TRUST AND POWER AS DETERMINANTS OF TAX COMPLIANCE IN ASIA: A CROSS-COUNTRY ANALYSIS

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ABSTRACT

Research aim: Prior to the emergence of the "Slippery Slope Framework", studies on factors influencing tax compliance considered many independent variables. However, the framework simplified the tax compliance model in a parsimonious way with only two independent variables capable of explaining tax compliance. These are trust in authority and power of authority. In this study, an attempt is made to test the assumptions of the framework using cross-country data with a larger sample from Asia.

Design/ Methodology/ Approach: A cross-sectional data from 41 Asian countries was generated and analysed through Ordinary Least Squares (OLS) regression analysis.

Research finding: From the analysis, trust was found to have a significant influence on tax compliance across the countries investigated, while the power of authority was found to be weak in that regard. The interaction between the two variables in explaining tax compliance was also found to be weak across the sampled countries.

Theoretical contribution/ Originality: Theoretically, the study supports not only the "Slippery Slope Framework" but also Social Exchange Theory as it shows that in social exchange contract such as paying tax by taxpayers and providing public goods and services by the central government. Trust plays an important role as taxpayers expect reciprocation.

Practitioner/ Policy implication: The result highlights to the policymakers in 41 Asian countries that improving tax compliance requires a high level of trust from authorities. Taxpayers seek the judicious use of taxpayers' money in executing projects and services needed by the nation.

Research limitation/ Implication: Considering additional factors such as antecedents of trust and power will add to the explanation of tax compliance using the framework.

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1. Introduction

Prior to the emergence of the "Slippery Slope Framework", investigations into the factors influencing tax compliance considered many independent variables Jackson and Milliron (1986) studied 16 factors influencing tax compliance. Additions to these variables were made by studies following that of Jackson and Milliron (1986). For instance, Manaf, Hasseldine and Hodges (2005) added the location of taxpayers as a factor influencing tax compliance. Beyond this expansion, Palil (2011) enhanced Jackson and Milliron's model, not only by considering other variables but also grouping the variables into economic, institutional, social and personal factors. Prior to this, the "deterrence models" of Allingham and Sandmo (1972) and Srinivasan (1973) as well as that of "psychological tax contract" proposed by Feld and Frey (2007) and Torgler et al. (2008), published separately, had not only increased the understanding for factors influencing tax compliance, but also its simplification into parsimonious variables comprising deterrence and psychological measures. This, in essence, could be the possible reason why these two predictors of tax compliance were composed into a single framework called the "Slippery Slope Framework" proposed by Kirchler, Hoelzl and Wahl (2008). The framework postulated that tax compliance is influenced by the power of authorities (enforced tax compliance), the trust in authorities (voluntary tax compliance), and their dynamic interaction. The power of authorities (enforced tax compliance) comprised of many factors such as audit, fines, and tax rate, among others, while trust in authorities (voluntary tax compliance) covered knowledge and participation, perception of fairness, attitude towards tax, personal, social, and national norms, among others.

The aim of the framework is to explain the dynamics of achieving maximum tax compliance through the power of authority and trust of authority as well as the interaction between them (Kirchleret al., 2008). The Slippery Slope Framework provides a better understanding of tax compliance behaviour and applicable regulatory practices. It highlights how the power of authorities leads to enforced tax compliance, and trust in authorities lead to voluntary tax compliance. The framework broadens the understanding of tax compliance, as it suggests the shift from thinking that tax compliance is exclusively an onerous duty to a new

paradigm in which it can be considered a well-accepted duty (Kirchleret al., 2008).

The proponents of the framework further explain its measurements. They explained that the power of authority leads to enforced tax compliance, while trust in authority leads to voluntary tax compliance. In the condition of low trust, authorities need to emphasise on the use of power through an extensive audit, detection probabilities as well as severe fines and penalties. Eventually, this will result in enforced tax compliance.

Conversely, in the event of low power, high trust is required through fairness, equity and good governance. Consequently, this will result in voluntary tax compliance. It was further asserted that achieving the maximum level of tax compliance is a product of high trust and high power. Lastly, trust and power moderate each other. It means that when there is a high level of trust, variation in power becomes less relevant. However, when trust is low, there is a need to maximise power. In other words, when power is at a maximum, variation of trust is irrelevant. Conversely, when power is low, there is a need to maximise the level of trust.

