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RELATIONSHIP MARKETING AND TAX COMPLIANCE LEVEL

Ifeanyi Harold ALIKU, (CA)

Department of Marketing and Entrepreneurship, Faculty of Management Sciences,

Delta State University, Nigeria

haroldliks@gmail.com

&

Ogor MORKA,

Department of Management, Faculty of Management Sciences,

Delta State University, Nigeria

ogormorka@gmail.com

Abstract

This study while focusing on revenue context rather than financial looked at relationship marketing and tax compliance in Delta state organizations. Trust commitment communication and empathy were the variables used to measure the influence of relationship marketing on revenue generation. The study an extant literature review and qualitative adopted a mixed research method. The findings revealed a significant relationship between the independent variables and dependent variables. The study consequently recommended after the reviews that the sub-variables should be sustained to enhance revenue generation and organizational effectiveness.

Keywords: *Relationship Marketing, Tax Compliance, Marketing Strategies, Marketing Influence, Marketing Communication, Marketing Commitment.*

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1. Introduction

The survival of the organization is up to the customer. Customers are the source of profits from a for-profit organization, and the main reason for doing business is to create a for-profit organization. Therefore, the customer is the backbone and lifeline of the organization. “Without customers, there is no business. In addition to acquiring new customers and creating transactions, the goal is to retain customers and grow business with the company. The key to building a lasting customer relationship is to create great customer value and satisfaction. Satisfied customers are likely to be loyal customers, giving the company a greater stake in its business (Kotler, 2005).

Today's market is very dynamic, vibrant and competitive. Customers are smarter, more informed, and have access to more channels and choices. Customers can easily switch to competitors that promise better deals at lower prices (Bhardwaj, 2017). Therefore, many financial services providers are facing serious compliance issues and large customers are supposed to "switch off." Well-informed customers, the decline in brand loyalty, the increased understanding of venders regarding the benefit of having long-term relationships with existing customers and the high intensity of competition among service organizations in terms of technology, product, and customer service are the core reasons that escalate the importance of customer relationship marketing in revenue services.

Cultivating loyal taxpayers is frequently argued to be the single most important driver of organizations' long-term tax compliance performance, which can lead to an increased revenue base and tax compliance level. Transforming indifferent taxpayers into loyal ones and establishing a long-term relationship with customers is critical for an organization's success (Bhardwaj, 2017). Eisingerich & Bell (2017) find empirical support that customer loyalty emerges as the dominant, significant, direct determinant of repurchase intention. Also, their study suggests that, in managing client relationships, financial institutions should consider the relative effectiveness of individual relationship-building strategies in fostering customer loyalty. According to Onut et al; (2016), service providers realize the importance of customer relationship marketing (CRM) and its potential to help in acquiring new customers, retaining existing ones and maximising their lifetime value. Marketing attention shifted gradually but definitely from mutually independent transactions to loyalty-based repeat purchases and cross-sell opportunities (e.g. DeWulf et al; 2011; Winer, 2001).

Customer Relationship marketing gives a company new opportunities to gain a competitive edge by moving customers up a loyalty hierarchy from new customers to regular patronage, then to loyal supporters of the firm's goods and services, and finally to advocates who not only patronize its products or services but recommend them to others. By converting indifferent customers into loyal ones, companies generate repeat patronage. The cost of maintaining existing customers is far below the cost of finding new ones, and these loyal customers are profitable ones.

CRM is increasingly being recognized as a strategic approach to developing marketing relationships with individual customers. It requires some form of response from the potential customers so that the organization is enabled to take action (Harwood, Garry & Broderick 2008). CRM is concerned with coordinating activities necessary to establish and maintain long-term profitable, mutually-beneficial customer relationships. As a strategy, CRM focus on the different resources available for the building and maintenance of relationships as well as maintenance efforts that should be allocated according to an individual customer's potential lifetime value to the organization (Robinson, Neeley & Williamson 2011). Fuxiang and Yuhui (2011) state that CRM is a customer-centric strategy that focuses on increasing loyalty and productivity through an understanding of the evolutionary needs of customers.

