

**THESIS**  
**Impact of Service Quality Delivery on Organisational**  
**Performance in Revenue Collection**  
**The Case of the Value Added Tax Service in the**  
**Ashanti Region of Ghana.**



By

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**A thesis submitted to the KNUST Department of Marketing**  
**and Corporate Strategy in**  
**partial fulfillment of the requirement for the award of the degree of**  
**EMBA**

**School of Business**


**College of Art and Social Science**

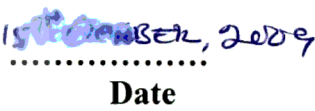
**DECLARATION**

I hereby declare that this submission is my own work towards the EMBA and that to the best of my knowledge it contains no materials previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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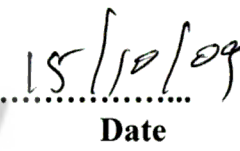
  
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Certified by:

**Dr. Kofi Poku**  
(Supervisor)

  
Signature

  
Date



## DEDICATION

### *To God be the Glory*

I wish to dedicate this project to my Creator for the energy, strength, wisdom and all that it took to finish the thesis. In the course of the journey of putting this work together, I found the road corrugated muddy and rough most of the times and to the extent of forcing me to retreat. Sometime a look at my grey hair in the mirror reminded me consistently and with mixed feelings I said – ‘all is vanity and just not worth the trouble!’

At the same time there was the need for me to be an example to the younger generation. This indeed was my inspiration. If the old man could and by the Grace of God, weather the storm and go through the EMBA programme, then young ones far below my age had no reasons giving excuses they cannot. ‘Yes, they can’. The needed support came from the Almighty God and my weapon with which to fight the battle was: If God is for us, who can be against us?

For this I say: Thank you, Jesus. You are able to hold me anytime the going is too hard to handle, and help appears to be coming from nowhere.

Thank you God Almighty.

## ACKNOWLEDGEMENT

I am greatly indebted to my family – my dear wife Faustina, and kids – Ann Marie, Hillary and William – for their endurance and tolerance at periods they needed my attention most and expectations were dashed. This is the real spirit of sacrifice for better days to come.

For the kind criticisms and valuable contributions and comments during the actual periods of writing, I say thank you to Messrs Dan Bart-Plange, Jonathan Sam, Emmanuel Akpaku – all class mates of the EMBA programme and Mr. Charles Bimpong who offered me the needed assistance in the SPSS analysis.

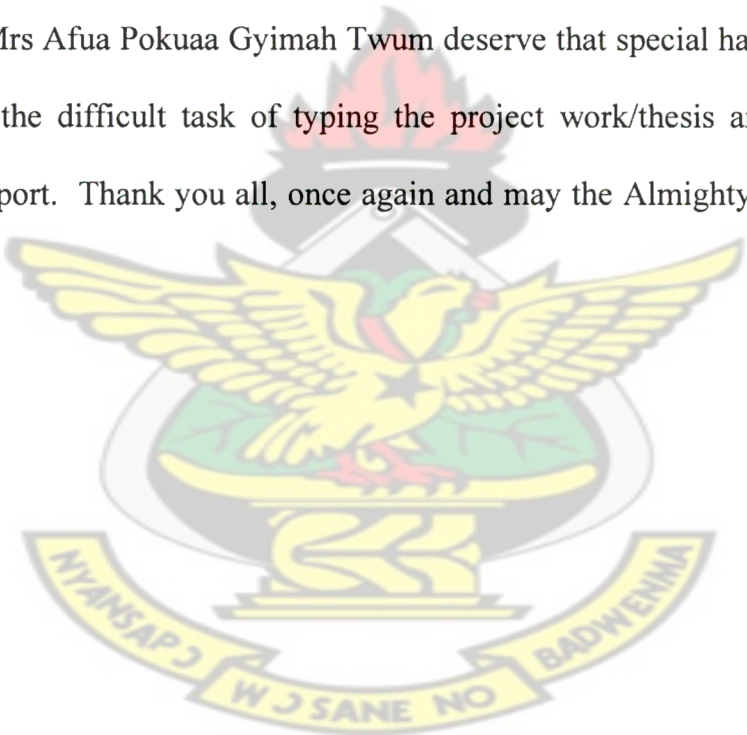
My sincerest thanks are also due to my Supervisor, Dr. Kofi Poku of KNUST School of Business for his invaluable comments and absolute willingness to review my thesis consistently even when he had his own heavy load to carry. He was very helpful and I owe him a debt of gratitude. To other lecturers at KSB of KNUST, I say thank you! Mention is also made of my supervisor officers at VAT Service, Messrs Benjamin Egbem, Deputy Commissioner in charge of Finance and Administration, Joseph Obeng Yeboah, my immediate boss and currently enjoying his retirement after very hard and active service to mother Ghana, who eagerly shared their rich experiences and ideas with me. How grateful am I to you all. Yes, Auntie Monica, the LVO Accountant, I salute you. Sometimes you only laughed and said 'it is not easy!'



Thank you, thank you very much to all good friends and other colleagues whose names I cannot mention for want of adequate space – beautiful people as you are, for spurring me on when the going was really difficult. Special mention is, however, made of Professor J.H. Empraim, former Dean of KNUST Graduate School and currently the Vice Chancellor of Catholic University College, Fiapre who consistently insulted me and at the same time, spurred me on - that I stop complaining instead and settle down on my books to study. He reminded me always that I am not yet 60 years old. Kofi, thank you for your encouragement and support!

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Mr. Harry Afful and Mrs Afua Pokuaa Gyimah Twum deserve that special handshake for accepting to perform the difficult task of typing the project work/thesis and for their tremendous moral support. Thank you all, once again and may the Almighty God richly bless you.



## ABSTRACT

Stakeholders in recent times have complained about the service quality delivery by VAT Service with its corresponding negative impact on organizational performance. In view of the VAT becoming an important feature in the national revenue landscape, agents in the VAT revenue collection processes deserve service quality delivery that will enhance performance. The research objective was to evaluate the impact of service quality delivery on organizational performance in the Ashanti Region using questionnaires, one-on-one interviews, use of suggestion box etc. Result of the survey confirmed that although service quality delivery generally met tax payer expectation and impacted positively on organizational performance in revenue collection, more needed to be done. Registered traders were worried that VAT Service was not able to apply the VAT laws and regulations fairly and impartially to all manner of tax payers; according to them multitude of registrable traders were still out there and remained unregistered. Respondents to questionnaires administered also mentioned that it would be very much appreciated if VAT staff on tax audit would give them the opportunity to express contrary views on observations made by them during tax audits. Often times, traders were not given the opportunity to explain their view points and actions. Recommended improvements in the service quality delivery therefore included: enhanced tax payer education; making stakeholders aware of performance standards and code of ethic affecting VATS and its officials; engaging stakeholders in regular meetings on issues affecting them; introducing ICT and making filing of VAT returns easy for tax payers etc. Most importantly VAT Service should take issues of good customer care very seriously.

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background

Government expenditure has seen tremendous increase over the years, particularly because of the significant role the state is expected to play in the socio-economic development. With the struggle for independence, poverty became the new enemy and the state was and still is expected to be in the forefront to fight for rapid socio-economic development.

The obvious question that arises is how to finance the ever-increasing government expenditure. Taxation has become one of the key sources of domestic, public revenue in Ghana. About 80% of total Government revenue is obtained from taxes. The three (3) institutions responsible for the collection of taxes are: Internal Revenue Service (IRS), Customs, Excise, and Preventive Service (CEPS) and the Value Added Tax Service (VATS).

Value Added Tax Service (VATS) was established as a public service organization with the object to administer and manage the value added tax in Ghana. The Service was brought into being by an Act of Parliament, Act 546 of 1998, and was charged with the responsibility to collect and account for the tax, penalties, and interests payable under the law. It happened to be the youngest of the three (3) main public revenue institutions in Ghana and had the primary function of administering, collecting and accounting for the tax. Like the other revenue institutions the Service

is managed by the Chief Executive called the Commissioner, and is ably assisted by four (4) deputies responsible for – Operations, Finance and Administration, Research, Monitoring and Planning and finally, Audit and Investigations.

These in fact, constitute the four (4) main departments of the Service. At the Operational level, Heads of Local VAT Offices (LVO), VAT Sub Offices (VSO) and VAT Satellite Stations (VSS) located through out the country manage the day to day administration of the tax.

Like all the other Revenue Commissioners, the VAT Commissioner reports to the Minister of Finance and Economic Planning through the Revenue Agencies Governing Board (RAGB), the body with oversight responsibility for all the three (3) revenue institutions.

## **1.2 Statement of the Problem**

Stakeholders often raise issues with the service quality delivery by the VAT Service. Areas in which such concerns have been raised include registration of all registrable traders, taxpayer education and professional conduct/competence of VAT officials.

The inability of the Service to register all registrable traders in the Ashanti Region, in accordance with Act 546, as amended, creates an uneven playing field for all traders to do effective business. Registered traders complain of losing business to unregistered traders in view of higher prices resulting from the imposition of the tax. They similarly express the concern that the all important service of tax payer education which would inform and enable traders and the general public to stay

compliant within the VAT laws and regulations has been abysmal, poorly organized and of no benefit to registered traders. Registered traders, as a result, continually make the same mistakes when it comes to keeping relevant VAT records or preparing monthly VAT returns for submission.

Also, every stakeholder expects VAT Service and its officials to act in a professional manner, rendering fast and reliable service at all times and to treat their tax affairs in strict confidence. In most situations, VAT officials are accused of professional misconduct, extortion, unauthorized visits to traders' business premises etc. - practices they consider most irritating and irregular. Cases reported to VAT Service for redress are never treated with the utmost urgency they deserve and therefore cause agitation among registered traders. Generally, taxpayers contend that service delivery by VAT Service does not meet taxpayers' expectations. They therefore believe that more attention should be given these areas to enhance operational performance.

### **1.3 Objective of Study**

The increase in government expenditure over the years has been mainly due to population growth, with its attendant demand for socio-economic infrastructure in the provision of goods and services (demanded by rapid increase in population) – i.e. health care, education, sanitation, provision of good roads and bridges, expenditure on general administration, security, etc. Revenue expected to meet these high demand in expenditure has been dwindling over the years mainly due to the unjust economic order – ie. the developed world (almost wanting to) paying very low prices



for raw material exports, the influx of goods produced by the developed world into the economy, etc.

Generation of domestic revenue for development has therefore, been very high on the agenda, in terms of government fiscal and monetary policies and programmes. Tax revenue as a percentage of Gross Domestic Product (GDP) has been growing steadily over the past eight (8) years (or so).

It is important to emphasize that the VAT has become a permanent and important feature of the national revenue landscape premised on the fact that since its introduction it has exceeded its revenue targets and currently accounts for almost 28% of national tax revenue.

The rate of tax has increased from 10% in 1998 to 15% currently to generate funds for the consolidated fund and funds for the Ghana Education Trust Fund (GET Fund) and the National Health Insurance Scheme (NHIS). In order to work efficiently and harmoniously with tax payers and the general public, VAT Service needs the co-operation of all stakeholders. To this end, it devotes a lot of time and effort to public education activities and customer care. The successful implementation of VAT this far, has been attributed largely to the VAT education and publicity campaigns with which the tax was ushered in.

The specific objectives of the study are to:

- a) Identify the types of service delivery by VAT Service
- b) Evaluate the service quality delivery by VAT Service in Ashanti Region
- c) Determine the performance of Kumasi VAT Service from year to year and

- d) Determine the impact of service quality delivery on the organizational performance of Kumasi VAT Office.

#### **1.4 Research Questions**

- i. What are the types of services offered by VAT Service?
- ii. Has the VATS provided the expected services with commendable credit to meet the expectations of VAT registered traders and other stakeholders?
- iii. How has service quality delivery impacted on organizational performance in revenue collection in the Ashanti Region?
- iv. What suggestions can be made to enhance service quality delivery and hence organizational performance in revenue collection in the Ashanti Region?

#### **1.5 Justification of the Study**

It is acknowledged that VAT Service still has the following challenges:

1. Multitude of registrable retail traders who refuse to register on their own.
2. The poor record keeping of the greater segment of the trader population and the unwillingness to declare and pay the correct taxes.
3. The difficulties that exist in our effort to identify and deal with non-compliant traders.

To be able to address the above issues effectively service quality delivery is key.

## 1.6 Scope of the Study

For the purpose of this study, research will be narrowed down to:

- Identifying the service quality delivery already in operation and
- Analyzing how effective they have become over the years in relation to organizational performance to cover the Kumasi metropolis where about 80% of the trader population resides and the rest of the Ashanti Region.

Stakeholders' perception/observations concerning VAT operations in relation to service quality delivery have not been complementary. In order to have proper understanding of the expectation of stakeholders as to how the VAT system should operate, 300 questionnaires will be distributed and administered among Ashanti Region traders – covering Manufacturers, Wholesalers, Retailers, Service Providers, etc. for analysis. It is the hope that the outcome of this exercise will help identify the bottlenecks inherent in the current operations and similarly make recommendations that will stand the test of time, enhance and improve service quality delivery as expected by stakeholders and improve on future organizational performance of VAT Service.

## 1.7 Overview of the Research Methodology

Research methodology defines what the activity of research is, how to proceed, and what constitute success. The research methods used for this study are grounded within the social constructivist paradigm and its ontological, epistemological and methodological assumptions about the nature and form of the social world (Saunders et al 2007; Fisher, 2007; Malhotra and Birks, 2007; Baxter, 2000) and about how knowledge in it can be created. Constructivism is the most appropriate approach for answering the research questions by enabling us to better understand service quality

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The study used constructivism because in the construction of participants' lived experiences, we cannot objectively decouple our values, orientation and human complexities from the information participants provide us. Constructivism is thus appropriate for the study because the belief is shared that the reality of service quality delivery and organizational performance relationships is a projection of human consciousness, and so it is socially constructed (Schwandt, 1994). The study also employed primary qualitative approaches through out its analysis and interpretations.

The research exercise was basically a field encounter and was conducted by means of administration of questionnaires, through interviews, observation of officers during field work, registration processes, among others. The survey covered selected registered traders in the field of manufacturing, wholesale/retail as well as the service sector.

