 34)	1	4.21	4	1.6	6
My tax adviser knows many ways to save taxes. (Q 10)	1	4.16	4	1.29	5
I intend to maintain my relationship indefinitely. (Q 35)	1	3.84	4	1.59	4
My tax adviser helps me to interpret ambiguous or grey areas of tax laws in my favour. (Q 30)	1	3.64	3	1.44	3
My tax adviser charges reasonable fees for the service rendered. (Q 14)	1	3.54	3	1.51	2
My tax adviser is more concerned with meeting my needs than earning fees. (Q 11)	1	3.44	3	1.43	1

*Maximum for all questions is 7 (strongly agree).

6.1 Questionnaire items

6.1.1 *Tax practitioner's explaining behaviour (1-7 Likert type scale)*

1. My tax practitioner gives me enough information about my tax issues.
2. My tax practitioner explains implications of tax laws and regulations for my tax affairs using words I understand.
3. My tax practitioner tells me the risks associated with the tax advice.
4. My tax practitioner explains to me my obligations under the law.

6.1.2 *Tax practitioner's listening behaviour (1-7 Likert type scale)*

1. My tax practitioner gives me enough information.
2. My tax practitioner listens carefully to what I have to say.
3. My tax practitioner does not ignore what I have to say.
4. My tax practitioner takes my concerns seriously.

6.1.3 *Tax practitioner's perceived competence (1-7 Likert type scale)*

1. My tax practitioner has better training than the average tax practitioner.
2. The qualification of my tax practitioner is important to me.
3. Compared with other tax practitioners, my tax practitioner makes fewer mistakes.
4. My tax practitioner keeps up on the latest changes in tax laws.
5. My tax practitioner informs me my tax position when deciding my tax liability.

6.1.4 *Tax practitioner's efficiency and technical experience (1-7 Likert type scale)*

1. My tax practitioner saves me from paying a considerable amount of taxes.
2. My tax practitioner knows many ways to save taxes.
3. My tax practitioner is more concerned with meeting my needs than earning fees.
4. My tax practitioner does not make errors in preparing my tax returns.
5. The use of my tax practitioner's service saves me considerable time in filing my tax return.
6. My tax practitioner charges reasonable fees for the service rendered.
7. My practitioner helps me to reduce the chance of an IRD audit.
8. My appointments with the practitioner are made easily and quickly.

