

FACTORS INFLUENCING CONSUMERS' LEVEL OF ACCEPTANCE OF GOODS AND SERVICES TAX: A CASE OF MBA STUDENTS

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ABSTRACT

This study examines the factors that influence consumers' level of acceptance of Goods and Services tax (GST) using the Theory of Planned Behaviour. A total of 228 questionnaires from online survey amongst MBA students from four selected universities, was analysed to achieve the research objectives. The finding reveals that the level of acceptance of GST was low among MBA students, and their attitude towards accepting GST and perceived behavioural control have a significant relationship with the level of acceptance of GST. Further, rule observance behaviour and perception of GST fairness were significant antecedents to attitude and self-efficacy and level of GST knowledge were significant antecedents to perceived behavioural control. The relevant authorities need to draw new mechanisms to enable the public to understand and accept GST.

Keywords: Goods & Services Tax, GST, Theory of Planned Behaviour

ABSTRAK

Kajian ini mengkaji faktor yang mempengaruhi tahap penerimaan pengguna mengenai cukai barang dan perkhidmatan (GST) menggunakan Teori Tingkah Laku Yang Dirancang. Sebanyak 228 soal selidik dengan menggunakan kajian dalam talian di kalangan pelajar MBA daripada empat universiti terpilih, dianalisis untuk mencapai objektif penyelidikan. Dapatan kajian menunjukkan bahawa tahap penerimaan GST adalah rendah di kalangan pelajar MBA, dan sikap penerimaan GST dan tanggapan kawalan tingkahlaku mempunyai perhubungan yang signifikan dengan tahap penerimaan GST. Selanjutnya, tingkah laku pematuhan dan tanggapan keadilan GST adalah antecedent signifikan kepada sikap dan efikasi sendiri, dan tahap pengetahuan GST adalah antecedent yang signifikan kepada tanggapan kawalan tingkah laku. Pihak berkuasa yang berkaitan perlu merancang mekanisme baru bagi membolehkan orang ramai memahami dan menerima GST.

Kata kunci: Cukai Barang dan Perkhidmatan, Teori Tingkah Laku yang Dirancang

INTRODUCTION

Malaysian taxation system is divided into two; direct and indirect taxes. Indirect taxes are controlled by the Royal Malaysian Customs Department (RMCD) whilst direct taxes are administered by the Inland Revenue Board of Malaysia (IRBM). Since the Sales and Service tax had inherent weaknesses in its system in terms of generating stable revenue, Malaysia was forced to look into the implementation of Goods and Services Tax (GST). GST is a broader consumption-based tax which is proven to be able to generate stable revenue for the nation's financial needs. GST is levied on all goods and services except for essential ones which are exempted from tax, or those which are at zero-rated tax for now (Palil & Ibrahim, 2011). The GST will replace both these taxes at a rate of 6%. It is also categorized into standard-rated, zero-rated and tax-exempt items. It is mandatory and involves all Malaysians nationwide as it is a consumption based tax.

Budget 2014 was a milestone budget as the Honourable Prime Minister Dato' Seri Najib Tun Razak announced the implementation of GST on the 1st of April 2015. Despite the implementation of GST being a topic already put forth many years ago, the acceptance level amongst Malaysians is poor as represented by the massive rally organized by a coalition of 89 various parties on May 1 2014. The rally with the theme "GST: Protest Till It's Dropped" was aimed at displaying the protest of citizens against the implementation of GST and enforced the need of the Government to first resolve the issue of high personal debt level of the nation and minimum wage as the public is still trying to adjust to the hike in petrol prices and other essential goods. (Star Online, 2014)

Moreover, a survey conducted by the Merdeka Centre in May 2014 of 1009 registered voters comprising 60% Malay, 31% Chinese and 9% Indian concluded that 62% of Malaysians are not in favour of GST. The respondents were selected on the basis of random stratified sampling along ethnicity, gender and state of residence in order to obtain results which are generalizable. Also, 45% of the respondents have indicated that GST is not a fair tax system when in fact more than 160 countries have successfully implemented GST. According to the poll, 62% Malays do not understand GST, while less than half of the Chinese (41%) and Indian (35%) respondents do not understand the issue (Merdeka Center, 2015).