Kumasi Local VAT Office takes care of the Ashanti Region and as of the 2008 time frame, had an active trader population of 5730. The wholesale/retail sector constituted 65% of the population and followed by the service sector, with active trader population numbering 1146.



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The manufacturing sector had the least – 860 in absolute and 15% in relative terms. It is worthy of mention that the above class of trader population had own challenges concerning service quality delivery which needed to be addressed. A total of 300 questionnaires were administered using various criteria, and supported the outcome with interviews, observations during field work, tax audit exercises etc.

The Research, Monitoring and Planning Unit and the Information Support Systems Unit both of VAT Service similarly provided secondary data for the exercise. The study also employed an in-depth open-ended interview technique to collect data from individual participants. To identify similarities and differences of experiences among the trader population textual data from transcripts were scanned and entered into qualitative data management analysis software (SSPS) for coding, evaluation and analysis.

### **1.8 Limitations of the Study**

Administration of questionnaires, surveys, and other interviews were mainly conducted in the Kumasi metropolis, which has about 80% of trader population. Supports of colleague officers were solicited to administer questionnaires and collate relevant information for the research exercise. 300 active traders were sampled and meant that considerable visits to traders' premises were done. This obviously, had some financial implications, as well as time and effort. Also, adequate information was obtained during our scheduled meetings with identifiable registered traders. Experience in the recent past has shown that very useful observations/suggestions concerning good customer care and other quality issues came up for discussion during such meetings.

## 1.9 Organization of the Study

There will be an independent evaluation of the quality service delivery in operation in the effort to determine by way of in-depth analysis, whether the systems currently operating are adequate to ensure the achievement of the 30% revenue target – as contribution to the Gross Domestic Product (GDP) by the close of year 2015.

At scheduled meetings with identifiable registered trader groups like the Ghana Union of Trade Associations (GUTA), Electrical Dealers Associations, the Second Hand Clothing Dealers Associations etc. the platform will be created through interactions to learn at first hand their appreciation of the service quality delivery on organizational performance, any problems with the current arrangement and their expectations for the future. Traders will be encouraged to ask as many and relevant questions at such fora.

In the process, there will be the opportunity to learn at first hand problems such as, the perceived unprofessional conduct of staff, good customer care, registration/deregistration, problems/procedures, and technical issues like exempt goods, zero rates and partial exemptions.

VAT Service, of today, has become an important feature in the nation's revenue collection effort and on the fiscal scene. The focus will be to strive for excellence in the collection of revenue, maintain superior professionalism and respond appropriately to the needs of registered traders and other stakeholders.

## **GLOSSARY OF TERMS**

**VAT** – Value Added Tax

**VATS** – Value Added Tax Service

**IRS** – Internal Revenue Service

**CEPS** – Customs, Excise and Preventive Service

**LVO** – Local VAT Office

**VSO** – Vat Sub Office

**VSS** – Vat Satellite Office

**ISSU** – Information Support Systems Unit

**EDM** – Enforcement and Debt Management

**CV** – Control Verification

**NHIS** – National Health Insurance Scheme

**NHIL** – National Health Insurance Levy

**NHIF** – National Health Insurance Fund

**GET Fund** – Ghana Education Trust Fund

**SQD** – Service Quality Delivery

**ZD** – Zero Defect

**CDD** – Centre for Democratic Development

**Pending Deregistration** – List of traders wishing to be deregistered

**Final Deregistered Traders** – traders' names taken off the VAT register

**Nil Filers** – List of active traders who consistently file Nil returns and therefore do not declare any tax

**Non Filers** – Registered traders who refuse to submit returns regularly

**Form VAT 20 Returns** – Tax returns

**Payment Returns** – Tax declarations



## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

The literature review will examine what accredited scholars have published about the subject matter so as to demonstrate awareness of the current state of knowledge in the area of service quality delivery, and its impact on organizational performance. It will also show how the research work will address the concerns and expectations of all stakeholders that deal with the Value Added Tax Service in the Ashanti Region. As a service provider one needs to understand service quality delivery. According to Hoyle (2007), “the knowledge of customer service, customer satisfaction and its related issues including quality assurance and improvements are important areas” as such enough literature will be consulted to find out what other scholars have said on the subject-matter.

Taylor (2008), explains Literature Review as an account of what has been published on a topic by accredited scholars and researchers. It is a description of the literature relevant to a particular field or topic. “Literature review, according to Lane (1996), gives an overview of the field of inquiry ie. what has been said on a topic, who the key writers are, what the prevailing theories and hypothesis are, what questions are being asked and what methodologies and methods are appropriate and useful”. Information obtained from Wikipedia further states that, “literature review is a body of text that aims to review the critical points of current knowledge of a particular topic or subject and usually precedes a research proposal. Its ultimate goal is to bring the reader up to date with current literature on the topic and forms the basis for another goal, such as future research that may be needed in the area”. A good

literature is characterized by a logical flow of ideas; current and relevant references with consistent appropriate referencing style; proper use of terminology; and an unbiased and comprehensive view of the previous research on the topic.

Fisher (2007), expatiated on the subject matter when he said that the purpose of literature review is to eliminate the need to rediscover knowledge that had been done in the field being researched. According to Fisher, it is paramount that the literature identified is subjected to critical scrutiny to make sure the research is robust in outcome; critical review of the literature does not imply destructive criticisms of existing body of knowledge, but rather the review should identify weaknesses and limitations of a writer's theory or argument or the theory may be unfit for the research being conducted. Fisher again recommended that in the process of reviewing literature, the researcher must identify and discuss key landmark studies, get the details right, critically evaluate and show the analysis, use extracts and illustrations to justify arguments and finally the reviewer should be analytical, critical and evaluate in the review.

The review of literature is considered necessary because it will afford the opportunity to develop a thorough understanding and insight into previous research and opinions expressed by experts who had the ideas first on the subject matter. In view of this, previous authors and scholars of service quality delivery concepts, their theories, views, philosophies and conclusions will be examined, and analyzed. The relevance of these concepts in modern day situations and their impact on service quality delivery will be examined. The study will further review the impact of service quality delivery and its effects on the organizational performance of the Value Added Tax Service in the Ashanti Region of Ghana as the Service makes progress in its

revenue collection effort by raking in maximum revenue for national development projects.

## 2.2 The Concept of Quality

Most producers of goods and services will talk about quality anyway. What they often times do, however, in the process is to misinterpret what their customers needs and what their concept of quality really is. In fact when customers are talking about quality, they are really talking about something very precise. The customer is the most important part of the production process/provision of service and any organization that desires to remain competitive must endeavor to exceed its customers' expectations concerning quality of goods and services. Quality should be aimed at the needs of customers – both present and the future; products and/or service should be designed to meet customer requirements. Management should therefore, accurately assess customer expectations and attempt to bridge the gaps between those expectations and organizational capabilities.

The editors of Quality Digest say that defining the word 'quality' is 'no simple endeavor'. They asked in their December 1999 edition, for readers to send them their definitions of quality to be gathered and posted on Quality Digest on-line and the following definitions were provided for consideration:

- a) Quality is the degree to which something meets or exceeds the expectations of customers.
- b) Quality is the on-going process of building and sustaining relationships by assessing, anticipating and fulfilling stated and implied needs.

- c) The word 'Quality' represents the properties of products and/or services that are valued by the customer.
- d) When something is what you expect it to be then it is perceived as quality; it is the fulfillment of expectations.

From the foregoing, Quality Digest concluded that all quality definitions have implicit relational characteristics in them as follows:

- a) Why do we try to do the right thing right, on time, every time?
- b) Why do we seek zero defects and conformance to requirements?
- c) Why do we seek to structure features or characteristics of a product or service that bear on their ability to satisfy stated and implied need?

The answers to the above questions according to Quality Digest are aimed at building and sustaining relationships. The focus of continuous improvement is, likewise, the building and sustaining of relationships.

Winder et al, (1996) very much agreed with the above sentiments and further stated it is difficult to find a realistic definition of quality that did not have implicit within the definition, a fundamental express or implied focus of building and sustaining relationship. According to them quality is the customers' perception of the value of suppliers' work output; it is therefore, not possible to separate the process and the human factor. Quality, when built into a product, operates emotions and feelings within those who have taken part in its creation.



As mentioned elsewhere, Dr. Juran's (1974), concept of quality is 'Fitness for use? While it is simple in words the subtleties and nuances of its meaning is rather profound. According to him, a well made ice box at the turn of the century (i.e. 1900) was exciting invention but refrigeration was more fit for use. Yet if the modern refrigerator cannot maintain the proper temperature it is not quality, because it is not fit for the use it is intended. Philip B. Crosby (1979), on the other hand views quality as conformance to requirements. He contends that a customer has certain requirements and expectations in any product or service. When those things are not present then the customer is not satisfied and unhappy. Quality like truth, therefore, is in the mind of the believer.

Having numerous customers in various different industries, quality can mean different things to each customer or client. To define it is to misunderstand the infinite possibilities capable of achieving it. Quality goes beyond customer expectations. Usually customers define their expectations based on what they know about the product or service and they do not take into consideration what they do not know about it.

As observed by Halm (2009), the world has become more quality conscious, and Companies that resist implementing total quality principles have not survived. Of the customers who make a complaint concerning quality of a product or service, more than half will do business again with the company if the complaint is resolved. If the customer feels that the complaint was resolved quickly, this figure will jump to about 95%. Research has shown that the average customer who has had a problem will tell

9 to 10 others about it. Customers who have had complains resolved satisfactorily will only tell about 5 others. He further advised that whenever a customer brought up a problem, it was a grand opportunity for everyone to endear the business to that customer – i.e. a chance to win the heart of the customer anytime he came with a problem. According to him many customers would rather not complain about an issue. Therefore if someone comes with a complain, it meant the one was really worried about the issue. The ability to solve the problem in the most-friendly and stress-free manner would determine the depth of the relationship that would subsequently develop between the customer and the business.

Also, it cost six times more to get a new customer than to keep a current customer. It is therefore not prudent for companies/organizations to treat customers as commodities. In Japan for instance the notion of customer is equated with 'honored guest'.

### **2.3 Theories of Quality**

With increasing demand for higher quality products or services delivery in every field, the demand for quality management systems in every organization is increasing. Many individuals, business executives, academic researchers etc. have made substantial contributions to the theory and practice of quality systems management and these include W.E. Deming, J.M. Juran, P.B. Crosby, Arnold Feigenbum, among others. Their theoretical writings and lectures have helped shaped management thoughts as well as provided the foundation for practical management framework designed around quality. The literature review will examine what these accredited scholars have published about the subject matter so as to demonstrate awareness of the current state of knowledge in the area of service

quality delivery, its impact on organizational performance, and any limitations. The research work will also address the concerns and expectations of all stakeholders that deal with VATS in the Ashanti Region.

### 2.3.1 Deming Theory of Quality

William Edwards Deming (1900-1993) was an American statistician, professor, author, lecturer and consultant credited with improving production in the United States during World War II as well as in Japan. (Aguayo, R. 1991). Dr. W.E. Deming taught that by adopting appropriate principles of management, organizations can increase quality and simultaneously reduce cost – by reducing waste, rework, staff attrition and litigation while increasing customer loyalty.

Deming's (1970) view on quality was based on improving products and service delivery by reducing uncertainty and variability in the design and manufacturing processes. According to him variation was the chief culprit of poor quality which meant variation from specifications for part dimensions, leading to inconsistent performance and premature wear and failure. Deming also believed that inconsistencies in service delivery frustrated customers and damaged a firm's image. In order to achieve reduced variations, he advocated a never-ending cycle of product design manufacture, test and sales followed by market surveys, then redesign. W.E. Deming stressed that higher quality led to higher productivity which in turn led to long term competitive strength.

The Deming chain reaction is highlighted below:

- i. Improved quality

- ii. Decreased cost
- iii. Improved productivity
- iv. Increased market share
- v. Stay in business
- vi. Provide more jobs and more jobs

W. E. Deming (1986) in his book 'Out of the Crisis' offered fourteen key principles for transforming business effectiveness – among which included:

- a) Creating constancy of purpose towards improvement of product and service, with the aim to become competitive and stay in business, and to provide jobs
- b) Cease dependence on inspection to achieve quality. Eliminate the need for inspection on a mass basis by building quality into the product in the first place
- c) Improve constantly and forever the system of production and service, to improve quality and productivity, and thus constantly reduce costs etc.

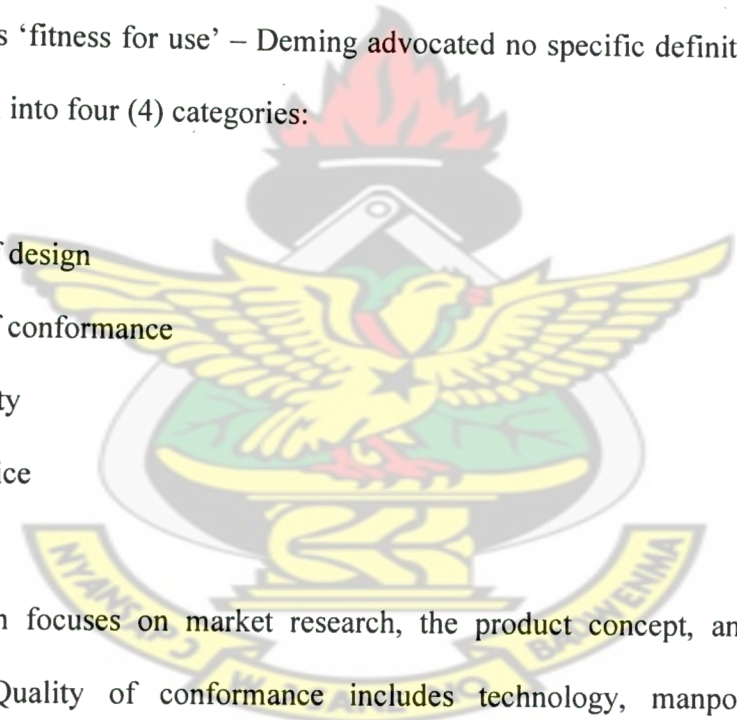
### 2.3.2 The Juran Theory of Quality

Joseph M. Juran in 1951 wrote, edited and published Quality Control Handbook which is now in its 4<sup>th</sup> edition. J.M. Juran was a principal force in quality re-organization. He concluded that businesses faced a major crisis due to loss of sales to foreign competition and the huge cost of poor quality. For him, solving the crisis required new thinking about quality at all levels of managerial hierarchy through training and experience in managing for quality. Whereas Deming proposed sweeping cultural changes, Juran contended employees at different levels of an



organization should speak different languages. For Juran top management speaks in a language of dollars, workers speak in a language of things, and middle management must be able to speak languages and translate between dollars and things. According to him, to get top managements attention, quality issues must be cast in a language they understand – **dollars**.