Taxation is one of the important elements in managing national income, especially in developed countries and has played an important role in civilized societies since their birth thousands of years ago (Lymer and Oats, 2009). Tax is defined as a compulsory levy, imposed by government or other tax-raising body, on income, expenditure, or capital assets, for which the taxpayer receives nothing specific in return' (Lymer and Oats, 2009). However, not all payments to the government are considered tax payments: for example, charges, tolls and other levies are paid to obtain a specific service and are not strictly tax payments.

Adam Smith in his book 'The Wealth of Nations' which was published in 1776 suggested that a tax system is based on certain basic principles, namely equity, certainty, convenience and efficiency. Lymer and Oats (2009) briefly defined the principles as follows:

Equity means a tax system should be fair among individuals and taxes should be levied based on taxpayers' capacity. Horizontal equity means that taxpayers with the same income or wealth should pay the same amount of tax (tax burden) while vertical equity means that taxpayers with high income (capacity) should pay higher tax (tax burden).

Certainty is defined as a taxpayer knowing his or her tax liability and when and where to pay the tax. It relates to the simplicity of the tax systems so that the taxpayers are easily understood and capable of calculating their tax liability.

Convenience relates to how people pay their taxes or engage with the tax system. For example, people more conveniently pay tax by it being deducted at the source rather than paying a large amount of tax annually (Lymer and Oats, 2009). The introduction of electronic filing is another example of a facility provided by the tax authority to ease the method of filing tax returns. Successful customer relationship management improves customer loyalty and firm performance through stronger relational bonds (e.g., De Wulf, Odekerken-Schröder, and Iacobucci, 2011). Therefore, this study aims to empirically investigate the effect of relationship marketing on tax compliance level: A case of Delta State Internal Revenue Service.

The problem

Revenue services offer varying products and benefits to satisfy their customer needs. However, customers perceive very little difference in the revenue services offered, as any new offering is quickly matched by competitors in services. In addition, despite the efforts made by the revenue services to increase taxpayer compliance satisfaction and retention, the high client is switching off from revenue services. In such kind of environment, revenue services need to identify and understand the effect of various marketing strategies which can enable them to retain the existing ones by gaining a better competitive advantage. Relationship marketing has emerged over the years as an exciting area of marketing that focuses on building long-term relationships with customers and other parties. The strategy is particularly important to the service industries because of the intangible nature of the product and their high level of customer interaction. A key feature of the strategy of relationship marketing is that it not only results in increased customer and company profitability but also provides a sustainable competitive advantage to a service firm as the intangible aspects of a relationship are not easily duplicated by competitors. However, research in the field remains questionable as past studies reported differing results regarding the factors of relationship marketing and the magnitude of their effects on the loyalty of customers. In addition from the few studies conducted in Delta State regarding the effect of relationship marketing on tax compliance, most studies focused only on the financial context instead of the revenue services.

Objectives:

i. Examine how trust in relationship marketing influences tax compliance.
ii. Examine how commitment in relationship marketing relates to tax compliance.

iii. Ascertain the relationship between communication in relationship marketing and tax compliance.
iv. Examine the influence of empathy in relationship marketing on tax compliance.

2. Review of Related Literature and Conceptual Review

Concept of Relationship Marketing

Relationship marketing is a business philosophy that developed out of the need for maintaining a base of current customers who are committed to the organisation. Mudie et al; (2016) defined relationship marketing as a philosophy of doing business, a strategic orientation that focuses on keeping and improving current customers rather than acquiring new customers". Mishra & Liy, (2018) views Relationship marketing as "all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges". Most relationship marketing definitions emphasize a long-term perspective and focus on retaining customers rather than acquiring them. In general, relationship marketing is the identification, building, maintenance, and improvement of customer relationships and termination as needed to achieve the goals of both parties (Rashid, 2013). The basis of the concept of relationship marketing is the concept of relational exchange. This is related to the company's attempt to build long-term beneficial relationships with its customers. According to Morgan and Hunt (1994), relationship marketing refers to all marketing activities aimed at establishing, developing and maintaining a successful exchange.