Previous studies were focused on the compliance of organizations with GST, the adoption of the GST application systems, the awareness and acceptance levels of consumers (Nordiana, 2012; Bidin & Shamsudin, 2013; Moomal & Zakarian, 2014). However, in the nation's current scenario, it is vital for the government to understand the causes of the low levels of acceptance of GST. Therefore, this study will delve deeper into factors that are influencing consumers' level of acceptance of GST using the well-established Theory of Planned Behavior. In order to further understand the factors influencing the consumers' level of acceptance of GST (LA), antecedent variables to the attitude towards accepting GST (ATT) and perceived behavioral control (PBC) are examined. The antecedent variables determined were rule observance behaviors (ROB), perception of GST fairness (PTF), level of GST knowledge (LTK) and self-efficacy (SE).

The focus of this study is consumers who are currently pursuing their Masters in Business Administration. This is because the Merdeka Center survey had portrayed that there was a higher level of unacceptance amongst private sector employees, self-employed individuals and those involved in business. Moreover, the age groups comprising of those in their twenties and thirties showed a higher level of unacceptance (Merdeka Center, 2015). MBA students will be able to represent the demographics of the Merdeka Center survey who are not accepting GST. MBA students are normally within the above-mentioned age group and majority are employed (Tay, 2001) Moreover, lack of GST acceptance has been associated with lack of knowledge (Borneo Post Online, 2015; Jalil, 2015) and MBA students should have the required basic knowledge on GST. Thus, for this study, MBA students will represent the consumers in Malaysia.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Good & Services Tax (GST)

GST is a tax on consumption based on a value-added concept. In summary, the more you consume the more tax you pay. Unlike the present sales tax or service tax which is a single stage tax, GST is a multi-stage tax. The tax is not a cost to the intermediaries since they are able to claim back GST incurred in their business operations. GST is imposed on goods and services at every stage in the supply chain including situations in which the good or service is imported. It is not a new tax but instead is a tax to replace the current Sales Tax and Service Tax (SST). GST is also known as VAT, Value-Added Tax in certain countries (RMCD, 2013).

The mechanism of GST can be examined from the consumers' and businesses' point of view.

(a) Business

GST is charged on the supply of goods and services made in Malaysia and on the imports of goods and services into Malaysia. GST is charged on the selling price of the goods or services and only the GST amount will be forwarded to the Government. The GST value is representative of the **value added to**

the goods or services at each level of the supply chain. The value added is the value added to a raw material or purchases before selling the new or improved product or service. To operationalize this, GST adopts a **credit offset mechanism** whereby GST charged on the output of the business is offset against the GST paid on the goods or services acquired as inputs by the business. Along these lines, a company will be charged GST by its suppliers and simultaneously, the company will charge GST to its customers. GST charged on output is called output tax and GST incurred on purchase is called input tax. This offsetting mechanism is to guarantee GST paid by businesses are recoverable leading to a reduction in cost. Most importantly, this ensures there's no double taxation and the net tax effect on the end consumer is only 6%. (RMCD, 2013)

(b) Consumers

GST-registered businesses will collect GST from consumers on the goods and services purchased. There are three types of supplies listed under GST which are:

- (i) Standard rated supplies are taxable supplies of goods and services which are subject to a positive rate of 6%. Examples of these supplies are sales of commercial properties, vehicles, accessories and packaged food items.
- (ii) Zero rated supplies are taxable supplies which are subject to a zero rate. Examples of zero-rated supply are fresh vegetables, live animals, books and exports of goods and services. Businesses dealing with zero-rated supplies are still able to claim the input taxes incurred.
- (iii) Exempt supplies are non-taxable supplies which are not subject to GST. However, the GST paid on input by the businesses cannot be claimed as tax credit. Examples of exempt supply of services are domestic transportation of passengers for mass public transports, private education and private health services. Examples of exempt supplies of goods are residential properties, land for agricultural and land for general use.