At the operational level Juran's focus was on increasing conformance to specification through elimination of defects, supported extensively by statistical tools for analysis. This view was similarly shared by W.E. Deming when he said statistics should be the common language that people in business should speak. Juran (1974), defined quality as 'fitness for use' – Deming advocated no specific definition. This was broken down into four (4) categories:

- 
- i. Quality of design
  - ii. Quality of conformance
  - iii. Availability
  - iv. Field service

Quality of design focuses on market research, the product concept, and design specification. Quality of conformance includes technology, manpower and management while availability focuses on reliability, maintainability and logistics support. Juran emphasized that good service quality composed of promptness, competence and integrity. Like Deming, Juran advocated a never-ending spiral of activities that includes market research, product development, design, production process control and inspection and testing, followed by customer feedback. In his

view, senior management may play an active and enthusiastic leadership role in the quality management process.

### 2.3.3 The Crosby Theory of Quality

Philip B. Crosby stated that: There has never been a case where the cost of repairing a bad product was cheaper than doing it right the first time. He established Philip Crosby Associates in 1979 to develop and offer training programmes and published his first book 'Quality is Free', which sold about one million copies.

The essence of Crosby's quality theory is embodied in what he called the 'Absolute of Quality Management and the Basic Elements of Improvements'. Philip B. Crosby also shared the following views concerning quality generally:

- i. Quality means conformance to requirements and not elegance. He dispels the myth that quality is simply a feeling of 'excellence'. His view is that once a task is done, one can take measurements to determine conformance to requirements. The nonconformance detected is the absence of quality.
- ii. There is no such thing as quality problem and that problems must be identified by the individuals or departments that cause them. For him quality originates in functional department, and not in the quality department and burden of responsibility for such problems lies with the functional department. The quality department should measure conformance, report results and lead the drive to develop a positive attitude towards quality improvement.

iii. Crosby does not believe in any such thing as the economics of quality. It is always cheaper to do the job right the first time. Crosby supports the premise that 'economics of quality has no meaning. Quality is free. What cost money are all the actions that involve not doing jobs right the first time. The Deming chain reaction provides a similar message.

iv. The only performance measurement is the cost of quality. The cost of quality is the expense of non-conformance. Crosby notes that most companies spend between 15% and 20% of their sales costs on quality costs. A company with a well-run quality management programme can achieve a cost of a quality that is less than 2.5% of sales, primarily in the prevention and appraisal categories.

Crosby believes that the only performance standard is zero defect and feels that the Zero Defect (ZD) concept is widely understood and resisted. It is worth emphasizing that the ZD concept is doing it right the first time. That means concentrating on preventing defects rather than just finding and fixing them. Unfortunately people are conditioned to believe that error is inevitable; thus they not only accept error, they anticipate it. People are not bothered when few mistakes are made at the workplace. 'To err is human', they say. We as individuals do not tolerate these things and people tend to have dual standards – one for ourselves and one for our work. For instance for a nurse to drop a constant percentage of newborn babies may be considered normal, but what about when our baby is dropped? Is it an issue to be taken kindly? At any rate Crosby believes that most human error is caused by lack of

attention rather than lack of knowledge. Lack of attention is created when it is assumed that error is inevitable. He believes that if constant conscious effort is made for everyone to do our jobs right the first time, there will be a great step towards eliminating the waste of rework, scrap and repair that increases cost and reduces individual opportunity.

Juran and Deming, on the other hand, would argue that it is pointless, if not hypocritical, to exhort a fine worker to produce to perfection since the overwhelming majority of imperfections are due to poorly designed manufacturing systems beyond the worker's control.

Winder et al (1996), draw the conclusion that: 'when you have made something that you are proud of, when you have produced a product that brings smiles to your customers, then you have achieved quality. You will know it, they will know it, and each of you, will prosper from it.' As far as they are concerned, the word 'Quality' represents the properties of products and/or services that are valued by the customer.

#### **2.4 The Concept of Service Quality Delivery**

The fundamentals of service quality delivery, is the belief that an organization exists to service its customers, if it intends to survive and flourish in a highly competitive environment. Service quality stresses that customers are worth listening to and that they are the best judges of the quality of the service they use. Attention to service quality, therefore, enables an organization to develop a partnership with its customers to gain a competitive edge – Henon et al (2001). Crous (2006) appreciates the view that recognizing the importance of customer service delivery is to put the



interest of people at the centre of management thinking and decision making processes.

According to Hoyle (2007) service quality and service delivery are not the same. Service quality is however part and one of the components of service delivery. He defined service quality as service that meets or exceeds the needs and expectations of a customer, making the customer happy. On the other hand, he defines a good customer service as the ability of an organization to constantly and consistently give their customers what they want and need, and often times exceed the customer's expectation. Understanding customer needs and expectations regarding quality of service therefore is an essential part of improving service delivery.

Laws (1997), reviewing the concept of service delivery said that improvement to the efficiency and effectiveness of services are widely espoused management goals, but the complexity and variability of services make it difficult for managers to decide on the best steps to take in seeking improvements and increase customer satisfaction. For instance a survey was conducted administering questionnaires to twelve (12) managers and supervisors and another nineteen (19) to employees at a full-service mid-level sub-urban airport hotel in the USA to determine: "how the concept of service quality delivery was defined by managers and by employees", how it is communicated, evaluated and re-enforced and "how it may be improved". It was established that managers' definition of the subject matter were: anticipating and exceeding the needs of clients, service with high degree of excellence, giving the best at all times and being consistent and reliable. On the other hand, the understanding of employees concerning the service delivery concept were: delivering

a job that clients feel have value for it, making clients feel good about their choice to buy, exceeding their expectations, giving clients uppermost service from the time the customers step through the door until they leave, and taking the incentive to do your best but knowing your limitations as well.

Hernon, (2001) stated that service quality delivery to the customer encourages organizations to meet or exceed those customers' expectations central to their own mission, vision, goals and objectives. In other words the organization's vision of its service role (and its ability to do everything for everyone, despite its intentions) intimately guides what services are provided and how they are offered. A fundamental of service quality is the belief that organizations exist to serve.

To deliver superior quality service, managers and organizations must first understand how customers perceive and evaluate customer service. Zeithaml, et al (2008) admits that an organization with strong customer culture will place the customer at the centre of service design, planning and service delivery. Customer satisfaction including customers own expectations, shows how satisfied customers are with the product or service they receive from a particular agency. Organizations would value customer feedback when they measure performance and organizations that provide high quality instill confidence in their customers and stakeholders. The service quality models developed by Zeithaml, Parasuraman and Berry defines five (5) gaps which may impinge on service quality: these are discrepancy between customers' expectations and management's perceptions of these expectations; the discrepancy between management's perceptions of customers' expectations and service quality specifications; the discrepancy between service quality specifications and actual service delivery; the discrepancy between actual service delivery and what is

communicated to customers about it; the discrepancy between customer's expected service and perceived service delivered. The study investigated the discrepancy between perceptions about customers' expectations and actual expectations of these customers and explored a range of factors which might influence an organization's ability to respond to and reduce and apparent discrepancies identified earlier. These factors include: organizational culture; a culture of assessment in the organization; orientation of the organization on the focus/value/purpose focus matrix (Cullen, 1997).

Parasuraman (2008) is of the view that the process of measuring customer satisfaction and obtaining feedback on organizational performance are valuable tools for quality and continuous service improvement. Heskett et al, (1994) also suggest that the process of delivering service, generating customer loyalty and improving organizational performance starts with internal service quality, which refers to the extent to which an organization is able to deliver quality support service to employees to enable them to service customers effectively. Included in the general concept of internal service quality are factors such as job design, working environment, reward systems, training and support systems. Internal service quality will result in higher levels of employee satisfaction, productivity and retention. According to them employees who are satisfied in their jobs and well motivated will deliver high quality service to customers and the high quality is the foundation for delivering enhanced service value. Value will, in turn, lead to increased levels of customer satisfaction and retention.



## 2.5 The Concept of Organizational Performance

An organization is defined as basically a structure for carrying out a particular social activity on a regular basis. This, according to Fulcher and Scott (1999) generally has the following features:

- a specific goal
- a defined membership
- rules of behavior or conduct and authority relationships

Organizations do not exist in a vacuum. Each organization is set in a particular environment to which it is inextricably linked. This environment provides multiple contexts that affect the organization and its performance, what it produces, and how it operates (Nabli and Nugent, 1989). As the framework for organizational assessment is refined and extended, the concept of an enabling environment is key to understanding and explaining the forces that help shape the character and performance of organizations (Scott, 1995).

The concept of 'performance' is interpreted variously in the social sciences and in management studies (Bovaird and Sharifi 1992). According to them performance is the level of satisfaction of stakeholders' expectations. The concept of organizational performance as obtained from Wikipedia (2009) refers to the effectiveness of the organization in fulfilling its purpose. It comprises the actual output of organizations as measured against its intended outputs or goals and objectives. Some organizations aim to trade successfully in order to return financial benefits to shareholders, while others have non-financial objectives eg service to the community/the people. Organizational performance provides a comprehensive framework for understanding



questions like why does one organization thrive while another struggles for survival, even though both are operating in the same industry, or how can some of the largest global organizations such as General Motors (GM), Ford, Chrysler, Airbus etc perform so poorly after being such colossal leaders in industry.

Stepping back from time to time and asking explicitly whether organizations are actually changing ways of doing business, in the ways that they have formally committed to doing is an influential element of change management. This assessment is confirmed by Carter, (2008) who affirmed that in order for organizational performance to be enhanced, it is helpful to regularly conduct assessments of the current performance of the organisation. Once assessment has been conducted it helps to have some basis by which to analyse the results. Well-done assessment, according to him, typically use tools, such as comprehensive questionnaires, SWOT analyses, diagnostic models etc along with comparison of results to various 'best practices' or industry standards some of which will be applied in the course of the exercise.

Cameron and Whetten (1983), provided seven critical questions for bounding and assessing organizational effectiveness:

- i. From whose perception is effectiveness being judged?
- ii. What is the domain for assessment?
- iii. What level of analysis is being used?
- iv. Why is effectiveness being assessed?
- v. What time frame is being used for the assessment?
- vi. What data are being used for the assessment?

vii. What is the refinement against which effectiveness is being judged?

Cameron and Whetten concluded that the answers to these questions lead to a set of effectiveness criteria. Several authors have examined organizational performance from the perspective of organizational life cycles (Hofer and Schendel, 1978; Katz and Kahn, 1978; Quinn and Cameron, 1983). The general consensus of these authors is that it is necessary to have different models of performance at different stages of an organization's life. The difficulty lies in determining the most appropriate answers for each specific research setting.

Organizational performance needs to be tested in the first instance against the commitments that the organization made in its management systems: its management plan (or similar); its business plans, its departmental and sectional plans, and so on. It also needs to be tested in the context of whether socio-economic and ecological goals are being achieved (Parasuraman (2008).

## **2.6 Impact of Service Quality Delivery on Organisational Performance**

Tamkin (2005) in a project titled 'The Contribution of Skills to Business Performance' developed a model that examined the relationship between the human resource factor and business performance. Among the issues established was that customer satisfaction measures are often used to assess business performance, especially in the service sector where the other outcomes are difficult to measure. He concluded that impact of service quality delivery on organizational performance could be felt in the areas of:

Productivity – increase in revenue collection in the case of the VAT Service. He, however went on to say that this measure will similarly be affected by investments, staff motivation, among others, other than skills of staff.

Quality of Service – manufacturing organizations could estimate quality using the number of defects in a given number of products. More generally, customer satisfaction could be used in the case of service provision. Exactly how customers' satisfaction can be measured will vary from one registered trader to another.

Innovations – this method of measuring the impact of service quality delivery on organizational performance can be by means of bench marking (innovations) across sections. It is possible to for instance, revisit procedures and general way of doing business by Internal Revenue Service (IRS) and Customs, Excise and Preventive Service (CEPS) and what it takes to make them successful, and then carrying out innovations for own use that will eventually enhance organizational performance.

Laws (1997) in his book titled: *A Blueprinting Approach to Understanding Service Delivery Systems*, emphasized that improvements to the efficiency and effectiveness of services are widely espoused management goals, but the complexity and variability of service makes it difficult for managers to decide on the best steps to take in seeking improvements and to seek customer satisfaction. Among the characteristics distinguishing services from manufactured products is the dependence on the former of direct contact between staff and customers/clients during the creation and delivery of service. Besides, each service transaction is variable and the quality of service is dependent on the interaction between staff and client in the

context of the physical setting and technical features of the service delivery system for which managers are responsible. Developing further on the subject matter, Hasen et al (2003) stated that service quality delivery is an effective weapon for improving productivity in organizations. A quality management framework based on the attribute theory of service quality was used to show how the organizational performance is affected by various quality dimensions. Using a questionnaire survey and subsequent data analysis, empirically valid and reliable measurement instrument of quality dimension was developed. Several multiple regression models were developed which indicated that the dimensions 'role of top management and customer satisfaction' are among the most important in terms of their effect on organizational performance.