It is defined as a business strategy to attract, maintain and improve customer relationships with technology development (Mudie, et al. 2016) and is beneficial for companies based on optimizing the value of their customers' perceptions. Pay to build a relationship. Some others identify, establish, maintain, and strengthen mutually beneficial relationships with customers and other stakeholders to achieve the goals of all involved parties and terminate as necessary. Defined relationship marketing as a process (Gronroos, 2009). Kotler, Armstrong, Saunders, and Wong (2002) define relationship marketing as an effort to build, maintain, and improve strong relationships with target customers and stakeholders. They believe that marketing is increasingly moving away from individual transactions and building strong relationships with customers and other marketing networks.

Customer relationship marketing can make a big difference in the case of revenue services. They want a personalized, long-term relationship with a trust-based revenue service. In other words, the name in the database is not enough. Similarly, services and product packages represent only a quantitative response to a customer's request and are not a source of trust or a premise of loyalty. At best, they can provide satisfaction with cost savings. Financial services need to have an extended database of specific financial needs that provides room for customization with an emphasis on gaining customer trust while building long-term win-win relationships. .. The desired difference comes from trust and satisfaction. Relationship marketing has become a necessity, not a practice with great potential. Today, we'll talk about relationship-building strategies that focus on customers and their true needs, using economic, behavioral, emotional, and moral filters.

Development of Relationship Marketing Concept

The development and creation of a conceptual framework for understanding relationship marketing and studying its nature is very slow to be adopted. For a long time, marketing has focused on attracting customers rather than trying to retain them. Traditional marketing approaches do not embody the essence of continuous or relational exchange. Finally, consumer needs and expectations have changed. To recognize different customers and their needs, companies want to apply differentiation and customer-centric marketing strategies to gain a competitive advantage. Transaction marketing, which focuses solely on product sales and only on new customer acquisition, has moved to interactive marketing, which focuses on building sustainable, long-term customer relationships. (Turkamani et al.; 2010). The concept of relationship marketing was developed as an effective strategy for acquiring, maintaining and improving customer relationships (Turkamani et al., 2013). Sheth and Parvatiyar (2010) stated that relationship marketing emerged in the 1980s as an alternative to the dominant view of marketing, especially due to the recognition that many exchanges in the services industry are essentially relational. I pointed out. They add that the evolution of marketing changed from transaction marketing to relationship marketing in the early 1990s. Affected parties (sellers and buyers) understand and understand each other's needs and constraints much better, shift to a tendency to cooperate with each other, and become more relevant.

Benefits of Relationship Marketing

The concept of CRM is very important to the business sector. It has appeared as one of the most widely prescribed solutions for diminishing market share and slow growth of many industries. CRM is a marketing philosophy, which places the customer at the heart of the business processes, activities and cultures for improving customer satisfaction and maximizing profits. Companies can gain many benefits from applying customer relationship marketing. Agarwal (2017) described that a relationship-based marketing approach has the following benefits. Over time, retail tax clients tend to increase their compliance. Long-term customers are more likely to become a referral sources. The longer a relationship continues; the better the revenue service can understand the taxpayers and/or their needs & preferences, and so greater the opportunity to tailor products and services and cross-sell the product /service range. Customers in long-term relationships are more comfortable with the service, the organization, methods and procedures. This helps reduce operating costs and costs arising out of tax payer's errors.

As Buttle (1996), stated Relationship marketing has two economic benefits from the firm`s perspective It is more expensive to win a new customer than it is to retain an existing customer The longer the association that exists between company and customer, the more profitable is the relationship for the firm. Also (Marshall, 2019) shows the benefit of relationship marketing towards increasing profitability as "ongoing relationships may have a direct impact on financial outgoings by helping to reduce transaction costs associated with repeat ordering" Relationship marketing adds value to a product or service package which creates or improve competitive advantage, as a result, a premium may be charged to the customer (Crosby and Stevens, 2018). As to Christoper et al; (2015), relationship marketing may go beyond creating mere customer loyalty and, as the relationship strengths, may create "customer advocates" of the company and play an important role as a referral source. Relationship marketing, due to its focus on customer satisfaction, has become a proven method of increasing the sales of a company (Baral & Bihari, 2019).

