

Trust, Perception of service climate, and Voluntary compliance

by Elisa Tjondro

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1. Introduction

Indonesia's tax ratio in 2018 is at 11.57%, which means still low if we compare with other countries in ASEAN such as Cambodia 15.3%, Malaysia 14%, Singapore 14.29% (www.cnbcindonesia.com). A high tax ratio can be achieved if there is voluntary tax compliance (Korabely et al. 2013; Kirchler et al. 2008). Each person has a different level of compliance, depend on the factors that influence the level of tax compliance in each country (Dayati and Nurlis, 2010). Decisions made by taxpayers on tax compliance become a separate dilemma for taxpayers (Kirchler et al., 2008; Balliet and Van Lang, 2013; Luttmer and Singhal, 2014). Balliet and Van Lang (2013) explained that the dilemma arises because there is a conflict of interest between individual taxpayers and the collective interest of the community. Taxpayers tend to have a short-term motivation to minimize tax payments, while collective interest is more on long-term goal as a source of financing goods and services for public or public interests (Balliet and Van Lang, 2013). Short-term behavior and motivation to avoid taxes both legally and illegally to reduce the level of tax compliance must always exist in every country (Enste and Schneider, 2002). Several things cause a person to become disobedient, which are they feel that they do not get benefit directly and the tax they pay is not comparable with the facilities they get (Jusison & Gamba, 2016).

There are two motivations of tax compliance, which are enforced compliance and voluntary cooperation (Gangl et al. 2015). First, enforced compliance due to threats (coercive power) by the tax authority if the taxpayer does not carry out tax obligations. This system is described as tax authorities are cops and taxpayers are robbers, who try to avoid taxes and both never walk in one direction because taxpayers are not sincere and only pay taxes for fear of the tax authorities and afraid of violating regulations that result in punishment or sanctions (Tjondro et al., 2019; Gang et al., 2012). Second, voluntary cooperation means carrying out tax obligations voluntarily because taxpayers trust the tax authorities (Gangl et al., 2015). Voluntary cooperation carried out by taxpayers reflects the view that paying taxes is an obligation for taxpayers and providing public needs is an obligation for the state (Kirchler & Wahl, 2010; Wahl et al. 2010). In this study, the authors used two generations namely generation X (born in 1965 and 1979) and millennial generation (1980 and 2000) (Jurney et al., 2017) because they are the most significant current and future taxpayers (Tjondro et al, 2019). We argue that the most suitable system for maximizing tax revenue for both generations is voluntary cooperation because the current condition of the number of tax officers compare to taxpayers in Indonesia is 1: 7700 (Misbakhun, 2018). It is challenging to rely solely on enforced systems. Literature by Frey et al. (1998) stated that there was an award if the taxpayer performs tax compliance with his awareness. These awards are interpreted as gifts or gifts for taxpayers because they contribute to tax compliance (Frey et al 1998). Also there are penalties for taxpayers as a sanction in the form of fines or interest given to taxpayers for not making contributions in paying taxes (Frey et.al 1998). Giving rewards (gifts or praise) will enhance collaboration and minimize non-cooperation (Molenmaker 2016; 2018). For taxpayers, they prefer to be able to work with the tax authorities in making tax compliance than they get punishment in the form of sanctions or tax penalties (Baron, 1995; Baron & Jurney, 1993). This factor is the basis of the motivation of taxpayers to cooperate to create high tax compliance (Frey and Jegen, 2001).

Tax authorities use various methods to influence the level of tax compliance of their citizens. Based on the slippery slope framework, the tax authority applies power to enforce tax compliance of taxpayers where the tax authority trusted by taxpayers will get voluntary cooperation from taxpayers (Kirchler, 2007; Kirchler et al, 2008). If the tax authority socializes tax compliance with positive matters and without any coercion, then taxpayers are more confident and trust to the tax authorities (Gangl et al., 2015). Tax authorities believe that taxpayers are responsible citizens and always avoid coercive actions (Kirchler et al, 2008). The study of Gangl et al. (2016) showed that tax authorities with coercive power reduce the level of trust of taxpayers, which is related to the climate of antagonistic interactions and enforcement of compliance. The government with coercive strength can reduce trust and voluntary cooperation because it makes more severe coercion steps to maintain the level of tax compliance (Kirchler et al., 2008). Taxpayers consider of tax authorities to be right partners by upholding social norms about tax honesty among fellow citizens (Alm and Torgler, 2011). Analysis of research shows that legitimate authority has a direct relationship or impact on the voluntary cooperation and trust in the tax authorities (Gangl, et al, 2016). In some studies, tax compliance is influenced by two dimensions, namely government-owned power and people's trust in the government (Eberl, 2003). Trust in the government can also be implemented well if the government has an excellent work record (Karkin and Janssen, 2013).