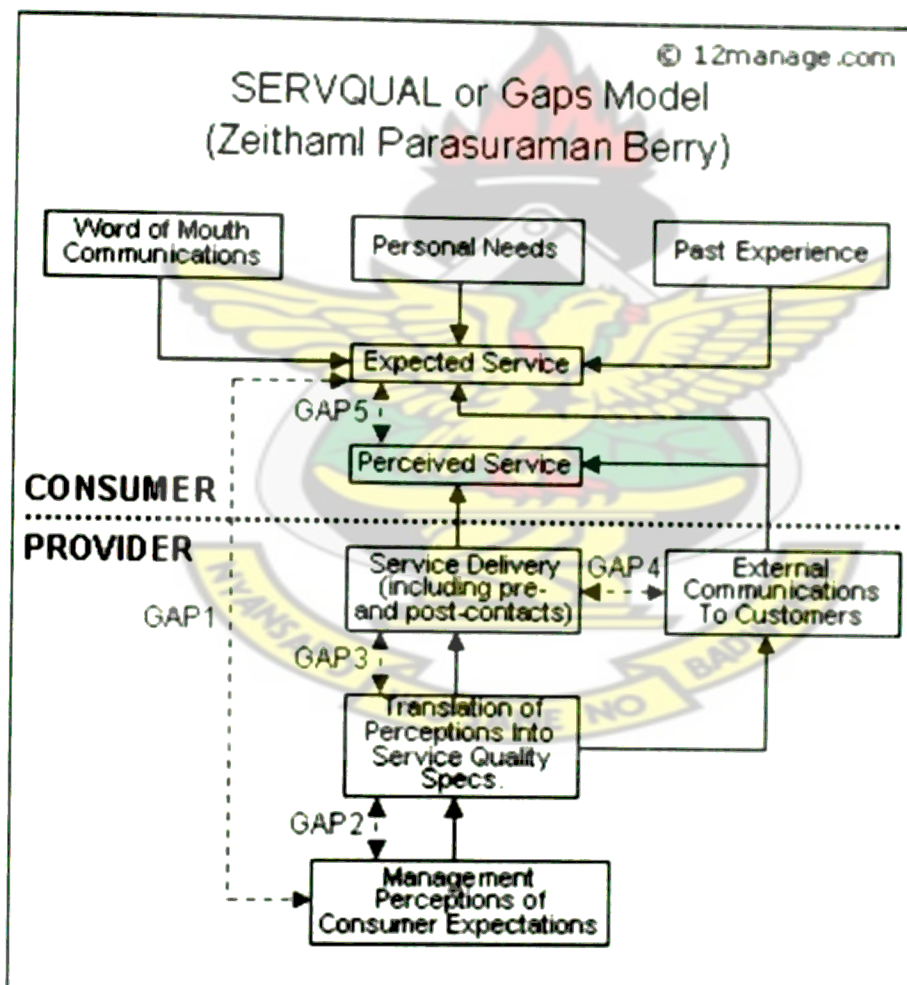
Beatson et al (2008) similarly provided conceptual and empirical insight elucidating how organizational practices influence service staff attitudes and behaviours and how the latter set affects organizational performance drivers. The analysis suggested that organizations can enhance their performance by putting in place strategies and practices that strengthen the service oriented behaviours of their employees and reduce their intentions to leave the organization. Improved performance is accomplished through both the delivery of high quality service which enhances organizational effectiveness and efficiency. This increases job satisfaction, which in turn has an impact on affected commitment. (Babin and Boles 1998) further state that customers make evaluative judgement of the service quality delivered especially by front-line staff. Consequently their behaviours and attitude are crucial for the positive evaluation of services by the customer.



This chapter ends by going along with Zeithaml et al (2008) who hammered on the importance of the customer and according to them meeting the needs of customers is the underlying rationale for the existence of organization. Customers must be satisfied and at all cost in view of the power of choice they possess. A company may down play the importance of service quality delivery at its own peril.

## CONCEPTUAL FRAMEWORK OF THE SERVQUAL OR GAP MODEL FOR SERVICE QUALITY DELIVERY ON ORGANIZATIONAL PERFORMANCE IN REVENUE COLLECTION

FIG. 2.1 SERVQUAL OR GAPS MODEL



Source: Company Service Quality Performance With Service Needs  
Zeithaml, Parasuraman and Berry(1988)

The above SERVQUAL or Gap Model developed by Zeithaml, Parasuraman and Berry is a technique that can be used for performing a gap analysis of an organisation's service quality performance against service quality needs. It can be used by a Service Organisation to improve service quality. The method involves the development of an understanding of the perceived service needs of the target customers. These measured perceptions of service quality for the organization in question are then compared against an organization that is 'excellent'. This resulting gap analysis may then be used as a driver for service quality improvement.

SERVQUAL takes into account the perceptions of customers of the relative importance of service attributes. This allows an organization to prioritize and to use its resources to improve the most critical service attributes. (Zeithaml, et al., 1988)

The method essentially involves conducting a sample survey of customers so that their perceived service needs are understood and for measuring their perceptions of service quality for the organisation in question. This provides an assessment of the gap between desired and actual performance, together with a ranking of the importance of service criteria ; this allows an organization to focus its resources to maximize service quality whilst costs are controlled.

## CHAPTER 3

### METHODOLOGY AND ORGANISATIONAL PROFILE

#### 3.1 Introduction

Methodology according to Saunders. et al, basically refers to the theory of how research should be conducted or undertaken. It is concerned with the process of identifying problems, investigating and presenting a report for the consumption of those who matter – as well as providing information as a source of knowledge for the benefit of society. It covers the clarification of modes of explanation and understanding the nature of abstractions, research design and methods of analysis.

Methodology describes how the whole study will be conducted, the processes, the difficulties likely to be faced and how they will be handled and so on.

The chapter, therefore will describe and discuss the methods employed in the collection and analyzing of the data. It begins with a brief overview of public expectations of job performance within VAT Service, the difficulties and challenges that must be brought into public domain concerning general operations, as well as the theoretical underpinnings of the methods used in gathering data for the research work.

Many researchers have argued that the choice of research methods should be determined by the appropriateness of the topic under investigation (Reid and Crough, 2000; Silverman, 2000; Strauss and Corbin, 1998). The methods can be used to gain

insight into the partially known and also to uncover and understand what lies behind any phenomena about which little is yet known (Strauss and Corbin, 1998).

### 3.2 Research Design

Research Methodology defines what the activity of the research is, how to proceed, how to measure progress and what constitutes success. As a public and important tax institution, stakeholders demand a certain level of good and acceptable performance from VAT Service and its officials working within it.

Given that taxation receipts are key source for financing many services provided by any Government, VAT Service plays a crucial role in harnessing funds for servicing the people of Ghana. As a result, service quality delivery on our organizational performance is key in order that revenue collection will be enhanced.

VAT Service hopes to achieve a high level of service quality delivery through:

- a) Introducing a change programme focusing on improving all aspect of the office operations to ensure that the needs of present and future clients continue to be met.
- b) Continuously improving the performance management framework with emphasis on quality and best practices.

The research exercise was a field encounter where officers administered questionnaires among selected VAT registered traders. In the first instance officers assigned to conduct the survey were given briefing as to what the research exercise



was all about, how registered traders for the exercise were selected, how questionnaire would be distributed or administered, among others. It was important for officers to note and ensure that the completion of the exercise in good time, while accounting for about 80% of the questionnaires allocated to them was paramount.

### 3.3 Scope of Study

The research exercise attempted to identify the following:

- i. Service quality delivery already in operation and the impact it had on the revenue collection effort in the recent past.
- ii. Stakeholders' perception of the service quality delivery methodology already in use, how they were influenced by them and any exceptions or improvements they hoped for.
- iii. Any other core issues that in the view of staff members and other professional groups could enhance the quality of service for the overall efficiency through improved service quality delivery.

The research was mainly conducted by means of administration of questionnaires, through interviews, observations of officers during field work – education of traders, registration processes, field audit etc.

The study covered selected registered traders in the field of manufacturing, wholesale and retailer sectors, as well as service providers – including hotel and

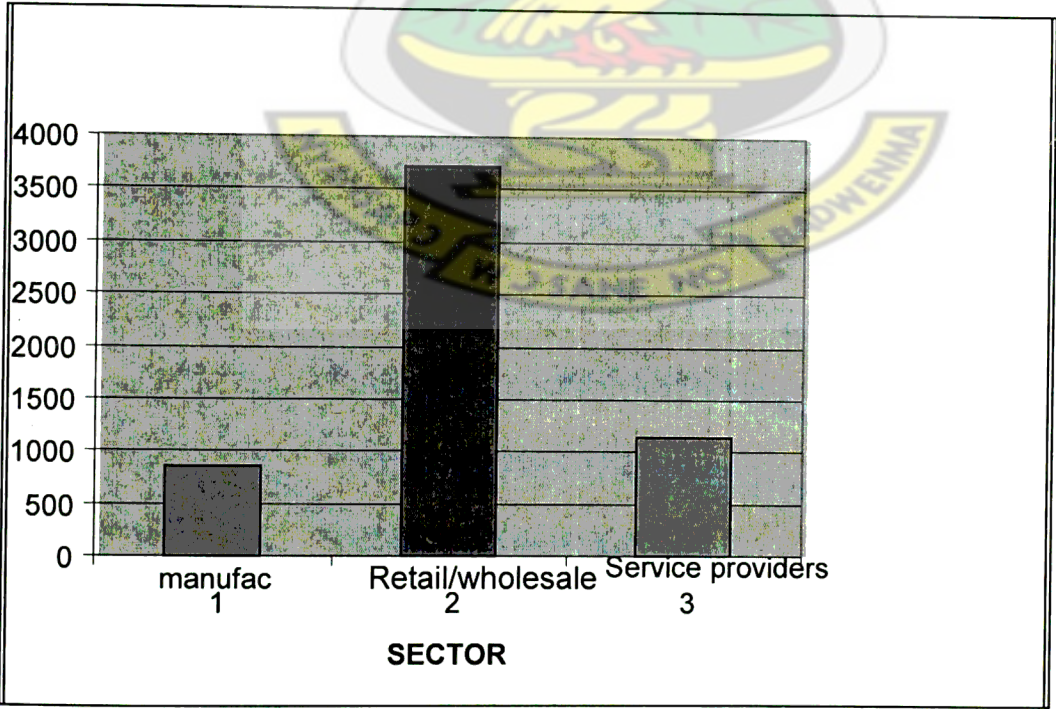
restaurant operators, professionals etc. in the Kumasi metropolis and its environs – where about 80% of our trader population in Ashanti Region currently reside.

3.4 Population and sampling

Kumasi Local VAT Office which takes care of the Ashanti Region as at the close of the 2008 time frame - and as per information obtained from the VAT Information Support Systems Unit - had an active trader population numbering 5,730 – and distributed as follows:

Sector	Population	%
Manufacturing	860	15
Retail/Wholesale	3,724	65
Service Providers	1,146	20
Total	5,730	100

Fig 3.1 Kumasi Local Vat Office -Trader Population



It is worth mentioning that active trader population represents traders who will submit VAT returns regularly.

The statistics of the active trader population covering the period 2004 – 2008 are provided hereunder:

For the subject matter of service quality delivery to be appreciated in VAT operations it is intended to provide details of the following as well:

- i. Average Nil filers statistics for the 2004 – 2008 time frame
- ii. Average Non filers statistics for 2004 – 2008
- iii. Pending deregistration cases for the periods 2004 – 2008
- iv. Active trader population (2004 – 2008)

**Table 3.1: Trader Statistics (2004-2008)**

Status	2004	2005	2006	2007	2008
Average Nil Filers	3,459	2,142	1,492	2,909	1,202
Average Non Filers	1,368	1,741	873	1,370	2,341
Pending Deregistration	195	1,552	1,643	1,656	1,701
Active Trader Population	2,785	3,058	3,297	4,441	5,730

The above would assist VAT Service to identify some of the major problems facing her and how change of strategy in the area of service quality delivery would aid in the reversal of the negative trend of statistics provided above.

- i. Pending deregistration cases mean those traders who were first registered to collect the tax but afterwards applied for deregistration and their cases are being examined.

- ii. Final deregistered traders are those traders whose names of businesses have been taken off the VAT list of traders after investigations have been concluded.
- iii. Average nil filers are the class of registered traders who even though are in active business will continue to file Nil returns as though they are not operating and charging the tax.
- iv. Average Non filers are the registered traders who will not submit returns regularly.

Each of the above class of traders come with own challenges that need to be addressed by examining the current service quality delivery procedures. Improvement in service quality delivery will assist in addressing traders concerns.

### **3.5 Sampling Procedures**

In view of time constraints and inadequate resources, in respect of human and materials, and other challenges that confront officers who accepted to assist in the data collection processes, it was decided to administer a total of three hundred (300) questionnaires and support the outcome with interviews, observations on the field by field officers detailed to traders premises on official assignments for debt collection, registration, tax audit exercises etc. Other traders not covered by the questionnaires similarly benefited from interviews and observations and vital information were obtained using the suggestion box.

The number of participants required for any credible research project is a function of the purpose and nature of the study (Malhotra and Birles, 2007; Silverman, 1993) as well as the number of experience a study requires (Baxter and Eyles). Thus they



argue that small sample size should not necessarily impair the credibility of qualitative research. The sample size of 300 on the active trader population was based on consensus by qualitative research that the responses of sampled participants are not intended to generalize the views of the total population. Rather the methods document in detail the opinions and respective of a relatively small number of key informants who are purposefully selected for the light they can shed on a topic of interest (Saunders et al 2007; Fisher, 2007; Kvale, 1996). Using a purposive sampling procedure, the distribution of trader population among the different business sectors was taken into consideration. Respondents were people who were likely to have adequate knowledge on the operations of the value added tax (or the research problem) under investigation (Burdge, 1995). Stratified purposeful sampling in the selection of respondents was employed (Patton, 1990). Stratified purposeful sampling is the selection of participants with differing expertise and knowledge on the research problems and who constitute different subgroups within the trader population (Bradshaw and Stratford, 2000; Patton 1990). The aim was to maximize the variation and similarities on perspectives across the various business sectors (Baxter and Eyles, 1997).