Determinants of Tax Compliance

Many tax compliance studies focus on investigating the determinants of tax compliance. Most of the research focuses on tax enforcement. H. Important tax audits and penalties in the traditional approach. Others consider alternative factors such as positive incentives, tax benefits, tax systems, tax rates, actual income levels, and attitudes and perceptions of demographic characteristics. All of these studies seek to understand the determinants of tax compliance in order to find ways to improve tax compliance and achieve higher tax compliance.

A. Tax Audits

Tax auditing is a very popular topic in tax compliance research. Test probabilities, test productivity (percentage of undeclared income found), and past test notifications are of interest to researchers. Higher audit rates are expected to increase compliance (Alm, 2019). According to the compliance lottery view, or expected utility theory, the higher the probability and productivity of an audit, the higher the expected loss of being caught. As a result, taxpayers report higher incomes (Allingham & Sandmo, 2012). Studies using TCMP data such as Dubin and Wilde (1990) and studies such as Kinsey (1992) and Shreffinn and Trieste (2021) support this hypothesis and report that higher audit rates result in higher compliance. The experimental method also provides the same results as validated by Alm (2019), with estimated reported elasticity of income test rates ranging from 0.1 to 0.2.

Alm and McKee (2016) came to a very interesting conclusion. They use experimental methods to examine individual compliance responses and obtain information about audit potential and productivity. Audit productivity refers to how much unreported revenue is discovered through an audit. This result suggests that those who know that they are being audited will be notified of improved compliance, and those who are not audited will be announced that they will be less compliant. Pre-announced audits reduce overall compliance. The results are interesting in that telling taxpayers exactly what will happen to their reports does not always lead to positive results. Recently, Alm, Jackson, and McKee (2019) have used laboratory experiments to disseminate information related to the frequency and outcome of audits (formal information by tax authorities and informal between taxpayers). We investigated the impact of communication) on compliance. Reliable advance notice of audit rates and emphasis on the frequency of audits in the previous period in the annual report of enforcement efforts are becoming important tools that tax authorities can pursue to achieve a higher level of compliance. Another finding is that informal communication is only valid if the audit records are officially disclosed.

B. Penalties

Again, from a compliance draw perspective, higher penalties are expected to increase compliance. Alm (2019) reports that compliance increases with increasing penalty rates. H. Income and fine elasticity below 0.1 will only increase slightly. A review by Kirchler, Muehlbacher, Hoelzi, and Wahl (2018) suggests that some studies do not support improved tax compliance with higher penalties. According to Mikesell and Birskyte (2017), the impact on penalty compliance is much smaller than the audit rate for two main reasons. First, there are political and social restrictions on imposing heavy penalties. Second, sanctions are only effective when audits are likely. Unless the tax authorities enforce these penalties more severely, it makes little sense to increase the rate of fines. Moreover, from the perspective of responsible taxpayers, higher penalties do not always lead to positive consequences and can discourage voluntary compliance. On the one hand, the fine must be large enough to reduce the expected value of tax evasion and ensure a deterrent effect on taxpayers. On the other hand, if the fine is too high, the tax system is considered unfair and taxpayers take every opportunity to legally avoid taxes (Kirchler, et al; 2017)

C. Positive Incentives

The tax compliance researcher's perspective has shifted not only to deterring violators through detection and punishment, but also to more aggressive incentives for tax compliance (Slemrod, 2012). Sremrod emphasizes the tendency to use carrots instead of sticks to solve tax compliance issues. Experimental studies have reported that the use of positive rewards results in higher compliance. Alm, Jackson, and McKee (2016) used laboratory experiments to implement enforcement efforts (ie, audit rates and penalties) and positive incentives (lottery prizes, fixed rewards, reductions in future audits, and). Investigate the compliance effect of (strengthening public welfare). The findings suggest that both enforcement efforts and positive incentives can help improve taxpayer compliance. In particular, positive incentives need to be immediately noticeable in order to have a significant impact on taxpayer compliance. Taxpayers are only entitled to a bonus if they are in full compliance. As a result, the compliance rates of these taxpayers are shifting from very low to very high.

