**THE STRATEGY IN DEVELOPING PUBLIC TRUST OF TAXPAYERS’ COMPLIANCE IN SOUTH SULAWESI PROVINCE**

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**ABSTRACT**

The purpose of this research is to analyze and describe the strategy to develop the public trust of taxpayers' compliance in South Sulawesi Province by using the slippery slope framework. Many studies have been conducted by some researchers to measure the taxpayers’ compliance, but it’s very rare to analysis the slippery slope framework using SWOT Analysis Model. This article used descriptive statistics to analysis each dimension of the slippery slope framework, and the type of research is survey exploratory. The population of this research consists of 2400 of taxpayers which involve personal and corporate taxpayers in South Sulawesi Province, and also the personnel of Tax Office Service. To determine the sum of the research sample, we used the Krejci table in the error of margin 0,05%, so we confirmed that the sum of respondents is that 348 people. They are determined based on the age of the respondent that ranged from 30-40 years old, 41-50 years old, and ≥51 years old. There are three areas of tax service office become a locus of research namely; South of Makassar, Maros, and Palopo Tax Office Services. We used them as areas of research because of the taxpayers’ compliance of those regions are still lower than in other regions. The result of research showed that power and trust are important components to improve the taxpayers’ compliance to pay tax. We recommended that the slippery slope framework should be used as the strategy in developing of taxpayers’ compliance in South Sulawesi Province.

***Keywords:*** *slippery slope framework; public trust, power; trust; taxpayers’ compliance, SWOT Analysis*

**INTRODUCTION**

Nowadays, the tax becomes the best budget resources of government in the world, whether to both advanced countries and developing countries, like Indonesia. Based on the worthiness of taxation, so that, the Indonesia Government tries to seek and implement many policies to develop the taxpayers’ compliance to pay tax. For example, the Indonesia Government has been applied the tax amnesty policy to gain more revenue from all avoidance taxpayers. Indonesia Government has been claimed that it was the successful policy of tax in Indonesia and also in around the globe. Directorate General of Taxes as also mandated in the strategic plan of the Ministry of Finance 2015-2019 is the optimization of state revenue and tax administration reform. In order to achieve the objectives and ensure the fulfillment of the destination statement as mentioned above, the Directorate General of Taxation (DGT) establishes the Direction Policy Direktorat Jenderal Pajak Tahun 2015-2019 as follows: (1) Year 2015: Taxpayer Development; (2) Year 2016: Law Enforcement; (3) Year 2017: Reconciliation; (4) In 2018: Synergy of Agencies: Governments, Agencies, Associations, and Other Persons (ILAP); (5) In 2019: Independence of the State Budget (APBN). (Directorate of General Taxes, 2018).

However, the problems of non-compliance taxpayers in Indonesia, especially in the South Sulawesi Province has still occurred. It can be proved by the data gained from three areas of tax office service, for example in South of Makassar of Tax Office Service (KPP Makassar Selatan), in 2014 the number of Personal Income Tax registered as much as 70.2019, 2015 72.735, and 2016 as much as 77.942. This data provides information that the number of Personal Income Tax registered its development during the last three years continues to increase. However, judging from the compliance of personal taxpayers continues to decline from 51,579 obedient taxpayers, but there are 18,640 or approximately 73.5%, by 2015 almost the same as 36,411 individual taxpayers who are not obedient or about 50.1%, and year 2016 the number of Personal Income Tax complies 41,217, but the amount of Incomplete Personal Income Tax of 36,725 or 47.7%.

In order to minimize the non-compliance of taxpayers in South Sulawesi Province, we proposed the slippery slope framework as a strategy to develop the taxpayers' compliance. The empirical study confirmed that taxpayer compliance can be improved through a combination of power and trust (Kirchler, Hoelzl, &Wahl, 2007). Kirchler's research (2007) found that the community tried to comply with or obey their obligations to pay taxes each year based on government performance. Another research finding also confirmed that trust can increase public participation and compliance (Levi & Stroker, 2000). Public or society, in general, will be obedient to the interests or demands of the government and provide the full mandate when they believe in the government (Tyler, 1998).

Based on those empirical researches show that power and trust should be enhanced to gain the taxpayers' compliance can be developed. We may also state that this research has a robust theory which has been used in the political economy discipline, meanwhile, based on the development of scientific, the theory has been conducted in public administration discipline, because it has closed relationship with the policy implementation of the government institution. Both power and trust can be discussed in the literature of public trust. Because power has related to government performance to build public trust. Denhardt (2002) and Kim (2005) has stated that in modern bureaucratic reform, public trust has caught the attention of public administration scholars. Public trust is an issue that becomes the main study in public administration, political science, and there are some experts who have conducted studies on public trust (Denhardt, 2002; Herzlinger, 1996; Kim 2005).