The three hundred (300) questionnaires were distributed proportionately among the three (3) main categories of trader population as follows:

<b>Sector</b>	<b>Population</b>	<b>%</b>
Manufacturing	860	15
Retail/Wholesale	3,724	65
Service Providers	<u>1,146</u>	<u>20</u>
<b>Total</b>	<b><u>5,730</u></b>	

It is worth emphasizing that the distribution was based on active trader population. In spite of 65% or so of the trader population found in the wholesale/retail sector, the contribution to revenue was established to be not more than 25%. Even though the trader population in the manufacturing sector was only 15%, contribution to tax revenue for the period was about 60%, while the service sector took care of the remaining. Field officers involved in the exercise were reminded of this fact and therefore took the above into consideration in the distribution of the questionnaires. Additionally, it was observed that traders in the manufacturing and service sectors were more sophisticated and knowledgeable and could provide the required answers to assist the process.

**Table 3.2 Distribution Of Questionnaires**

Sector of Traders	Population	Distribution	%
Manufacturing/Importers/Exporters	1,146	60	20
Retail/Wholesale	3,438	180	60
Service Providers	1,146	60	20
<b>Total</b>	<b><u>5,730</u></b>	<b><u>300</u></b>	<b><u>100</u></b>

The formula for distribution of the 300 questionnaires was:

- i) 
$$\frac{\text{Active trader population of the sector}}{\text{Total active trader population}} \times 100\%$$
- ii) Percentage rate arrived at for each business sector was multiplied by the 300 questionnaires to obtain the allocation of questionnaires to each .

### **3.6 Data Collection**

Selected field officers were given samples of the questionnaire to study and make observations known; they were given enough briefing as to what the whole research exercise was all about and the need to take the exercise seriously, act on time and submit for analysis.

It is worthy of mention that data collected using the questionnaires were to be the primary data in the research exercise.

Distribution of questionnaires among the trader population in each sector of manufacturing, wholesale/retail and the service sectors, was based on the first twenty (20) high paying tax payers and the last fifteen (15) tax payers in each category. The rest of the questionnaires in each group were on random sampling or any other sampling technique that the field staff, in consultation with the supervisor in charge deemed fit.

The Research, Monitoring and Planning Unit and the Information Support Systems Units both of the VAT Service were also contacted to provide secondary data on revenue collection, the filing rate of traders, nil filers, non filers, traders operating the VAT Flat Rate Schemes in the case of retailers etc. The information so obtained assisted the analysis process.

### **3.7 Interviews**

Quantitative researchers use a variety of techniques to explore the way social actors experience their world and make meanings of that experience. These techniques

include in-depth open-ended interviews with groups (focus groups) or individuals; participant observations etc. (Saunders et al 2007, Fisher; 2007.

The study employed an in-depth open-ended interview technique to collect data from individual participants. In-depth interviews attempted to understand the world from the subject's point of view, to unfold the meaning of people's experiences and to uncover the life world prior to scientific explanations (Saunders et al 2007, Fisher; 2007; Kvale, 1996;) Interviews, therefore provide deep and meaningful data that reveal each individual's perspective. Interviews also allow us to access another person's opinion and discover things we cannot directly observe (Saunders et al 2007; Kvale, 1996; Patton, 1990).

The conversational nature of an interview gives the interpreter the opportunity to learn about experiences, feelings and hopes in a semi-structured format (Kvale, 1996). Finally, interviews provide insight into events and people's experiences and opinions, which are influenced not only by situational factors but also by their class, ethnicity, age and sexuality (Malhotra and Birks, 2007; Dunn, 2000). Using interview therefore allows an understanding of different meanings among different people.

### **3.8 Data Analysis**

Qualitative data analysis involves structuring large and complex interview data into a presentable and communicable framework for the reader (Malhotra et al., 2007; Fisher, 2007; Kvale, 1996). Baxter (2000) suggested seven methodological procedures to analyze qualitative data. These include: Data collection (data



gathering); Coding of data for themes (coding); Memoing thoughts about the data (memoing); Exploring data for concepts (data exploration); Distilling data to remove the 'wheat from the chaff' (data distillation); Linking concepts and ideas into a coherent theory (theoretical development); and finally, using the concept to reconstruct the even or experiences of the subject under investigation (theoretical representation).

Baxter's recommended procedures were followed in the analysis of traders as clients/VATS relationships. To explain various experiences information from the various sectors of the trader population were used – ie retail/wholesale, manufacturing, export/import, service providers etc. Information from various editions of the VAT News, seminars for identifiable trader groups, were obtained for analysis.

To identify similarities and differences of experiences among the trader population textual data from transcripts were scanned and entered into qualitative data management analysis software (SSPS) for coding, evaluation and analysis. Coding analysis were done in two ways: manifest and latent coding (Malhotra et al, 2007). Manifest coding or analysis was used to evaluate the number of times particular idea, opinion or phrase was repeated over time in the transcript. Latent analysis was used to identify themes and ideas in the transcribed text.

### **3.9 Organisational Profile**

VAT Service of today has become an important feature in the nation's revenue collection effort and on the fiscal scene. Revenue collection has increased from 20%

of tax revenue in 1999 to about 28% at the current level. The projection is that come year 2012 VAT collection as a percentage of government tax revenue will be 30%.

The strategic vision/mission this far has been:

### **Vision**

The vision of VAT Service is to be an efficient, effective and modern tax administration that meets national and global standards.

### **Mission**

VAT Service mission is to ensure the successful management and sustainable development of VAT in Ghana. The Service is committed to mobilizing revenue for national development by engendering public confidence in the administration of the VAT law, as a means of promoting voluntary compliance.

The above, it is hoped, will be achieved through a highly motivated staff who will act at all times with integrity.

In pursuance of the above, analysis have been made concerning the internal and external environments, and translated into strengths, weakness, opportunities and threats.

### **Strengths (Internal)**

- a. Dynamic and visionary leadership
- b. High caliber, young and energetic management team

- c. Low age profile of personnel
- d. Semi-automated tax process environment to facilitate the process of information

#### **Weaknesses (Internal)**

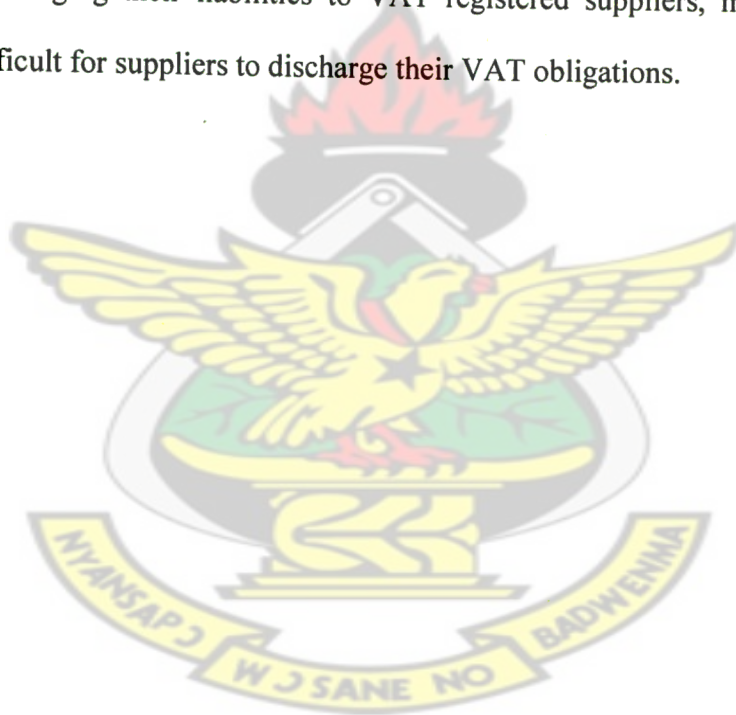
- a. Inadequate logistics and office accommodation
- b. Inadequate compensation packages for staff
- c. Weak work ethics and performance measurement system
- d. Inadequate level of integrity of staff
- e. Inadequate capacity in debt management and enforcement practices

#### **Opportunities (External)**

- a. The introduction of legislation to support the unique Taxpayer Identification Number (TIN) facilitating co-ordination among the Revenue Agencies and the Registrar General's Department.
- b. Government's decision to allow retention of a percentage of revenue collection by Revenue Agencies enabling them to control and improve the working environment.
- c. A considerable number of unregistered but registrable traders in the retail and service sectors, indicating potential collectible tax/VAT revenue.

## Threats (External)

- a. Low level of compliance with the VAT law and regulations by traders
- b. Resistance of the general public to the payment of taxes
- c. The large informal sector
- d. High level of indebtedness of state subvented organizations and enterprises (SOEs) – constituting more than 50% of debt stock currently. This makes the pursuit of debts owed by the private sector difficult.
- e. Delays by Ministries, departments and Agencies (MDAs) in discharging their liabilities to VAT registered suppliers, making it difficult for suppliers to discharge their VAT obligations.





## CHAPTER 4

### PRESENTATION OF FINDINGS, ANALYSIS AND DISCUSSIONS

#### 4.1 Introduction

The wish of VAT Service is for every member of staff to stay committed to its mission, by engendering public confidence through the fair application of the VAT laws and regulations and to act at all times with integrity, as the Service builds an efficient and modern tax administration. However, advertisements, publications in recent times and discussions in the media, give very negative impressions about the service quality delivery, ranging from extortion of moneys, harassment of registered traders to allegations of bribery against Service personnel. It is recalled that surveys conducted nationwide first in March 2005 and again in June 2008 by the Centre for Democratic Development (CDD) listed the personnel of the Revenue Agencies, including VAT Service, as among those perceived to be the most corrupt in the country, after personnel of the Police and the Judicial Service.

It is on this score that the selected topic: The Impact of Service Quality Delivery on Organisational Performance in Revenue Collection. The case of the Value Added Tax Service in the Ashanti Region of Ghana and designed to examine issues and address concerns such as the above, is very relevant and significant.

## 4.2 Response Rate of the Research

204 questionnaires representing 68% of the 300 administered were retrieved for analysis. It was established that 66 representing 32.35% of traders surveyed only registered to charge the VAT less than one year ago, whereas 26 representing 12.74% of total traders surveyed registered within the last two (2) years. 27 out of the 204 respondents and representing 13.23% have been operating and charging the tax for the past four (4) years. It is also interesting to observe that 85 of registered traders in absolute terms and 41.68% in relative terms have been collecting and accounting for the value added tax for over five (5) years. It is similarly worth mentioning that ninety (90) representing 44.12% of the 204 respondents operated the standard rate of applying 15% rate of tax whereas 114 in absolute terms representing 55.88% in relative terms operated the flat rate scheme, and thus applying the rate of 3% on the value of their sales as tax.

Details of statistics are shown in table 1 below and titled: duration scheme operating cross tabulation.

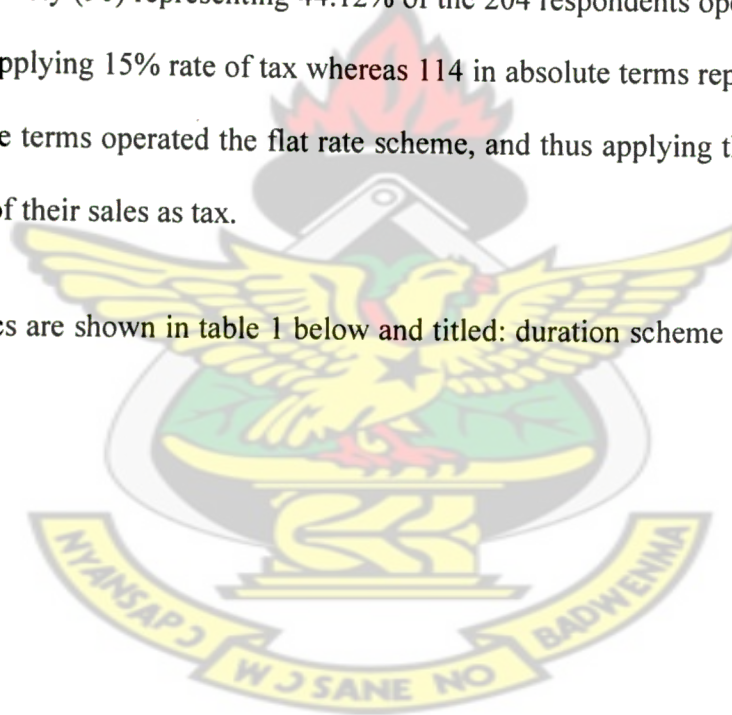


Table 4.1 Duration Scheme Operating-Cross Tabulation

Duration scheme operating Cross tabulation					
			scheme operating		Total
			standard rate	flat rate	
Duration	below 1 yr	Count	49	17	66
		% of Total	24.02%	8.33%	32.35%
	1-2yrs	Count	13	13	26
		% of Total	6.37%	6.37%	12.74%
	3-4yrs	Count	5	22	27
		% of Total	2.45%	10.78%	13.23%
	above 5 yrs	Count	23	62	85
		% of Total	11.28%	30.40%	41.68%
Total		Count	90	114	204
		% of Total	44.12%	55.88%	100.0%

### 4.3 Demographic Data Analysis of Respondents

The 204 questionnaires received were analysed using the SPSS facility and it became evident that issues of utmost importance to stakeholders as far as service quality delivery is concerned related to the following:

- The length of time it takes VAT Service to process monthly VAT returns submitted by stakeholders.
- Ability of VAT officials to offer assistance to traders in times of need.
- The need for early communication to registered traders and to agree on convenient dates for tax audits.

- d) Fair and impartial application of the VAT Act 546, as amended and the Regulation L.I. 1646.

Question numbers: 9, 10, 11, 13, 14 and 17 of the questionnaire, (questionnaire is shown as part of the appendix), were designed principally to elicit responses from stakeholders and the above issues happened to be those most interesting to them. Details of analysis of findings will be discussed in chapter 5.

Although the opportunity for traders to express their view points/disagreements during tax audit obtained negative deviation, the subject matter was nonetheless very significant. Tables 2 and 3 have details of both the positive and negative deviations of matters of interest to traders. It was further observed that greater segment of the wholesale/retail trader population especially did not care too much about indepth knowledge of VAT staff in the discharge of their duty.

**Table 4.2**

**ANOVA<sup>b</sup>**

<b>Model</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	40.302	7	5.757	10.224	.000 <sup>a</sup>
Residual	85.598	152	.563		
Total	125.900	159			

Predictors: (Constant), Fair and impartial Act, Opportunity to Explain Self, Audit Communication, Ability to Assist, Convenient Date, Length of Time for process, Officials Knowledge.