Following the emergence of this framework, several scholars attempted to validate its prepositions, such as in Europe (Kastlunger et al., 2013; Kirchler et al., 2008; Kogler et al., 2013; Pellizzari&Rizzi, 2014; Wahl et al., 2010), Asia (Andyarini et al., 2019; Batrancea&Nichita, 2014; Faizal et al, 2017) and Africa (Ayuba, Saad&Ariffin, 2018; Mas'ud, Manaf and Saad, 2014; Mas'ud, Manaf and Saad, 2015).

One of the major arguments of this paper is that the empirical validations of this framework have been on country-specific cases except Mas'ud et al. (2015) and Mas'ud et al. (2014) which considered cross-country analyses focused on African states. The cross-country analysis of the framework within Asia is lacking. In our view, such cross-country analysis could likely give robust results on the postulations of the framework beyond what could be known from individual cases. Thus, the motivation of this paper is threefold. Firstly, most of the studies on the validation of the framework particularly in Europe such as Kogler et al. (2012), Pellizzari and Rizzi (2013) used students as the subjects of the study, hence, the need of employing real-world situation through cross-country analysis. Second, albeit that some studies used cross-country data invalidating the framework such as Mas'ud et al. (2015) and Mas'ud et al. (2014), the focus was on African states, hence the need for more evidence from Asia. Asia could have a larger sample and sub-region beyond Africa. For instance, the largest sample used in one of the African

cross-country analysis concerning the "Slippery Slope Framework" was 37 countries. This study used over 40 countries covering all regions in Asia, including Central, Eastern, South-east, Southern, and Western Asia. Lastly, the study also follows the recommendation for future research by Kastlunger et al. (2013), who suggested that further testing in other countries belonging to different socio-cultural contexts should be carried out.

Following these motivations, the objectives of the study are twofold. Firstly, it attempts at testing the assumptions of the framework using cross-country data with a larger sample from Asia and, secondly, examines the interaction effect of trust in authorities and power of authorities in explaining tax compliance using a large sample.

In attaining the objectives of the study, the paper is divided into four parts with this as its introduction. The second is methodology and methods, while the third is analysis and results. The last part is a conclusion, implications and recommendations for future research.

2. Literature Review and Hypothesis Development

As noted earlier, the Slippery Slope Framework was introduced by Kirchler et al. (2008) with two critical determinants of tax compliance, i.e. trust in authorities and power of authorities. The framework postulates that tax compliance is determined by trust in authority and power of authority. The former leads to voluntary tax compliance while the latter results in enforced tax compliance. Compliance can also be achieved through interaction between trust and power. A condition of low trust requires the use of maximum power to achieve tax compliance. In the same way, a condition of low power requires maximum trust for achieving tax compliance. Several studies were undertaken for over 10 years in validating the framework in Europe (Muehlbacher & Kirchler, 2010; Wahl et al., 2010; Muehlbacher, Kirchler, & Schwarzenberger, 2011; Kogler et al., 2013; Pellizzari & Rizzi, 2014; Kogler, Muehlbacher, & Kirchler, 2015; Mardhiah, Miranti & Tanton, 2019), Asia (Faizal et al., 2017) and Africa (Mas'ud, Manaf, & Saad, 2014, 2015; Ayuba et al., 2018). Though the effort was made by Mas'udet al. (2014; 2015) to validate the framework using cross-country data in Africa, available evidence implied that the framework has not been validated using cross-country analysis in Asia. Thus, the following conceptual framework is proposed for validation using cross-country data from Asian countries.

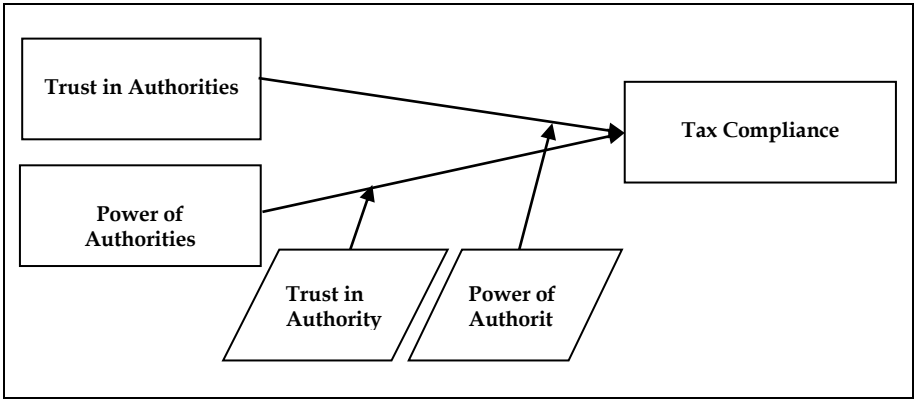

Figure 1. Framework for Validating the *Slippery Slope Framework* using Cross-Country Data in Asia (Adapted from Kirchler et al. (2008) based on the assumptions of the slippery slope framework).