Many researchers have been conducted to analysis both power and trust (Wicks, Breman, & Jones, 1999). They found that both power and trust have benefits to develop moral of individual and became a strategy to achieve trust optimally. Emerson has defined that power traditionally refers to the ability to evoke a change in another's behavior, i.e; the capability to get others to do something that they would not have done otherwise (Cartwrigt, 1965). Relates to the business domain, power can be closely tied to the interdependence of partners in those relationships (Emerson, 1962). He also confirmed that power has not become an attribute of any firm, but it becomes a property of the relationships. Raven (2008) stated that based on the resources of power, it has five bases of power such as; *coercive, reward, legitimate, referent, expert or competence*. In this article, we used those aspects to analysis the power dimension in slippery slope frameworks.

On the other hands, trust in taxation system considered as the main source of public trust. In this case, public trust, we define as the trust of taxpayers' to pay tax because they trust the government in managing and serving the taxation. We may be confirmed that when the taxpayers' have optimally trust to the tax system or they have voluntary compliance, so then they will increase cooperation, obey the rules, responsible, and convenience for paying tax. Muehlbacher & Kirchler (2010) stated that the slippery slope framework distinguishes two forms of compliance. Whereas voluntary compliance is driven by trust in tax authorities, enforced compliance depends on the power of authorities. They assumed that the interplay of trust and power is crucial for both forms of compliance. Based on their opinion, in this article we used four aspects of trust based on Kirchler et al (2008b) seminal work suggested that trust in tax involved; *trust in regulation, trust in the system, trust in government, cooperation, and responsively*. The ‘slippery slope’ framework has been stressing on the crucial interaction of power and trust (Kirchler et al., 2008a; Muehlbacher & Kirchler, 2010). When the power has influence in trust and vice versa. Meanwhile, if trust increase and power decrease will affect voluntary compliance.

In this article, we will discuss the slippery slope framework as a strategy to develop the taxpayers' compliance in South Sulawesi Province, and the end of our article we recommend the strategy based on SWOT Analysis Model has become the main objectives of our study.

**METHODS**

The research used quantitative approach, and the type of research is that a case study. We used the descriptive statistical analysis to describe the dimension of the slippery slope framework. We elaborate those dimension by using SWOT Analysis Model. The focus of research is that in the South Sulawesi Province which consists of 18 Tax Office Services, but we are only focused on three areas of research, namely, South of Makassar Tax Office Service, Maros Tax Office Service, and Palopo Tax Office Service. The data are gained from the review document and questionnaires. The population consist of both personnel of Tax Office Services of South of Makassar, Maros, and Palopo, and also the personal and corporate taxpayers’ in those areas. We used the mixed methods to explain statistically in percentage and table distribution. The data analysis based on descriptive statistics and uses SWOT analysis to find the policy strategy in developing taxpayers’ compliance. SWOT analysis refers to an effort to recognize strengths, weaknesses, opportunities, and threats which determines the company's performance. The external opportunities and threats can be obtained from many sources, including customers, government documents, suppliers, banks, partners in other companies (Daft, 2010).

Rangkuti (2004) explained that SWOT analysis is a systematic identification of various factors to formulate a company strategy. This analysis is based on a logic that can maximize strength (strength) and opportunity (opportunity) but simultaneously can minimize weaknesses (weaknesses) and threats (threats). The strategic decision-making process is always related to the development of mission, goals, strategies and company policies. Thus, strategic planning must analyze the factors corporate strategy factors (strengths, weaknesses, opportunities, and threats) under current conditions. SWOT analysis compares the external factors of opportunity and threats with internal factors of strength (weakness) and weakness (weakness). Siagian (2004) stated that "SWOT" Analysis method is an analytical tool that is considered effective enough to carry out the analysis. The efficacy lies in the ability of organizational strategy determinants who play a role in the organization. "SWOT" analysis is a tool to maximize strengths (strengths) and use of opportunities (opportunities) while acting as a tool to minimize weaknesses in the body of the organization and suppress the impact of threats (treats) that arise and must be faced.

In order to get the information about taxpayers’ compliance, we also used a questionnaire which distributed to the respondent and they gave their perceptions based on the questionnaires. For validity instrument, we used key participants consist of the head of tax office service and the subdivision of tax services in three areas i.e; South of Makassar, Maros, and Palopo.

To determine the sum of the research sample, we used the Krejci table in the error of margin 0,05%, so we confirmed that the sum of respondents is that 348 people. They are determined based on the age of the respondent that ranged from 30-40 years old, 41-50 years old, and ≥51 years old. The consideration of respondents determination is that they have eager to be the sample of research, they knew about the complexity of taxation in each region, and they have the willingness to be filled or answering the questionnaires.

The characteristics of respondents showed in the table below:

**Table 1. Respondents Characteristics**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Umur**  **(Age)** | **Tax Office Employment** | | | **Privates (registered)** | | | **Taxpayer (community group)/registered** | | | **Total of respondents** |
| TSO South of Makassar | TSO of Maros | TSO of Palopo | TSO South of Makassar | TSO of Maros | TSO of Palopo | TSO South of Makassar | TSO of Maros | TSO of Palopo |
| 30-40 | 10 | 10 | 10 | 20 | 20 | 30 | 20 | 20 | 30 | **170** |
| 41-50 | 15 | 10 | 10 | 25 | 20 | 20 | 20 | 20 | 30 | **170** |
| ≥51 | 10 | 10 | 10 | 20 | 20 | 20 | 20 | 20 | 30 | **160** |
| Total | 35 | 30 | 30 | 65 | 60 | 70 | 60 | 60 | 90 | **480** |

**Source**: Authors, 2018.

In order to get the perception of respondents, we designed the questionnaires consist of 11 items which divided into two big dimensions of slippery slope frameworks; power and trust. In elaborating the SWOT Analysis, we divide power dimensions become internal factors of taxpayers' compliance, trust is the external factors to develop taxpayers' compliance in paying tax. To measure each aspect, Likert scales are used which has ranged from scale 5 and the lower is 1. The questionnaires showed below in Table 2.

