Impact assessment of Public Relations in the Fiscal Control Management of the National Agency for Fiscal Administration

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Abstract
The present study examines the role of public relations as a socio-economic tool of persuasion and educating taxpayers of their civic responsibility to honor fair tax obligations. We propose solutions for improving and restructuring the fiscal control management by diversifying and expanding the range of the instrument constant communication/public relations and increasing their efficiency in the National Agency for Fiscal Administration, diversifying forms of public communication. The proposed work aims to fill a niche in tax audit work of taxpayers to be felt in practice equitable collection of taxes.

Keywords: managerial communication, fiscal control, efficiency of communication

Introduction
The radical transformation of the relationship between state and individual that actually occur in Romania involves changing the manifestation circumstances of human personality and training it in achieving the social mission targeting by the entities. The complexity of these transformations drives the imperative to adapt the various
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institutional structures adequately to the transition period exigencies: both people and institutions feel - as an urgent necessity for survival, adaptation and achieve the affirmation objective - the necessity to acquire the capacity and availability which contributes not only to overcome the difficulties, but also to awareness in assuming the civic responsibility, followed by involvement in managing the social-economic transformations.

Thus, in the extensive transformation and restructuring process which the Romanian economy is crossing, the managerial activity has the fundamental role in public institutions, which must be improved effectively.

Therefore, having many advantages, Public Relations (PR) - as a management tool - become a significant strategic resource for maintaining and enhancing economic performance.

Materials and Methods
The conducted study is based on informal research, whose results can be used only for description and not for prediction, as well as formal, qualitative and quantitative, which allow a statistical analysis. For ANAF, external publics are represented by almost the entire Romanian society, starting with young people that will become partners in the fiscal act and continuing with all the other taxpayers, including pensioners. It is obvious that for the tax administration, the target public consists of active taxpayers. The direct relationship with them creates and influences in the highest degree the institutional image. One of the primary objectives of ANAF is to provide good quality services to taxpayers, to facilitate the revenue collection act, but also to change the taxpayer's mentality regarding voluntary compliance. In ANAF's strategic demarches to improve the taxpayer-civil relation, important and decisive steps could not have been made without a research, a diagnosis based on scientific foundations. Therefore, in the action "ANAF at your disposal," initiated by specialists from the General Directorate of Taxes and Contributions Management in the Public Finance Administrations in Bucharest, the city with the greatest number of taxpayers in the country, wanted to obtain a more suggestive image of what happens at the counters managed by IRS.

Specialists from the communication and PR structure have done this survey, in strict compliance with the requirements of such a rigorous science-based action. Moreover, such a research is a pioneering
action, being the first and only attempt of this kind that has been carried out in the Ministry of Public Finance of Romania. EU, through the European Commission in Romania, and the Romanian Government through the Ministry of Public Finance performed, in the 13-22 September, 2011, a survey on the image and quality of ANAF.

The survey was conducted with European funding, by the Center for Urban and Regional Sociology (CURS) at ANAF order under the PHARE program RO2002/586.03.04.11. "Increasing tax collection level by improving taxpayers' voluntary compliance, by building the internal capacity of the Ministry of Public Finance to develop, with their own forces, information and communication campaigns for taxpayers, as well as a modern activity of taxpayer assistance", conducted with the help of MAXWELL STAMP PLC company in the UK. The survey included a sample of 2,300 people, nationally representative for taxpayers, individuals and legal entities, which are directly in contact with the fiscal administrations. The sampling error was +/− 2%.

At the end of the interview, 13% of the respondents made further comments on tax administration services. These observations are as follows: to have available brochures, statements should be submitted quarterly, staff should be supplemented during the holidays, working hours with the public to be from 7.00 to 20.00, younger officers are better trained, familiarizing population with the Internet, higher advertising regarding information, legislation and taxation; to exist different offices for individuals and legal entities, payments made by credit card, termination of the system under which certain persons are preferred, to be able to submit documents after 11.00, to submit documents also on the Internet, there should be an office for sick persons.