The above framework was developed in line with the postulations of the Slippery Slope Framework, though in a modified sense due to differences in the data usage. For instance, the framework presented four assumptions (Kirchler et al., 2008); (i) power leads to enforced tax compliance, (ii) trust leads to voluntary tax compliance, (iii) high power and high trust lead to maximum tax compliance, and, (iv)lastly, interaction between power and trust lead to tax compliance. The implication of assumptions three and four could be that the effect of power and trust could not necessarily be passed through enforced and voluntary compliance before it affects overall tax compliance in as much as there are changes in situations of trust and power in assumption three, and a maximum of both is achieved as postulated in assumption four. This opens a gap for studying the influences of trust and power directly on tax compliance without recourse to enforced and voluntary dimensions. Consequently, it is studied here through cross-country analysis in which effect of trust and power and their interaction is examined through the framework presented in Figure 1.

It can be recalled that the initial postulation of the slippery slope framework posits that trust in authorities predicts voluntary tax compliance (Kirchler et al., 2008). Empirical analyses conducted by Muehlbacher and Kirchler (2010) and Lisi (2011) revealed that trust is fundamental in explaining tax compliance. Several empirical analyses were conducted beginning from Wahl et al (2010), then the discovery by Muehlbacher et al. (2011) that trust in authorities improves voluntary compliance, and voluntary tax compliance has a strong negative relationship with tax evasion. Findings from four European countries

covering Austria, Hungary, Romania and Russia discovered that trust is a significant predictor of voluntary tax compliance (Kogler et al., 2013). This finding was also confirmed by Pellizzari and Rizzi (2014), and likewise in Austria for self-employed taxpayers (Kogler et al., 2015). Recently, Faizal et al. (2017) validated the framework in Malaysia and confirmed that trust is an important predictor of voluntary tax compliance.

Conversely, from the study by Mas'ud et al. (2015) using cross-country data from37 nations in Africa, it was found that trust in authority, even though correlated with tax compliance, failed to influence it. Likewise, it was also confirmed that trust has no direct influence on tax compliance except indirectly through the interaction with the power of authority (Mas'ud et al., 2014).

While, theoretically, the first assumption of the slippery slope framework highlights that the influence of trust on overall tax compliance is not direct but through voluntary tax compliance. This means that trust in authority first influences voluntary tax compliance and then, eventually, overall tax compliance (Kirchler et al., 2008). However, literature established the possibility for trust to affect tax compliance directly and not necessarily through voluntary compliance. For instance, Torgler and Schneider (2007) found that trust in government has a significant direct influence on tax compliance, not through voluntary tax compliance. Despite this evidence, there is still a paucity of proof on the influence of trust in authority on tax compliance using cross-country data in Asia though it is inarguable that cross-country analysis could provide more robust findings than individual cases. Following this argument, this hypothesis is developed:

H_1: Trust in authorities has a significant positive influence on tax compliance in Asia.

The postulation of the framework also indicated that power of authority influences enforced tax compliance (Kirchler et al., 2008). The postulation of the framework that power of authority influences enforced tax compliance was supported by other studies (Lisi, 2011; Muehlbacher & Kirchler, 2010). Empirically, it was also confirmed that power of authority influences tax compliance (Wahl et al., 2010). Several other studies also confirmed this influence (Kastlunger et al., 2013; Kogler et al., 2013; Kogler et al., 2015; Muehlbacher et al., 2011; Pellizzari & Rizzi, 2014; Prinz et al., 2014).

Contrarily, Faizal et al. (2017) disclosed that neither legitimate power nor coercive power influence enforced tax compliance in Malaysia. Similar findings for an insignificant effect of power of authority on tax compliance was also discovered by Mas'ud et al. (2015) and Mas'ud et al. (2014), albeit indirect influence of power of authority through interaction with trust in authority was found in African cross-country analysis (Mas'ud et al., 2014).