Although GST is imposed at every stage of the supply chain, businesses can claim the GST incurred on inputs. Such mechanism implies that the end consumer only pays GST at the rate of 6% and not 24%.

Theory

This study employs the Theory of Planned Behaviour (TPB) to determine the consumers' acceptance behaviour of GST. The theory is used to support the framework of this study as depicted in Figure 1. Antecedent variables are added to enable better explanation of the components of TPB. Research on tax compliance has tried to prove this theory in a number of countries. Trivedi & Shehata (2005) proved the TPB in Canada, Bobek and Hatfield (2003) proved it in the USA, Damayanti (2012) proved it in Indonesia and this study aims at proving the applicability of this theory in the context of Malaysian GST.

HYPOTHESES OF THE STUDY

Rule Observance Behaviour (ROB) and Attitude Towards Accepting GST (ATT)

Rule observance behaviour points to the obedience to authority whilst attitude displays favour or disfavour to behave in a certain way. Being obedient to the authorities reflects the belief that the law is above all. Goods and services tax is in accordance to the laws of Malaysia and enforced by the Royal Malaysian Customs Department. Hence, this rule observance behaviour will influence a consumer's attitude towards GST (Sarina, Haron, Ismail & Vinten, 2007; Trevino, 1986). Hypothesis 1 of the study is as follows:

Hypothesis 1: Rule Observance Behaviour will positively affect attitude to accepting GST.

Perception of GST Fairness (PTF) and Attitude Towards Accepting GST (ATT)

Perception of GST fairness in this study only looks at general fairness and exchange fairness. Previous study, mainly Saad (2010) advocated that positive fairness perceptions are the antecedent of a positive attitude. According to Strumpel (1986), positive attitudes resulting from perceived fairness of the tax

system play an important part in the level of tax compliance within a nation (Tan & Chin-Fatt, 2000). Tax burdens which are perceived as generally fair by taxpayers is an indication of the taxpayers' satisfaction with the current tax system which will result in enhanced positive attitude towards the system. (Thomas, 2012). Hypothesis 2 of the study is as follows:

Hypothesis 2: Perception of GST fairness will positively influence attitude to accept GST.

Level of GST Knowledge (LTK) and Perceived Behavioral Control (PCB)

Knowledge comes in handy because individuals have an increased perception of uncertainty when faced with a situation of change. (Saad, 2010; Palil, 2010). An understanding of the events causing the change directly impacts the level of stress experienced by those involved in change efforts and the extent to which they support change (Tetrick and LaRocco, 1987). Given evidence that tax knowledge affects understanding of taxpayers, an obvious next that has been raised by previous researchers (Saad, 2010; Harris, 1989) is whether enhancement of tax knowledge will increase perceived behavioural control. In order to enhance the perceived behavioural control in purchasing the right products, an individual's high objective product knowledge becomes an important factor of consideration (Chiou, 1998). The same concept can be applied in this context. To understand the events that had caused the implementation of GST, consumers will need to have the necessary tax knowledge be it technical or practical. Hypothesis 3 of the study is as follows:

Hypothesis 3: Level of GST knowledge positively influences perceived behavioural control.