The Perception of Service climate also influences voluntary cooperation. Gangl et al. (2012) suggested three models of tax climate, namely antagonistic climate models, climate service models, and competence climate models. The author will discuss in depth and focus on climate service. The service climate model is the interaction between taxpayers and tax authorities likened to "service & client" which means taxpayers and tax authorities work together based on applicable standards and rules (Gangl et al., 2012). This Perception of Service climate is based on professionalism and benevolence which will later produce voluntary cooperation from taxpayers (Gangl et al, 2012). In climate service, taxpayers believe that tax authorities work well to achieve goals for the country (Gangl et al., 2012). It must be recognized that the perception of service climate has a vital role in public or government organizations and an essential requirement for citizen satisfaction (Cronin and Taylor, 1992; Taylor

and Baker, 1994). According to Martinez and Bosque (2013), trust in authority refers to public trust in the government that always provides excellent service and always strives to meet people's needs in the long run. Trust in authority can increase because the service climate is perceived to be appropriate and fair for all taxpayers, without any difference in the level of taxpayer wealth (Cronin and Taylor, 1992; Taylor and Baker, 1994). With the work carried out by the tax authorities on taxpayers under the regulations that have been made, then the level of taxpayer trusts increases with the tax authorities (Taylor and Baker, 1994). Tax authorities have an essential role in maintaining the perception of service climate under the fair rules, otherwise taxpayer's trust will decline (Gangl et al., 2012).

This research contributes to increase voluntary tax compliance in Indonesia by using X and Millennials generations as the respondents, which have significant contribution in tax payments. Other contribution is our research proved that both generations have great concern about trust in authority and service climate of tax institution. X and Millennials also perceived that trust in authority and service climate are two crucial factors in influencing voluntary compliance.

2. Literature review

2.1. Slippery Slope Framework theory

Muehlbacher and Kirchler (2010) in the Slippery Slope framework theory explains that tax compliance is determined by the perception of taxpayers on the government (tax authority) which is often called the trust of the taxpayer. Kirchler, Hoelzl, and Wahl (2008) suggest two main things influence the level of tax compliance, namely, the trustworthiness of taxpayers towards the tax authority and the authority itself. This theory assumes that tax compliance can be realized by increasing the level of trust of taxpayers. There are three types of beliefs, namely, the concept of calculative trust (Fehr, 2009), rational trust (Ripberger, 1998), and knowledge-based trust (Lewicki and Lunker, 1996). Cognitive-based trust always involves a rational assessment of reputation for reliability and professionalism (Colquitt et al., 2011). Cerna et al. (2015) argue that cognition-based trust in the tax authority will lead to voluntary compliance. In Slippery Slope Framework, there are two forms of tax compliance, namely: (1) voluntary tax compliance due to synergistic service climate, and (2) forced tax compliance due to antagonistic climate (Kirchler, 2008). Compliance by coercion will not work well, while voluntary cooperation which maintains the relationship of taxpayers and tax authorities will run well (Kirchler, 2007; Kirchler et al. 2008).

Murphy & Tyler (2008) argue that empirical theory shows, when the authority performs its duties under the procedures, the taxpayer believes more and adheres to all decisions made by the tax authority. With the existence of good relations between taxpayers and tax authorities, tax authorities must act justly and do their duties as well as possible under the procedure made to increase the level of trust of taxpayer and increase tax compliance (Murphy, 2004). The higher trust will increase the level of voluntary compliance (Wahl et al, 2010; Muehlbacher et al., 2011).

2.2. Voluntary Cooperation

Regarding tax compliance, each person has different levels of compliance depending on the factors that influence the level of tax compliance in each (Widayati and Nurlis, 2010). Tax compliance is based on the extent to which taxpayers are compliant or non-compliant with tax rules referring to the fulfillment of all tax obligations (Braithwaite, 2009). Tax compliance is defined as the level of compliance of taxpayers with applicable tax laws or regulations (James & Alley, 2004) and the payment of all tax payable (Braithwaite, 1995). Tax compliance can also be defined as a process of taxpayers to submit all tax returns as required by reporting all income correctly and accurately based on applicable regulations or tax laws in a country (Palil & Mustapha, 2011).

Based on the Slippery slope framework (Kirchler, 2007; Kirchler et al., 2008), there are two different dimensions of compliance, namely the dimensions of authority that lead to enforced compliance and trust in the voluntary cooperation. Similar things were also generated in an experimental study of tax behavior (Wahl et al., 2010) which revealed that the power of tax authorities and trust in tax authorities increased tax payments. Even so, studies show that power will only increase enforced compliance but instead reduce voluntary cooperation. Instead, the trust in authority will increase voluntary cooperation but will reduce enforced compliance (Wahl et al, 2010). Voluntary compliance is motivated by a sense of commitment, while forced compliance is motivated by resistance (Braithwaite, 2003). The indicator of this variable is cooperativeness, which means that the two interconnected parties can cooperate well without coercion or in voluntary nature.

2.3. Trust in Authority

According to Salminen and Jola-Norbacka (2010), trust is one of the ethical problems that can be learned from various perspectives; such as trust in the government or authorities. Kirchler, Hoelzl, and Wahl (2008) define trust as the general opinion of individuals and social groups that tax authority work for the goodness of community. The trust in question is how much the community has a level of trust in the tax authority that the tax authorities have carried out the procedures stipulated in the Tax Law so that the taxes paid will be managed and used as much as possible for the welfare of society. Public trust arises when a citizen gives his trust to his chosen representative to become a leader or public official or other authority holders, who acts to his advantage (Thomas 2001).