Theoretically, the second assumption of the slippery slope framework highlights that the influence of the power of authority on overall tax compliance is not direct but through enforced tax compliance. This implies that power of authority, whether through cohesive or legitimate power first influences enforced tax compliance and then, eventually, overall tax compliance (Kirchler et al., 2008). However, the power of authorities through deterrence measures, including audit probability and fine rate were found to have an influence on tax compliance directly (Torgler& Schneider, 2007). This indicates the possibility of the power of authority to influence overall tax compliance not necessarily through enforced compliance as the intervening variable. Despite this evidence, findings on the influence of the power of authority on tax compliance are not as much as expected from Asian countries. Specifically, the evidence is lacking on the influence of the power of authority on tax compliance using cross-country data, although it is expected to be more robust than evidence from individual countries. Following this argument, this hypothesis is developed:

H_2: *Power of authorities has a significant positive influence on tax compliance in Asia*

The interaction of trust in authority and power of authority was the last of the four assumptions proposed by the inventors of the "Slippery Slope Framework" (Kirchler et al., 2008). Likewise, the finding by Kogler et al. (2013) indicated the interaction of low trust and high power and high power and low trust. In a cross-country analysis by Mas'ud et al. (2014), it was also found that trust in authority and power of authority interact in explaining tax compliance among African countries. However, such evidence is lacking across Asian countries using cross-country data. Based on this argument, the following hypothesis is developed:

H_3: *Power of authorities and trust in authorities interact significantly in influencing tax compliance in Asia.*

It is evident that the above hypotheses are underpinned by the postulations of the slippery slope framework developed by Kirchler et al. (2008) and are proposed for validation among Asian countries using cross-country data. The methodology and methods followed in this validation are explained hereunder.

3. Methodology

3.1. Sample Selection

The study used 41 Asian countries as a sample based on the availability of data for the three variables under the study. Initially, all 48 Asian countries which served as the population were given an equal chance of being selected. However, only 41 out of the 48 countries were found to have data for all three variables under the study. Thus, these 41 countries serve as the sample of the study. The sampled countries are contained in Table 1, for which data was presented.

Table 1. List of Analysed Countries

Asia Countries	Tax Compliance	Trust	Power
Central Asia			
Kazakhstan	18.2	29	34.62
Kyrgyzstan	35.2	28	12.98
Tajikistan	27.8	25	10.57
Turkmenistan	15.1	22	5.29
Uzbekistan	20.6	21	11.06
Eastern Asia			
China	21.1	40	85.57
Mongolia	25.7	21	46.63
South-Eastern Asia			
Brunei Darussalam	36.2	58	73.03
Cambodia	17.5	21	12.25
Indonesia	12.2	37	38.89
Malaysia	17.4	49	71.15
Philippines	14.8	35	36.54
Thailand	18.9	35	55.28
Timor-Leste	12	35	10.1
Vietnam	24	33	57.21
Southern Asia			
Afghanistan	10.8	15	3.84
Bangladesh	10.5	26	30.80
Bhutan	30.7	65	68.27
Indian	12.1	40	58.62
Iran (Islamic Republic Of)	16	29	25.96
Maldives	45.3	36	36.06
Nepal	23.5	29	19.71
Pakistan	14.2	32	20.19

Asia Countries	Tax Compliance	Trust	Power
Southern Asia (continued)			
Sri Lanka	13.4	36	51.44
West Asia			
Armenia	22.7	33	50.48
Azerbaijan	30.9	30	31.73
Bahrain	13.7	43	66.34
Cyprus	38.1	55	75.48
Georgia	29.5	57	63.94
Iraq	30.3	17	2.40
Israel	25.9	64	81.25
Jordan	21.9	48	62.02
Kuwait	42.7	41	56.73
Lebanon	19.2	28	18.75
Oman	34	45	65.38
Qatar	26.6	61	79.32
Saudi Arabia	23.5	46	67.78
Syrian Arab Republic	2	13	0.96
Turkey	17.1	41	48.55
United Arab Emirate	26.2	66	79.80
Yemen	5.6	14	4.80

Note. Tax Compliance (TC) was measured using tax revenue as a percentage of GDP and was sourced from (CIA, 2017), TRUST was measured using the Corruption Perception Index (CPI) and obtained from (TI, 2017), and POWER was measured using Rule of Law which as sourced from (WGI, 2017).