**Table 2. Questionnaires of research**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Dimension | Aspects | Items | 5 | 4 | 3 | 2 | 1 |
| Power  (internal) | Coercive | The tax authorities used coercively to manage the tax system |  |  |  |  |  |
|  | Rewards | The tax authorities need to give reward and fair injustice for the taxpayers who have compliance and intention to pay tax time to time |  |  |  |  |  |
|  | Legitimate | The tax authorities should develop their legitimation and integrity from taxpayers. |  |  |  |  |  |
|  | Referent | The tax authorities used to apply honestly and have strong interpersonal relationship skills in managing tax. |  |  |  |  |  |
|  | Expert | The tax authorities need to be an expert and skillful in operating the tax system or e-tax filling and billing or e-government and tax policy implementation |  |  |  |  |  |
|  | Competence | The tax authorities should be developing their competence and abilities to manage tax system and budget transparency. |  |  |  |  |  |
| Trust  (external) | Trust in tax regulation | Trust in tax regulation is needed to be improved to taxpayers and develop their horizon about tax simultaneously. |  |  |  |  |  |
|  | Trust in system | Trust in the system should be maintained if the taxpayers' compliance may be developed. |  |  |  |  |  |
|  | Trust in government | Trust in the government of taxpayers should be enhanced regularly and simultaneously. |  |  |  |  |  |
|  | Trust in Stored Data | The taxpayers' trust in stored data in tax service offices is needed to build for each taxpayer and guaranteed. |  |  |  |  |  |
|  | Trust in Tax Institution | Trust in the institution of taxpayers is necessary to get the highest tax compliance. |  |  |  |  |  |

**Source: Authors, 2018.**

In order to know the strategy to build taxpayers’ compliance, we classify the dimension of slippery slope frameworks, namely; power as the internal environment factors of taxpayers compliance, and trust dimension identified as the external environmental factors in developing taxpayers' compliance in South Sulawesi Province. Meanwhile, in analyzing the results of the respondents' perceptions by using SWOT analysis techniques by using the following measurements (LAN RI, 2008) :

1. Perform data analysis by assessing and determining key success factors which include;

a. Factor Weight (FW)

Factor weight analysis is done by comparing the relevance of each factor with other factors. The calculation is done with the urgency matrix, namely internal and external factors. These key factors are grouped into internal and external factors. If one is considered more urgent than other factors in its influence on the achievement of the strategy, the more urgent column is written with the letter code which becomes the more urgent factor sequence number.

b. Value of Support (VS)

     Determination of the value of support (VS) for each of the internal and external factors towards the achievement of the strategy, needs to be weighted as follows:

    1) Number 4, the value of support is very strong

    2) Number 3, strong support value

    3) Number 2, the value of support is not strong enough

    4) Number 1, the value of support is not strong.

c. Linkage rating

The level of relevance of existing factors is assessed with a rating scale based on priority handling, namely:

    1) Number 4, the handling of the connection is very large

    2) Number 3, the handling of the relationship is large

    3) Number 2, the linkage of handling is small

    4) Number 1, the handling relationship is very small

d. Creating an evaluation matrix from the answers of respondents by assessing internal and external factors by determining:

- Support Weight Value (SWV) = VW x VS / 100

- Linkage Weight Value (LWV) = VW x LWV / 100

  -  Total Weight Value (TWV) = SWV + LWV

2. Selection of key success factors :

      Selection of key success factors based on the following conditions:

a. The strength of the key to success is chosen based on the large value of the park

b. If the park is the same, the largest SWF is chosen

c. If the SWF is the same, the largest LWF is chosen

d. If the LWF is the same, the largest LWF is chosen

e. If the FW is the same, it is chosen by itself based on expert judgment.

3. Make a map of organizational strength

4. Formulate a SWOT strategy formulation

5. Making a Strategy based on the SWOT matrix, namely:

a. S-O strategy

This strategy is made by utilizing all the power to seize and exploit opportunities as much as possible.

b. S-T Strategy

This strategy is to utilize the strengths of the organization/institution to overcome threats.

  c. W-O strategy

This strategy is applied based on the utilization of existing opportunities by minimizing existing weaknesses.

   d. W-T Strategy

This strategy is based on activities that are defensive and try to minimize existing weaknesses and avoid threats.

