CHAPTER 4

ANALYSIS AND FINDINGS

4.1 Introduction

This chapter presents and describes the results of the analysis performed in this study. Analysis was conducted based on the data collected from the survey. For this study, analysis was done using IBM SPSS statistic version 23.0. This chapter discusses the response rate of respondents, demographic profile, reliability of the instruments, descriptive statistics of variables, inferential analysis from multiple regression, and the summary of hypotheses testing.

4.2 Data Collection Process and Response Rates

Questionnaire was distributed to 220 respondents who are tax auditors of RMCD to various RMCD stations at states level as well as in the headquarter. As mentioned earlier, the population for this study is 500. According to Krejcie & Morgan (1970), 217 distributed questionnaires are acceptable sample size for the population of 500. From the questionnaire distributed, only 173 were returned, and all of them are considered valid to use in the study. Hence, the response rate is 78.64% which is consider quite high. This is due to the questionnaires answered that were collected from respondents by the author after they were given the time to respond. Table 4.1 shows the summary of the response rates in this study.

Table 4.1: Summary of Rate of Return of Questionnaires

	No. of questionnaires (n)	Percentage (%)
Total questionnaires distributed	220	100%
Completed questionnaires received (usable)	173	78.64%

4.3 Section A: Respondent's Demographic Data

The first section in the questionnaire looks at the demographic profile of the respondents comprising of gender, age, education level, education background, years of service in RMCD, years of service as RMCD's tax auditor, and current position in RMCD.

4.3.1 Percentage Distribution and Frequencies Based on Respondents' Gender

Table 4.2: Frequency and Percentage Distribution Profile of Respondents

Gender	Frequency (n)	Percentage (%)
Female	101	58.38
Male	72	41.62

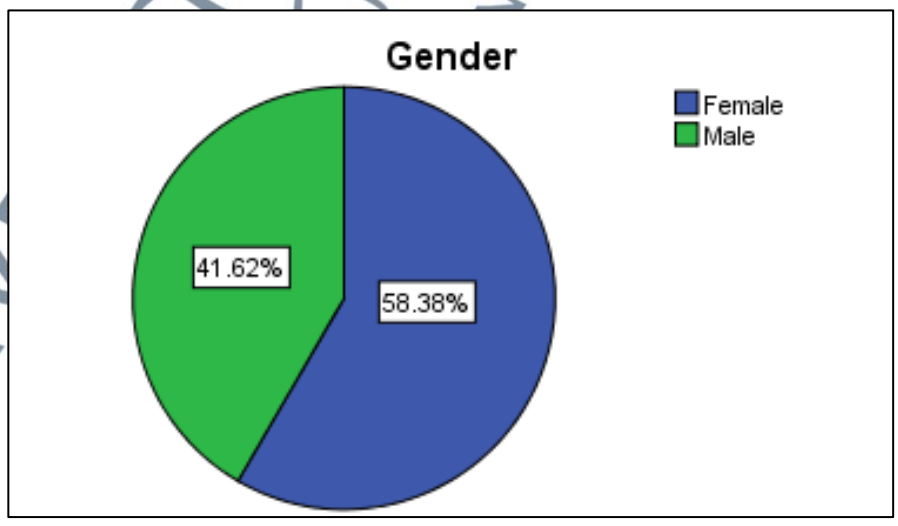

Figure 4.1: Respondents' Gender

From the questionnaire distributed, 101 (or 58.38%) of the respondents were female tax auditors and 72 (or 41.62%) were males tax auditors as illustrated in Figure 4.1. This data shows the consistency with the preponderance of female tax auditors in the RMCD. Figure 4.1 illustrates the gender proportion of the respondents.