Kirchler et al., (2008) stated that taxpayers trust the tax authority if they feel the relationship with the tax authorities respect each other. Maximum service to taxpayers is a matter that can affect the level of trustworthiness of taxpayers. Torgler (2003) stated that trust to the tax authority is positively related to increasing of tax payment. In the slippery slope framework (Kirchler, 2007; Kirchler et al., 2008), trust makes the climate synergistic, where taxpayers and tax authority interact in very respectful ways and taxpayers voluntarily work with tax authorities. Kirchler et al., (2008), trust in the tax authority will form a synergistic climate or service climate, where the attitude of "service and clients" is more prominent or dominant. In this climate, the tax authority acts as part of the community which is a service unit, acts in support, respects taxpayers and implements all procedures transparently and fairly. In this case, the taxpayer cooperates with the tax authority, if the taxpayer's trust level is high.

According to Choriayah et al. (2008) and Mcallister (1995), the factors that shape one's trust in others are three, namely ability, benevolence, and integrity. Trust creates mutually beneficial interactions between taxpayers and the government, thus affecting compliance behavior (Kastlunger, Lozza, Kirchler, & Schabmann, 2013; Kirchler, Hoelzl, & Wahl, 2008). Indicators that form trust can be explained as follows (1) ability, refers to organizational competencies and characteristics in influencing and authorizing specific areas. In this case, how the tax authorities able to provide, serve, and give security from other parties; (2) benevolence, refers to the willingness of an organization to provide mutually beneficial satisfaction with outsiders. Benevolence here includes attention, empathy, confidence and acceptability; (3) integrity, related to the reliability of the information provided according to the actual situation. The information provided is correct under the facts or not.

2.4. Perception of Service Climate

Gangl et al. (2012) suggested three models of tax climate, namely antagonistic climate models, climate service models, and confidence climate models. The antagonistic climate is a condition where the taxpayer is forced to pay his tax based on the power of authority and the coercion through the threat of sanctions and penalties for taxpayers who reluctant to pay taxes (Gangl et al., 2012). So that in forced conditions, it inevitably the taxpayer must fulfill his tax otherwise they will be punished (Kirchler et al, 2008). The antagonistic model only works in a short-term period, but not useful in an extended period. The other weakness of this model does not apply to the new generation, Millennials, because Millennials have an attitude that more accept non-compliance than Baby Boomers and X generation (Jurney et.al. 2017). According to the slippery slope framework, the use of power will produce an antagonistic climate like the "police and robbers" attitude, where the tax authorities are "police" who try to find as many taxpayers as possible, but taxpayers try to escape from the supervision of the tax authorities and tax evasion if possible (Kirchler et al., 2008). Thus, in an antagonistic climate, taxpayers only comply with the applicable tax regulations, if they feel very high authority. The consequence is that taxpayers are very rational to calculate the costs and benefits of each tax compliance decision. Tax compliance is only built the power possessed by the authority. The confidence climate model is a model that describes the situation that taxpayers and tax authorities have trust in each other (Gangl et al., 2012). In other words, taxpayers and tax authorities show responsiveness and empathy with each other (Feld & Frey, 2002). The service climate model is a model that focused on the interaction between taxpayers and tax authority, such as "service & client", which means taxpayers and tax authorities cooperate based on applicable standards and rules (Gangl et al., 2012). Indicators in this variable are service orientations, which is the assessment of taxpayers regarding the desire and effort of tax institutions or tax officers to know, help or serve to meet the needs of taxpayers.

Many factors influence voluntary compliance, one of which is the taxpayer's perception of service. Service climate can be defined as the taxpayer's perception of service of tax officers related policies, practices and procedures, which promotes a climate that respects taxpayers. Service climate depends on the structural support provided by organizations through resources, training, managerial practices, and assistance required to work effectively (Schneider, 2013). In this case, the service climate can be considered as an individual, not an organizational attribute, measured in terms of perceptions that are psychologically meaningful to the individual, not in terms of particular organizational features. Alm and Torgler (2011) suggest recommendations for tax authorities to create conditions that are more consumer-friendly and service-oriented. Perception of service climate in the field of taxation is the taxpayer's perception of the quality and climate of services, practices and procedures carried out by the tax authority. Carrasso et al., (2012) argued that the research with the topic of service climate was first conducted by Schneider in 1973, which focused on the efforts of an organization or institution in creating a warm atmosphere and friendly to customers or other parties. This shows that both parties, the tax authority and taxpayers, have good relations and closeness that lead to cooperation. The service climate also states that the tax authority provides excellent services to the public and becomes an integral part of civilization. Thus taxpayers perceived the tax authority as fair and due to the rules, so that taxpayers reconcile with tax authority (Kirchler & Wahl, 2010; Wahl et al. 2010).

2.5. Hypothesis Development

Trust is based on the taxpayer's belief that the tax authority is competent, pursue relevant goals, and give support to the taxpayers. Together, legitimate power and trust lead to service climate between tax authorities and taxpayers. In the service climate, the tax authority is considered a professional and rule-based institution that provides services to its clients, taxpayers (Alm and Togler, 2011). The tax authority believes that taxpayers are

citizens who are responsible for carrying out their obligations, on the other hand, taxpayers also consider tax authority as a partner in managing state fund tax. Taxpayers follow not only legal letters but also are passionate about obeying the law and seeing tax payments as a moral obligation (Braithwaite, 2003).