3.2. Data

The data was retrieved from three databases for 2016, but the retrieval was made a year after, in 2017. The justification of this is that the US Central Intelligence Agency (CIA) provides data of a year earlier, but Transparency International (TI) and World Bank Group (WBG) provide current year data. However, to ensure consistency, the same year was used for all the three sources. This means that, since only 2016 data was available in the CIA database as of 2017, regardless of the existence of data for 2017 in IT and WBG, the data for 2016 was retrieved so that it will be consistent with that of the CIA database. Using various sources to get proxies for measuring variables is common among researchers in taxation (see for example; Riahi-Belkaoui 2004, Torgler, Schaffner, & Macintyre, 2007; Torgler& Schneider,2009). For Tax Compliance, which is the dependent variable, data was sourced from the US-CIA database for the year 2016 (Central Intelligence Agency, 2017) based on tax as a percentage of GDP. A high percentage of tax to GDP indicates potential high compliance and vice-versa. For the first independent variable, that is TRUST; data was sourced from Transparency International's Corruption Perception Index report for the year 2016 (TI, 2017) based on CPI data.A higher CPI indicates high trust and vice-versa. For the second

independent variable that is POWER, data was sourced from the World Bank Group (WBG) report for the year 2016 (World Bank Group, 2017) based on the rule of law. The rule of law is a public governance quality indicator. A higher score for the rule of law indicates high power for governments in terms of enforcement and legal action, and vice-versa. The overall data is presented in Table 1.

3.3. Measures

Tax compliance, the dependent variable, was measured using tax as a percentage of GDP as a proxy. A similar measurement was used by Riahi-Belkaoui (2004) and Mas'ud et al. (2014). Low percentage for tax as a percentage of GDP implied low tax compliance (or high rate of evasion) and vice-versa.

Trust in Authorities (TRUST), the first independent variable was measured using the Corruption Perception Index (CPI) as a proxy. Similar studies such as Mas'udet al. (2014; 2015); Torgler et al. (2007); Torgler and Schneider (2009) used quality of governance as a measurement. A class interval of 0 to 100 was used by TI in measuring CPI (i.e. very corrupt 0–9; 10-19; 20-29; 30-39; 40-49; 50-59; 60-69; 70-79; 80–89; 90–100 low corrupt).

Power of Authorities (POWER), the second independent variable, was measured using the rule of law adopted from the Worldwide Governance Indicators (WGI) by Kaufmann, Kraay and Mastruzzi (2010). Earlier studies by Mas'udet al. (2014; 2015) applied the same measurement. It is based on a percentile of 0 to 100 per cent (i.e. low power 0–10th; 11-20th; 21-30th; 31-40th; 41-50th; 51-60th; 61-70th; 71-80th; 81–90th; 91–100th high power).

3.4. Analytical Procedures

Hierarchical regression analysis was used for data analysis. This can be justified by the fact that the interaction effect of trust in authorities and power of authorities was tested after testing the direct effect. Prior to the regression analysis, pre-test relating to normality and multicollinearity were carried-out. These pre-tests confirmed that the data satisfied the requirements for the primary regression analysis. In carrying out all these analyses, Special Package for Social Sciences (SPSS) Version 22.0 was used.

4. Empirical Analysis

4.1. Descriptive Analysis

Descriptive statistics analyses presented the results of minimum, maximum, mean and standard deviation for testing the dispersion of data relating to the three (3) variables used in the study as contained in Table 2.

Table 2: Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Tax Compliance	41	2.00	45.30	22.03	12.08
Trust	41	13.00	66.00	35.56	14.41
Power	41	.96	85.57	42.23	26.43

Analysis for 41 sampled Asian countries was carried-out. The minimum value for tax as percentage of GDP is 2 per cent among the sampled countries while the maximum is 45.30 per cent. The mean value is 22.03 while the standard deviation is 12.08. For trust, the minimum is 13 per cent while the maximum is 66 per cent, the mean value is 35.56 while the standard deviation is 14.41. For the last variable, power of authority, the minimum score is .96 per cent while the maximum is 85.57 per cent. The mean value is 42.23, while the standard deviation is 26.43. For all the variables, the descriptive analysis showed a good dispersion of scores across the study variables.