ANOVA shows the overall fitness level or how good a developed model is. It affirms that a significant level of 0.05 or less is an indication that the dependable



variable – ie the level of satisfaction is good. This explains that the margin of error is less than 5% and therefore acceptable. It is further an ample proof that whatever data is developed can be relied upon.

**Table: 4.3      Impact of Service Quality Delivery on Client Satisfaction Level**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.618	.479		3.381	.001
Lenght of Time for process	.273	.082	.231	3.312	.001
Ability to Assist	.165	.108	.112	1.525	.129
Officials Knowledge	-.006	.081	-.005	-.068	.946
Audit Communication	.180	.076	.162	2.376	.019
Convenient Date	.025	.199	.009	.127	.899
Opportunity to Explain Self	-.782	.131	-.415	-5.971	.000
Fair and impartial Act	.288	.087	.232	3.303	.001

Table 3 identifies the various dependent variables that show the satisfaction levels of respondents and as far as service quality delivery on organizational performance is concerned. Basically B, the Beta variable, and the level of significance has some relationship. As explained earlier a significance level of 0.05 is an indication that the model so developed is fit for use. It further means that 1% improvement in the dependable variable will result in more than 1% increase in the level of satisfaction as far as service quality delivery is concerned. For instance when processing time of VAT returns is improved by 1% will result in 27.3% increase in the level of satisfaction by traders.

#### 4.4 Respondent Distribution by Business Sector

Table 4 further provides details of respondents operating under the different business sector codes such as Manufacturing, Retail/Wholesale, Service Providers and Export/Imports:

**Table 4.4 Crosstab of Business Sector and Operating Scheme**

			scheme operating		Total
			standard rate	flat rate	
Business sector	Manufacturing	Count	30	-	30
		% of Total	14.71%	-	14.71%
	retail/wholesale	Count	19	108	127
		% of Total	9.31%	52.94%	62.25%
	service provider	Count	35	-	35
		% of Total	17.16%	-	17.16%
	exporter/importer	Count	12	-	12
		% of Total	5.88%	-	5.88%
Total		Count	96	108	204
		% of Total	47.06%	52.94%	100.0%

The survey established that wholesale/retail sector dominated, registering the highest frequency and followed by service providers. Although operators in the communication business sector form part of service provision they were not covered by the survey for reasons that many of them have either folded up or are about to. The manufacturing sector which followed the service sector was dominated by the Timber Processing Factories whose products are mainly for the export market but did not form part of the Export/Import statistics highlighted below:

30 respondents were in the Manufacturing sector representing 14.71% of the total 204 questionnaires received. The service sector mainly made up of hotels, restaurants, and professional bodies accounted for 17.16% of the total receipts and 35 in absolute terms, whereas the Export/Import sector had only 12 out of the 204 and representing 5.88% of the total receipts. It is worthy of mention that out of the total of 127 traders in the wholesale/retail sector, 108 representing 52.94% operated the VAT flat rate scheme. It is therefore important at this stage to perhaps explain the concept of the flat rate and the standard rate schemes operated by different classes of traders. Question 3 of Section A requested traders to indicate the scheme traders are currently operating.

The VAT Flat Rate Scheme is a collection and accounting mechanism that applies a marginal tax percentage representing the net VAT payable on the value of taxable goods supplied especially by the retail sector. It is an alternative to the invoice credit method referred to as the standard scheme. The VAT Flat Rate Scheme seeks to facilitate the collection of the tax in the informal retail distributive trade sector. The tax is levied at the rate of 3% calculated on the value of the taxable goods sold to the general public and does not entitle the retailer to any input tax deduction or tax credit. The objective of the VFRS is to simplify the collection and accounting mechanism for the retailer. The VFRS is differentiated from the standard VAT scheme because marginal rate of 3% is applied over the selling price of the commodity whereas the standard rate applies 15% and has input credit advantage. The VFRS is restricted only to retailers of taxable goods. It was intended to make record keeping and accounting for the tax easy for the retail sector.

The standard rate, however, requires that registered traders charge the VAT at the rate of 15% and the traders concerned have the right to input tax credit. This is similarly referred to as the input credit scheme. On Table 4 it is observed that it is only the wholesale/retail sector that traders have the benefit of operating the flat rate scheme. The law requires all other traders to charge the VAT at the rate of 15%.

#### 4.4 Level of Satisfaction with Tax Education

The number of traders who confirmed receiving tax education was encouraging; out of the number of traders who responded to the basic question of whether they considered the level of tax education, as part of the service quality delivery adequate to enable them discharge their functions creditably as VAT registered Traders, the following were the results:

**Table 4.5 Satisfaction with Tax Education**

Satisfaction Level	Frequency	Percentage %	Cumulative %
Very Adequate	42	20.59	20.59
Just Adequate	106	51.96	72.55
Not Acceptable	56	27.45	100
<b>Total</b>	<b>204</b>	<b>100.00</b>	

It is observed that 51.96% of respondents ie. 106 of responses received answered that they were just satisfied. 20.59% in relative terms and 42 in absolute terms responded that level of education to enable them discharge their functions as VAT registered traders was very adequate.

Further probing through interviews established that, whereas majority of traders in the service and manufacturing sectors were pleased with the prompt manner



information on education was relayed to them regarding the tax laws, record keeping procedures and other obligations as tax payers a segment whose turnover of sales was generally below Gh¢20,000.00 in the retail/wholesale sector expressed some worry. The retail/whole sector expressed that the level of tax education as part of the service quality delivery was not the best. Many of them still did not understand the teachings on record keeping procedures and kept on committing the same mistakes time and again, notwithstanding the introduction of the VAT flat rate scheme that sought to make record keeping procedures rather simple for them. There was also the big issue of how to complete the monthly VAT returns for submission. Tax officials in this connection, have illegally turned themselves into tax consultants and complete VAT returns forms on behalf of traders for fees – this VAT Service considers as unacceptable behaviour.

**4.6 Returns Processing**

Section B attempted to elicit views from traders concerning returns processing and the required assistance they obtained from VAT officials when they needed them. On the whole, the following were the result from the survey:

Q. 9. How would you rate the length of time it takes VAT officers to process your monthly VAT returns on submission?

**Table 4.6: Satisfaction with Returns Processing Time**

Description	Frequency	%	Cumulative %
Very Acceptable	33	16.17	16.17
Just Acceptable	132	64.71	80.88
Not Acceptable	39	19.12	100.00
Total	204	100.00	

Only 16.17% of traders indicated their absolute satisfaction with the time taken for returns processing to be completed and normally are traders who preferred to submit VAT returns early before the due date and therefore, never experienced the long queues that appeared to be the common feature during the last three (3) working days of the month. Majority of traders representing 64.71% of respondents were only satisfied whereas 19.12% of traders were just not happy.

Q. 10. How do you rate the ability of VAT Officers to assist you or get someone to help you anytime you visit VATS to submit VAT Returns?

**Table 4.7: Satisfaction with job performance of VAT Staff**

Description	Frequency	%	Cumulative %
Excellent	17	8.33	8.33
Very Good	80	39.21	47.54
Good	79	38.73	86.27
Fair	25	12.25	98.52
Poor	3	1.48	100.00
<b>Total</b>	<b>204</b>	<b>100.00</b>	

Great majority of respondents representing 86.27% expressed that at least they were happy with the manner VAT officials offered to assist them in times of need.

How printed monthly Form VAT 20 returns got delivered to traders for completion at the end of each month was not really an issue for the questionnaire to address; however, most traders interviewed expressed concerns about the way they were delivered. VAT Service by coincidence has made it the practice for traders to collect the next set of returns forms by themselves when the previous terms returns are submitted for processing. A few traders had theirs either hand delivered by Service personnel or through the EMS facility. It is these class of traders who had lots of

complains. For them it took too much time for the forms to be delivered to them for completion and submission by the due date. In most situations the VAT 20 return forms never got to them at all and yet suffered penalties for failure to submit the monthly returns.

It was further established through interviews that about 70% of traders preferred to submit VAT returns during the last 3 working days of every month because it was convenient for them to do so. The practice however, caused congestion at the banking hall and long queues resulted in undue delays in processing VAT returns during these peak periods, which ultimately affected service quality delivery and therefore impacted negatively on organizational performance. One issue that became evident in the course of administering the questionnaire was that a segment of the trader population in the service and wholesale/retail sectors were of the view that the nature of the standard forms which required computation of records kept on input and output taxes, their lack of adequate knowledge etc. compelled them to engage the services of either the very tax officials or Accounting Firms at a cost, to maintain and process VAT returns for submission.

Concerning the establishment of tax liability, traders said that when declarations of both cash and credit sales are made they often times had to secure loans with interest to come and pay up taxes involving credit transactions. This they considered most unfair and unfortunate especially when they described themselves only as conduit pipes and as agents collecting taxes on behalf of VAT Service. For others the poor waiting environment of Kumasi VAT Office made them most uncomfortable and wished that they never waited that long in queues to submit VAT returns during the

last days of the month. Most of the time there was no convenient places for the traders to sit while they waited for their turns to be served or have VAT returns processed for them.

While traders commended the office for the effort this far made some of the sophisticated traders in the manufacturing and the service sectors whose systems are computerized suggested that time is due for VAT Service to explore the possibility of allowing the VAT returns processing systems to be computerized in order for them to submit VAT returns on line. Others suggested VAT Service should commission various commercial banks to accept tax payments and do returns processing on the Service's behalf for a fee. The view was that when the above was done waiting time at the banking hall which tended to cause some physical and psychological discomfort will reduce.

#### **4.7 Control Verification (Tax Audit) Visits**

Question 12 through to 20 sought to essentially elicit views from VAT registered traders concerning tax audits designed to examine business records to confirm the correctness of VAT declarations and payments. At the same time tax audit affords Service personnel the opportunity to learn problems of traders at first hand relating to tax operations and most often assist to have the knotty issues ironed out for them. This practice VAT Service considers as part of the service quality delivery which many traders appreciate, any way. The forum is similarly used for purposes of tax education on aspect of the VAT laws, obligations, rights and other record keeping requirements that may not be too clear to traders but the law requires that they are important and must be known and appreciated by our stakeholders operating the tax.



On the issue of whether it was the usual practice for tax officials to agree with traders on mutually convenient dates and times for tax audits, registered traders made the following observations:

**Table 4.8: Time for Tax Audit Visits**

Description	Frequency	Sector %	Cumulative %
Yes	119	58.33	58.33
No	61	29.90	88.23
Not always	24	11.77	100.00
<b>Total</b>	<b>204</b>	<b>100.00</b>	

Whereas 119 respondents representing 58.33% in relative terms answered yes, 41.67% responded that it was really not the case. In absolute terms 85 of respondents answered it was not the normal practice for VAT Service to inform them of impending tax audit.

Concerning the perceived corruption and general malfeasance among tax officers leading to the bad public image the Service has enjoyed in the recent past the following revelations came to light:

- a) Some tax officials were in the habit of advising registered traders that their tax declaration were too high and often times assisted traders to underdeclare their taxes for a fee, perhaps as consultants.

- b) New traders who for whatever reasons needed the VAT certificate badly - especially for Government contracts/projects - it is alleged, were asked to pay illegal moneys before documents were processed for certificates to be issued.
- c) During tax audits unscrupulous officers would raise huge assessments in the first instance, and at the same time negotiate for reduction in amounts raised - provided traders would reward them adequately.

While these are noteworthy, it is acknowledged that many of the complains are allegations and from traders who in the first instance, are not willing to follow the VAT regulations religiously for which reason, the bad nuts among the field officers always took advantage in order to extort monies from them. Among the respondents who shared such negative impressions about the perceived corruption among VAT officials it was observed that about 25% of them had a bone to pick when it came to the issue of filing of VAT returns, accounting and paying the required taxes – which invariably they never did.

Traders in the manufacturing and service sectors affirmed that they usually had well structured accounting systems as well as well qualified accounting personnel. Maintenance of VAT records was, by no means, any big issue for them and yet some tax officials never trusted the records they maintained for purposes of the tax and disallowed some taxable input claims which they had difficulty appreciating the basis. According to them tax officials often times would use different methods of assessment always to their disadvantage. (A sample copy of protest letter received is shown as appendix i) There was therefore the need for the Service to intensify its

educational drive as far as the mode of assessments are concerned. Also others felt that more needed to be done in the educational campaign on the mode of assessment. Because all exports are zero rated commodities for instance, and do not attract the value added tax, all input taxes relating to the exportable items are claimed back as refund by traders who are into export. Businesses in the export sector complained that it took a while for their claims to be verified for payment, in effect locking up their working capital most of the time. All the above practices had negative effects on the service quality delivery with their corresponding negative impact on organizational performance.

In as much as these isolated cases could occur, the opinion of VAT officials working on the claims is that some refund traders pile up claims sometimes for well over one whole year period. When such situations occurred verification of claims became rather cumbersome in view of the fact that source documents would not be available at the trader's premises at the period of verification to support whatever claims.

#### **4.6 Evaluation of Service Quality Delivery by Stakeholders**

Section C of the questionnaire afforded taxpayers the opportunity to give impressions about the overall service quality delivery on organizational performance of the VAT Service.

For instance, question 21 requested traders to indicate the degree of satisfaction with the overall service quality delivery by the VAT Service. The following were the results from the various respondents:

**Table 4.9: Evaluation of Service Quality Delivery**

Description	Frequency	Sector %	Cumulative %
Completely dissatisfied	11 } 63	5.39 } 30.88	5.39
Highly dissatisfied	52	25.49	30.88
Highly satisfied	91 } 141	44.61 } 69.12	75.49
Completely satisfied	50	24.51	100.00
<b>Total</b>	<b>204</b>	<b>100.00</b>	

From the responses, 141 representing 69.12% of the population of 204 questionnaires received indicated that they were at least, satisfied with the overall performance of the VAT Service as far as service quality delivery was concerned. 63 out of the total population representing 30.88% expressed misgivings about the service quality delivery.