The Chathoth et al. (2007) study showed a significant effect of the influence of trust on service climate. In service climate, interactions are initially based on legitimate strength and careful consideration of other people's beliefs. However, they may become automatic with routine and repetitive interactions (Castelfranchi et al., 2010; Nooteboom, 2002). Thus, the transformation from an antagonistic climate to a service climate implies a reduction in preventive actions, like threatening or coercion, and more focus on tax authority assistance activities. However, the transformation to a service climate model depends on a trusting relationship based on the positive experience and socialization of taxpayers with the authorities (Gangl et al, 2012). Trust in the tax authority has a significant influence on the perception of service climate (Gang et al, 2015). Based on the literature and studies described earlier, the researcher sets the first hypothesis as follows:

H1: Trust in authority affects climate perception of service

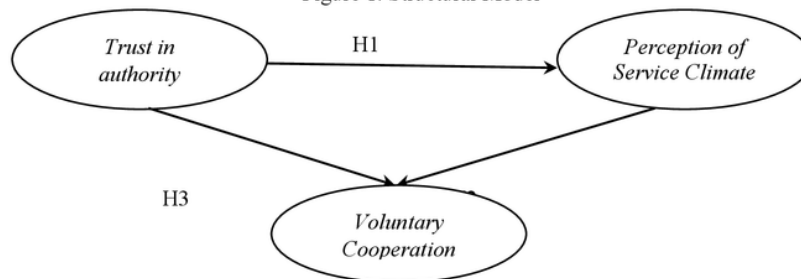
Carrasso et al., (2012) argued that the research with the topic of service climate was first conducted by Schneider in 1973, which focused on the efforts of an organization or institution in creating a warm atmosphere and friendly to customers or other parties. This shows that both parties, the tax authority and taxpayers, have good relations and closeness that lead to cooperation. Active cooperation is based on mediation through a climate of interaction, so that the relationship between the tax authorities and taxpayers goes well. Therefore, individuals no longer consider avoiding taxes, otherwise more eager to contribute to the state. The high service quality of the tax authority can increase voluntary compliance (Gang et al., 2012). Based on the literature and studies described earlier, the researcher sets the second hypothesis as follows:

H2: Perception of service climate affects voluntary cooperation

Levi and Tokter (2000) suggested that trust is vital to establish compliance and cooperation, the theory of slippery slope, voluntary tax compliance depends on the level of public trust in the tax authority (Kirchler et al., 2008). Kirchler et al. (2008) explain that trust greatly influences voluntary cooperation and there is a dimension of interaction between tax authorities and taxpayers through trust. Kirchler et al. (2008) explain that trust in tax authorities is a psychological variable that is only able to increase tax compliance, but also to maintain tax compliance. Evidence showed that taxpayer's trust in tax authority was positively related to the increase of tax payments (Torgler, 2003). Voluntary cooperation means carrying out tax obligations without incentive because taxpayers trust the tax authority (Gangl et. Al., 2015). Voluntary cooperation reflects the view that paying taxes is an obligation for taxpayers and on the other hand obligation for the state to provide public goods for the community (Kirchler & Wahl, 2010; Wahl et al. 2010). Based on the explanation above, the writer makes the following hypothesis:

H3: Trust in authority affects voluntary cooperation

Figure 1. Structural Model



Indirect : H4 : TA → SC → VC

3. Methods

3.1. Sample and Criteria Respondent

The sample obtained was 164 data obtained from the population. Determination of the sample in this study will use quota and convenience sampling. This sampling technique takes the number of samples as determined by the researcher. The advantage of quota sampling is that respondents represent each group of gender, cities in Indonesia, generation, type of business, and method of income tax calculation. The advantages of this method are that the respondent has been known by the researchers before, so the respondent answers the questions

regarding tax honestly. The sample criteria to be used in this study include: individual taxpayers who have NPWP, run their business in five major cities in Indonesia, namely, Jakarta, Semarang, Surabaya, Bandung, and Denpasar, included in the two generations, namely X (age 39 - 58 years) and millennial generation (ages 19 - 39 years).

3.2. Measurement

The measurement scale used for each variable in this study is the Likert scale. Variables related to the research namely trust in authority, climate perception of service and voluntary cooperation are measured by a seven-point Likert scale. The seven-point Likert scale starts from 'strongly disagree' to 'strongly agree'. According to Cooper and Schindler (2014), the measurement that is appropriate for this study is measurement based on the Likert scale because respondents are directed to give their opinion or assessment about something.

3.3. Instrument and indicators

Data collection carried out by distributing questionnaires had previously been checked by researchers using a pilot project. Questionnaires are shared online for taxpayers who have jobs in retail, production or service, to find out whether the questions in the questionnaire can be understood by the respondents. The questionnaire is closed questions.

Trust in authority variable, the researcher modified several questions from Mc Allister (1995) and Choriya et al. (2008) with three indicators, namely ability, benevolence, and integrity. Based on research by Gangl, Hofmann, & Kirchler (2015), indicators that shape the perception of service climate are service orientations. In voluntary cooperation, we use indicators of cooperativeness (Gang et al., 2016).

Table 1. Questionnaire Design

Variables	Indicators	References
Trust in authority	1. Ability 2. Benevolence 3. Integrity	(Mc Allistair, 1995; Choriya, 2008)
Perception of Service Climate	Service orientation	(Gangl, 2016)
Voluntary cooperation	Cooperativeness	(Gangl, 2016)

3.4. Method of Analysis

The method used in this study is quantitative. This study uses Structural Equation Modeling (SEM) using Partial Least Square (PLS) data analysis tools and WarpPLS 5.0 software. PLS is a variant-based structural equation (SEM) analysis which can simultaneously test the measurement model while testing structural models (Hartono, 2011). Croasdel, Mcleod, & Simkin, (2011) stated that PLS is appropriate to be used for a structural model concerning representation in a constructive, formative and reflective manner. Another advantage of the analysis method using the SEM approach is that SEM can assess the suitability of the model (fit model) and SEM can still account for the emergence of errors in assessment or measurement for variables that clearly cannot be measured directly (Hair et al. 2011).