4.3.2 Percentage Distribution and Frequencies Based on Respondents' Age

Table 4.3: Frequency and Percentage Distribution of Respondents' Age

Age	**Frequency (n)**	**Percentage (%)**
26 - 30	43	24.86
31 - 35	80	46.24
36 – 40	37	21.39
41 - 44	13	7.51

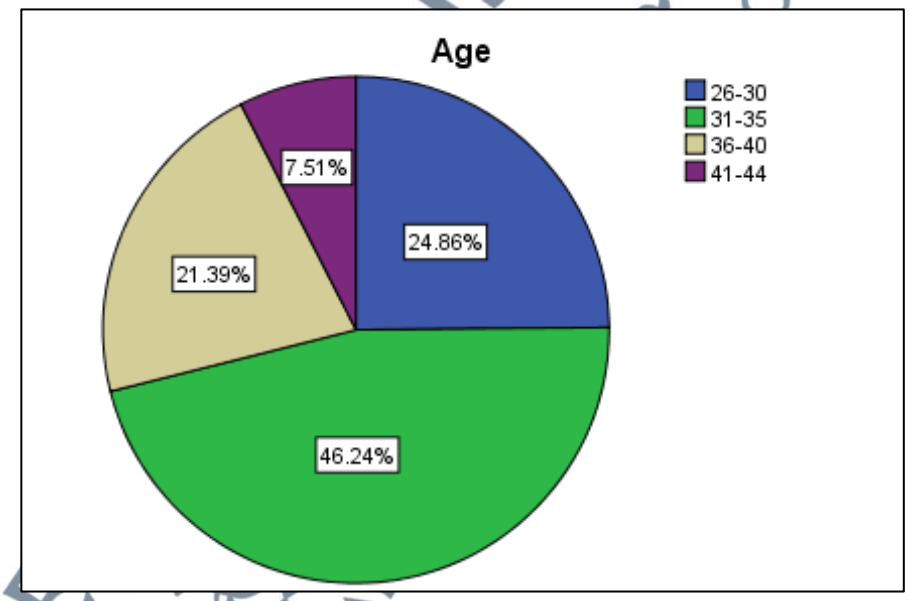

Figure 4.2: Respondents' Age

From the sample, most of the responses in this survey were received from those aged between 31 and 35 that is 80 responses (46.24%) as shown in Figure 4.2. It can be seen that most of the tax auditors are junior officers in RMCD where they are

responsible for the operation of the tax audit. This is in congruence with the responses of this survey in terms of the current position and years of working experience of respondents as tax auditors in RMCD that will be elaborated later.

4.3.3 Percentage Distribution and Frequencies Based on Respondents' Education Level

Table 4.4: Frequency and Percentage Distribution of Respondents' Education Level

Education Level	Frequency (n)	Percentage (%)
Diploma	11	6.36
Bachelor's degree	148	85.55
Master's degree	14	8.09

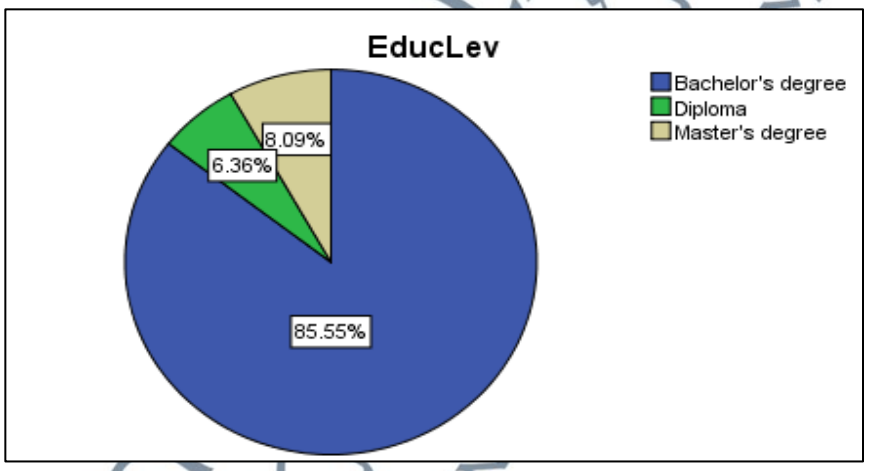

Figure 4.3: Respondents' Education Level

The majority of the respondents have a bachelor's degree (148 respondents or 85.55%), while the rest of the respondents have at least a diploma (11 respondents or 6.36%) and master's degree (14 respondents or 8.09%) as demonstrated in Figure 4.3. This is because the lowest employment scheme of tax auditors is Assistant Superintendent of Customs, which requires at least a Diploma level as the education background.