6. Identification of internal environmental analysis and external environmental analysis of the organization:

 a. *Strengths*

The strength of the Tax Service Office has been evacuated from the open-ended interview based on *power dimensions* identified are; legitimate, experts, competence. Furthermore, from the dimensions of trust; trust in regulation, trust in government, cooperation.

b. *Weaknesses*

The weakness of the Tax Service Office are identified from the *power dimensions* consist of: rewards, integrity, and referents. Furthermore, from the dimensions of trust, the weaknesses identified are; trust in the tax system is lacking, responsiveness is lacking, and transparency of tax officials is low.

c. *Opportunities*

The opportunity of the Tax Service Office seen from the Power Dimension identified is; support from the central government or the Directorate General of Taxation, tax amnesty policy, increased tax investment, economic political support. Furthermore, the trust dimensions identified are; coordination, cooperation, changes in regulation which raises some new opportunities in improving the performance of tax service offices.

 d. *Threats*

The threat of the Tax Service Office seen from the Power Dimension identified is; e-government implementation, criticism and negative perceptions of taxpayers because they are not transparent and honest in managing tax finance, the ability of human resources who skillful and mastering technology, and competition among tax office employees. Rangkuti (2002) explained the SWOT Analysis Diagrams have four basic elements which described in the following diagram:

Various of Opportunities

Various of Treats

External weaknesses

Internal weaknesses

1. **Support strategy (turned-around) (QII)** **1. Support strategy aggressively (QI)**
2. **Strategy support defensively (QIII)** **4. Support strategy diversification (QIV)**

**Figure. 1. SWOT Analysis Diagram (Rangkuti, 2002)**

Based on Figure 1, We can elaborate that in Quadrant 1 (Support strategy) the situations are very beneficiaries because it has some opportunities and strengths, so then we may use them all of consisted opportunities and strengths. In Quadrant 2, the organization or institutions face many opportunities, meanwhile, in other sides, the organizations may face some internal weaknesses. The focus of the strategy is used to minimize the internal problems, so it can achieve aggressively some opportunities. For Quadrants 3, the organizations faced some undesirable conditions, in which the organization need to overcome many treats and internal weaknesses. Meanwhile, in Quadrant 4, although the organizations faced many threats, however, it has still many strengths from inside organizations. In this cases, the strategy being used is that internal strengths for getting long time opportunities.

**FINDINGS AND DISCUSSION**

1. **Findings**

In this section, We will elaborate the research findings based on the questionnaire and confirmed the respondents answering, we give some interviews result from key participants. The result of research can be seen in the following table:

**Table 3. Descriptive statistics result in an analysis of power dimension (N=480)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Dimension** | **Aspects** | **Score** | **Sum of Respondents** | **Percentage (%)** |
| Power  (internal factors) | Coercive | 1 | 31 | 6.5% |
| **2** | **189** | **39.4%** |
| 3 | 160 | 33.3% |
| 4 | 97 | 20.2% |
| 5 | 3 | 0,6% |
|  | Rewards and punishment | 1 | 98 | 20.4% |
| **2** | **186** | **38.8%** |
| 3 | 118 | 24.6% |
| 4 | 70 | 14,6% |
| 5 | 8 | 1.7% |
|  | Legitimated | 1 | 16 | 3.3% |
| 2 | 110 | 22.9% |
| 3 | 150 | 31.3% |
| **4** | **192** | **40.0%** |
| 5 | 12 | 2,5% |
|  | Referent | 1 | 17 | 3.5% |
| **2** | **218** | **45.4%** |
| 3 | 126 | 26.3% |
| 4 | 110 | 22.9% |
| 5 | 9 | 1.9% |
|  | Expert | 1 | 17 | 3.5% |
| 2 | 132 | 27.5% |
| **3** | **200** | **41.7%** |
| 4 | 130 | 27.1% |
| 5 | 1 | 0,2% |
|  | Competence | 1 | 13 | 2.7% |
| 2 | 136 | 28.3% |
| 3 | 150 | 31.3% |
| **4** | **172** | **35.8%** |
| 5 | 9 | 1.9% |

**Source: Primary data analysis, 2018**

Based on Table 3 shows that the power dimension which has six aspects, such as coercive, rewards and punishment, legitimated, referent, expert, and competence. Descriptive statistics analysis find that coercive is in the less support (2) or 39.4%; rewards and punishment is in the less support (2) or 38.8%; legitimated aspect is in the strongest support (4) or 40%; referent aspect is still in the less support (2) or 45,4%; expert aspect is in a strong support (3) or 41,7%; and competence aspect is in the strongest support (4) or 35,8%.