Self-Efficacy (SE) and Perceived Behavior Control (PBC)

Self-efficacy has been viewed as a criterion for the individuals in question to determine if they had the skills or ability to deal with the challenges arising from the behaviour (Kulviwat, 2014). Previous research has indicated that self-efficacy is positively associated with an individual's disposition to participate in tasks and cope effectively when faced with task-related difficulties (Schmidt & Karsten, 2015). Droomers et al. (2004) singled out self-efficacy as an antecedent to perceived behavioural control and proved it to be significant. Study of telecommuters supports these propositions with those higher in self-efficacy reporting better adjustment and greater use of structuring behaviours (Beauregard, 2012). Consumers who are confident with their ability to manage the challenging lifestyle post-GST implementation will have a higher perception of their control over the behaviour in question. This will lead to acceptance of GST compared to consumers with lesser level of self-efficacy (or level of confidence). Hypothesis 4 of the study is as follows:

Hypothesis 4: Self-efficacy will positively influence perceived behavioral control.

Attitude Towards Accepting GST (ATT) and Level of Acceptance of GST (LA)

In the 1960's, the "tax mentality" concept was introduced by Schmolders. This concept concluded that the more positive a taxpayer's attitude towards paying tax, the greater their inclination to pay tax (Devos, 2014). Many researchers following that have found attitudes to be a significant predictor of behavioural intention (Hai & See, 2011; Bidin & Shamsudin, 2013). In another study, Loo, McKrechar & Hansford (2007) also reported that attitudes towards tax system positively influenced compliance behaviour. They hypothesized that a positive attitude towards the tax system would encourage taxpayers to comply. This can also be translated as the positive attitude towards a tax system being able to encourage consumers to accept the tax system itself. The same concept was advocated in an Asian context by Damayanti (2012) in Indonesia and Boonyarat, Sofian & Wadecharoen (2014) in Thailand. Therefore, this study hypothesizes that taxpayers with positive attitudes towards the tax system will increase their level of acceptance of GST. Hypothesis 5 of the study is as follows:

Hypothesis 5: Attitudes towards GST are positively related to level of acceptance of GST.

Subjective Norms (SN) and Level of Acceptance of GST (LA)

In previous studies, many have found a significant effect of subjective norms on behavioural intention (Hanno & Violette, 1996; Hai & See, 2011). An assessment of factors affecting compliance from 1986 to 1997 reveals agreement with peers as a significant influencer (Richardson & Sawyer, 2001). In the context of taxation, Hanno and Violette (1996) found a significant and positive effect of subjective norms on behavioural intention. Similarly, Bobek (1997) found that the effect of subjective norm on compliance behaviour in a business simulation scenario was significant. A comparative study in Australia, Singapore and the US by Bobek and Hatfield (2003) also concluded that subjective norm is an influential factor in explaining tax compliance behaviour. In an Indonesian taxation system study by Damayanti (2012), subjective norm was the most influential factor for tax compliance reflecting the collectivist culture in her country. Hypothesis 6 of the study is as follows:

Hypothesis 6: Subjective norms are positively related to level of acceptance of GST.

Perceived Behavioural Control (PBC) and Level of Acceptance of GST (LA)

An individual with high PBC will be more likely to perform the behaviour in context than an individual with lower PBC. PBC has significant influence on intentions to behave based on assumption that perceived behavioural control by an individual will have suggestions on the person's motivation (Ajzen, 2002). In this study, PBC is the individual's assessment of the barriers they are likely to face and their ability to overcome those barriers when accepting GST. The higher the individual's PBC, the more likely the individual is to accept GST (Dawkins & Frass, 2005; Damayanti, 2012). Bobek and Hatfield (2003) have concluded that the behavioural control influences intentions based on the notion that PBC by an individual will have effects on the person's motivation. Hypothesis 7 of the study is as follows:

Hypothesis 7: Perceived behavioral control is positively related to the level of acceptance of GST

METHODOLOGY

The study in essence is a correlational study as it examines the relationships between the before-mentioned antecedent variables, independent variables and dependent variable. (Haron, Khalid & Ganesan, 2011). As the GST is a consumption tax and not income tax, the study aims at understanding the acceptance level of consumers in Malaysia. This covers a huge population of Malaysia as consumers refer to any individual who purchases goods or services for personal, domestic or household purpose, use or consumption. Hence, to conduct a more specific study, the population of this study has been narrowed down to Malaysian consumers who are currently pursuing their Masters in Business Administration from Universiti Sains Malaysia (USM), Universiti Kebangsaan Malaysia (UKM), Universiti Malaya (UM) and Universiti Putra Malaysia (UPM) were targeted as all these public universities are Research Universities since 2006 and have established business schools (Ministry of Education, 2012).