D. Tax Amnesties

Tax amnesty can be seen as another means of improving tax compliance for both intentional and unintentional non-compliant taxpayers. According to Andreoni et al .; (2018), tax amnesty is used in 33 of the 50 states, allowing non-compliant taxpayers to voluntarily pay taxes without criminal investigation or penalties. Tax amnesty has brought considerable income to many states. B. $ 401 million in New York, over $ 100 million in California, Illinois, Michigan and New Jersey (Andreoni et al.; 2018). Conversely, tax amnesty, if granted too often, can be seen as increasing the chances for tax evaders to avoid more. Alm et al.; (2016), proposed two important and interesting results from their experiments. First, tax amnesty may reduce post-pardon compliance because intentionally compliant taxpayers anticipate future amnesty. Second, increasing post-pardon enforcement efforts (eg penalties) may reduce this adverse effect and increase post-pardon compliance than if enforcement alone.

E. Attitudes and Perceptions toward Tax Administration

Attitudes and perceptions of the Tax Administration also influence tax compliance decisions (Shraffinn & Triste, 2012). There are three main types of attitudes and perceptions that influence tax compliance decisions. 1) Fairness of tax system and administrative procedures, 2) Quality of government services, 3) Social norms on tax evasion. Procedural fairness is important in taxation and government administration as it provides taxpayers with a reasonable basis for paying a portion of the tax. According to Tyler (2018), procedural fairness has given people a sense of duty that they should obey the rules of the group because they are legal and have the right to obey. Treating everyone equally, procedurally, fairly and with respect strengthens social norms for tax evasion and trust in the state (Hanousek & Palda, 2016; Slemrod, 2013; Torgler). 2013). Procedural fairness in the tax system and government administration makes people believe that fair trials lead to fair distribution (Torgler & Walker, 2013). Therefore, procedural fairness creates a positive attitude and awareness of tax systems and government administration that help promote tax compliance. In addition to procedural fairness, prompt service is effective in increasing compliance through a positive attitude towards tax managers and the tax system (Smith, 1992). Hanousek and Palda (2016) found strong evidence that the quality of government services influences tax compliance decisions. Taxpayers avoid taxes when they feel they do not receive decent and quality government services for their taxes. From this perspective, taxpayers avoid taxes because they believe the government is inefficient and does not respond to their needs. Therefore, citizens' willingness to comply and pay taxes depends on the quality of government services. Providing faster, higher quality services helps improve tax compliance.

In addition to procedural fairness and taxation and prompt service from government administration, social norms regarding tax evasion influence taxpayers' compliance decisions. Social norms, in particular, determine the extent to which tax evasion is perceived as an acceptable behavior in society. For example, negative publicity of violators can increase tax evasion as social norms change that violators become socially acceptable behaviour (Shraffinn & Trieste, 2012). Seeing other people evade taxes signals taxpayers that tax evasion is more acceptable, ignored by the government, and unfortunately standard (Alm, 2019). Procedural fairness, prompt service, and social norms are attitudes and perceptions that ultimately affect trust in government. Increased confidence in government is associated with improved tax compliance (Hanousek & Palda, 2016, Slemrod, 2013, Torgler, 2013). Therefore, governments need to respond fairly and promptly procedurally and uphold social norms for tax evasion.

F. Tax Rates

According to Alm (2019), empirical evidence suggests that higher tax rates are less compliant with the elasticity of income tax rates that are undervalued in the range -0.5 to -3.0. This can be interpreted as meaning that the higher the tax rate, the higher the fraudulent profit in terms of the compliance lottery. However, there is little point in lowering the marginal tax rate to reduce tax evasion. Tax rates should be designed based on efficiency and equity concerns (Allingham and Sandmo, 2005).