In this research, the power dimension of the slippery slope framework the strongest aspects involved two aspects, i.e. legitimated and competence aspects. However, another aspect is still in the fewer supports or weakness such as; coercive, rewards and punishment, and the referent aspect. The descriptive statistical analysis of trust dimensions which involved five aspects, i.e; trust in regulation, trust in system, trust in government, trust in stored data, and trust in the institution. The comprehensive findings can be seen in the following table:

**Table 4. Descriptive statistics result from analysis of trust dimension (N=480)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Dimension | Aspects | Score | Sum of Respondents | Percentage (%) |
| Trust  (external factors) | Trust in Regulation/ Policy | 1 | 17 | 3.5% |
| **2** | **243** | **50.6%** |
| 3 | 137 | 28.5% |
| 4 | 80 | 16.7% |
| 5 | 3 | 0.6% |
| Trust in systems (Management of tax system) | 1 | 48 | 10.0% |
| **2** | **218** | **45.4%** |
| 3 | 140 | 29.2% |
| 4 | 69 | 14.4% |
| 5 | 5 | 1.0% |
| Trust in Government | 1 | 26 | 5.4% |
| 2 | 97 | 20.2% |
| 3 | 129 | 26.9% |
| **4** | **223** | **46.5%** |
| 5 | 5 | 1.0% |
| Trust in stored data | 1 | 18 | 3.8% |
| 2 | 114 | 23.8% |
| 3 | 96 | 20.0% |
| **4** | **243** | **50.6%** |
| 5 | 9 | 1.9% |
| Trust in institutions | 1 | 19 | 4.0% |
| 2 | 114 | 23.8% |
| 3 | 99 | 20.6% |
| **4** | **245** | **51.0%** |
| 5 | 3 | 0.6% |

**Source: Primary data analysis, 2018**

Table 4 shows that the trust dimension based on the theory of slippery slope frameworks, we can elaborate briefly that it has five aspects. The research findings show that trust in regulation aspect is in the less support (2) or 50.6%; trust in system of tax is still in the less support (2) or 45.4%; trust in Government aspect is in the strongest support (4) or 46,5%; trust in stored data is in the strongest support (4) or 50,6%; and the trust in tax institution aspect is also in the strongest support (4) or 51%.

In the result, the research found that the strongest support in the trust dimension consists of three aspects, such as; trust in Government (4) or 46,5%. It is reasonable because Indonesia for example; the Ministry of Finance of Indonesia especially the Directorate General of Taxation has formulated many policies to minimize tax evasion. Another strongest support aspect is that trust in stored data (4) or 50,6%; and trust in institution aspect (4) or 51.0%, This research used to trust an institution means that the citizen or taxpayers in South Sulawesi Province especially Tax Service Offices of South of Makassar, Maros, and Palopo are still facing the less of taxpayers’ compliance in paying tax. On the other hands, the aspect of trust in the less support, namely; trust in regulation (2) or 50,6%; and trust in the system of taxation (2) or 45.5%.

Actually, to find out the strategy of developing taxpayers’ compliance in the Tax Service Office by using SWOT analysis is that the authors try to compare the Internal Environment Analysis (IEA) with External Environment Analysis (EEA). It means that the strategy to develop the performance of the public organization and achieving the goals, the modern public organization applied SWOT Analysis in order to find and identify the strengths and the weaknesses of organizations, and also measuring the opportunities and threats from the external factors. In this research, we identified the power dimension based on the theory of slippery slope frameworks as to be the internal environmental factors, and trust becomes the external environmental factors. For this analysis, the goals which are to be achieved is the success of the public organization to improve their performance and getting the taxpayers' compliance to be more optimally.

The strategy in developing taxpayers' compliance by using slippery slope frameworks theory, we describe the internal and external environmental factors of Tax Service Offices in the South Sulawesi Province consisted of three tax service office, namely; South of Makassar, Maros, and Palopo Tax Service Offices.

1. **Identification of Internal Environmental Analysis (IEA)**

Based on the resulting research of descriptive analysis, then, we can identify the internal factors (strengths and weaknesses) of taxpayers’ compliance in the Tax Service Offices in South Sulawesi Province that elaborate in the next table:

**Table 5. Internal Factors Identification of Tax Services Office in South Sulawesi Province**

|  |  |  |  |
| --- | --- | --- | --- |
| Code | Strengths | Code | Weaknesses |
| S1 | Legitimated | W1 | Coercive |
| S2 | Expert | W2 | Rewards and Punishment |
| S3 | Competence | W3 | Referent |

**Source: Primary data analysis, 2018.**

Based on table 5, we can explain that the internal factors identification consists of two kinds of factor such as strengths and weaknesses. According to the perception of respondents which analyzed descriptively, we identified that power dimension becomes the strengths in developing taxpayers' compliance consist of; legitimated, expert, and competence. Meanwhile, the weaknesses are involving three aspects, namely; coercive, rewards and punishment, and referent.

1. **Identification of External Environmental Analysis (EEA)**

For the external environmental analysis that using trust dimension can be described in the following table:

**Table 6. External Factors Identification of Tax Service Offices in South Sulawesi Province**

|  |  |  |  |
| --- | --- | --- | --- |
| Code | Opportunities | Code | Treats |
| O1 | Trust in Government | T1 | Trust in Regulation |
| O2 | Trust in Stored Data | T2 | Trust in System |
| O3 | Trust in Institution |  |  |

**Source: Primary data analysis, 2018.**

The result of external environmental analysis showed in Table 6, find that the opportunities of tax service offices to develop the taxpayers’ compliance in South Sulawesi Province involved three factors, i.e; trust in government, trust in stored data, and trust in institution, however, trust in regulation and trust in systems become the treats of tax service office in the South Sulawesi Province.

