Continued Usage Intention of E-Filing System in Malaysia: The Role of Optimism Bias

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Abstract

E-Filing which was introduced by the Malaysian government in 2006 is gaining its popularity in the past 5 years. However, an information system implementation can be considered a great success only when the users move beyond the initial adoption to a long term usage. Previous studies in Malaysia have found a significant relationship between perceived risk and intention to use e-filing system. However the current trend shows that the number of taxpayers using e-filing is increasing year by year regardless of the existence of perceived risk. Thus this paper is a conceptual paper proposed to investigate the role of optimism bias on this phenomenon. The self administered survey will be carried out on the individual salaried taxpayers who have used the e-filing system at least once in five main cities in Malaysia.

Keywords: E-Filing; Optimism Bias; Continued Usage; E-Government; Perceived Risk

1. Introduction

The increasing number of internet users has actually led many private organizations in utilizing the Internet as a new way of conducting business, known as “e-commerce”. The speedy growth in the use of the internet and the emergence of e-commerce has eventually increased the pressure on the government to administer to citizens needs via this new medium which is known as “e-government”(Vathanophas et al. [1]).
According to Fang [2] the term e-government or electronic government refers to the use of information technology by government agencies, such as web-based Networks, the Internet, and mobile computing, that have the ability to transform relations with citizens, businesses, and other arms of government. Like many other developing countries, Malaysian government also has been investing in e-government (Lean et al. [3]). Malaysia’s strategic shift into the information and knowledge era offers the country and the world an attractive global multimedia environment where the unique elements and attributes of information, ideas, people, service and technology are able to fuse, grow and deliver a globally replicable chain of innovative products, services and best practices (Muhammad Rais and Nazariah, [4]). Guided by the Vision 2020, Malaysia has embarked on an ambitious plan by launching Multimedia Super Corridor (MSC) in August 1996 to accelerate the country’s entry into Information Age which will be executed in three phases from 1996 – 2020. Seven specific flagship applications were identified as the pioneering MSC projects which includes e-government flagship. Under the e-government flagship, seven pilot projects of E-Government Flagship Application was identified such as Electronic Procurement (EP), Project Monitoring System (PMS), Electronic Services Delivery (E-Services), Human Resource Management Information System (HRMIS), Generic Office Environment (GOE), E-Syariah and Electronic Labor Exchange (ELX) (Muhammad Rais & Nazariah, 2003). Apart from this, various government agencies also have taken initiatives to introduce online services to the public with one of the most popular online services is e-filing of income tax (Ambali [5]).

A useful indicator to determine the status of e-government in developing countries is by comparing its e-government readiness index with the other countries (Bhatnagar, [6]). Malaysia’s ranking for e-government development index has improved from the ranking of 43 (2005) to 34 (2008) to 32 (2010) (UNPAN [7]). In South East Asia Category, Malaysia’s ranking has also improved from 3rd ranking (2005) to 2nd ranking in 2008 and 2010 but with an improved index (UNPAN [7]). In terms of e-Participation Index, there has been a tremendous improvement for Malaysia where its ranking improved from the placing of 41 (2008) to 12 (2010) (UNPAN [7]). In reality, all these rankings actually show the initiatives and technology developments made by the Malaysian Government in making sure that the e-government services reach the citizens. These initiatives truly resemble the “supply side” of the e-government development delivery (Gauld et al. [8]). What about the “demand side”? To what extend the citizens are going to use or continually use these particular services?, remains as an important question to be answered because countries can be high in e-government rankings which focus more on technology developments but a system is still considered a failed system if the intended recipients do not use or continually use them (Gauld et al.[8]). Thus the underlying problem now is not the problem of design but utilization. The key to successful e-government depends very much on the utilization of the implemented systems (Economist [9]).

Past researches in examining the continuance usage intention have acknowledged various factors that affect technology adoption and its continued usage such as usefulness, ease of use, self efficacy, quality, loyalty, voluntariness and subjective norm in either e-commerce or e-government environment. Recent studies have found linkages between technology adoption and optimism bias (Carter et al., [10]; Schaupp et al. [11], Schaupp and Carter [12], Carter et al. [13]). Indicating that optimism bias does have an effect on technology adoption. Several researches’ found that despite the existence of perceived risk many people still utilize the e-government services (McLeod et al. [14]; Belanger and Carter [15]). In Malaysia, earlier studies (Azmi and Bee [16]; Ambali [5]; Ramayah et al. [17]) on e-filing system found a significant relationship between perceived risk and intention to use e-filing system which means that the higher the perceived risk, the lower the intention to adopt the e-filing system. However, the current situation shows that the number of tax payers adopting e-filing system is gradually increasing year by year regardless of the existence of perceived risk. Thus optimism bias may have an effect on this phenomenon. Further, a survey by Nielsion company found that although online security is a top concern among the online shoppers in Malaysia but Malaysians spent RM1.8 billion shopping via the Internet in 2010 (Ho [18]). So, the question that needs to be raised “are Malaysians optimistically biased on the risk of online transactions”? This is something that should be tackled carefully in order to avoid any
vulnerability of taxpayers’ information online and to avoid taxpayers from “giving up” in submitting their online tax filing in the case of any security breach (Ambali [5]). As such, this paper will explore the effect of optimism bias on the continuance usage intention. The proposed research model will be tested on the taxpayers and their continuance usage intention of e-filing system to file their tax online in Malaysia.