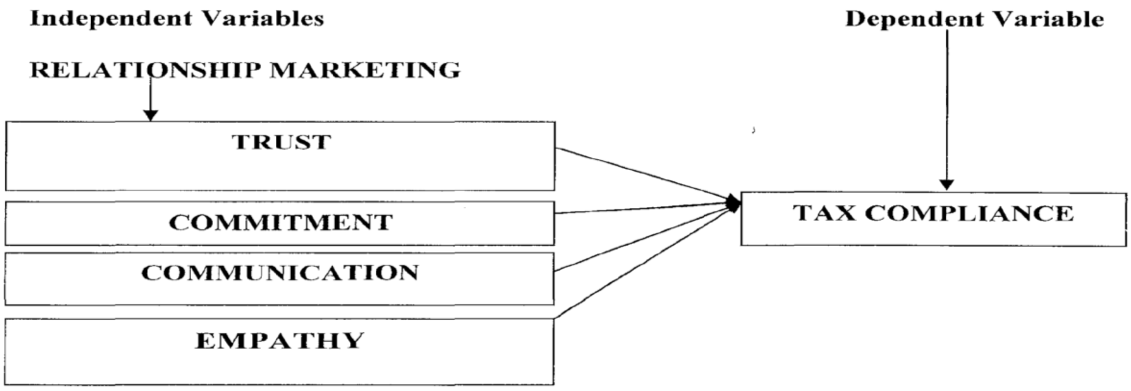
G. Actual Income Levels

The positive relationship between actual income and tax compliance is a general theoretical expectation. Almetal. According to the (2016) report, the higher the income, the higher the reported income, with empirical evidence reporting between 0 and 1, and experimental results reporting about 3/4 income and income elasticity. Kirchler et al. (2018) Review evidence regarding the direction of the relationship between actual income and tax compliance and discover a mix of evidence. Some report a positive link between actual income and tax compliance (see Alm et al., 2016; Christian, et al. 2013), while others report a negative link. If so (see Slemrod, 2013), some report that it has nothing to do with it (see 1991). Kirchler et al. 2018).

H. Demographic Characteristics

Data from the Taxpayer Compliance Measurement Program (TCMP) suggest that young, single and self-employed individuals tend to be less compliant. Experimental studies also show that young people are less obedient. And women are more obedient than men (Alm, 2009; Andreoni, et al; 2018). Young people may have limited knowledge of tax obligations because they are new to their careers and have a low sense of citizenship. Singles may have low compliance. The tax system may feel unfair, as they are entitled to higher deductions than their families. Checking the income of self-employed people is not easy, so they tend to be less compliant. Women of the same age are believed to be more responsible than men, so they may be more tolerant.

Conceptual Framework



Source: Researcher's model (2021)

Trust and Tax Compliance

In the revenue services business, trust is the foundation of our relationships. Dwyer, Schurr, and Oh (2017) pointed out that trust is seen as the foundation of strategic partnerships and looks like an intermediary or intermediary element in a vendor-customer relationship. This is seen as an important factor in building long-term customer relationships and maintaining a company's market share. Studies support the fact that trust is a predictor of loyalty and is recognized as an important component in relationship marketing modeling (Morgan & Hunt (2014), Veloutsou et al; (2012)). Is defined as a belief or belief in that intent of the person in the relationship. In the context of relationship marketing, trust is defined as the dimension of a business relationship that determines the extent to which each party can rely on the integrity of the promises offered by the other party (Chattananon & Trimetsoontorn, 2009). In the context of tax revenue, trust is the customer's trust in the quality and reliability of the services provided by the organization (Garbarino & Johnson, 2019). Trust is a very valuable off-balance sheet asset and requires a significant investment of resources to realize profits. This is believed to be the result of the organization's excellent and reliable service. Trust in the organization comes from a positive customer experience that encourages continued relationships (Vesel & Zabkar, 2010). This happens when one party is confident in the credibility and integrity of another (Hansen et al; 2019).

Commitment and Tax Compliance

Engagement is another key element of relationship sharing and is defined as a "permanent desire to maintain a valuable relationship" (Moorman, Zaltman, and Deshpandé, 2012) that brings significant benefits to the organization (Farrelly & Quester). , 2013). High relationship attachment and long-term relationships are demonstrated by the presence of commitments between partners. (Morgan & Hunt, 2014; Shamdasani & Sheth, 2015)

showed that attachment is the most advanced stage of partner interdependence. In the relationship marketing literature, the concept of retention is central because it is an important feature of the marketing model. Morganand Hunt (2014) Determines the strength of marketing relationships and predicts customer retention potential and future purchase frequency (Morgan and Hunt, 2014). Commitment is at the core of every successful work relationship and an important part of a successful long-term relationship (Anderson & Narus, 2018). Engagement customers are characterized as partners who desire a lasting relationship (Morgan & Hunt, (2014). Engagement customers are positive attitudes and behaviors, and positive and enthusiastic with other potential customers that benefit your partner organization through both word-of-mouth.