Based on the result of internal and external environmental analysis (see Table 5 and 6), so that we have found the value of weight (VW) for each aspect. Then, we can make the evaluation matrix of internal and external evaluation factors by using the values of support (VS) and the Linkage Weight Value (LWV) based on the descriptive statistical analysis. After analysis of the LWF, for the next the Support Weight Value (SWV) and the Total Weight Values (TWV).

The evaluation of Internal and External Factor Identification will describe in the following table:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 7. Evaluation of Internal and External Factors Analysis**  FW = Factors Weight  SF = Support Factors  SWV = Support Weight Value  LRV = Linkage Rating Value  LWV = Linkage Weight Value  TWV = Total Weight Value | | | | | | | |
|
| **NO** | **INTERNAL & EXTERNAL FACTORS** | **FW 100%** | **SF** | **SWV** | **LRV** | **LWV** | **TWV** |
|  | **A. INTERNAL** | | | | | | |
|  | **STRENGHT** | | | | | | |
| 1 | Legitimated | 40 | 4 | 1.15 | 4 | 0.92 | 2.07 |
| 2 | Expert | 41.7 | 3 | 1.15 | 4.2 | 0.69 | 1.84 |
| 3 | Competence | 35.8 | 4 | 1.15 | 4.1 | 0.92 | 2.07 |
|  | **Total** | | | | | | **5.98** |
|  | **WEAJNESSES** | | | | | | |
| 1 | Coercive | 39.4 | 2 | 0.27 | 2.3 | 0.27 | 0.54 |
| 2 | Rewards and Punishment | 39.8 | 2 | 0.26 | 2.2 | 0.26 | 0.52 |
| 3 | Referent | 45.4 | 2 | 0.27 | 3.4 | 0.18 | 0.45 |
|  | **Total** | | | | | | **1.51** |
|  | **B. EXTERNAL** | | | | | | |
|  | **OPPORTUNITIES** | | | | | | |
| 1 | Trust in Government | 46.5 | 4 | 1.15 | 4.4 | 0.92 | 2.07 |
| 2 | Trust in Stored Data | 50.6 | 4 | 1.15 | 3.5 | 0.92 | 2.07 |
| 3 | Trust in Institution | 51 | 4 | 1.15 | 4.3 | 0.92 | 2.07 |
|  | **Total** | | | | | | **6.21** |
|  | **TREATS** | | | | | | |
| 1 | Trust in Regulation/Policy | 45.4 | 2 | 0.27 | 3.5 | 0.27 | 0.54 |
| 2 | Trust in Management Tax System | 50.6 | 2 | 0.65 | 4.2 | 0.65 | 1.3 |
|  | **Total** | | | | | | **1.84** |

Source: SWOT Analysis of primary data, 2018

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Table 8. Relationship Internal and External Factors Relative Values** | | | | | | | | | | | | | | | | | | |  | |  |  |  |
| **No** | **Internal and External Factors** | **Relative Value** | | | | | | | | | | | | |  |  |  |  | |
| **S1** | **S2** | **S3** | **W1** | **W2** | **W3** | **O1** | **O2** | **O3** | **T1** | **T2** | **NRK** | **NBK** | NRK REG | BF (3faktor)=15 | NBD | TNB | |
| **Internal Factors** | | | | | | | | | | | | | | |  |  |  |  | |
| S1 | Legitimated |  | 5 | 5 | 3 | 5 | 3 | 4 | 4 | 4 | 4 | 3 | 40 | 0.92 | 4 | 15 | 1.15 | 2.07 | |
| S2 | Expert | 5 |  | 5 | 2 | 2 | 5 | 5 | 5 | 5 | 4 | 4 | 42 | 0.69 | 4.2 | 15 | 1.15 | 1.84 | |
| S3 | Competence | 5 | 5 |  | 2 | 3 | 5 | 5 | 5 | 5 | 3 | 3 | 41 | 0.92 | 4.1 | 15 | 1.15 | 2.07 | |
| W1 | Coercive | 4 | 0 | 0 |  | 0 | 4 | 3 | 3 | 3 | 3 | 3 | 23 | 0.27 | 2.3 | 15 | 0.27 | 0.54 | |
| W2 | Rewards and Punishment | 3 | 0 | 0 | 4 |  | 0 | 4 | 3 | 3 | 2 | 3 | 22 | 0.26 | 2.2 | 15 | 0.26 | 0.52 | |
| W3 | Referent | 4 | 5 | 5 | 2 | 3 |  | 3 | 3 | 3 | 3 | 3 | 34 | 0.18 | 3.4 | 15 | 0.18 | 0.36 | |
| **External Factors** | | | | | | | | | | | | | | |  |  |  |  | |
| O1 | Trust in Government | 5 | 5 | 5 | 3 | 4 | 4 |  | 4 | 5 | 4 | 5 | 44 | 0.92 | 4.4 | 15 | 1.15 | 2.07 | |
| O2 | Trust in Stored Data | 4 | 4 | 4 | 2 | 3 | 2 | 4 |  | 4 | 4 | 4 | 35 | 0.69 | 3.5 | 15 | 1.15 | 1.84 | |
| O3 | Trust in Institution | 5 | 4 | 4 | 3 | 4 | 5 | 5 | 5 |  | 4 | 4 | 43 | 0.92 | 4.3 | 15 | 1.15 | 2.07 | |
| T1 | Trust in Regulation | 4 | 0 | 2 | 4 | 4 | 4 | 4 | 4 | 4 |  | 5 | 35 | 0.27 | 3.5 | 15 | 0.18 | 0.45 | |
| T2 | Trust in System | 5 | 4 | 5 | 4 | 5 | 4 | 5 | 5 | 5 | 5 |  | 47 | 0.65 | 4.7 | 15 | 0.26 | 0.91 | |