4.3.4 Percentage Distribution and Frequencies Based on Respondents' Education Background

Table 4.5: Frequency and Percentage Distribution of Respondents' Education Background

Education Background	Frequency (n)	Percentage (%)
Accounting	92	53.18
Finance	20	11.56
Economics	13	7.51
Others	48	27.75

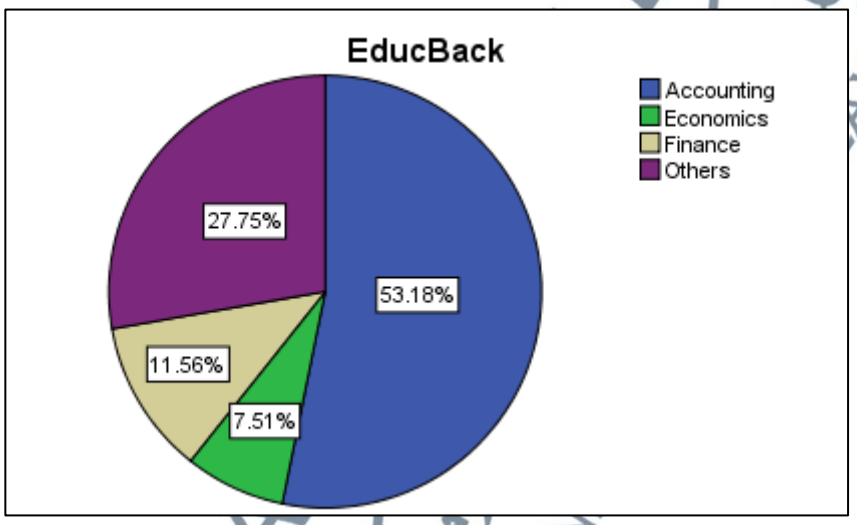

Figure 4.4: Respondents' Education Background

For the education background of respondents, more than half (92 respondents or 53.18%) studied accounting as illustrated in Figure 4.4. Those who have an accounting background will be an added value as tax auditors to perform the tax audit tasks. For this reason, the management of RMCD will select the majority of officers who have accounting background to be tax auditors.

4.3.5 Percentage Distribution and Frequencies Based on Respondents' Working Experience in RMCD

Table 4.6: Frequency and Percentage Distribution of Respondents' Working Experience in RMCD

Years of working experience in RMCD	Frequency (n)	Percentage (%)
1 - 4	71	41.04
5 - 8	67	38.73
9 – 12	35	20.23

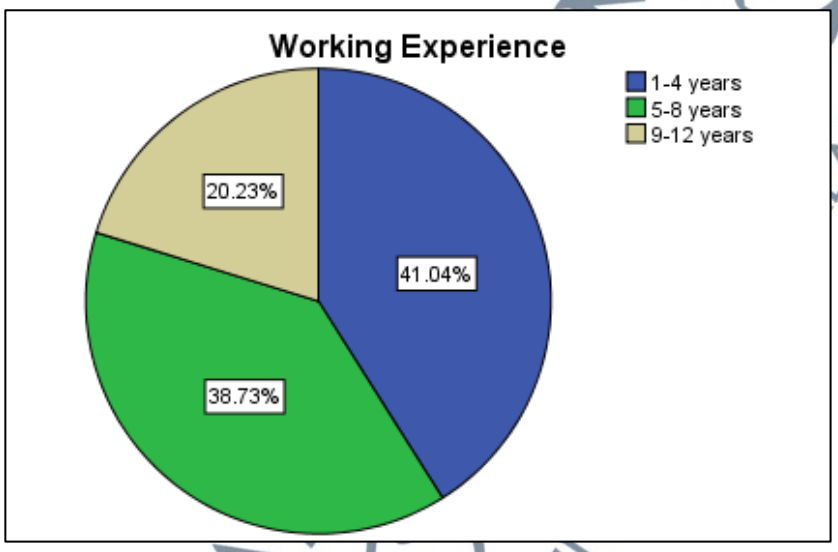

Figure 4.5: Respondents' Years of Working Experience in RMCD

Consequently, as mentioned junior officers make up the majority of tax auditors in RMCD, so the years of working experience of the respondents are less than 5 years. By analyzing the survey, the respondents who have worked in RMCD from one to four years are the majority who answer this survey which represent 71 respondents or 41.04% as shown in Figure 4.5.