Questions 23-28 requested stakeholders to indicate the level of satisfaction with the service quality delivery by ticking any one of the following:

- i. Extremely poor
- ii. Very poor
- iii. Normal
- iv. Very good
- v. Extremely good

Issues relating to:

- a) Access to overall service
- b) Responsiveness to traders needs,
- c) Communication style and information provision
- d) Humanness in dealing with tax payers and the general public



e) Competence in overall service quality delivery

f) Reliability of overall service quality delivery

Were some of the concerns traders were expected to addressed. The following results were achieved:

**Table 4.10: Overall satisfaction with key areas of service quality delivery**

Question	Challenges	Frequency					Total	Percentage					Total
		1	2	3	4	5		1	2	3	4	5	
23	Access to overall service	1	22	129	39	13	204	.49	10.78	63.21	19.12	6.37	100
24	Responsiveness To needs	1	33	120	41	9	204	.49	16.18	58.82	20.10	4.41	100
25	Communication style and information provision	3	35	100	47	19	204	1.47	17.15	49.02	23.04	9.32	100
26	Humanness in dealing with taxpayers and the general public	5	34	103	52	10	204	2.45	16.67	50.49	.49	4.90	100
27	Competences in overall service quality delivery	-	28	105	56	15	204	-	13.73	51.47	25.49	7.35	100
38	Reliability of overall service quality delivery	1	26	92	76	9	204	.49	12.74	45.10	31.25	4.42	100

Question 30 requested respondents to indicate their willingness or otherwise to submit their VAT returns regularly and stay compliant if service quality delivery improved, and more than 80% of respondents answered in the affirmative.

Organizational performance indicators for the first six months of the 2009 timeframe are shown as appendix ii –

## CHAPTER 5

### SUMMARY FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

VAT Service's contribution to tax revenue for national development in recent times has been growing steadily. Its contributions are best in the areas of support to the country's educational institutions through the GETFund in the form of physical infrastructure, vehicles, library materials and other logistics. VAT registered traders are also required to collect the National Health Insurance Levy (NHIL). The levy is channeled through the National Health Insurance Fund (NHIF) to provide adequate and affordable healthcare to all residents of Ghana, among others.

Registered traders no doubt remain important agents in the revenue mobilization/collection effort and there is now the realization for VAT Service and registered traders to work together as partners for the good of the country. Emphasis on closer collaboration to foster unity for mutual benefits through service quality delivery is therefore key. However current occurrences indicate that service quality delivery has not met stakeholder expectations in full. Even though analysis of the survey confirmed that overall satisfaction with the service quality delivery was acceptable, registered traders were still of the opinion that more improvements were required. For instance registered traders complained about delay in processing VAT certificates, VAT returns and other documents and requested VAT Service to pay particular attention to these aspects of service delivery.

## 5.2 Summary Findings

The survey was carried out administering questionnaires, interviews, use of suggestion box, etc and was intended to gather data for purposes of evaluating the impact of service quality delivery on organizational performance in revenue collection in the Ashanti Region. The target was VAT registered traders mainly. Samples of traders in the wholesale/retail, manufacturing, service provision etc were requested to complete questionnaires, and in some cases interviewed using one-on-one approach. Traders' opinions were sought on issues bothering on service quality delivery and the impact on organizational performance; the fallout of the survey established that:

1. More than half of the trader population surveyed indicated that they were happy with the service quality delivery this far. In fact more than 60% of traders expressed positive views. For instance registered traders expressed the view that VAT officers have in recent times demonstrated high sense of tolerance in explaining VAT issues to them during their tax education visits and has contributed to the present level of good relationship between them and VAT Service and its officials. At present traders compliance level is said to be improving although there is still much to be done. For purposes of comparison operational performance from the January to June 2009 have been provided as part of the appendix.

2. Less than 40% felt that the situation could be better than it is currently.

Generally speaking these class of traders described the working environment of

VAT Service in Kumasi to be poor, particularly the waiting rooms and the banking hall where returns processing and payment of taxes take place.

3. Some class of traders were of the view that VAT Services' Client Service Unit met their expectations and therefore were pleased with the manner information on education got to them - with regard to the distribution of VAT News publications and Public Notices issued out to traders for free. They were also satisfied with the periodic appearance on radio by VAT staff to explain aspects of the VAT laws and regulations, as well as obligations and rights of traders as tax payers.
4. On the whole traders expressed the view that VAT Service should intensify its trader education as part of the service quality delivery to the general public - on VAT policies in particular, explaining technical issues on VAT operations using other means – like meeting traders on one-on-one education, trader associations, workshops and seminars, TV and radio discussions etc.

It is recalled for instance that before the VAT Flat Rate Scheme was introduced for the retail sector VAT Service engaged in series of meetings, workshops/seminars with both the leadership and general membership of Ghana Union of Traders Associations, (GUTA) to brainstorm and dialogue on issues that affected their operations and together, they fashioned out the following:

1. What the Flat Rate Scheme was all about
2. The legal basis of the VFRS



3. Who qualified to operate the VFRS
4. Registration for the VFRS
5. General operations of the VFRS etc

Again not long ago when the Internal Revenue Service (IRS) and Value Added Tax Service (VATS) raised the subject of taxing Religious Bodies, various workshops/seminars were organized across the country to solicit views on the subject matter. Tax officials made various presentations after which, contributions and questions were allowed from members of the Religious Bodies. The purpose was to fashion out policies and programmes that would be acceptable to all parties.

All the above are intended to improve on the service quality delivery with the object of impacting positively on organizational performance.

One disturbing factor though is the spate of application requests for de-registration by traders in the Kumasi metropolis in particular and the region as a whole. Registered traders complained that because their colleagues are not registered, registered traders are forced to sell their goods at the same prices and still will have to account for the tax. This they said affected their profit margin which left them with smaller profits, compared to what their unregistered partners/colleagues made. These they considered as a disincentive rather than an incentive to register to charge the tax.

### 5.3 Analysis of Questionnaire

The questionnaire confirmed that matters relating to:

- a) Length of time spent in processing VAT returns
- b) Ability of VAT staff to assist traders in need as far as VAT operations are concerned
- c) Good communication practices
- d) Agreeing on convenient dates with traders before tax audits
- e) Fair and impartial application of the VAT Act and Regulations

were issues that mattered most as far as satisfaction of service quality delivery on organizational performance was concerned – as depicted in the table below

**Table 5.1: Impact of Service Quality Delivery on Client Satisfaction Level**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.618	.479		3.381	.001
	Lenght of Time for process	.273	.082	.231	3.312	.001
	Ability to Assist	.165	.108	.112	1.525	.129
	Officials Knowledge	-.006	.081	-.005	-.068	.946
	Audit Communication	.180	.076	.162	2.376	.019
	Convenient Date	.025	.199	.009	.127	.899
	Opportunity to Explain Self	-.782	.131	-.415	-5.971	.000
	Fair and impartial Act	.288	.087	.232	3.303	.001

a. Dependent Variable: Level of satisfaction

For instance length of time spent in processing monthly VAT returns at the VAT office was an issue. The law requires that registered traders should submit monthly VAT returns and effect payments. Although this is done regularly by a sizeable number of registered traders, the practice has been for multitude of them to do so at the last 3 working days of the month – a practice that causes undue congestion at the banking hall, discomfort and undue delays. It is even observed that multitude of registered traders go back with their tax returns without paying the tax. Registered traders are saying that, if VAT Service can improve its job performance as far as returns processing is concerned by only 1% then the level of satisfaction by registered traders will go up by 27.3% as shown in table 1. On the issue of the ability of VAT staff to assist or get some other staff members to assist registered traders in times of need respondents were of the view that if the service improved by 1%, the satisfaction level concerning service quality delivery will increase by 16.5%. What was of most significance to traders was the inability of VAT Service and its staff to apply the VAT laws and regulations fairly and impartially to all classes of traders.

Traders in the wholesale/retail sector complained that most often their competitors operating in the same vicinity were not registered and in the circumstance, they lost business to unregistered traders in view of price differentials, among others. The contention therefore was that if VAT Service would only be fair in the application of the VAT laws Act 546, as amended and regulations LI 1646, by only one 1% by registering all qualified traders for instance, the satisfaction level would shoot up by

28.8%. In this connection, traders would be more compliant - which ultimately would impact positively on organizational performance.

With regard to opportunity to explain self during tax audit, it is observed from the table that the beta variable registered a negative, -.782. However the significant level was .000. This suggests that even though no premium appeared to be placed on this by registered traders, it was still important; the understanding is that, if traders are given the opportunity to explain self only by 1% would send smiles on their faces which ultimately would enhance service quality delivery and impact so well on organizational performance. Concerning agreement of convenient dates with traders before tax audits are conducted at traders business premises, very wrong impression came up, as though the subject did not matter. For instance the beta variable registered only .025 and the significant level was .899. The interpretation in the circumstance is that when traders are given the opportunity to express opinions and disagreements during tax audits by 8.9% only 2.5% satisfaction level will be achieved. On the ground, however, this is not the case, since most of registered traders complain of lack of opportunity to explain self or disagree with tax officers on the basis of tax assessments. This often times tarnishes the image of VAT Service and service quality delivery is described as not being the best. After all, multitude of traders complain that they still have problems understanding the operations of the VAT. In spite of the difficulties, and as the results of the survey indicated, registered traders were happy with VAT staff's ability to assist them with technical knowledge on VAT operations.



## **5.4 Recommendations**

When an army in a battle encounters some difficulties they do not give up but rather withdraw, regroup, take stock, assess the situation, identify solutions to the problem and re-launch attack. After administering the tax for the past eleven years or so, VAT Service has come face to face with the realities and concerns identified in chapter 4 and especially those above.

Confronted with operational constraints in the area of service quality delivery VAT Service in the Ashanti Region has over the years been examining the possibility of holding consultations with identifiable groups like Ghana Union of Traders Associations (GUTA), Association of Ghana Industries, Second Hand Dealers Association, members in the construction industry etc. with the object of fashioning out schemes that would improve service quality delivery to stakeholders. Current occurrences both within and outside VAT Service indicate the need for the Service to focus on the implementation of the public image strategies in order to win public confidence. To this end, the following recommendations need serious consideration.

### **5.4.1 Service Charter**

A VAT Service Charter which sets out code of ethics and performance standards that stakeholders should expect has been launched. The document shares with the general public the aspirations of VAT Service with regard to standards it intends to maintain with the provision of services to all stakeholders. It contains a well defined and measurable standards based upon which stakeholders could lodge complaints about the service quality delivery and against which their grievances could be evaluated and addressed.

Enough publicity should be given to educate registered traders and the general public as to what they should expect from VAT Service as an institution. Also it is intended that the public should be encouraged to use the Complaints and Information Desks established and be assured that their concerns will be appropriately addressed. Communication flow should be improved where information flow will be top-down and bottom-up and also from the Service to the public thereby, placing much emphasis on public education. In order that corporate image will be enhanced, all malpractices reported by the public should be handled with all seriousness - where reported cases will be discussed at various meetings, at least for perpetrators to know that their nefarious activities have come to the notice of competent authority. VAT Service on its own should put in place mechanisms for tracking malfeasance. Officers will be called upon to clean themselves up or would be cleared out by the system.

The Service should consider registered traders as partners and agents in the revenue mobilization effort and therefore strive to work at adopting innovative ways to improve its service quality delivery as well as client services so as to make work procedures more convenient to our stakeholders. Also it should be acknowledged and appreciated by all stakeholders that VAT Service exists to serve the business community. The service charter should, therefore, be viewed as a covenant between the Service and the general public for delivery of efficient service to all who come into contact with the VAT service and its officials.

#### **5.4.2 Customer Service Centers**

There will be the need to look beyond the Service Charter and deal with other components of service quality delivery which impinge on public perception of the Service. As a result of that, it is proposed that a customer care programme be put in place to ensure that the right approach is adopted by the Service staff in all their undertakings with regard to both internal and external stakeholders in order to improve VAT personnel/taxpayer interaction. Customer service centers should be established at the Kumasi VAT Offices to ensure efficient and effective service provision to stakeholders visiting the Service's premises in response to the solutions elaborated for implementation. The centers will among others handle customer complaints and provide the required information on request.

#### **5.4.3 Professional Competence**

It is recommended that the training policy be reviewed with a view to adequately equipping personnel. There should be the introduction of exceptional performance award for staff who perform exceptionally well and at the same time, ensure that laws governing discipline amongst staffs are enforced religiously. When this is done it is hoped staff will follow laid down regulations, procedures and probably work as a team. It is worth emphasizing that both staff and management will have to act in a businesslike manner so that service quality delivery will be improved and thereby, tax compliance will be enhanced where tax officers will have to demonstrate high level of integrity and professionalism. The new VAT officer should in the coming years have to be aware that they exist because of the tax payer and the general public.

Also, in order to draw attention of businesses to their civic responsibilities and help them appreciate their rights under the VAT Law, notices should be mounted at vantage points within the VAT premises including Banking Hall and Customer Care area emphasizing that gift should not be given to VAT staff in the course of performing their duties and that businesses have a right to the services being offered by VATS staff.

Officers in the habit of divulging confidential information on VAT registered traders or staff to third parties in violation of existing rules and regulations, thus earning bad reputation as far as public image of the Service is concerned and effective service quality delivery with its negative impact on organizational performance should be identified, checked and if necessary smoked out of the corridors of VAT Service. VAT staff should be encouraged to conduct themselves in a manner that would help uplift the image of VAT Service. Officers will consistently be reminder of Section 63 subsection (1) of the VAT Act, 1998 (Act 546) as amended that “an officer of the Service who in connection with any of his duties take or seek, directly or indirectly, any payment or other reward, whether pecuniary or otherwise, on account of anything relating to his office or employment, including failure to carry out his proper duties, commits an offence and will be liable on summary conviction to imprisonment for a term not exceeding five (5) years or a fine not exceeding three (3) times the value of any tax involved and shall be dismissed from the Service. Also, Management and Heads should periodically be reminded of their responsibilities of ensuring the effective monitoring of staff performance and compliance with VAT Service rules and regulations.