The indicated problems can be overcome, according to the taxpayers, by reducing the number of documents and/or simplify the forms (52%); hiring more people (32%) and open more counters (36%). The results show largely that a reorganization of the ANAF's activity is desired; at the same time being clearly expressed the option to simplify the procedures based on documents (www.anaf.ro).
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**Literature review**

The nineties of the twentieth century have been remarked by researchers interest, given the problem of social processes correlated with taxation of individuals. It is considered that this type of tax was subject to the most reform. The papers that were focused on this issue can be classified into several categories:

- The researches regarding social causes and consequences of applying the income tax rate; papers devoted to the income taxation analysis of various social groups.

- Papers in which is conducted a public opinion analysis related to income tax. Among the most relevant research in this area we can distinguish the study of John Campbell and Michael Allen [1], which examines the causes of tax rate changes. The conclusions reached by the authors of the study show that the specific of the progressive taxation character is largely determined by the macroeconomic conditions (unemployment and inflation). Other variables - such as organizational capabilities of social classes or political conditions - have an influence on the characteristics of progressive taxation, but, in a lesser extent.

- In the research conducted by D. Jacobs and R. Helms [3] was based the idea regarding the linkage between the extent of movements in supporting human rights and the redistributive fiscal policy expansion. The income tax reform in the context of poverty was examined in a paper of researchers H.Chernick and A.Reschovsky [2], generating echoes and exhortations for "its revaluation". Broadly, it is relevant that, at that time, a great importance was given to the public opinion study, examining the perception mode regarding tax administration activities.

Thus, in one of these studies it is established that after examining the responses of taxpayers to the proposed questionnaire regarding the tax scale, the respondents’ demonstrated insufficient knowledge of the problems related to the tax system and, generally, inconsistencies in responses. In a subsequent paper, also based on the study of the population's attitude towards taxation issues, this time in relation to political options, was indicated that "the support for reducing taxes has a greater affect on the voting option when the political decision is based on collective consequences of this reduction".
Marc Leroy [4] has defined a set of principles to help organizations maintain a favorable public opinion, among which we mention two of great importance:

- Economic and social stability of any organization depends on the attitudes and opinions of publics within all environments in which the organization operates.
- The communication management of an organization is essential to ensure a fair and appropriate feedback from audiences both internal and external in order to ensure the organization's adjustment and adaptation to the changes necessary for its existence.

**Results and Discussion**

As a result of the survey conducted in 2011, the following elements have been identified (www.anaf.ro): numerous and complicated forms - 44.4% of respondents; too many roads - 37.8%; waiting too much - 30.2%; frequently sent from one counter to another - 5.9%; information is not in a language that I understand - 24.1%; the staff does not recognize it makes a mistake - 23.8%; time intervals of the program – are inconvenient - 21.5%; I am required to provide unnecessary documentation - 18.6%; giving small gifts facilitates the process - 17.1%; the personnel is impolite - 15.7%; the total number of hours when AF is opened is inconvenient – 7.6%; the staff does not provide all the necessary information – 5.6%; the survey proved that almost 50% of the respondents had to appeal to more than one officer to solve a problem.

In Table no. 1 are presented the comparative results of the surveys performed in 2005 and 2011.

"Officers are not polite" is not a significant problem. If the survey of year 2005 showed the presence of only 5% of the respondents who reported this fact, the survey performed in year 2011 showed that the share of unsatisfied respondents increased up to 15.7%. "Do not explain" is a matter of "low intensity" according to the survey of year 2005, while in the 2011 survey, the share of respondents who consider the presence of this problem important is 24.1%.
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Table no. 1. Comparing the results of public surveys from 2005 and 2011, regarding the assessment of ANAF’s services