This study obtained the primary data by utilised convenience sampling technique namely snowball sampling. The data were analysed using two statistical software's SPSS for the descriptive statistics and Smart Partial Least Squares (Smart PLS) for test the model.

RESULTS

Table 1 showed the respondents profile for 228 respondents. Around 92% of respondents in the age group of 26-40 years old. The male and female can be consider equally proportion in this study. Majority (86%) of respondents is in the part-time mode of study. Nearly 38% of respondents from USM then follow by UPM (22%) and UKM (21%). Regarding the employment of respondents, 79% are working in an organization and most of them in executive position.

In this study, common method bias was not problem as the Harman single factor analysis depicts that first component is 24.02% of the total 76.11% variance and a total of seven components had the cut off

Eigenvalues greater than 1.0. Meanwhile, the two important criteria used for testing goodness of measures are validity and reliability. The convergent validity was fulfilled in this study as the main loadings for all the factors above 0.5 except one item related to subjective norm was dropped due to lower loading, composite reliability for all eight variables are more than 0.7 which in the range of 0.856 – 0.954 and the AVE value is more than 0.5 which in the range of 0.571 – 0.911. These results confirm that this model has convergent validity as well as internal consistency. For Level of Tax knowledge, the values are not applicable as it is measured by single item. Subsequently, discriminant validity was established with the square root of AVE was greater compared to the correlation of other constructs.

Table 2 displayed the results from descriptive analysis. Three constructs which are PTF, PBC and LA have the mean value lower than midpoint of 3. Moreover, the dispersion value showed by standard deviation indicated that LTK, PBC and LA have a value more than 1, while ROB and SN had the lowest standard deviation with a value of 0.70.

Table 3 depicts the hypothesis testing results for seven hypotheses. Surprisingly, only hypothesis 6 not supported which is subjective norm are positively related to level of acceptance of GST. Five out of six hypotheses which found significant at the 1% significance level and only hypothesis 3 is significant at 5% level.

DISCUSSIONS AND CONCLUSIONS

What is the GST acceptance level amongst Malaysians?

The acceptance level was determined through the intention of the consumer to accept GST as during the time of data collection GST had not been implemented. The time period of data collection was in February 2015. For level of acceptance, the average score was 2.94 confirming a low level of acceptance of GST amongst these consumers who were MBA students. This is because it is below 3 which is the neutral point of the scale. Any mean value above 3 indicates agreement and below 3 indicates disagreement (Boone & Boone, 2012).

What is the relationship of rule observance behavior and perceptions of tax fairness with attitude of consumer?

Attitude has a mean score of 3.14 with a standard deviation lower than 1. This points out that the respondents are in agreement as standard deviation is low and that they have a slightly positive feeling towards the implementation of GST. The rule observance behaviour mean was 3.66 with a low standard deviation indicating that the respondents in general, were those who obeyed rules and believe that rules bring about improvements. The average response on the perception of tax fairness was at 2.86 indicating that the respondents do not perceive the tax system as fair. The low standard deviation confirms that all respondents are in agreement with the low perception of tax fairness.

Rule observance behaviour and perception of tax fairness are able to explain 49.9% of variance in a consumer's attitude as the R square for Model 1 is 49.9%. This is a significant value and confirms that these two factors are appropriate antecedent variables to attitude. The beta weight for perception of tax fairness is higher ($\beta=0.550$) than the beta weight of Rule Observance Behaviour ($\beta=0.256$). This explains that the perception of tax fairness is a critical factor to be considered in influencing consumers' attitude.

