

Chapter 12

Successfully Playing Games of Tax Compliance: Government Agencies as Architects of Public Choice

Shefali Virkar
University of Oxford, UK

ABSTRACT

The purpose of this chapter is to examine the role of government in encouraging fiscal compliance from the theoretical perspective of the 'Ecology of Games'. Conceptual representations of human behaviour in formal complex institutions, located within Behavioural Economics Political Game Theory, presuppose it is possible for government agencies to strategically influence the behavioural preferences and consumption patterns of individual actors and groups in society. This study presents an empirical case concerned with the implementation and use of an electronic property tax collection system in Bangalore, India developed between 1998 and 2008.

INTRODUCTION

In evaluating the impact of any Government-sponsored public policy measure, it is important to know not only *whether* the initiative has resulted in an increase in absolute monetary revenues collected, but also *if* the project at hand has led to an improvement in the percentage of people complying with the proposed legal requirement. Tax compliance is a societal phenomenon that is hitherto difficult to explain. A large part of fiscal compliance hinges on citizen attitudes towards the government and towards tax burdens, and convincing the public that it is worth their while to pay taxes requires both a sustained campaign and concrete action on the part of the tax collecting authority. But what exactly drives people to pay their taxes? Is it the fear of being caught and penalised? Is it because they believe it is for the common good? Or it is because they follow what they think everyone else is doing?

Through the presentation of an empirical case study surrounding the implementation and use of an electronic property tax collection system in Bangalore (India), developed between 1998 and 2008, this

DOI: 10.4018/978-1-4666-9989-2.ch012

chapter critically examines both the role of Information and Communication Technologies (ICTs) in governmental reform processes and the contribution of such technologies to the deeper evolution of the social dynamics shaping e-government projects used to reform public sector institutions. Anchored in Behavioural Game Theory, and drawing on the theoretical perspectives of the ‘Ecology of Games’ and ‘Design-Actuality Gaps’ – both of which recognise the importance of a multitude of diverse motives and individualistic behaviour as key factors influencing organisational reform and institutional change – the research contributes not just to an understanding of the role of ICTs in public administrative reform, but also towards that emerging body of scholarship which is critical of managerial rationalism for an organization as a whole. It is also sensitive to an ecology of actors and their various motivations within the symbiotic organisation.

RESEARCH METHODOLOGY AND SOURCES OF EVIDENCE

The ultimate aim of this chapter is to contribute to the development of a conceptual framework that is relevant to policy discussions of e-government software platform design and maintenance within not only an Indian, but also a broader global context. In order to augment theoretical discussions of administrative reform in a digitised world, this chapter uses a case study to explore its central research issues, within which a mixed-methods approach employing a combination of qualitative and quantitative data was selected to inform and to strengthen the understanding of the relationships between the actors, inputs, and project outputs. Therefore, the goal of the study was to evolve ideas that could be generalised across similar situations and the research was consequently developed in the following steps:

- In-depth review of existing theoretical perspectives and literature surrounding corruption and tax evasion, ICTs and public administration, and property tax reform.
- Qualitative analysis of official documents;
- Collection and analysis of quantitative data relevant to the case;
- Developing case studies through in-depth personal interviews;
- Data analysis and interpretation;
- Preparation of conclusions and their validation;
- Recommendations for the future.

The use of mixed-method case study research is becoming increasingly popular in the social sciences, and is fast being recognised as a successful approach for investigating contemporary phenomena in a real-life context when the boundaries between phenomenon and context are not evident and where multiple sources of evidence present themselves (Yin, 2003). It was thus felt to be a particularly apt way of studying the nature and impact of actor actions, motivations and behaviours on e-government software platform conception and design, where the aim is not simply to judge whether the project at hand represents a success or failure, but is to understand the qualities inherent in the architecture that have made it so.

More precisely, case study research consists of a detailed investigation of phenomena within a given context, often with data being collected over a period of time. The aim of this approach is to provide the researcher with an all-round analysis of the surrounding environment and processes, in order that they might throw light on the theoretical issues being investigated (Eisenhardt, 1989). The phenomenon

28 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

www.igi-global.com/chapter/successfully-playing-games-of-tax-compliance/148117

Related Content

Mediation of Information on Eliminating Violence Against Women

Tamara de Souza Brandão Guaraldo, Celia Maria Retz Godoy dos Santos and Daniele Mendes Melo (2023). *Research Anthology on Modern Violence and Its Impact on Society* (pp. 411-426).

www.irma-international.org/chapter/mediation-of-information-on-eliminating-violence-against-women/311278

Psychological Maltreatment and Internet Addiction: Is Psychological Maltreatment a Risk Factor?

Gökmen Arslan (2018). *Psychological, Social, and Cultural Aspects of Internet Addiction* (pp. 90-108).

www.irma-international.org/chapter/psychological-maltreatment-and-internet-addiction/193096

Homophobic Bullying in South African Schools: Theory Into Practice Solutions (TIPS)

Johannes Ntshilagane Mampane (2020). *Addressing Multicultural Needs in School Guidance and Counseling* (pp. 239-260).

www.irma-international.org/chapter/homophobic-bullying-in-south-african-schools/238642

Spiritual Warfare and the Apocalypse: The Religious Framing of Political Violence in American Cultural Nationalism

Richard Lee Rogers (2021). *Mitigating Mass Violence and Managing Threats in Contemporary Society* (pp. 85-104).

www.irma-international.org/chapter/spiritual-warfare-and-the-apocalypse/279690

Behind the Windowpane of Learning: Sources of Antisocial Behavior

(2021). *Decreasing School Violence, Bullying, and Delinquency With Epistemic Inclusion* (pp. 22-32).

www.irma-international.org/chapter/behind-the-windowpane-of-learning/268075