<table>
<thead>
<tr>
<th>Elements of reproach</th>
<th>2005</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Share %</td>
<td>Share %</td>
</tr>
<tr>
<td>1. Waiting too long to the counter</td>
<td>25</td>
<td>30,20</td>
</tr>
<tr>
<td>2. Too many complicated documents</td>
<td>40</td>
<td>44,40</td>
</tr>
<tr>
<td>3. Inappropriate work program for the public</td>
<td>17</td>
<td>7,6</td>
</tr>
<tr>
<td>4. The information is not in a language that can be understood</td>
<td>14</td>
<td>24,10</td>
</tr>
<tr>
<td>5. &quot;Walking&quot; from one counter to another</td>
<td>20</td>
<td>27,90</td>
</tr>
<tr>
<td>6. Too many roads</td>
<td>27</td>
<td>37,80</td>
</tr>
<tr>
<td>7. I am required to provide unnecessary documents</td>
<td>-</td>
<td>18,60</td>
</tr>
<tr>
<td>8. Without a bribe, how small, nothing is solved</td>
<td>4</td>
<td>17,10</td>
</tr>
<tr>
<td>9. Officials do not admit their guilt</td>
<td>11</td>
<td>23,80</td>
</tr>
<tr>
<td>10. Officials’ lack of politeness</td>
<td>5</td>
<td>15,70</td>
</tr>
<tr>
<td>11. I do not have objections</td>
<td>26</td>
<td>4,9</td>
</tr>
<tr>
<td>12. I cannot pronounce</td>
<td>3</td>
<td>-</td>
</tr>
</tbody>
</table>

"Officials do not admit when they make mistakes", in the 2005 survey, the share of respondents that affirmed this was 11%, while in the survey of year 2011, the share of “unsatisfied” reached 23.8%.

"Without a gift you do not solve anything", this response does not represent a significant problem; only 4% of the total respondents from 2005 identified it as a difficulty in relation with AFP, while in the survey from 2011, the share of people who identified this was 17.1%, which allows us to conclude an increase of the corruption among civil servants in the fiscal control field.
"Too many roads", is a significant problem, being accused by 27% of respondents and indicated as the only problem in the relation with AFP (2005), while in the survey from year 2011, this difficulty was indicated by 34% of the respondents. "Too many roads" correlates with "too many documents", which confirms that AFP activities continue to be bureaucratic.

"From one counter to another" seems to be a problem of moderate intensity, but only in relation to other issues. "From one counter to another" is associated with "Too many documents".

"Working hours with the public" is a significant problem, being indicated by 17% of the respondents in 2005. At the same time, it was considered the only problem encountered by 10% of those who indicated this single difficulty in 2005. In the survey for the year 2011, only 7.6% of the respondents consider ANAF's working hours a problem, which confirms that in recent years, an effort was made to create a working regime of AFP more comfortable for taxpayers.

In the survey of 2011, about half of the respondents with secondary or primary education and half of those with higher education want the documents simplification. The weak differentiation according to education, but also according to other variables, shows that this is a general problem that all taxpayers confront with. The "Too many documents" option is equally associated with "too many roads", "waiting too much" and "going from one counter to another" by two thirds of the respondents. It can be deduced from this that the "too many documents" option has the highest probability to constitute the fact that too many roads are made, that people have to wait too long at the counter and that they are often sent from a counter to another when they come to the AFP headquarters. The fact that the response "too many documents" is closely associated with "too many roads" shows that in a given extent, the problem of documents is also related to the unawareness of taxpayers regarding the necessary documents that need to be submitted to ANAF.

In general, if we compare the results of public surveys in 2005 and 2011, evaluated on AFP's activities, we observe that the share of reproaches to most of the researched questions increased. We believe that this situation has occurred because of the economic crisis of 2009-2011, which required ANAF to reduce a considerable part of the staff, including spokespersons and PR, but broadening their skills and level of responsibility of those left in office.
Table no. 2. Increasing the performance degree of ANAF's tax inspections, 2008-2010

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>Percentage variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of fiscal controls</td>
<td>127,934</td>
<td>112,170</td>
<td>109,286</td>
<td>-14.60%</td>
</tr>
<tr>
<td>Supplementary obligations determined, (mil lei)</td>
<td>4,705,40</td>
<td>6,082</td>
<td>8,728</td>
<td>+85.5%</td>
</tr>
<tr>
<td>Precautionary measures (mil lei)</td>
<td>628,80</td>
<td>1,948,10</td>
<td>2,642,30</td>
<td>+320.20%</td>
</tr>
<tr>
<td>Confiscations (mil, lei)</td>
<td>36</td>
<td>96,90</td>
<td>122,30</td>
<td>+239.70%</td>
</tr>
<tr>
<td>Expenses with ANAF Personnel at one million lei collected (mil lei)</td>
<td>12,63</td>
<td>10,85</td>
<td>9,26</td>
<td>-14.60%</td>
</tr>
</tbody>
</table>