What is the relationship of Self – Efficacy and Level of Tax Knowledge with Perceived Behaviors Control?

In this case, the respondents' responses to the questionnaire have inferred that they have a slightly low perceived behavioural control with a mean of 2.91. However, the standard deviation of slightly higher than 1 shows that the level of agreement on the low perceived behavioural control is not evenly spread across all respondents. The mean self-efficacy amongst the respondents was 3.24 with a low standard deviation giving an inference that the respondents in general slightly agreed that they possess the self-

efficacy required for the adaptation to the GST. The average score of respondents for Level of GST knowledge is 76.34% with a standard deviation of 14%.

Self-efficacy and level of tax knowledge are able to explain 28.6% of variance in a consumer's perceived behavioural control as the R square for Model 2 is 28.6%. Although lower than Model 1's R square, it is still a noteworthy value and indicates that these two factors are antecedent variables to perceived behavioural control. The beta weight for self-efficacy is significantly higher ($\beta=0.506$) than the beta weight of Level of tax knowledge ($\beta=0.148$) concluding that self-efficacy has higher influential power on the consumers' perceived behavioural control.

What is the relationship of Attitude, Subjective Norms and Perceived Behavioral Control with Level of Acceptance?

Attitude, subjective norms and perceived behavioural control can together explain 73.2% of the variation in behavioural intention of the respondents. This is a highly significant value endorsing that the Theory of Planned Behaviour is a fundamentally concrete theory which can be used in any context. The beta weight for attitude is significantly higher ($\beta=0.570$) than the beta weight of perceived behavioural control ($\beta=0.243$) illustrating that attitude is the better predictor of intention to accept GST. The influence of perceived behavioural control is weaker but still important.

In contrast, Hypothesis 6 which was testing the relationship between subjective norms and behavioural intention was not supported. Hence, it is concluded that subjective norms had no significant effect on the intention of respondents to accept GST. This could be explained by the fact that the respondents were all MBA students with a moderate level of knowledge of GST and have a high intellectual level. Individuals with a high intellectual level have a lower tendency of being influenced by peers and family on issues and decision making as they are able make sound decisions based on their own perceptions and beliefs.

THEORETICAL AND PRACTICAL IMPLICATION

As the model of this study was able to explain 73.2% of the variance in the intention of consumers to accept GST, it has proven the applicability of TPB in studies on GST. This significant statistical indicator confirms that this model is also appropriate in predicting the Malaysian consumers' acceptance intention of the newly implemented GST. Previous study by Nordiana (2012) which used Theory of Planned Behaviour to examine the compliance behaviour amongst corporate taxpayers reported a coefficient of determination of 22%. This study on consumers has a higher and more significant coefficient of determination which indicates the significance of the independent variables on the dependent variable. In addition, this study has also examined the antecedents to Attitude and Perceived Behavioural Control. With these antecedents, the explanatory power and applicability of the research is enhanced.

GST is a consumption tax and hence will ultimately have a significant impact on consumers. Thus, a study which is consumer centric will provide significant practical implications which will be able to solve the issues faced at this point of time. The outcome of the research has confirmed a low level of acceptance of GST despite the efforts taken by the government. This definitely indicates that a new approach has to be undertaken to address this issue and this research will be able to provide an idea on the current mindset of the consumers.