4. Results

4.1. Overview of Research Objects

Table 2. Results of questionnaires

Explanation	Total
Questionnaires received	164
Questionnaires that cannot be processed	44
Total questionnaires used in the research	120

Table 2 shows that as many as 164 respondents were involved in filling out this questionnaire online, but as many as 44 respondents who did not meet the criteria. So that the remaining 120 respondents (73.17 percent) that met the criteria were processed.

4.2. Profile and Demographic Summary of Respondents

Respondents who filled out the questionnaire in this study were more dominant women, which was 60 percent or 72 respondents, while men were 40 percent or 48 respondents. The business types of respondents were 23 respondents or 19.17 percent as retail/production entrepreneurs and 67.5 percent or 81 respondents as service entrepreneurs and the remaining 16 respondents had both types of business. The cities of origin of the respondents which the largest is Surabaya as many as 52 respondents or 43.33 percent. The city of Bandung as the least of respondents, consists of 15 respondents or only 12.5 percent. The most dominant generation as the respondent in this study is the Millennial generation of 102 respondents or 85 percent while the X generation is only 18

respondents or 15 percent. Most respondents have gross income below 4.8 billion Rupiahs per year (101 respondents or 84.17 percent).

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4.3. Descriptive Statistics

Table 3. Descriptive Statistics

Indicators	Mean	Range (Per cent)	Standard Deviation
TIA1	5,17	73,92	1,09
TIA2	5,16	73,80	1,15
TIA3	5,27	75,35	1,04
TIA4	5,23	74,76	1,00
PSC1	5,22	74,64	1,19
PSC2	5,45	77,97	1,09
PSC3	5,20	74,28	1,10
VCO1	5,29	75,59	1,04
VCO2	5,19	74,16	1,08
VCO3	5,36	76,66	1,25

Table 3 about descriptive data, shows the standard deviation, and the mean value of each variable used. The tendency to agree with the questions of each variable is indicated by the higher mean value of a variable. Table 3 shows the average value of all indicators used. The highest mean in the trust in authority variable is TIA3 which is 5.27 out of 7 with the indicator benevolence. This shows that the tax authority that does its job well as a positive influence, namely increasing public trust in the tax authority. Meanwhile, in the variable perception of service climate, the highest mean is the PSC2 indicate of 5.45 out of 7, which means the taxpayer's perception of climate service raises the perception that the tax authority in carrying out its duties is service-oriented. Further explanation of the meaning of the mean for each indicator will be explained at the end of this study in the results section and discussion.

4.4. Test Results

Table 4 shows that the validity requirements have been met by all indicators, with a loading value > 0.50. According to Kock (2017) the loading value and cross loading that meet the convergent validity standard are in the range of -1 to 1 and the value must be higher than the cross loading value. Convergent validity is acceptable if the Loading value is above 0.5 and the P value is below 0.05 (Hair et al., 2009). All loading values are above 0.5 and show a value higher than cross loading which means all items are valid.

Table 4. Result of Cross Loading and p-value

Indicators	Trust in Authority	Service Climate	Voluntary Cooperation	P-Value	Conclusion
TIA1	0.745	0.059	-0.074	<0.001	Valid
TIA2	0.724	0.098	-0.122	<0.001	Valid
TIA3	0.767	-0.218	0.245	<0.001	Valid
TIA4	0.758	0.068	-0.059	<0.001	Valid
PSC1	0.062	0.757	-0.118	<0.001	Valid
PSC2	0.044	0.737	-0.180	<0.001	Valid
PSC3	-0.108	0.733	0.302	<0.001	Valid
VCO1	0.052	0.027	0.768	<0.001	Valid
VCO2	0.000	0.203	0.729	<0.001	Valid
VCO3	-0.058	-0.246	0.686	<0.001	Valid

The reliability coefficient must be > 0.7 for composite reliability (Kock and Lynn, 2012). Hinton et al., (2004; 363-364) whose Cronbach's alpha value with a range of 0.5-0.7 is called moderate alpha, which means that it is still acceptable. Based on a study by Dall'Oglio et al (2015; 2010), Cronbach's alpha of 0.5 is still acceptable if the study consists of 21 few indicators. Even Nguyen et al (2019), said that research with 21 or indicators that would slightly tend to have a low Cronbach's alpha value, and for psychological research with a Cronbach's alpha 0.5 value was acceptable or reliable. This research which is included in the category of psychology because it examines how individual or group perceptions of a variable. So that, Cronbach's alpha in this study can be accepted or still reliable. All Cronbach's alpha values are above 0.5 so that they are passed the reliability test.

Table 5. Result of reliability and validity test

Variable	Trust in Authority	Perception of Service Climate	Voluntary Cooperation
Composite Reliability	0.836	0.786	0.772

Cronbach's Alpha	0.738	0.592	0.556
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Discriminant validity measurements are also carried out by comparing the correlation between constructs in the model with the square root average value of each construct. Discriminant validity is measured by looking at a comparison of AVE's square root latent variables with other variable correlation coefficients. Table 6 presents the test values which reveal that discriminant validity is fulfilled for all variables with the correlation coefficient value smaller than the AVE square value.