4.2. Normality Test

In a regression analysis, one of the fundamental requirements is the normality of the data for variables under the study. It is required that the data are normally distributed. Normality can be tested using both graphical and statistical approaches. This study adopts the statistical approach for testing normality. This approach postulates the use of Skewness and Kurtosis in testing the normality of data. The result of the normality test is contained in Table 3.

Table 3: Test of Normality of the Data

	N	Skewness		Kurtosis	
Variables	Statistic	Statistic	Std. Error	Statistic	Std. Error
Tax Compliance	41	.393	.369	-.104	.724
Trust	41	.453	.369	-.481	.724
Power	41	-.079	.369	-1.364	.724

Consistent with the suggestion of Curran et al (1996) and West et al (1995), the results from Skewness and Kurtosis in Table3, which was applied in testing the normality of data, it was confirmed that the requirements for normality are not violated as Skewness and Kurtosis are less than 2 and 7, respectively.

4.3. Test of Multicollinearity Test

Testing multicollinearity is another fundamental requirement of regression analysis. The basic requirement is that two independent variables should not work in the same way in a research model. As suggested by Hair et al. (2016), Tolerance and Variance Inflation Factor (VIF) are two methods that aid researchers to test multicollinearity statistically. The results of these analyses are contained in Table 4 below.

Table 4: Multicollinearity Test

	Collinearity Statistics	
Variables	Tolerance	VIF
Trust	.241	4.147
Power	.241	4.147

In line with the postulation of Hair et al. (2016), none of the two independent variables failed to meet the minimum requirements for multicollinearity using the suggested cut-off values of 0.20 for Tolerance and 5 for VIF. The requirement is that Tolerance needs to be above 0.20 while VIF should be less than 5; otherwise, it is an indication of multicollinearity. This result revealed that the two variables functioned independently in the research model.

4.4. Regression Analysis and Hypotheses Testing

Following the satisfactory compliance with the preconditions for regression analysis relating to normality and multicollinearity, the results for the primary regression analysis based on three hypotheses developed in section 2 is presented in Table 5.

Table 5: Regression Analysis and Hypotheses Testing

	Unstandardized. Coefficients		Standard. Coefficients				Hypotheses
Models	B	S.E	Beta	T	Sig.	Hypotheses	Number
Trust	.378	.224	.559	1.690	.049	Supported	H1
Power	-.039	.118	-.105	-.329	.744	Not Supported	H2
Trust*Power	-.003	.005	-.113	-.690	.495	Not Supported	H3

It presents both direct and moderation effects of trust in authorities and power of authorities on tax compliance. It can be recalled that hypothesis one postulated that trust in authorities has a significant positive influence on tax compliance in the continent of Asia. Consistent with this hypothesis, the result revealed that trust in authority is an important predictor of tax compliance across Asia (β=0.378, t=1.690, p=.049). This finding is congruent with the results of previous studies including Faizal et al. (2017), Kastlungeret al. (2013), Kogleret al. (2013), Lisi (2011), Muehlbacher and Kirchler (2010), Muehlbacher et al. (2011), Muehlbacher, and Kirchler (2015), Pellizzari and Rizzi (2014), and Kogler, and Wahlet al. (2010). The justification of this could be that in most Asian countries, taxpayers perceived authorities as trustworthy (high trust), which eventually results in high tax compliance.

However, the postulation of hypothesis two that power of authority significantly influences tax compliance failed to hold across 41 Asian countries using cross-country data (β=-0.039, t= -0.329, p=.744). Though this finding contradicts the underlying assumption of the framework, it is congruent with findings from other studies such as Faizal et al. (2017) and Mas'udet al. (2015). It showed that the influence of the power of authority on tax compliance is not that strong compared to trust, Lisa (2011) in her study relating to Slippery Slope Framework, arrived at a similar conclusion. The justification of this could be that Asian countries are mostly characterised large power distance countries in line with Hofstede comparative power distance index (Sweetman, 2012). In this case, lower level individuals unfailingly refer to high level one and feel indifferent having considered, such as the natural order (Sweetman, 2012). Thus, citizens in most Asian countries considered power as part of the natural order, hence may not perceive power as an important variable that influences their tax compliance. Statistically, for a variable to affect another, it must change with the situation. For instance, a high perception of power and high tax compliance can lead to a positive relationship and vice-versa. However, as power becomes a natural order due to significant power distance in Asian countries, its perceptions will be challenging to vary across individuals. Eventually, its relationship with tax compliance will be challenging to establish. Additionally, in Asian countries, not many cases of tax noncompliance have been publicised with severe penalties. Hence did not portray that the tax authorities enforced their power that leads to improved compliance.