Communications and Customer Loyalty

Communication is seen as an important aspect of successful relationships (Morgan & Hunt, 2014). Good communication has a positive effect on customer satisfaction, loyalty and trust. Communication is defined as the formal and informal exchange and sharing of meaningful and timely information between customers and service providers (Anderson and Narus, 2018). Today, communication is seen as an interactive dialogue between a company and its customers at the pre-sales, sales, consumption, and post-sales stages (Anderson & Narus, 2018). A characteristic aspect of marketing communications in the context of relationship marketing is an attempt to create a two-way or, in some cases, multi-directional communication process. Not all activities are direct two-way communication, but all communication efforts should provide a response that maintains and improves relationships. Communication is an important part of relationship marketing strategy (Duncan and Moriarty, 2017).

For relationship marketing to be successful; all marketing communication messages need to be integrated to help build, maintain, and grow relationships with customers. Coordination between all marketing communications messages is necessary to maintain and strengthen long-term, mutually satisfying relationships with customers and stakeholders. Empirical evidence suggests that communication enhances trust between partners (Anderson and Narus, 2018; Morgan and Hunt, (2014)). It also helps build trust by providing partners with mechanisms that can be used to resolve disputes (Sin et al; 2012). In addition, it improves your ability to match your partner's expectations and perceptions. Effective communication between an organization and its customers creates better relationships and makes customers more loyal.

Empathy anti-Tax Compliance

Empathy is a dimension of business relationships that is defined as an effort to understand the desires and goals of others. It includes the ability of each party to see the situation from the other's point of view in a truly cognitive sense. It is about sensing the feelings and perspectives of others and being actively interested in their concerns. Empathy allows both parties to see the situation from each other's perspective (Wang, 2017). Empathy is characterized by seeing people's facial expressions and body movements, and listening to the tone of their voice. This evokes an immediate reaction to how people feel and how they want to be treated (Ndubisi, 2017). Have the ability to share and understand the state of mind and behavior of others. The importance of empathy increases with the duration of the relationship between the parties. Loving one another on behalf of each party develops strong interpersonal and business relationships and gives each party a more positive perspective. In personal sales materials, the empathic skills of the salesperson are prerequisites for a successful sale. In the service marketing literature, the empathy component is used in the development of SERVQUAL quality of service test equipment. Empathic marketers are not insensitive to consumer needs and concerns. Empathy means that staff can be careful, listen, adapt, and be flexible in what their individual customers need. Empathy is not the same as empathy. Marketers can negotiate with customers while being empathetic (Murphy et al, 2007). According to a new study, basic human emotions, gestures, reactions such as true empathy, gratitude, and gratitude for customer well-being are the result of customer trust, loyalty, attachment, and ultimately performance.

3. Theoretical Review

The theoretical background that is employed in this study is based on the social exchange and uncertainty reduction theories of relationship marketing.

Social Exchange Theory

Social exchange theory was proposed by George Casper Hohmanns in 1958. According to social exchange theory, "give and take" forms the basis of almost every relationship, the ratio of which can vary depending on the strength of the relationship, but in a relationship every individual expects a partner. .. Relationships without expectations are meaningless. According to social exchange theory, emotions and emotions need to reciprocate for a successful and lasting relationship. Good relationships need to be mutually beneficial, not one-sided. Individuals invest their time and energy in relationships only when it has consequences. There is a relationship where the individual is less than given. This leads to situations where an individual begins to compare relationships with others. Comparisons can be dangerous because they prevent people from doing their best in relationships. I don't always think you have a better relationship with someone else. Understand your partner and do everything you can for him / her. Don't always expect others to do something first. Take the initiative and add value to your partners.