2. Background

2.1. E-Filing System in Malaysia

The e-Filing system in Malaysia which was introduced in 2006 by the IRB is receiving much attention and there has been an upward trend in the adoption of the system among taxpayers in the first four years (Annual Report [19]). The last two years income tax submission also shows a further increase in e-filing submission to 1.5 million in 2010 (Mohd Shukor [20]) and 1.7 million in 2011 (Lai [21]). The E-filing system as a whole integrates tax preparation, tax filing and tax payment, which serves as a major advantage over traditional manual procedure (Ambali [5]). Since its introduction in 2006, e-filing has evolved each year in order to provide better service to the taxpayers. Hasmah [22], the CEO of Inland Revenue Board of Malaysia (IRBM) has highlighted the various advantages that the e-filing system can provide for both the parties. Among them are time saving, cost effective, accurate, easy and available, increase productivity and secure. However, according to Bhattacherjee [23], while initial acceptance of information system (IS) is very important toward realizing IS success but its eventual success depend on its continued use rather than first-time use.

2.2 Optimism Bias

Optimism Bias has received a great attention from scholars in different field earlier such as Chapin and Pierce [24], Son and Rojas [25], Cho et al. [26], Lapsley and Hill [27], Ackerson and Preston [28], Bracha and Brown [29], Dalziel and Job [30], Moen and Rundmo [31], Branstrom et al., [32]. Optimism bias is defined as “systematic error in perception of an individual’s own standing relative to group averages, in which negative events are seen as less likely to occur to the individual than average compared with the group, and positive events as more likely to occur than average compared with the group” (Weinstein [33]). Besides, it is also defined as “tendency for people to report that they are less likely than others to experience negative events and more likely than others in positive events” (Larsen and Shepperd [34]).

Optimism bias is actually a belief that one’s abilities are better or more competent than the average Internet user in using the e-services despite risk, which will consequently lead to increased in the
usage of the services (Schaupp and Carter [12]). The role of optimism bias has been explored in the pre-adopter environment of e-filing research previously but a mixed result was found. Carter et al. [10], Schaupp et al. [11], Schaupp and Carter (12) and Carter et al. [13]) found that optimism bias has a positive impact on e-filing usage intention, however study by Schaupp et al. [35] disagree with previous findings and found that optimism bias has no significant relationship towards electronic tax filing adoption. Therefore this study will attempt to identify the effect of optimism bias on the continuance usage intention of e-filing system in Malaysia.

3. RESEARCH METHODOLOGY

To test these proposals, taxpayers will be surveyed to collect data using a set of questionnaire which will be distributed by using self-administered survey upon those taxpayers who are easily reachable. The unit of analysis chosen for this study is the individual salaried taxpayers who have used the e-filing system to file their tax online at least once. The reason individual salaried taxpayer is chosen due to the fact that they are the pioneering group who used the e-filing system since 2006. The study will employ a sample of 1000 taxpaying citizens in five different main cities in Malaysia such as Penang, Perak, Selangor, Kuala Lumpur and Johor. Data collected will be analyzed using Partial Least Square (PLS) method. Data will be analyzed using a two step approach whereby the measurement models are assessed for adequate validity and unidimensionality before commencing to structural model effects and interaction modeling to test the research hypotheses.

4. DISCUSSION

The e-Filing system in Malaysia which was introduced in 2006 by the IRB is receiving much attention and there has been an upward trend in the adoption of the system among taxpayers every year. However, according to Bhattacherjee [23], while initial acceptance of information system (IS) is very important toward realizing IS success but its eventual success depend on its continued use rather than first-time use. Ambali [5] revealed that although electronic tax filing are gaining popularity among taxpayers but most people use the system to try to get the “feel” of submitting tax electronically with poor navigability and a sense of uncertainty about the functionality, security and concern for their sensitive information, which may lead the users to “give up” the idea in despair.

Many of the existing studies on the individual adoption of information technology (IT) have focused on investigating the intention to use or to adopt an IT, while less attention is paid to the post adoption environment where individuals decides whether to continue or discontinue using an IT (Thong et al. [36]). It is observed that in most cases after “initial usage” of e-government services many users revert to traditional ways of acquiring information and services, therefore engaging and retaining citizens for “continued usage” are a challenge faced by most government agencies providing online public services (Teo et al. [37]).

Practically, this study will emphasize on the estimation of risk by taxpayers when engaging in the e-filing system. By identifying the level of optimism bias in engaging in e-filing system among Malaysian taxpayers, it will actually create awareness among taxpayers on the level of concern that they have on the privacy and security of personal information infringement. Thus, encourage them to be more cautious in providing their personal information online. People can easily argue that the taxpayers will not have any hesitation in trusting the system provided by the Malaysian federal and state government in transmitting their income tax information, however, taxpayers can still be doubtful in the way the agency is going to transmit and store their information provided (Ambali [5]).
REFERENCES