Table 6. Correlations among AVE's square root with latent variables

	Trust in Authority	Service Climate	Voluntary Cooperation
Trust in authority	0.749	0.556	0.547
Perception of Service Climate	0.556	0.742	0.610
Voluntary Cooperation	0.547	0.610	0.728

Table 7 shows the effect size of each indicator in this study. Effect size is used to measure how much value or influence each indicator has on latent variables in a study. According to Solimun, Fernandes, & Nurjannah (2017), the smallest effect size value of an indicator is 0.02 so that if there is an effect size value below 0.02 then the value of the effect size is very weak and must be discarded. The classification of the effect size value is 3 (three), that is, the effect size value above 0.35 includes the big or strong category, the effect size value above 0.15-0.35 is the medium category, and the effect size value with a value above 0.02-0.15 is a small/low category. The effect size value of this study shows that all indicators have fulfilled the effect size with the medium category.

Table 7. Effect Sizes

Indicators	Effect Size
TIA1	0.247
TIA2	0.234
TIA3	0.262
TIA4	0.257
PSC1	0.346
PSC2	0.328
PSC3	0.325
VCO1	0.370
VCO2	0.334
VCO3	0.296

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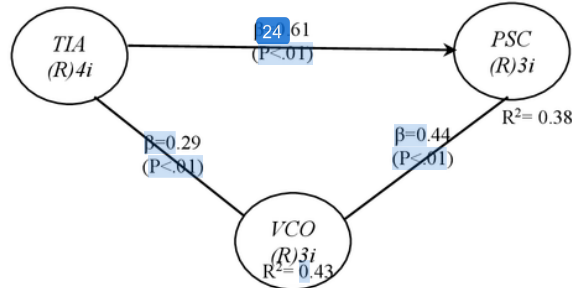
Table 8. Goodness of Fit

No	Model Fit dan quality indices	Result	Conclusion
1	Average path coefficient (APC)	0.449, P<0.001	Fit
2	Average R-squared (ARS)	0.405, P<0.001	Fit
3	Average Adjusted R-squared (AARS)	0.398, P<0.001	Fit
4	Average block VIF (AVIF)	1.567	Ideal
5	Average full collinearity VIF (AFVIF)	1.723	Ideal
6	Tenenhaus GoF (GoF)	0.471	Large
7	Sympson's paradox ratio (SPR)	1.000	Ideal
8	R-squared contribution ratio (RSCR)	1.000	Ideal
9	Statistical suppression ratio (SSR)	1.000	Accepted
10	Nonlinear bivariate causality direction ratio (NLBCDR)	1.000	Accepted

14 model testing aims to find a model that is fit with the original data so that it can determine the quality of the model. Bas 25 on the data in the table above, it is known that the model in this study was declared fit. APC, ARS and AARS have a p-value of less than 0.05. While the value of AVIF <5 shows that there is no multicollinearity problem between the indicator and the variable used.

4.5. Analysis and Discussion

Figure 2. Result of Wrap-PLS



8 Based on the results of the study, it was proved that the perception of service climate had an R-square value of 0.378, while the voluntary cooperation was 0.433. This shows that the voluntary 30 operation variable can be influenced/predicted by the variable climate service and trust in authority by 43.3% while the rest is explained by other variables of 56.7% which are not found in this study. Variable climate perception of service can be influenced/predicted by the variable trust in authority by 37.8, while the rest can be predicted by other variables not used in this study amounting to 62.2%. To see the relationship of the overall variables in the system built in this study, the Q2 value of a model can be obtained as high because the value of Q2 is in the range $Q2 \geq 0.5$.

Table 9. R-squared and Q-squared

Variable	R-squared	Q-Squared
Trust in Authority		
Perception of Service Climate	0.38	0.375
Voluntary Cooperation	0.43	0.436

4.6. Interpretations

Table 10. Hypothesis testing – Direct Effect

Relationship (Explanatory variable→Response variable)		Path Coefficient	p-value	Explanation
Trust in Authority	→ Perception of service climate	0.615	<0.001	Significant
Perception of service climate	→ Voluntary Cooperation	0.440	<0.001	Significant
Trust in Authority	→ Voluntary Cooperation	0.292	<0.001	Significant

4.6.1 Trust in Authority and Perception of Service Climate 11

This study proves that the trust in authority variable has a significant effect on the Perception of Service Climate. This can be seen based on the p-values of <0.001 which is <0.05. This explanation confirms that this hypothesis (H1) is accepted. Based on the estimated value of the path coefficient (original sample) that is equal to 0.615. The positive sign in the path coefficient shows a unidirectional relationship between the trust in authority and the perception of service climate where if the trust in authority increases once, then the perception of climate service increases by 0.615 times. This is similar to what Walsh (2012) stated that it is crucial that the government seeks to deliver and implement a good and conducive tax system. This can be seen from the relationship of the hypothesis proved to be significant and means that the trust in the authority given by the public or taxpayers can improve the perception of service climate between taxpayers and 29 officers (Gang et al, 2012). This shows that the tax authority has implemented the law well as contained in the Republic of Indonesia Law number 25 of 2009 concerning Public Services. This law was prepared with the aim of the tax authorities being obliged to serve every citizen to fulfill their tax rights and obligations and to build public trust in public services.