Similarly, the result failed to support the postulation of hypothesis three that trust in authority and power of authority moderates (interact) each other in explaining tax compliance across 41 Asian countries (β=-

0.003, t=-0.690, p=.495). Although this finding is not congruent with the postulation of the framework, however, it can be supported by the finding across African countries where Mas'udet al. (2014) made similar findings. Similarly, the influence of power on tax compliance could be justified by the issue of power distance across Asian countries. In a statistical moderation analysis, high and low situations are required for it to work (Hair et al., 2016). However, large power distance among the Asian countries (Sweetman, 2012), results in power being considered a natural order. Thus, its perception will be difficult to change. Eventually, its significant interaction effect will be difficult to establish.

4.5. Fitness of the Model

Two assessment criteria were used in assessing the fitness of the model used in this study. These are F-test and R-square. Using the F-test criterion, it is clear that the variables combined in the model (i.e. trust and power) fit together in explaining tax compliance as the F is significant at less than 5 per cent. This means that the combination of trust in authority and power of authority in a single research model to explain tax compliance is the right one. Similarly, the R-squared of the model is sufficient as it is 20.1 per cent, which is within the range of moderate category, as highlighted by Cohen (1988). Consequently, it shows that trust in authority and power of authority explained only 20.1 per cent of the variation in tax compliance, the remaining 79.9 per cent is explained by other variables beyond what trust and power could explain in Asian countries. It is also clear that the R-square is more than the minimum value of 10 per cent as suggested by Falker and Miller (1991), indicating a sufficient fit of the model.

5. Conclusion

This study validated the assumption of the "Slippery Slope Framework" across 41 Asian countries. From the analysis, trust was found to have a significant influence on tax compliance across the countries investigated, while the power of authority was found to be weak in that regard. The interaction between the two variables in explaining tax compliance was also found to be weak across the sampled countries.

5.1. Implication to Policy

The result presents important highlights to the policymakers in the sampled Asian countries. It shows that countries with a desire to improve tax compliance need to control corruption to gain trust from the

taxpayers. This covers both the trust in the central government as well as trust in authorities that are responsible for tax collection. Thus, in Asian perspectives, the emphasis should be more on trust than power when a country desires to enhance the compliance level of its taxes. Judicious use of taxpayers' money through the execution of projects and services desired by the taxpayers or in utmost need by the nation should be given priority. Beyond this, fairness in charging taxes and distribution of public goods should be ensured. Despite its weak influence, power is still relevant in enhancing tax compliance. Strong audits and other enforcement mechanisms need to be deployed by the tax authorities. This result could be beneficial to policymaking regarding improvement in tax compliance for the 41 countries, which is far beyond individual country perspectives. The result will be more informative as it discusses Asian countries generally rather just one specific country. This could be important in regional cooperation regarding taxation.

5.2. Theoretical Implication

The study's theoretical contribution is far beyond the "Slippery Slope Framework". In relating to the finding on trust, pioneer evidence across 41 Asian countries is presented. This has not been availed by the available studies that validate the framework. It also contributes from Asian perspectives to other theories of social psychology such as the theory of trust (Brewster, 1998) and Cognitive Theory which are based on the premise that people act based on intrinsic motivation and personal convictions to morals. The study highlights that having trust in authority enhances the citizen's intrinsic motivation to pay taxes. It also provides evidence from Asian tax perspectives concerning the Social Exchange Theory. The study shows that, in the social contract such as paying tax by taxpayers and using the money by the central government, trust plays an essential role. Taxpayers pay in anticipation of receiving equal or higher benefit from the money paid. If this is guaranteed, the level of trust increases, and, eventually, tax compliance is enhanced.

5.3. Limitation and Direction of Future Research

The study is limited to only 41 out of 48 Asian countries. This was necessitated by the available data across the three variables studied. Availability of data in the future indicated the need for enlarging the sample. The second limitation is the R-square of the model, which just explained 20.1 per cent of the changes in tax compliance. More could be explained through the integration of additional variables beyond which

were used here in this model. For instance, variables such as detection probability and sanction could be used as antecedents to power, while fairness perception could be used as an antecedent to trust. This is suggested for future researchers. Beyond the moderation analysis postulated by the framework, mediation analysis should also be carried out in the relationship between the known variables of the framework.

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