4.3.6 Percentage Distribution and Frequencies Based on Respondents' Working Experience as Tax Auditor

Table 4.7: Frequency and Percentage Distribution of Respondents' Working Experience as Tax Auditor

Years of working experience as tax auditors in RMCD	Frequency (n)	Percentage (%)
1 - 4	98	56.65
5 - 8	59	34.10
9 - 11	16	9.25

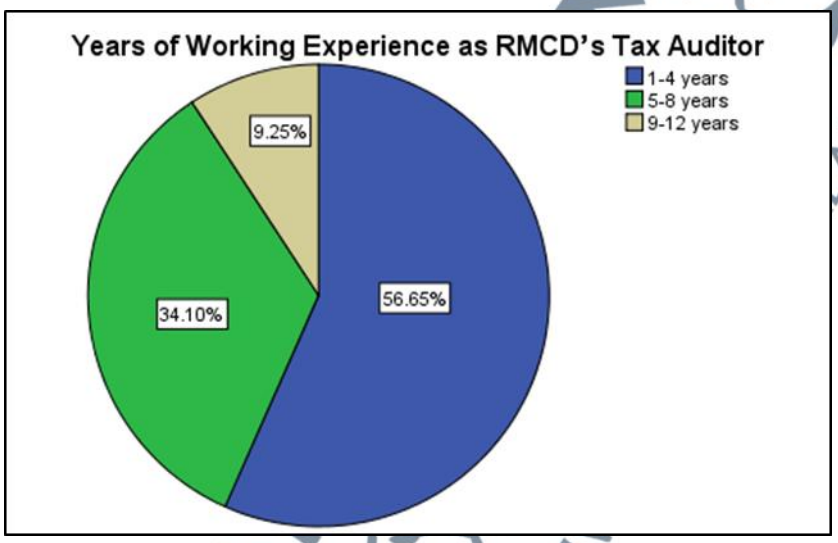

Figure 4.6: Respondents' Years of Working Experience as RMCD's Tax Auditor

Moreover, the majority of respondents who have been working as tax auditors from one to four years are the majority who answered this survey with 98 respondents or 56.65%. 59 respondents (34.10%) have served from five to eight years as RMCD's tax auditor and 16 respondents (9.25%) have been serving as tax auditors from nine to 12 years. Figure 4.7 displays the summary in the pie chart of the number of working experiences as RMCD's tax auditor.

4.3.7 Percentage Distribution and Frequencies Based on Respondents' Current Position

Table 4.8: Frequency and Percentage Distribution of Respondents' Current Position

Current position in RMCD	Frequency (n)	Percentage (%)
Assistant Superintendent of Customs	12	6.94
Superintendent of Customs	112	64.74
Assistant Director of Customs	49	28.32