4.6.2 Perception of Service Climate and Voluntary Cooperation

Based on the results of the hypothesis test above, it can be concluded that the variable perception of service climate has a significant effect on voluntary cooperation. This can be seen based on the value of p-values which is <0.001. This explanation confirms that this hypothesis (H2) is accepted. Based on the estimated value of

the path coefficient produced is equal to 0.440. A positive sign on the path coefficient shows positive relationship between perception of service climate and voluntary cooperation. Perceptions of service climate that arise in the community or taxpayers has a significant impact on improving voluntary tax compliance. This hypothesis is supported or in line with several studies. Cyan, Koumpias, and Martinez-Vazquez (2017) state that the warmth and friendliness of good service (for example via website, clerk, telephone hotline, or e-mail), use of legitimate slogans or symbols (for example flags, logos) (Gangl, Torgler, and Kirchler 2016), can grow even increase the motivation of tax compliance.

4.6.3 Trust in Authority and Voluntary Cooperation

The results of hypothesis testing show that trust in the government has a positive effect on tax compliance. Based on the p-value, the influence of trust in authority to voluntary cooperation is significant with a p-value of <0.001 with the path coefficient of 0.292, which means H3 is accepted. These results indicate that the higher the trustworthiness of taxpayers towards the tax institution, it increases tax compliance. This study proved the concept of the slippery slope framework that underlies tax compliance through trust in authority (Kirchler et al., 2008). This research is also in line with the social psychology theory which states that trust is an essential basis in maintaining a strong relationship between taxpayers and tax authorities. Each party will be aware of their respective duties and responsibilities so they can act according to their rights and obligations both as taxpayers and tax collectors (Feld & Frey, 2002). Some studies show that taxpayers' beliefs influence taxpayer compliance. For example, taxpayers believe that the government can provide maximum tax services (Alm et al., 2011).

4.6.4 Trust in Authority and Voluntary Cooperation with Perception of Service Climate as a mediating

Table 11. Hypothesis testing – Indirect Effect

Relationship between variables (Explanatory variable → Response variable)			Direct Path Coefficient, p- value	Indirect Path Coefficient, p-value	Total Effect and Explanation
Explanatory variable	Intervening variable	Response variable			
Trust in Authority	Perception of Service Climate	Voluntary Cooperation	0.292, <0.001	0.562, <0.001	Significant/ Intervening

Table 11 shown that there is an indirect relationship between the trust in authority and the voluntary cooperation using the perception of service climate as a mediating variable. This is evident from the p-values of <0.001 and the estimated path coefficient of 0.562. This explanation shows that this hypothesis (H4) is accepted. This significance relationship shows that the relationship is strong. This study shows that voluntary cooperation can improve well if there are higher trust in authority and good perception of service climate. This study shows that the perception of service climate about how well the service of tax authority or tax officers, are significant. Tax authorities also consider ways to increase the trust of taxpayers (Gang et al., 2019) by creating a good service climate. When trust is strong, it will also create high voluntary compliance (Gang et al., 2015). The trust in the authority shows that the tax authority has a good performance and reputation as a provider and manager of services, so that increases voluntary cooperation (Gang et al., 2019).

5. Discussion

Table 12. Mean of each indicator

Indicators	TIA1	TIA2	TIA3	TIA4	PSC1	PSC2	PSC3	VCO1	VCO2	VCO3
Mean	5,17	5,16	5,27	5,23	5,22	5,45	5,2	5,29	5,19	5,36

Based on the results of processing the respondent data specifically the mean above, the author finds that the trust in the authority is critical. This trust arises because the tax authorities work competently and professionally and can assist taxpayers in resolving their tax problems both directly and through the website. On the TIA3 indicator, benevolence with a mean value of 5.27. This shows that the tax officer can complete his task correctly or be competent in his field and this makes the taxpayer increasingly trusting the tax authority. This means, the respondents in this study, especially generation X and the millennial generation, strongly believe in the tax authority because the tax authorities can help taxpayers resolve their tax problems correctly.

Based on table 12, the highest mean in the variable perception of service climate is the PSC2 indicator of 5.45. This means that taxpayers feel very well treated as clients by the tax authority so that the relationship between the two is professionally intertwined. This perception shows that the tax authority has implemented the law well as contained in Law number 16 of 2009 concerning General Provisions and Tax Procedures. The purpose of the drafting of this law is to provide a sense of justice, improve services to taxpayers, provide legal certainty and increase law enforcement.

The indicator with the highest average value in the voluntary cooperation variable is VCO3 of 5.36. This shows that among taxpayers and tax authorities there is a high voluntary cooperation. When a taxpayer makes a