#### **5.4.4 Quality Assurance Programmes**

Accompanied visits in which junior officers are accompanied to traders' premises where they work alongside more experienced staff who direct them in the proper conduct on the job, should be emphasized. Similarly overtaking visits during which CV staff out in the field are visited at business premises by more senior colleague supervisors should be encouraged so as to observe their conduct at traders' premises. Verification should be observed, evaluated and advice given and whenever necessary corrective measures taken in the process.

#### **5.4.5 Tax Education**

VAT Service should hope to take tax education very seriously in the coming years and this should result in more interaction by means of organized seminars, workshops, etc. to school traders on the filing of VAT returns and other requirements of the VAT laws. These seminars, workshops, etc. will afford traders the opportunity to interact with VAT Officers to seek clarification on issues affecting their revenue collection obligation and to break the myth that public servants are not approachable, thereby establishing rapport with the traders. Public education as a means of policing the tax, providing useful information to stakeholders should be given the required attention. VAT Staff should be given adequate training and education to make them more customer friendly in dealing with tax payers, conduct public education programmes, seminars, workshops, etc. for the general public and intensify one-on-one educational visits to traders' premises.

#### **5.4.6 Trader and Business Associations.**

Recognizing the benefits of fruitful engagement such as the current co-operation with Ghana Union of Traders Association (GUTA), Association of Ghana Industries, Ghana Chamber of Commerce, Internet Service providers etc. the Service should seek to increase contacts with the Associations through frequent meetings with the relevant groups. Tax education, with the object of identifying and addressing policy, operational and other related issues for improvement in their understanding of tax procedures for their convenience should similarly be intensified.

#### **5.4.7 Automation of Receipt Issue to Taxpayers**

Currently the Service issues tax receipts manually. It should be possible in the foreseeable future and for both the conveniences of the taxpayers and service personnel, that the process be automated as a way of improving service quality delivery. This will improve the speed of processing of trader's VAT returns during the rush period and ensure reconciliation and proper accounting of the tax. Also VATS should improve taxpayer convenience by opening more collection points in conjunction with IRS while increasing the number of sites for interfacing with the tax paying public; again, the service should maintain an eye on the cost of collection, ensuring that only sites with appropriate relatively high rates of revenue returns will be considered for the establishment of Point Of Presence (POP).

#### **5.5 Improving Corporate Procedure for Enhanced Service Quality Delivery on Organisational Performance**

Information and Communication Technology (ICT) should be developed, with the object of improving VAT Returns processing procedures. VAT Service has already set up and ready for launch, its websites where the general public can easily obtain

access to the Service. It is recommended that staff motivation as measures of enhancing service quality delivery be taken seriously where comprehensive awards and incentive scheme policy will be linked to the appraisal system. This will obviously improve staff competence and productivity. Staff should be given the necessary managerial, technical, good customer care and personality training to sharpen their competencies and supervisory skills.

## **5.6 Conclusion**

VAT is a tax of the future which can be depended upon as a means of generating revenue. This means that the tax base needs to be consolidated and there is no need for officers to colluded with traders to punch holes in the system. To this end staff should be made aware that checks on the work undertaken in all aspects of VAT operations are necessary to give assurance on the performance of the Service and achievement of objectives. It should be well understood that quality of job performance is a demonstration of good practices while managers and supervisors are required to take remedial action to help/guide officers to learn from and rectify failures that come to light; it is expected that tax officials will also make every effort to avail themselves of the opportunity offered by review of their work performance to correct any shortcomings that affect service quality delivery and improve the quality of service that will impact positively on organizational performance.

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## Appendix i

### Questionnaire on Service Quality Delivery

The purpose of the questionnaire is to assist in data collection for thesis writing only.

The student has selected as his topic: The Impact of Service Quality Delivery on Organizational Performance in Revenue Collection. The case of the Value Added Tax Service in the Ashanti Region of Ghana.

The information so provided by you will be treated in strict confidence and similarly used for the very intended purpose.

Please take a few moments of your time to respond to the questions below to enable the completion of the research.

Thank you.

KNUST

#### Section A – Basic Information/Tax Education

Please select one of the following responses:

1. How long have you been operating as a VAT Registered Trader?

i) Below 1 yr ☐ ii) 1-2yrs ☐ iii) 3-4 yrs ☐ iv) Above 5 yrs ☐

2. Please indicate your business sector code

i) Manufacturer ☐ ii) Retailer/Wholesaler ☐ iii) Service Provider ☐

iv) Exporter/Importer ☐

3. Kindly state the scheme you are currently operating

i) Standard Rate Scheme ☐ ii) Flat Rate Scheme ☐

4. Please specify any special dispensation in use by your business currently.

i) Retail Scheme ☐ ii) Computer generated invoice ☐ iii) Cash Register ☐

v) Standard VAT Invoice ☐

5. How were you registered to charge the Tax?

i) Voluntarily Registration ☐ ii) Compulsory Registration ☐

6. Are traders in similar business operating in your area all registered to charge the VAT?

i) Yes ☐ ii) No ☐ iii) Not Sure ☐

7. Have you benefited from any tax education as a VAT Registered Trader?

i) Yes ☐ ii) No ☐ iii) Not sure ☐

8. Do you consider the level of tax education, as part of our service delivery adequate to enable you discharge your functions creditably as a VAT Registered Trader?

i) Very Adequate ☐ ii) Just Adequate ☐ iii) Not Acceptable ☐

### Section B – Assessing Professional Competence of VAT Staff Against Service Quality Delivery

9. How would you rate the length of time it takes VAT officers to process your VAT returns on submission?

i) Very Acceptable ☐ ii) Acceptable ☐ iii) Not Acceptable ☐

10. How do you rate the ability of VAT officers to assist you or get someone to help you anytime you visit VAT to submit VAT returns?

i) Excellent ☐ ii) Very good ☐ iii) Good ☐ iv) Fair ☐

v) Poor ☐

11. How would you rate VATS officials overall knowledge of your problem to want to offer you the needed assistance?

i) Excellent ☐ ii) Very good ☐ iii) Good ☐ iv) Fair ☐ v) Poor ☐

12. Do VAT field officers who visit you on tax audit assignment carry letters of introduction?

i) Yes ☐ ii) No ☐ iii) Not always ☐

13. Do VAT field officers on tax audit assignment communicate to you in good time the business records they may wish to examine?

i) Yes ☐ ii) No ☐ iii) Not always ☐

14. Is it the usual practice to agree with VAT officials on mutually convenient dates and times for tax audits?

i) Yes ☐ ii) No ☐ iii) Not always ☐

15. Are you given the opportunity to explain yourself on observations or issues you disagree with during exit conferences?

i) Yes ☐ ii) No ☐ iii) Not always ☐

16. How would you rate the level of satisfaction concerning procedures for resolving tax disputes as part of exit conferences?

i) Excellent ☐ ii) Very good ☐ iii) Good ☐ iv) Fair ☐ V) Poor ☐

17. Do VAT officials in your view act fairly and impartially in applying the tax laws to all manner of tax payers?

i) Yes ☐ ii) No ☐ iii) Not always ☐

18. How would you rate the level of perceived corruption among tax officials, as reported by CDD and the media?

i) Very highly ☐ ii) High ☐ iii) Normal ☐ iv) Low ☐

19. Are you aware of VAT management's efforts to fight corruption as reported by the media and other interested parties?

i) Yes ☐ ii) No ☐ iii) Don't know ☐

20. Are you satisfied with the effort thus far?

- i) Very Satisfied ☐ ii) Satisfied ☐ iii) Not Satisfied ☐  
iv) Very unsatisfactorily ☐

### Section C – Service Quality Delivery on Organizational Performance

21. Please indicate your degree of satisfaction with overall service quality delivery by VAT Service.

- i) Completely dissatisfied ☐ ii) Dissatisfied ☐ iii) Highly satisfied ☐  
iv) Completely satisfied ☐

22. Kindly identify any one limitation in our current practices that hinder effective and efficient service quality delivery and tax compliance.

- ☐ Time wasting with returns processing  
☐ Poor waiting room facility use by tax payers and other visitors  
☐ Hostile attitude of some VAT staff

Please indicate your overall evaluation of the service quality delivery provided by the Service by giving the following gradings:

1. Extremely poor
2. Very poor
3. Normal
4. Very good
5. Extremely good

23. Access to overall services

- 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

24. Responsiveness to your needs

- 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐



25. Communication style and information provision

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

26. Humanness in dealing with tax payers and the general public

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

27. Competence in overall service quality delivery

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

28. Reliability of overall service quality delivery

1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐

29. Outline one measure that can positively be implemented to effectively deal with the negative impressions about the service quality delivery on organizational performance.

1. Good customer care
2. Intensification of tax payer education
3. Provision of decent waiting room for visitors
4. Officers to have healthy manners and cheerful disposition

30. Show your willingness to comply with VAT rules and regulations when service quality delivery is improved.

i) Very willing ☐ ii) Willing ☐ iii) Not sure ☐

End of Questionnaire

Thank you for your assistance.

## Appendix ii

Address:.....

Date:.....

### REPORT ON CONTROL VERIFICATION (TAX AUDIT) OCTOBER 2004 TO DECEMBER 2008

Your report ref:.....and dated.....on the above subject refers. The report has been carefully studied and I have the following comments to make:

#### Input tax

I realized that the Audit Team refused to take into consideration the purchase of electricity which was a computer printed on ECG's own issued card. Their reason being that it was not a VAT Invoice. In any case ECG pay VAT to the Government and purchase of electricity from them obviously has VAT component in it. Further more two groups of your Audit team that visited us at different times some years back used the ECG energy purchases card information for their computations.

I think those groups should have educated us to request for VAT Invoice from that time on. I believe this has brought about what you described as over declaration of input tax; but they are true expenses incurred. Also the Tourist Board demand for regular repainting of the place and considering the high cost of paints while we collect VAT invoice on the purchases obviously gives us credit in this package.

#### Output Tax

We have only seven (7) rooms and our rates have been fixed at the barest minimum. In the period under consideration, a fan only room was Gh¢10.00 while an air-condition room was Gh¢15.00 per night. It is true that patronage has generally been low and considering the low rates that we charge, it will be wrong to say that our sales have been suppressed. I believe that the Audit Team assessment of the patronage trend was far above the reality.

I wish to conclude that it was not my fault to have continued the use of the ECG Energy purchase card instead of requesting for VAT Invoice. Lack of education on the part of VAT office has caused it. From the above, I should be grateful if you could reduce the assessed tax of Gh¢611.76 by 50% since the payment of the full amount threatens the survival of the business.

**Signed**



### Appendix iii

THE DATA BELOW COVERS THE PERIODS JANUARY 2009 TO JUNE 2009,  
EXTRACTED FOR ASHANTI REGION AS FOLLOWS:

#### A. ACTIVE TRADERS

<u>MONTH</u>	<u>COUNT OF ACTIVE TRADERS</u>
JANUARY	5,614
FEBRUARY	5,719
MARCH	5,763
APRIL	5,802
MAY	5,866
JUNE	5,922

#### B. PENDING DEREGISTRATION

<u>MONTH</u>	<u>PENDING DEREGISTRATION</u>
JANUARY	1,667
FEBRUARY	1,667
MARCH	1,830
APRIL	1,831
MAY	1,831
JUNE	1,836

#### C. REVENUE

<u>MONTH</u>	<u>REVENUE GH¢</u>
JANUARY	1,077,525.30
FEBRUARY	988,015.83
MARCH	973,358.25
APRIL	999,488.95
MAY	950,732.02
JUNE	1,249,079.66
TOTAL	6,238,200.01

#### D. NIL FILERS

<u>MONTH</u>	<u>NIL FILERS</u>
JANUARY	719
FEBRUARY	702
MARCH	672
APRIL	627
MAY	582
JUNE	495



## Appendix iv

### E. NON FILERS

<u>MONTH</u>	<u>NON FILERS</u>
JANUARY	2,778
FEBRUARY	2,841
MARCH	2,920
APRIL	2,819
MAY	2,910
JUNE	3,191

### F. RETURNS WITH PAYMENTS

<u>MONTH</u>	<u>COUNT</u>	<u>RETURNS WITH PAYMENTS GH¢</u>
JANUARY	1,981	771,351.86
FEBRUARY	2,011	742,069.22
MARCH	2,116	716,360.91
APRIL	2,080	675,837.02
MAY	2,146	791,248.95
JUNE	2,071	784,604.05
TOTAL		4,481,472.01



## Appendix v

THE DATA BELOW COVERS THE PERIODS JANUARY 2009 TO JUNE 2009,  
EXTRACTED FOR KUMASI, KMA AND SUAME AS FOLLOWS:

### A. ACTIVE TRADERS

<u>MONTH</u>	<u>COUNT OF ACTIVE TRADERS</u>
JANUARY	4,201
FEBRUARY	4,302
MARCH	4,339
APRIL	4,373
MAY	4,430
JUNE	4,478

### B. PENDING DEREGISTRATION

<u>MONTH</u>	<u>PENDING DEREGISTRATION</u>
JANUARY	1,030
FEBRUARY	1,030
MARCH	1,193
APRIL	1,193
MAY	1,193
JUNE	1,198

### C. REVENUE

<u>MONTH</u>	<u>REVENUE GH¢</u>
JANUARY	448,369.82
FEBRUARY	530,705.72
MARCH	489,214.96
APRIL	469,222.99
MAY	654,512.43
JUNE	624,793.50
TOTAL	3,216,819.42

### D. NIL FILERS

<u>MONTH</u>	<u>NIL FILERS</u>
JANUARY	514
FEBRUARY	515
MARCH	498
APRIL	478
MAY	435
JUNE	370

## Appendix vi

### E. NON FILERS

<u>MONTH</u>	<u>NON FILERS</u>
JANUARY	2,175
FEBRUARY	2,236
MARCH	2,302
APRIL	2,154
MAY	2,227
JUNE	2,455

### F. RETURNS WITH PAYMENTS

<u>MONTH</u>	<u>COUNT</u>	<u>RETURNS WITH PAYMENTS GH¢</u>
JANUARY	1,481	376,568.07
FEBRUARY	1,498	403,704.75
MARCH	1,577	322,413.22
APRIL	1,565	364,485.29
MAY	1,626	374,018.65
JUNE	1,557	335,068.75
TOTAL		2,176,258.73