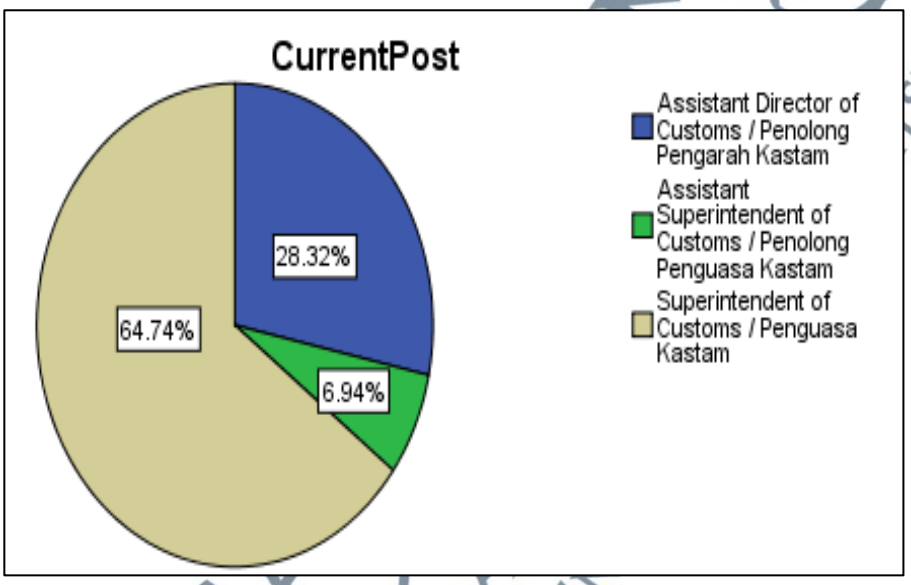

Figure 4.7: Respondents' Current position

As described earlier, most tax auditors in the RMCD are junior officers. Hence, the majority of the respondents hold the position of Superintendent of Customs (112 respondents or 64.74%). This position represents the majority of junior officers in RMCD. The position of respondents of this survey is exemplified in Figure 4.5.

4.4 Reliability Test

According to Muijs (2011), reliability is defined as "the extent to which test scores are free from the measurement error." Reliability measures certain concepts of an instrument's stability or internal consistency (Ghazali, 2016). Reliability is most commonly tested using Cronbach's Alpha (α) where it shows the internal consistency of the tested items.

Past studies report many ranges of alpha values that can be accepted. Nunnally (1978) indicated that the reliability items can be accepted if the alpha value is above 0.7. However, Ghazali (2016) reports that it is sufficient for the alpha value to be above 0.6 for social sciences. Table 4.9 shows the Cronbach's Alpha in this study for all the variables in the questionnaire. In the questionnaire, there are four variables which include 22 items (questions).

Based on the analysis, one independent variable which is the attributes of auditees generates the lowest value of Cronbach's Alpha which is 0.623. As mentioned earlier, it is a sufficient value of the tested items' consistency and reliability. Thus, all Cronbach's Alpha values in this study are adequately reliable as they are higher than 0.6.

Table 4.9: Reliability Statistics

Variables	No. of items	Cronbach's Alpha (α)
Characteristics of auditors	8	0.857995
Attributes of auditees	5	0.623186
Organizational management of tax authority	6	0.747095
Performance Efficiency of tax auditors	3	0.86486

4.5 Descriptive Statistics of Variable

Descriptive analysis is applied on the independent variables and dependent variable to explain the central tendency (mean) and dispersion (standard deviation) of the variables. Table 4.10 illustrates the descriptive statistics of the variables in this study.

Table 4.10: Descriptive Statistics

Variables	No. of Items	Mean (m)	Standard Deviation (sd)
Characteristics of Tax Auditors	8	3.046	0.475
Attributes of Auditees	5	2.753	0.404
Organizational Management of the Tax Authority	6	2.755	0.473
Performance Efficiency of Tax Auditors	3	2.486	0.564

From the result of the descriptive statistics, the respondents of the survey did not agree that the tax auditors in RMCD are efficient in their performance by looking at the mean value of the dependent variable which is 2.486. Furthermore, it shows that only one independent variable which is characteristics of tax auditors is slightly agreed by respondents or specifically the tax auditors in RMCD based on the mean value 3.046.

The other two independent variables which is attributes of auditees and organizational management of the tax authority are generally disagreed by respondents with the statements in the survey with the mean values of 2.753 and 2.755 respectively. Note that this study uses the one-to-four- Likert scale with one indicating strongly disagree to four suggesting strongly agree.

The means of all the variables in the research by Nadiah et al. (2017) which is "The Influence of Core Competency Skills of IRBM Tax Auditors Towards their Performance" range between 1.868 and 2.334 while the standard deviations are 0.582 to 0.815. The study uses one-to-five-point Likert scale from "strongly agree" to "strongly disagree" for the respondents (tax auditors of Inland Revenue Board Malaysia) to rate their perceptions. This means that most of the respondents agree with the statements (determinants) in the study. This is somewhat different from this study where most respondents rate their responses more to disagree with the statements in the questionnaires on average except for the statements in the variable "characteristics of tax auditors".