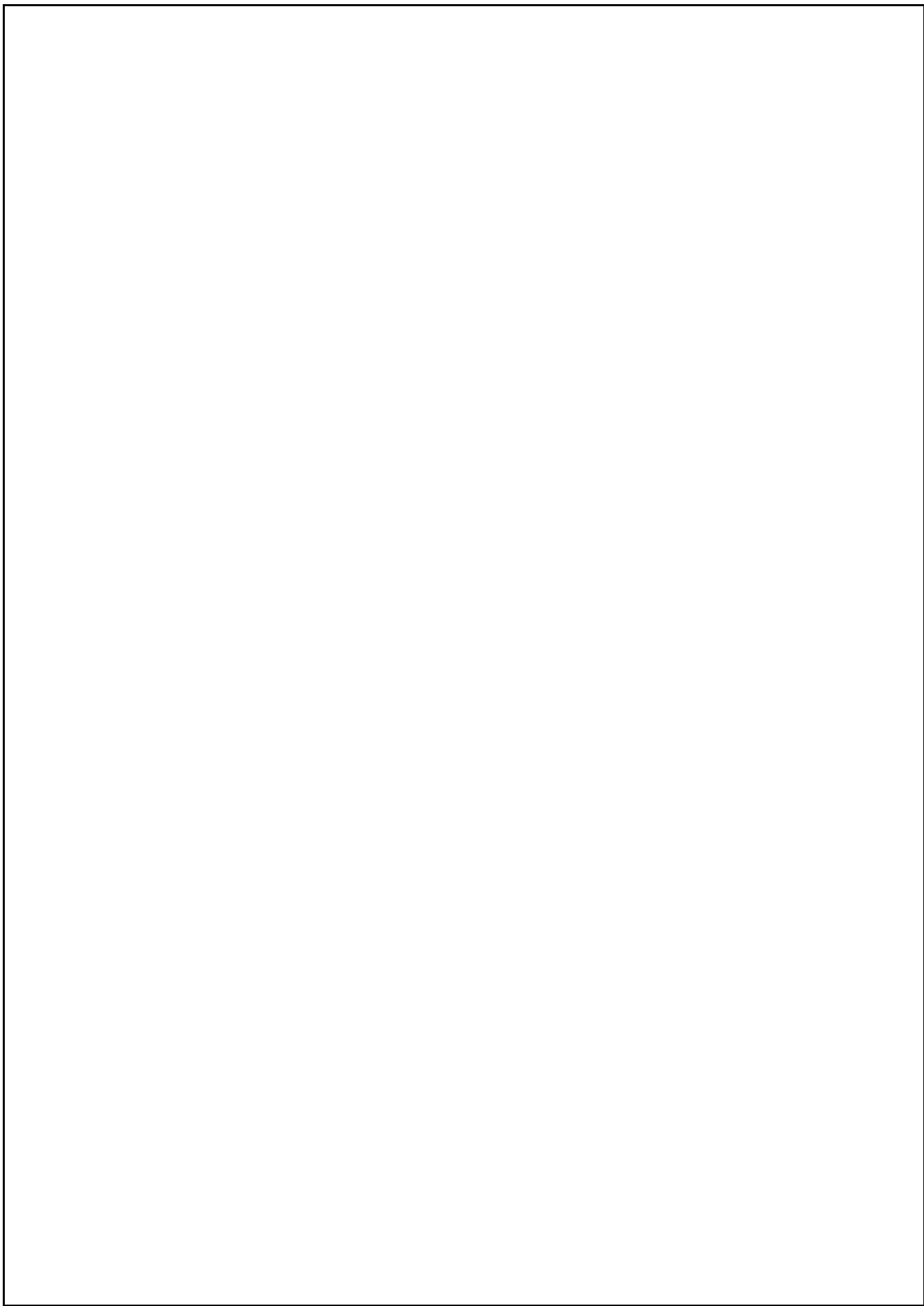
mistake in terms of tax administration errors (such as a mistake in filling tax return) and the taxpayer acknowledges it as a mistake, and asks the tax authority to help correct the error, then there has been voluntary cooperation in terms of tax compliance.

This study deepens previous empirical research that discusses tax compliance in terms of the trust, climate service and compliance motivation, namely voluntary cooperation (Gangl et al. 2016). Previous research found that climate perception of service related to tax authorities can improve voluntary cooperation (Gangl et al. 2015; Gangl et al. 2016). Based on the results of this study further reinforce the opinion of researchers that the most suitable approach to maximizing tax revenue for both generations is a voluntary cooperation. Besides, the condition of the comparison of the number of tax employees is only around 44,930 people (www.sdm.kemenkeu.go.id) and the Indonesian people, which number around 200 million people with 18.3 million registered Taxpayers.

6. Conclusion

This study aims to determine whether trust in authority affects the perception of service climate and voluntary cooperation directly and the effect of trust in authority on voluntary cooperation by using perception of service climate as a mediating variable. This study uses 120 Individual Taxpayers in five major cities in Indonesia, namely Surabaya, Semarang, Bandung, Jakarta and Denpasar with jobs in retail/production or free/professional business. By using WrapPLS and Structural Equation Model (SEM) modeling, this study shows empirically that perception of service climate can mediate relationship between trust in authority and voluntary cooperation with a strong level of significance. Voluntary cooperation will emerge if the government, namely the tax authority treats taxpayers properly as clients and raises the perception of service climate. That is, if the tax authority provides conducive and excellent service so that taxpayers feel there is no distance between the tax authorities and taxpayers, then the voluntary cooperation will emerge very large. Perception of service climate can be even better if trust in the government increases, because the tax authority performs its duties well, professionally and can help taxpayers resolve their tax problems. Millennials and generation X have been and will be the most significant tax contributor to the country. Taxpayer perceptions of service climate will depend on how the tax authority provides maximum service for both generations.

This study has several limitations. The results of this study apply only in the specific area and cannot be generalized. For better research results for further research in the technic sampling need to be considered further.



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