The government has to undertake effective measures that will enable the consumers to clearly view the uses of the taxes collected as well as to be able to obtain benefits from the country in return of the tax paid. From the open-ended questions, it can be gathered that the distribution of 'Bantuan Rakyat 1 Malaysia' (BRIM) was not viewed as a fair distribution of the tax collected as the respondents felt that the tax collected should be used to enhance medical, education and welfare services for all. Other suggestion in contrast to BRIM also included increasing job opportunities, subsidies, education assistance, business start-up assistance and technical skills providers. The government has to focus on transparent distributive justice the fair allocation of resources to ensure the consumers are able to reap basic benefits for the tax that they are paying. (Boonyarat et al., 2014)

The government's efforts in educating the public on GST has resulted in a moderate level of knowledge in GST. Further efforts should be undertaken by the education ministry such as educating school children and undergraduates on GST. This is to assist them to better understand GST and acknowledge it as a necessity for the government to embark on. With all these knowledge being imparted to these future consumers, the level of acceptance of GST should be increasing.

Although their knowledge of GST and its implications were high, consumers were lacking in self-efficacy that they will be able to manage the situation especially their finances once GST has been implemented. This can only be improved if the consumers have the self-confidence that they possess the required skills and abilities to manage their finances and expenditure with the implementation of GST. Thus, besides being given knowledge on the mechanisms and purpose of GST, the government can educate consumers in managing their consumption and finances.

Attitude towards GST is slightly positive and working towards improving this would inevitably result in better acceptance of GST. The first and foremost action that must be undertaken by the government is to improve their support system for the consumers. This transition time is the most critical time and the government must employ as much manpower as possible to answer consumer's queries and complaints.

The government has taken the well-applauded move to look into the service charge that a number of outlets were charging. The government now has made it mandatory for these outlets to clearly display their collective agreement with its employees and the service they will be rendering to their customers in order for the outlet to include the service charge (Idris, 2015). Another way would be for the government to enforce display of information on whether the particular item is standard rated or zero rated. In the current situation, consumers at many outlets are only aware of the GST implication on the product when the payment is made and receipt is generated. If the authorities make it mandatory for the display of the GST rate of the product, it will make it easier on the consumer to be able to choose their products and manage their consumption. Furthermore, it should also be made mandatory for outlets to clearly display their GST compliance status; whether or not it is GST registered so that consumers can make an informed decision to patronize their outlet. With these measures in place, the constraints for consumers are reduced and they would find it easier to accept GST.

LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

There are a few noteworthy limitations to this study. Firstly, the unit of analysis of this study has been confined to consumers who are currently pursuing their MBA in the four selected universities. This may affect the generalizability of the study as well as representation of all consumers' intention to accept GST. The second limitation was that convenience sampling was used due to lack of support from the various graduate business school administrators. Convenience sampling also may affect the generalizability of the findings. Future research can opt to study the acceptance level amongst different categories of consumers. Amongst the categories they can look at are consumers with an undergraduate degree or below and also consumers who are not educated. The latter would be an interesting study as the level of tax knowledge amongst uneducated consumers can also be examined.

CONCLUSION

In view of the current turmoil amongst consumers with the implementation of GST, this research was undertaken to shed some light on the concerns of consumers. Although, the consumers in this research were restricted to those currently pursuing their MBA in either USM, UKM, UM or UPM, it acts as stepping stone towards many more extensive research in this very new field of GST in Malaysia context. Previous researchers on an international level had studied compliances to income tax submissions whilst Malaysian studies on GST had focused on the tax collectors and companies' compliance to GST. Six of the seven of hypotheses of the study was accepted with the overall model this study is highly significant as the constructs of the model fit well as the goodness of fit is 0.6049 exceed the threshold value of 0.36.

This study uses Theory of Planned Behaviour and the theory has proven to be an appropriate theory to be applied. This study has provided new and interesting insights to the actual concerns and issues of the

consumers which if addressed effectively by the authorities will lead to better acceptance of GST. Consumers now have to focus on utilizing the knowledge they have on GST to manage their consumption. Only by managing their consumption, will they be able to reduce the tax burden incurred.