4.6 Multiple Regression Analysis

Multiple regression analysis is used to simultaneously investigate the effects of several independent variables on a dependent variable (Zikmund, 2003). Hence, the analysis is used in this study to test all the hypotheses in order to produce the result and findings.

In this study, multiple regression is performed by using SPSS twice. Firstly, the goal is to test the independent variables on the dependent variable. Secondly, it aims to test the dimensions of the independent variables on the dependent variable. This is because there are hypotheses developed based on the independent variables as well as the dimensions. Table 4.11 is the result of the first multiple regression analysis for the independent variables and table 4.12 is the result of the second analysis for the dimensions of the independent variables.

The first multiple regression analysis table (Table 4.11) shows that the value of R Square is 0.2251. This demonstrates that the independent variables used for this study represent 22.51% that explain the dependent variable. There are other 77.49% factors out there which would explain the dependent variable that is not discussed in this study.

Similarly, the second multiple regression analysis table (Table 4.12) shows the value of R Square of 0.2636 indicating that the dimensions used for this study represent 26.36% that explain the dependent variable. There are further 73.64% factors that are not discussed in this study which can explain the dependent variable.

As stated in Chapter 3, the relationships of the dependent variable with the independent variables are considered significant when the result of 'p value' is lower than 0.05 (<0.05) and 't stat' higher than 2.0 (>2.0). Moreover, the positive or negative coefficient value is to determine the correlation of the positive or negative relationships of the dependent variable with the independent variables and dimensions.

Table 4.11: Result of Multiple Regression Analysis For Independent Variables and Dependent Variables

Variable	Coefficients	Standard Error	t Stat	Sig P-value
Intercept	0.5558	0.3615	1.5377	0.1259
Characteristics of auditors	0.2999	0.0866	3.4641	*0.0007
Attributes of auditees	-0.0029	0.0929	-0.0315	0.9749
Organizational management of tax authority	0.3717	0.0862	4.3120	*0.0000

Note : *significant at 1% level $R^2 = 0.2251$

Table 4.12: Result of Multiple Regression Analysis For Dimensions of Independent Variables and Dependent Variable

Variable	Coefficients	Standard Error	t Stat	Sig P-value
Intercept	0.6728	0.4252	1.5822	-0.1665
Knowledge & skills	0.0503	0.0942	0.5342	0.5939
Communication Ability	0.0683	0.0944	0.7234	0.4704
Attitude	0.2010	0.0941	2.1354	*0.0341
Size	0.0029	0.0882	0.0326	0.9740
Complexity	-0.0297	0.0720	-0.4121	0.6808
Distance	0.0131	0.0661	0.1984	0.8429
Cooperation	-0.0274	0.0731	-0.3743	0.7086
Record keeping	0.0456	0.0688	0.6627	0.5084
Non-audit tasks	-0.0108	0.0697	-0.1556	0.8766
Support & encouragement	-0.0165	0.0936	-0.1768	0.8599
Audit Resources	0.3281	0.0829	3.9583	**0.0001

Note: *significant at 5% level ** significant at 1% level $R^2 = 0.2636$

4.6.1 Testing of Hypotheses

For the first test of the multiple regression analysis, two out of three independent variables are considered to have a significant relationship with the dependent variables. The independent variables are the characteristics of tax auditors and the organizational management of tax authority where both are significant at 1% level. According to the multiple regression analysis, the results of t-Stat are 3.4641 for the characteristics of tax auditors and 4.3120 for the organizational management of tax authority, and the results of p- values are 0.0007 and 0.0000 respectively. Thus, the characteristics of tax auditors and organizational management of tax authority are significant to the performance efficiency of tax audit by tax auditors in RMCD.

Attributes of auditees is considered insignificant to the performance efficiency of RMCD tax auditors as it does not meet the requirement of both the p-value and t-

Stat. The analysis generates p-value of 0.9749 which is more than 0.05 and t-Stat of -0.03145 which is lower than 2.00.