Source: SWOT Analysis of primary data, 2018

**2. Discussions**

Theory of Slippery Slope Frameworks focused on two factors, namely; power and trust. In this research, power means the authorities of Government or Tax Services Office Personnel in managing the taxation. In Indonesia, Directorate General Taxation has the power to formulate and design policies in taxation. Besides that, they have the authority to control dan evaluate the performance of the Tax Service Office in each province or regency as whole areas of Indonesia Government.

` This research is conducted in three areas of tax service office in South Sulawesi Province, such as; South of Makassar, Maros, and Palopo. The research findings showed that power dimension as the internal factors of tax service office in delivering the taxation in order to develop taxpayers' compliance. Trust dimension is an emerging factor of external tax service offices. Trust in this research becomes the external factors because it derives from citizen or taxpayers' perception about the management of tax system. It has relevance with the argumentation stated that between power and trust should be closely related to developing the taxpayers' compliance (Kirchler 2010).

We assume that between power and trust should be combined and related to each other. If there is a decrease of trust in the tax system so that it can affect the taxpayers' compliance. In order to minimize the non-compliance of taxpayers, so in this research, we tried to give the strategy in developing the taxpayers' compliance, especially in South Sulawesi Province.

According to the research findings, it can be stated that the power dimension which involved six dimensions, namely; coercive, rewards and punishment, legitimate, referent, expert, and competence should be maintained by the government. In internal factor analysis showed that the tax service office actually has opportunities to improve their policy in order to enhance the taxpayers' compliance. It has empirical results that actually, the citizen or taxpayers really trusted to the government or personnel of taxation in delivering the tax services. Besides that, taxpayers have a positive perception of the tax institution to manage the taxation, and also they trusted the data that they served.

It can be proved also based on the SWOT analysis (see table 7) showed that it confirmed there were some key success factors which become the strategy to develop the taxpayers' compliance. Each factor both internal and external factors have a positive value to be improved. If we looked to at the TWV there was an internal factor such a strength found approximately 5.98. On the other hands, the external factor such a opportunities factor had also positively to be used in developing the taxpayers’ compliance. According to the SWOT analysis showed that the opportunity factors has been getting 6.21. For each key successful factors, we will elaborate clearly as follows:

1. **Internal Factors**

The strengths of the Tax Service Office in South Sulawesi Province (i.e; South of Makassar, Maros, and Palopo) has three strength factors involved; legitimated, expert, and competence. The total weight value was **5.98**. Based on the respondents' perceptions which analyzed using descriptive statistics found that legitimate factor is strong (40%); expert also has a strong support (41,7%), and the competence factor found also has a strong support (35,8%). Weaknesses have been found that the total weight value achieved **1.51.** In this case, We may assume that the internal factors of Tax Service Offices in South Sulawesi Province have a good strength to overcome their weaknesses in order to improve the taxpayers' compliance.

**2. External Factors**

The external factors which classified into two dominant ones, such as; opportunities have a positive total value weight (TVW) approximately **6.21.** There were three factors which have been combined to be the opportunity of Tax Service Office in South Sulawesi Province to develop the taxpayers' compliance. Based on the descriptive statistical analysis showed that trust in government has strong support (46,5%), trust in stored data found strong support (50.6%), and the trust in the institution has been found also strong support (51%).

However, there were some treats based on total value weight approximately **1.84.** So that they should be overcome by optimized the opportunities of Tax Service Office in South Sulawesi Province. According to the descriptive statistics showed that there were two factors that have become the treats of tax service office such as; trust in regulation or tax policy that has been still less support (50.6%), and the trust in tax system was still less support (45,4%).

After it has been known the key success factors in Tax Service Offices in South Sulawesi Province (i.e; South of Makassar, Maros, and Palopo), so then, We can give the schema of mapping the strengths and formulates the strategy of developing taxpayers compliance based on the SWOT analysis as follows:

**O = 6.21**

**(QII)**

**(QI)**

**4.37**

**4.47**

**W = 1.51**

**S = 5.98**

**(QIII)**

**(QIV)**

**Where :**

**T = 1.84**

* **S-W = 5.98 - 1.51 = 4.47**
* **O-T = 6.21 – 1.84 = 4.37**

**Figure 2. The Strength Mapping of Tax Service Office in South Sulawesi Province**

Based on the above mapping schema of Tax Service Offices’ Strengths, then we can argue that there is an effective performance of Tax Service Offices in South Sulawesi Province to improve the taxpayers’ compliance. In other words, there is a tendency that they have a successful situation to implement the strategy to develop the taxpayers' compliance, so then the tax revenue of Government of South Sulawesi Province to fund the development of infrastructure and economy programs. In the case of the opportunity of the institution, the Tax Service Offices (i.e; South of Makassar, Maros, and Palopo) have a big chance to use their strengths and opportunities to achieve the taxpayers' compliance in paying taxation.