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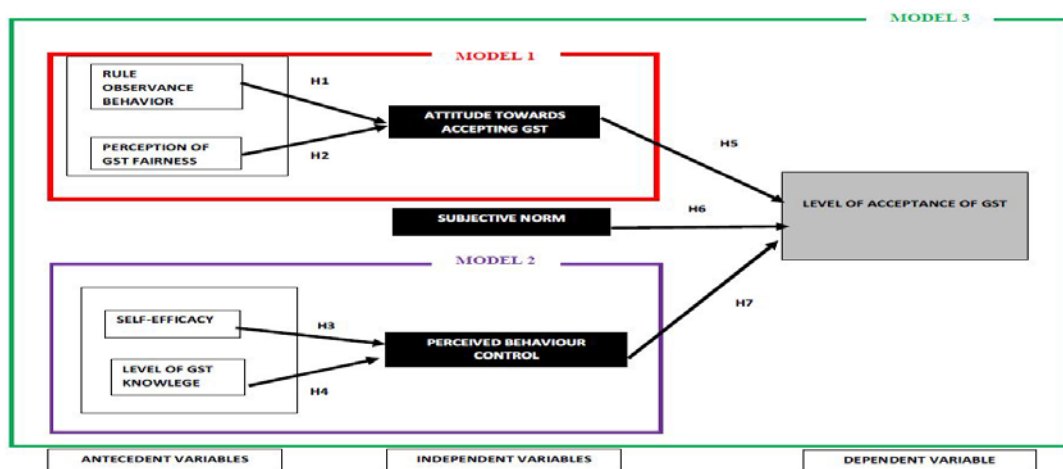


Figure 1: Theoretical Framework

Table 1: Profile of Respondents

Demographic	Categories	No. of Respondents	Percentage (%)
Age	18-25	9	3.9
	26-40	210	92.1
	41-60	9	3.9
	Total	228	100.0
Gender	Male	106	46.5
	Female	122	53.5
	Total	228	100.0
Mode	Full Time	32	14.0
	Part Time	196	86.0
	Total	228	100.0

Institution	Universiti Sains Malaysia	86	37.7
	Universiti Kebangsaan Malaysia	48	21.1
	Universiti Malaya	43	18.9
	Universiti Putra Malaysia	51	22.4
	Total	228	100.0
Employment	Not Applicable (Full time)	32	14.0
	Self-Employed	8	3.5
	Owner of Business	5	2.2
	Working in an Organization	181	79.4
	Unemployed	2	9
	Total	228	100.0
Position	Not Applicable (Full time)	32	13.6
	Top Management	3	1.3
	Finance/ Accounts Manager	7	3.5
	Marketing/ Sales Manager	24	10.5
	Technical/ Operations Manager	22	9.6
	Others: Executives	92	40.4
	Others: Teachers	7	3.1
	Others: Professionals	41	18%
	Total	228	100.0

Table 2: Descriptive statistics of the latent construct

Construct/ Variables	Mean	Std. Deviation
Level of GST Knowledge (LTK)	76.34	14.33
Rule Observance Behaviour (ROB)	3.66	0.70
Perception of GST fairness (PTF)	2.86	0.84
Attitude to Accepting GST (ATT)	3.14	0.95
Subjective Norm (SN)	3.00	0.70
Self-efficacy (SE)	3.24	0.72
Perceived Behavioural Control (PBC)	2.91	1.02
Level of Acceptance of GST (LA)	2.94	1.08

Table 3: The results of hypothesis testing

Hypothesis	Path	Beta value	Standard Error	t-value	Decision
1	ROB -> ATT	0.256	0.067	3.853**	Supported
2	PTF -> ATT	0.550	0.054	10.280**	Supported
3	LTK -> PBC	0.129	0.057	2.272*	Supported
4	SE -> PBC	0.509	0.050	10.117**	Supported
5	ATT -> LA	0.570	0.061	9.379**	Supported
6	SN -> LA	0.100	0.062	1.625	Not Supported
7	PBC -> LA	0.243	0.076	3.207**	Supported

Significant at *p < 0.05, **p < 0.01