For the second test of the multiple regression analysis, it is found that only two out of eleven dimensions are considered to have significant relationships with the dependent variables. The dimensions are attitudes (of tax auditors) which is significant at 5% level whereas the audit resources (provided by the management of tax authority) is significant at 1% level. The dimension attitudes of tax auditors acquire the t-Stat of 2.1354 and p-value of 0.0341 and audit resources provided by management of tax authority acquired the t-Stat of 3.9583 and p- value of 0.0001.

Thus, both dimensions are significant to the performance efficiency of tax audit by tax auditors in RMCD. The rest of the nine dimensions in this study are not considered significant to the dependent variable where their p-values and t-Stats do not meet the requirement.

In a nutshell, two out of three hypotheses of independent variables are supported (accepted) by conducting the first test of the multiple regression analysis while two out of eleven hypotheses of dimensions are supported (accepted) by the second test of the multiple regression analysis. For better understanding, Table 4.12 summarizes the result of the hypotheses testing for this study.

4.6.2 Correlation

From the multiple regression analysis, the correlation is determined based on the value of coefficients. The positive value of the coefficients represents the positive relationship of the hypothesis tested whereas the negative value of the coefficients represents the negative relationship of the hypothesis.

Referring to the coefficients value, all of the significant hypotheses have the positive relationships between the independent variables and the dimensions with the dependent variable. Table 4.12 summarizes the results of the hypotheses as testing together with the correlations for this study.

Table 4.13: Summary of Hypotheses Tested

	Hypotheses	**Result**
H1 (Independent variable)	There is a significant relationship between characteristics of tax auditors and efficiency of tax auditors.	Supported (significant), positive relationship
H1a (Dimension)	There is a significant relationship between knowledge and skills of tax auditors and performance efficiency of tax auditors.	Not supported (insignificant), positive relationship
H1b (Dimension)	There is a significant relationship between the communication ability of tax auditors and the performance efficiency of tax auditors.	Not supported (insignificant), positive relationship
H1c (Dimension)	There is a significant relationship between attitudes of tax auditors and performance efficiency of tax auditors.	Supported (significant), positive relationship
H2 (Independent variable)	There is a significant relationship between attributes of auditees and performance efficiency of tax auditors.	Not supported (insignificant), negative relationship
H2a (Dimension)	There is a significant relationship between size of auditees and performance efficiency of tax auditors.	Not supported (insignificant), positive relationship
H2b (Dimension)	There is a significant relationship between the complexity of business of auditees and performance efficiency of tax auditors.	Not supported (insignificant), negative relationship

	Hypotheses	Result
H2c (Dimension)	There is a significant relationship between the distance of auditees' premises and performance efficiency of tax auditors.	Not supported (insignificant), positive relationship
H2d (Dimension)	There is a significant relationship between the cooperation from auditees and performance efficiency of tax auditors.	Not supported (insignificant), negative relationship
H2e (Dimension)	There is a significant relationship between the record keeping of auditees and performance efficiency of tax auditors.	Not supported (insignificant), positive relationship
H3 (Independent variable)	There is a significant relationship between the organizational management of tax authority and performance efficiency of tax auditors.	Supported (significant), positive relationship
H3a (Dimension)	There is a significant relationship between non-audit tasks and performance efficiency of tax auditors.	Not supported (insignificant), negative relationship
H3b (Dimension)	There is a significant relationship between the support and encouragement from management and performance efficiency of tax auditors.	Not supported (insignificant), negative relationship
H3c (Dimension)	There is a significant relationship between audit resources and performance efficiency of tax auditors.	Supported (significant), Positive relationship

4.7 Conclusion

From the findings explained above, this research is able to determine that the attitude of tax auditors and audit resources provided by the management of tax authority are the main determinants of performance efficiency by tax auditors in

RMCD to perform tax audit. This research mainly uses the multiple regression analysis to translate the data collected to interpret and prove the hypotheses drawn whether they are supported (accepted) or not supported (rejected). Apart from the multiple regression analysis, this chapter also presents an explanation of the demographic profile of respondents, reliability test, and descriptive statistics of the variables of this study. The next chapter will discuss the findings, implications, limitations and recommendation for future studies.