In a kind of strategy formulation, in this article, We can describe the formulation of SWOT analysis matrix that can be seen in following table.

**Table 9. SWOT Analysis Formulation Matrix**

|  |  |  |
| --- | --- | --- |
| **IEA**  **EEA** | **STRENGTHS (S)**   1. Legitimated 2. Expert 3. Competence | **WEAKNESSES (W)**   1. Coercive 2. Rewards and Punishment 3. Referent |
| **OPPORTUNITIES (O)**   1. Trust in Government 2. Trust in Stored Data 3. Trust in Institution | **S-O STRATEGIES:**   1. Taking advantage of the legitimacy power of the tax service office to strengthen the authority to control taxpayer compliance. 2. Use trust in government as the social capital in developing taxpayers’ compliance 3. Making advantage of the expertise and ability to increase e-government use and innovation in tax services 4. Use trust in institutions to increase public trust in paying taxes | **W-O STRATEGIES:**   1. Use balanced authority and coercive power to create public trust in paying taxes 2. Give rewards to taxpayers who obediently pay taxes and apply appropriate sanctions to tax evaders. 3. Implementing taxation policies in a responsible, integrity,responsive and accountable behavior. 4. Provide honest and fair tax services and avoid improper or non-ethics behavior. |
| **TREATS (T)**   1. Trust in Regulation 2. Trust in System | **S-T STRATEGIES :**   1. Formulated and designed the taxation policies or regulations that are in based on the community intention and in accordance with the interests of the community. 2. Applying tax policy in a comprehensive, honest and transparent, and participatory 3. Involved the community or taxpayers in setting tax policies. 4. Improved the management of the tax system so as to enhance public trust. | **W-T STRATEGIES :**   1. Avoid coercive use in implementing taxation regulation or tax policies. 2. Take advantage of the use of a tax-based social capital system and increase taxpayer compliance. 3. Increase tax performance by improving taxation systems that are fast, cheap and simple. 4. Use the authority you have in managing the tax system and avoid using coercion in dealing with tax evaders |

**Source: Authors, 2018**

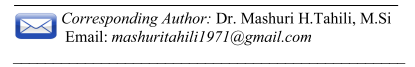
**CONCLUSION**

Based on the whole of the analysis, we can conclude that slippery slope framework which includes two dimensions, namely; power and trust have a benefit to improve the taxpayer's compliance in obeying the taxation policy. According to SWOT Analysis showed that the Tax Service Offices in South Sulawesi Province has been in Quadrant I. It means that The personnel of Tax Service Offices in South of Makassar, Maros, and Palopo have a tendency to increase their performance in delivering tax services. The taxpayers' noncompliance may decrease since they had a positive inclination about the performance of personnel of Tax Service Offices. Based on the matrix formulation that has been elaborated clearly (see Table 8), they should implement as well as possible, in order for the taxpayers' compliance can be improved. We proposed there are four strategies to improve the taxpayers’ compliance to pay tax in South Sulawesi Province, such as: *(1) Strategy I (S-O Strategies)*; (a) Takes advantage of the legitimacy power of the tax service office to strengthen the authority to control taxpayer compliance.(b)Use trust in government as the social capital in developing taxpayers’ compliance; (c) Making advantage of the expertise and ability to increase e-government use and innovation in tax services; (d) Use trust in institutions to increase public trust in paying taxes. (2) *Strategy II (W-O Strategies):* (a) Use balanced authority and coercive power to create public trust in paying taxes; (b) Give rewards to taxpayers who obediently pay taxes and apply appropriate sanctions to tax evaders. (c) Implementing taxation policies in a responsible, integrity,responsive and accountable behavior. (d) Provide honest and fair tax services and avoid improper or non-ethics behavior. (3) *Strategy III (S-T Strategies);* (a) Formulated and designed the taxation policies or regulations that are in based on the community intention and in accordance with the interests of the community; (b) Applying tax policy in a comprehensive, honest and transparent, and participatory; (c) Involved the community or taxpayers in setting tax policies. (d) Improved the management of the tax system so as to enhance public trust. (4) Strategy IV (W-T Strategies)**:** (a)Avoid coercive use in implementing taxation regulation or tax policies.(b) Takes advantage of the use of a tax-based social capital system and increase taxpayer compliance. (c) Increase tax performance by improving taxation systems that are fast, cheap and simple. (d) Use the authority you have in managing the tax system and avoid using coercion in dealing with tax evaders or tax avoidance in South Sulawesi Province.

Although we have to do this research as well as possible, however, we realize that there are some limitations such as; the locus of research is very limited because we used only three areas of Tax Service Offices in South Sulawesi Province, meanwhile, in this province has 18 areas of Tax Service Office. We hope for the future research, it can be made wider to other regions. The interesting challenge for research also, it can be used the other variables to measure the factors of taxpayers’ compliance.

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