ANAF collaboration with tax administrations and European bodies in order to return and fight cross-border fraud, to improve and perfect techniques, control methods and skills, has allowed ANAF to perform multilateral controls of the Romanian entities that were involved in fraud chains. This fact is confirmed by reducing the number of tax inspections, increasing their quality and reducing the maintenance costs of ANAF personnel, hired to collect taxes.

According to the mathematical model developed by the author on processes of using advertising resources in competitive conditions as a component part of PR proved that exceeding the optimal level of advertising expenses awakens repulsion from consumers, rejects potential customers and also they are not economically justified.

Conclusion
The effective communication component of the public institution management is possible only in the conditions of human society democratization, when the public interest information acquire a
public status. The PR system can provide organizational opening against the social environment in which it operates. PR does not solve all the problems related to the interaction between public authorities and the public, but being recognized as an instrument of public management, they contribute to public image, taking into account the public opinion and the needs of the human society.

It is demonstrated that the process of change in society is associated with certain social technologies designed to change the social status of public institution. In the context of these changes, PR relies more on the public relations component. In this paper we study the public opinion on the quality of ANAF services based on the public survey, which showed that reducing the number of tax inspectors, including those who are concerned with PR, lead to the reducing of the quality of tax services. Advertising tax audit activities should be diversified, it should alternate, time limited, as to take account of the potential customers specific, and the advertising frequency should be optimal. Overcoming the optimal level of advertising forms awakens repulsion from consumers, rejecting potential customers, being economically unjustified.

The research has shown that during the economic crisis, the number of staff hired as spokesman for ANAF was reduced, which is detrimental to the fiscal control activities. If we consider the fact that the purpose of PR within tax authorities is to strengthen fiscal discipline and increase public confidence in tax administration, the implementation of PR becomes extremely important. As a result of personnel reduction of tax authorities, first, the effects of management and educational activities are reduced, which was confirmed by the comparison of the public survey results on ANAF services.

Based on the investigations carried out and the formulated conclusions, some recommendations are proposed which will help increase the efficiency of the PR services in tax structures:

- It is appropriate that PR specialists acknowledge the need to develop innovative vision of personal communication, determining its role in the efficient execution of professional duties, to improve their ability to be good communicators and tax professionals: the ability to combine knowledge of tax legislation with the PR principles and methods, in order to understand taxpayers, to meet their expectations, to carefully guide their aspirations and behavior.
• It is appropriate that the management, managers and PR specialists in Tax Service have to discuss the issue of the taxpayer’s communication process, to initiate and to make decisions, instructions, regulations, instructions for perfecting taxpayer’s communication management. The normative acts issued by ANAF in this direction, such as external communication Charter of ANAF, Management Charter of ANAF, are very general and do not contribute enough as to train these skills.

• We cannot assess the economic impact of PR profession and those who work in this field without setting their performance criteria, in accordance with institutional strategic objectives, but also with socio-economic environment. The author comes up with a proposal for the implementation of performance evaluation indicators of fiscal control management at different stages, including the PR. This will help create an open and honest organizational culture, to breaking rigid and inertial patterns of the inter-human relations that currently exist in ANAF, improving the attitude towards taxpayers and, ultimately, the social awareness of the need of every taxpayer, to contribute to the achievement of social programs by transferring the taxes on time.

• Solving as soon as possible and constructive the problems of defective PR relates to the use of manipulative conviction by educating persuasive communication. We welcome the proposal to fit the civil society in the process of solving potential conflicts between PR professional and taxpayers, the civil society would act as an impartial "referee" in the objective resolution of conflicts.

References
Statistical data from The National Agency for Fiscal Administration (2005-2011)