Uncertainty Reductions Theory

Charles R. Berger and Richard J. Carabrese have proposed an uncertainty reduction theory to explain the relationship between people who do not know each other very well or strangers. According to the theory of uncertainty reduction, two strangers who meet for the first time go through steps to reduce the level of uncertainty between them and bring them closer together. Strangers need to communicate well in order to get to know each other better and find their level of compatibility. The following are the steps that an individual goes through to reduce the level of anxiety in relationships:

i. Entry Phase: The entry phase is characterized by the efforts of the two to get to know each other better. Each tries to find out the background, family, educational background, interests, hobbies, etc. of the other person. Everyone reveals their likes and dislikes, strengthens bonds and takes relationships to the next level.

ii. Personal Stage: In the second or personal stage, the individual wants to know more about the attitude and beliefs of the partner. Individuals want to learn more about the ethics, values, behaviors, and nature of others. Overall, you can no longer be strangers to each other and can learn more about the personality traits of others on stage.

iii. End Phase: The individual phase determines the fate of the relationship. Comfortable individuals in each other's company choose long-term commitments. In summary, social exchange theory provided a framework that states that emotions must reciprocate for a successful and lasting relationship. Good relationships mean that they should be mutually beneficial and not one-sided. Therefore, rational individuals are motivated to invest their time and energy in relationships solely with the expectation of gaining something from it. In addition, uncertainty reduction theories tend to be replaced by interrelationships that develop with intimate friendships that reduce the level of ambiguity and uncertainty as interpersonal relationships develop, stimulating understanding, friendliness, and safety. It provides a framework for recognizing that there is.

4. Empirical Review

Velnampy and Sivesan (2012) conducted a survey on customer relationship marketing and customer satisfaction, a survey of mobile service providers in Sri Lanka. The main purpose of this survey is to investigate the relationship between customer relationship marketing and customer satisfaction. Customer relationship marketing can be measured using variables of trust, commitment, empathy, and fairness. The data was collected using a 7-item Likert-type summary rating scale for the questionnaire. A sample of 107 customers from three mobile service providers such as Airtel, Dialog, and Mobitel was surveyed. Correlation and regression analysis were used to measure the relationships and contributions between the dependent and independent variables. The results show that there is a positive and important relationship between relationship marketing and customer satisfaction.

Velnampy and Sivesan. (2012), this study empirically explores the impact of relationship marketing fundamentals (ie, trust, commitment, communication, dispute resolution, attachment, shared value, empathy, reciprocity) on customer loyalty in the banking industry. The purpose is to do. A survey was conducted to collect data through a 34-item questionnaire filled out by 384 randomly selected banking customers, and multiple regression analysis was used to analyze the data. The results show that all the basics of relationship marketing are directly related and have had a significant impact on customer loyalty. Therefore, building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive way, efficiently handling competition, and common attention to values, empathetic and sympathetic. Strengthening mutual skills of sellers and building strong bonds between buyers and sellers.

Seyyed et al.; (2011) A case study of Pasargad Bank in Mazandalan investigated the relationship between relationship marketing and customer loyalty. The main purpose of this study is to gain a better understanding of the role of relationship marketing tactics in customer retention. The sample size was determined using the Cochran sampling method, and the statistical sample consisted of 352 of these banking customers selected using the simple random sampling method. A 37-item survey was used in the survey to collect data. The reliability of the questionnaire was estimated by calculating Cronbach's alpha. Deductive and descriptive statistical methods are used to evaluate the data obtained from the questionnaire. The results show that the correlation score has a positive association between trust, involvement, communication, conflict management as an independent variable, and ability and customer loyalty as a dependent variable. Therefore, the level of trust, commitment, communication, conflict management, and competence enhances customer loyalty.

A study by Ndubisi (2017) investigated the impact of relationship marketing strategies on customer loyalty. In this survey, we used a questionnaire to distribute to customers in more than 220 banks in Malaysia. The multiple regression analysis evaluated the impact of four key relationship marketing structures (trust, engagement, communication, and competitive resolution) on customer loyalty. The study concluded that four variables have a significant impact and predict a significant percentage of customer loyalty variance.

5. Conclusion and Recommendations

Based on the study, the following conclusions were drawn; that trust, commitment, communication and empathy affect tax compliance and the evidence from this study reviewed that relationship marketing is an important tool that enhances tax compliance in revenue generation. The dimensions of relationship marketing adopted for this study include trust, commitment, communication and empathy and it was revealed that the dimensions have a strong interaction with tax compliance. The study recommended that firms should continue to evolve and sustain the application of tax compliance tools in relationship marketing in achieving greater revenue.

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